



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR 2ND QUARTER ENDED 30 JUNE 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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Revenue	12,641	17,975	27,878	42,328
Cost of sales	(7,103)	(10,888)	(15,910)	(24,950)
Gross profit	5,538	7,087	11,968	17,378
Other income	64	294	184	426
Depreciation and amortisation	(406)	(330)	(805)	(661)
Administrative expenses	(4,112)	(3,951)	(7,694)	(7,527)
Operating profit	1,084	3,100	3,653	9,616
Interest Income	256	96	448	176
Interest expense	(8)	(3)	(16)	(7)
Profit before tax	1,332	3,193	4,085	9,785
Tax expense	(260)	(168)	(306)	(251)
Profit for the period	1,072	3,025	3,779	9,534
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	1,072	3,025	3,779	9,534
Profit attributable to:				
Owners of the Company	1,074	3,057	3,781	9,569
Non-controlling interest	(2)	(32)	(2)	(35)
Profit for the period	1,072	3,025	3,779	9,534
Total Comprehensive Income attributable to:				
Owners of the Company	1,074	3,057	3,781	9,569
Non-controlling interest	(2)	(32)	(2)	(35)
Total Comprehensive Income for the period	1,072	3,025	3,779	9,534
Earnings per share (sen)				
- Basic	1.17	3.32	4.11	10.40
- 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 30 JUNE 2013

	(Unaudited) As at 30.06.2013 RM'000	(Audited) As at 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,693	17,800
Intangible assets	430	430
Other investment	450	450
	18,573	18,680
Current assets		
Inventories	17,465	17,151
Trade & other receivables	20,245	25,071
Tax recoverable	128	-
Fixed deposits with licensed banks	34,382	27,365
Cash and bank balances	6,838	10,112
	79,058	79,699
TOTAL ASSETS	97,631	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	28,193	27,172
Shareholder's equity	82,604	81,583
Non-controlling interest	71	73
Total equity	82,675	81,656
Non-current liabilities		
Hire purchase payables	424	465
Deferred taxation	1,139	1,139
	1,563	1,604
Current liabilities		
Trade & other payables	10,359	14,749
Dividend payable	2,760	-
Hire purchase payables	232	195
Current income taxes	42	175
	13,393	15,119
Total liabilities	14,956	16,723
TOTAL EQUITY AND LIABILITIES	97,631	98,379
Net assets per share (RM)	0.90	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 SECOND QUARTER ENDED 30 JUNE 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>	-	-	-	-	-	3,781	3,781	(2)	3,779
Total comprehensive income for the period	-	-	-	-	-	3,781	3,781	(2)	3,779
<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 30 June 2013	46,000	1,158	2,653	(13,340)	17,940	28,193	82,604	71	82,675
At 1 January 2012	46,000	1,158	2,934	-	-	19,677	69,769	53	69,822
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-
<i>Fair value adjustment in derivatives</i>						(16)	(16)		(16)
<i>Recognition of negative goodwill</i>						(14)	(14)		(14)
<i>Profit for the period</i>	-	-	-	-	-	9,569	9,569	32	9,601
Total comprehensive income for the period	-	-	-	-	-	9,539	9,539	32	9,571
<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 30 June 2012	46,000	1,158	2,934		-	26,456	76,548	85	76,633

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

	Current Year To-date	Preceding Year Corresponding Period
	30.06.2013 RM'000	30.06.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,085	9,785
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	805	661
Interest expense	16	7
Interest income	(448)	(176)
Fair value derivatives	-	16
Impairment of goodwill	(6)	(14)
Gain on disposal of property, plant & equipment	-	(104)
Operating profit before working capital changes	4,452	10,175
Changes in working capital		
(Increase) / Decrease in inventories	(314)	7,070
Decrease / (Increase) in trade & other receivables	4,826	(4,952)
Decrease in trade & other payables	(4,390)	(1,699)
Cash generated from operations	4,574	10,594
Interest paid	(8)	(7)
Income tax paid	(568)	(168)
Income tax refund	-	611
Net cash generated from operating activities	3,998	11,030
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquire	-	50
Interest received	448	176
Purchase of property, plant and equipment	(699)	(505)
Proceed from disposal of property, plant & equipment	-	165
Net cash generated from / (used in) investing activities	(251)	(114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(104)	(75)
Proceed from hire purchase payables	100	-
Dividend paid	-	(2,760)
Net cash used in financing activities	(4)	(2,835)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,743	8,081
Cash and cash equivalents at beginning of period	37,090	16,962
Cash and cash equivalents at end of period	40,833	25,043
Note: <u>Cash and Cash Equivalents at end of period</u>		
Cash and bank balances	6,838	6,249
Short term deposits with licensed banks	34,382	20,393
Fixed deposits pledged	(387)	(1,599)
	40,833	25,043

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 2nd QUARTER ENDED 30 JUNE 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 2nd QUARTER ENDED 30 JUNE 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 6 months ended 30 June 2013.

	Investment holding RM '000	Manufacturing RM '000	Elimination RM '000	Consolidated RM '000
Revenue				
External sales	-	27,878	-	27,878
Inter-company transactions	-	695	(695)	-
Dividend income	2,000	-	(2,000)	-
	<u>2,000</u>	<u>28,573</u>	<u>(2,695)</u>	<u>27,878</u>
Segmental result	1,647	2,006	-	3,653
Finance costs				(16)
Interest income				<u>448</u>
Profit before tax				4,085
Taxation				<u>(306)</u>
Profit for the period				<u><u>3,779</u></u>

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 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

On 14 August 2013, MBL Plantation Sdn Bhd ("MBLP") has entered into a Conditional Shares Sale Agreement ("SSA") with the Vendors of SPA Hidayah Enterprise Sdn Bhd ("SHESB") to acquire the entire issued and paid-up share capital in SHESB for a purchase consideration of RM1,800,000.00 to be satisfied in cash. Upon completion, SHESB will be a wholly-owned subsidiary of MBLP.

The principle activity of the SHESB is to involve in the logging activities and cultivating trees and plants. A logging approval has been issued to SPA Hidayah Enterprise. The SSA is conditional among others, that the consent letter to change the logging approval from SPA Hidayah Enterprise to SHESB shall be obtained from Jabatan Perhutanan Negeri.

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

As at the date of the reporting date, the capital expenditure approved and contracted for under the Group amounting to RM28,550,000

A15. RELATED PARTY TRANSACTIONS

The related party transactions are secretarial fee for the subsidiary companies amounting to RM1,800.00 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 RM3,600.00 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

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 30 June 2013.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2nd QUARTER ENDED 30 JUNE 2013**

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)	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Revenue	12,641	17,975	27,878	42,328
Profit before tax "PBT"	1,332	3,193	4,085	9,785
Profit after tax "PAT"	1,072	3,025	3,779	9,534

For the current quarter under review, the Group's revenue was approximately 29.7% lower at RM12.64 million as compare with RM17.98 million registered in the preceding year's corresponding quarter. The lower revenue was mainly attributable to lower sales volume in project sales during the current quarter as compare with prior year's corresponding quarter. Hence, both PBT and PAT reduced to RM1.33 million and RM1.07 million as compare with RM3.19 million and RM3.03 million registered in the preceding year's corresponding quarter respectively.

For the six month period under review, the Group's revenue reduced by approximately 34.1% to RM27.88 million from RM42.33 million registered in the prior year corresponding period. The substantial decrease in revenue was mainly attributable to lower project sales and sales of spare parts during the current period as compare with prior year's corresponding period. As a result of lower sales, both PBT and PAT reduced to RM4.09 million and RM3.78 million as compare with RM9.79 million and RM9.53 million recorded in the preceding year's corresponding period respectively.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Individual and Cumulative Quarter (3 months ended)			
	30.06.2013 RM'000	31.03.2013 RM'000	Variance RM'000	%
Revenue	12,641	15,237	(2,596)	-17.0%
Profit before tax "PBT"	1,325	2,760	(1,435)	-52.0%
Profit after tax "PAT"	1,065	2,714	(1,649)	-60.8%

The Group's revenue for the current quarter was approximately 17.0% lower at RM12.64 million as compare with RM15.24 million registered in the immediate preceding quarter. The lower turnover was mainly due to the lower sales recorded for both project sales and sales of spare parts. Hence, both PBT and PAT reduced to RM1.33 million and RM1.07 million in the current quarter from RM2.76 million and RM2.71 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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2nd QUARTER ENDED 30 JUNE 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 30.6.2013 RM'000	Current Year To Date 30.6.2013 RM'000
Taxation		
- prior year (underprovision)	111	111
- current year	149	195
	<u>260</u>	<u>306</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

- 1) 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 has been approved by shareholders' approval at the EGM held on 14 June 2013.
- 2) 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.
- 3) 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. Draft circular has been submitted to Bursa on 19 August 2013 for approval. Upon approval by Bursa, the date of EGM will be determined and announced accordingly.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2nd QUARTER ENDED 30 JUNE 2013**

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 June 2013 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Hire Purchase	<u>232</u>	<u>424</u>	<u>656</u>
TOTAL	<u>232</u>	<u>424</u>	<u>656</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

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

B12. DIVIDEND DECLARED

The final single-tier dividend of 3.0 sen per share for the year ended 31 December 2012 amounting to RM2,760,000 was declared on 22 May 2013, approved by shareholders in the 7th Annual General Meeting and paid on 23 July 2013.

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)	1,074	3,781
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	1.17	4.11

B14. RELATED PARTY TRANSACTIONS

The related party transactions are secretarial fee for the subsidiary companies amounting to RM1,800.00 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 RM3,600.00 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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2nd QUARTER ENDED 30 JUNE 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	62,583
- Unrealised	(1,139)
Less: Consolidation adjustments	(33,251)
Retained profits as per financial statement	<u>28,193</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 August 2013.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
26 August 2013