



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR 1ST QUARTER ENDED 31 MARCH 2013



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2013

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2013 RM'000	31.03.2012 RM'000	31.03.2013 RM'000	31.03.2012 RM'000
Revenue	15,237	24,353	15,237	24,353
Cost of sales	(8,807)	(14,062)	(8,807)	(14,062)
Gross profit	6,430	10,291	6,430	10,291
Other income	120	132	120	132
Depreciation and amortisation	(399)	(331)	(399)	(331)
Administrative expenses	(3,575)	(3,576)	(3,575)	(3,576)
Operating profit	2,576	6,516	2,576	6,516
Interest Income	192	80	192	80
Interest expense	(8)	(4)	(8)	(4)
Profit before tax	2,760	6,592	2,760	6,592
Tax expense	(46)	(83)	(46)	(83)
Profit for the period	2,714	6,509	2,714	6,509
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	2,714	6,509	2,714	6,509
Profit attributable to:				
Owners of the Company	2,714	6,512	2,714	6,512
Non-controlling interest	-	(3)	-	(3)
Profit for the period	2,714	6,509	2,714	6,509
Total Comprehensive Income attributable to:				
Owners of the Company	2,714	6,512	2,714	6,512
Non-controlling interest	-	(3)	-	(3)
Total Comprehensive Income for the period	2,714	6,509	2,714	6,509
Earnings per share (sen)				
- Basic	2.95	7.08	2.95	7.08
- Diluted	N/A	N/A	N/A	N/A

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2012 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 STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

	(Unaudited) As at 31.03.2013 RM'000	(Audited) As at 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,903	17,800
Intangible assets	430	430
Other investment	450	450
	18,783	18,680
Current assets		
Inventories	16,354	17,151
Trade & other receivables	21,592	25,071
Tax recoverable	133	-
Fixed deposits with licensed banks	29,286	27,365
Cash and bank balances	12,494	10,112
	79,859	79,699
TOTAL ASSETS	98,642	98,379
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Revaluation reserves	2,653	2,653
Discount on shares	(13,340)	(13,340)
Warrant reserves	17,940	17,940
Retained profits	29,886	27,172
Shareholder's equity	84,297	81,583
Non-controlling interest	73	73
Total equity	84,370	81,656
Non-current liabilities		
Hire purchase payables	489	465
Deferred taxation	1,139	1,139
	1,628	1,604
Current liabilities		
Trade & other payables	12,392	14,749
Hire purchase payables	223	195
Current income taxes	29	175
	12,644	15,119
Total liabilities	14,272	16,723
TOTAL EQUITY AND LIABILITIES	98,642	98,379
Net assets per share (RM)	0.92	0.89

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2013

	Attributable to Equity Holders of the Company								
	Non-Distributable					Distributable		Non-controlling interest	Total Equity
	Share Capital	Share Premium	Revaluation Reserve	Discount On Warrants	Warrant Reserves	Retained Profits	Subtotal		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	46,000	1,158	2,653	(13,340)	17,940	27,172	81,583	73	81,656
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-
<i>Profit for the period</i>	-	-	-	-	-	2,714	2,714	-	2,714
Total comprehensive income for the period	-	-	-	-	-	2,714	2,714	-	2,714
<i>Contributions by and distributions to owners of the Company</i>									
Dividends to owners of the Company	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-
At 31 March 2013	46,000	1,158	2,653	(13,340)	17,940	29,886	84,297	73	84,370
At 1 January 2012	46,000	1,158	2,934	-	-	19,677	69,769	53	69,822
<i>Other comprehensive income</i>	-	-	-	-	-	(14)	(14)	-	(14)
<i>Profit for the period</i>	-	-	-	-	-	6,512	6,512	48	6,560
Total comprehensive income for the period	-	-	-	-	-	6,498	6,498	48	6,546
<i>Contributions by and distributions to owners of the Company</i>									
Dividends to owners of the Company	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)
Total transactions with owners of the Company	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)
At 31 March 2012	46,000	1,158	2,934	-	-	23,415	73,507	101	73,608

The Unaudited Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.



MUAR BAN LEE GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

	Current Year To-date	Preceding Year Corresponding Period
	31.03.2013 RM'000	31.03.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,760	6,592
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	399	331
Interest expense	8	4
Interest income	(192)	(80)
Fair value derivatives	-	(105)
Recognition of negative goodwill	-	(14)
Gain on disposal of property, plant & equipment	-	(104)
Operating profit before working capital changes	2,975	6,624
Changes in working capital		
Decrease in inventories	797	3,011
Decrease / (Increase) in trade & other receivables	3,479	(5,432)
(Decrease) / Increase in trade & other payables	(2,357)	1,805
Cash generated from operations	4,894	6,008
Interest paid	(8)	(4)
Income tax paid	(325)	(75)
Income tax refund	-	611
Net cash generated from operating activities	4,561	6,540
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquire	-	50
Interest received	192	80
Purchase of property, plant and equipment	(502)	(155)
Proceed from disposal of property, plant & equipment	-	165
Net cash generated from / (used in) investing activities	(310)	140
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(48)	(37)
Proceed from hire purchase payables	100	
Net cash used in financing activities	52	(37)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,303	6,643
Cash and cash equivalents at beginning of period	37,090	16,962
Cash and cash equivalents at end of period	41,393	23,605
Note: <u>Cash and Cash Equivalents at end of period</u>		
Cash and bank balances	12,494	12,272
Short term deposits with licensed banks	29,286	12,932
Fixed deposits pledged	(387)	(1,599)
	41,393	23,605

The Unaudited Condensed Statements of Cash Flows should be read in conjunction with the Annual Report of the Group for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2013**

A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL STATEMENTS

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 statements for the year ended 31 December 2012. 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 2012.

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 2012 were prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards. 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 2012.

The transition to MFRSs do not have financial impact to the financial statements of the Group.

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 cash flows 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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2013**

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 3 months ended 31 March 2012.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	15,237	-	15,237
Inter-company transactions	-	-	-	-
Dividend income	-	-	-	-
	-	15,237	-	15,237
Segmental result	(84)	2,660	-	2,576
Finance costs				(8)
Interest income				192
Profit before tax				2,760
Taxation				(46)
Profit for the period				2,714

Segmental reporting for the 3 months ended 31 March 2012.

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



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2013**

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

Subsequent to the period under review, the Group has entered into Sale and Purchase Agreement (“Agreement”) for the purchase of following lands:

- 1) On 17 April 2013, Muar Ban Lee Engineering Sdn Bhd (“MBLE”), a wholly owned subsidiary of MBL had entered into Agreement to purchase a piece of freehold and vacant land situated at Geran 82835, Lot 859, Bandar Maharani, Muar, Johor for a total consideration of RM2,733,144.00.
- 2) On 20 May 2013, MBLE, a wholly owned subsidiary of MBL had entered into Agreement to purchase a piece of agriculture land situated at Geran 7285, Lot 23176, Mukim Bandar, Muar, Johor for a total consideration of RM3,484,524.83.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

On 11 March 2013, the Group has acquired 2 new ordinary shares of RM1.00 each in MBL Plantation Sdn Bhd (“MBLP”) which has an authorised capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each for a total consideration of RM2.00. With the acquisition, MBLP is now a wholly-owned subsidiary of MBL. The principle activity of MBLP is plantation owner and cultivating of palm oil plantation.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A14. CAPITAL COMMITMENTS

As at the date of the reporting date, the capital expenditure approved and contracted for under the Group amounting to RM30,619,216

A15. RELATED PARTY TRANSACTIONS

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

A16. DISCLOSURE OF DERIVATIVES

There were no outstanding forward contract at the end of the quarter under review.

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

There is no gain / loss arising from fair value changes of financial liabilities for the quarter ended 31 March 2013.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2013**

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

B1. REVIEW OF PERFORMANCE

	Individual and Cumulative Quarter (3 months ended)			
	31.03.2013	31.03.2012	Variance	%
	RM'000	RM'000	RM'000	
Revenue	15,237	24,353	(9,116)	-37.4%
Profit before tax "PBT"	2,760	6,592	(3,832)	-58.1%
Profit after tax "PAT"	2,714	6,509	(3,795)	-58.3%

For the current quarter under review, the Group's revenue was approximately 37.4% lower at RM15.24 million as compare with RM24.353 million registered in the preceding year's corresponding quarter. As a result of decrease revenue, both PBT and PAT reduced to RM2.76 million and RM2.71 million as compare with RM6.59 million and RM6.51 million registered in the preceding year's corresponding quarter respectively.

The decrease in turnover was mainly attributable to lower project sales recorded during the current quarter as compare to prior year's corresponding quarter.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Individual and Cumulative Quarter (3 months ended)			
	31.03.2013	31.12.2012	Variance	%
	RM'000	RM'000	RM'000	
Revenue	15,237	18,818	(3,581)	-19.0%
Profit before tax "PBT"	2,760	4,509	(1,749)	-38.8%
Profit after tax "PAT"	2,714	4,140	(1,426)	-34.4%

The Group's revenue for the current quarter was 19.0% lower at RM15.24 million as compare with RM18.82 million registered in the immediate preceding quarter. The lower turnover in the current quarter was mainly due to the lower sales recorded for both project sales and sales of spare parts. As a result of lower turnover, both PBT and PAT reduced to RM2.76 million and RM2.71 million in the current quarter from RM4.51 million and RM4.14 million recorded in the previous quarter respectively.

B3. CURRENT YEAR PROSPECTS

Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will register satisfactory results for the financial year ending 31 December 2013.

B4. VARIANCE FROM PROFIT FORECAST

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



B5. TAXATION

Taxation for the quarter and year to date comprises:

	Current Quarter Ended 31.3.2013 RM'000	Current Year To Date 31.3.2013 RM'000
Taxation		
- current year	46	46
	<u>46</u>	<u>46</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

- 3) Since the approval of Employee Share Option Scheme (“ESOS”) was obtained from Bursa Malaysia on 27 July 2012 and Extraordinary General Meeting (“EGM”) held on 27 August 2012, the Board had considered the merits of the Proposed SGP against the existing ESOS and believes that the Proposed SGP is more flexible and effective in achieving the objectives. On 29 April 2013, Bursa has approved the Proposed SGP of up to 10% of the issued and paid-up share capital of the Company for the eligible Executive Directors and employees of the MBL Group which is subject to shareholders’ approval at the forthcoming EGM.
- 4) Approval was obtained in the EGM held on 27 August 2012 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”). However, as at the date of this report the company has yet to purchase its own shares.
- 5) On 15 March 2013, MBL Plantation Sdn Bhd (“MBLP”), a wholly-owned subsidiary of MBL, has entered into a conditional Share Sale Agreement (“SSA”) with the existing shareholders of SGLSB for the acquisition of the entire issued and paid up share capital of Sokor Gemilang Lalang Sdn. Bhd. (“SGLSB”) comprising 2,000,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM12,235,000 to be satisfied in cash. As part of the terms and conditions of the SSA, SGLSB will novate the Sum Owing of RM12,515,000 from the Creditors to MBLP. Hence, the total consideration in relation to the Proposed Acquisition amounts to RM24,750,000. The principal Activities of SGLSB consist of management and operation of palm oil plantation. The said transaction is subject to shareholders’ approval at EGM to be held and informed subsequently.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2013**

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 March 2013 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Hire Purchase	<u>223</u>	<u>489</u>	<u>712</u>
TOTAL	<u>223</u>	<u>489</u>	<u>712</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

On 25 February 2013, the Board of Directors had proposed a final single-tier dividend of 3.0 sen per share for the year ended 31 December 2012 amounting to RM2,760,000 which is subject to shareholders' approval at the forthcoming Annual General Meeting.

B13. EARNINGS PER SHARE

The basic earnings per share ("EPS") is calculated by dividing the profit for the financial year attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the financial year held by the Company calculated as follows:

	Current Quarter	Current Year To Date
Profit attributable to ordinary shareholders of the Company (RM'000)	2,714	2,714
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	2.95	2.95

B14. RELATED PARTY TRANSACTIONS

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



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2013**

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	64,283
- Unrealised	(1,139)
Less: Consolidation adjustments	(33,258)
Retained profits as per financial statement	<u>29,886</u>

B16. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 23 May 2013.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
27 May 2013