



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR 2ND QUARTER ENDED 30 JUNE 2014



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 2014

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue	10,738	12,641	22,745	27,878
Cost of sales	(5,270)	(7,103)	(11,801)	(15,910)
Gross profit	5,468	5,538	10,944	11,968
Other income	91	64	203	184
Depreciation and amortisation	(607)	(406)	(1,049)	(805)
Administrative expenses	(4,044)	(4,112)	(7,687)	(7,694)
Operating profit	908	1,084	2,411	3,653
Interest Income	28	256	139	448
Interest expense	(114)	(8)	(123)	(16)
Profit before tax	822	1,332	2,427	4,085
Tax expense	(203)	(260)	(368)	(306)
Profit for the period	619	1,072	2,059	3,779
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	619	1,072	2,059	3,779
Profit attributable to:				
Owners of the Company	628	1,074	2,070	3,781
Non-controlling interest	(9)	(2)	(11)	(2)
Profit for the period	619	1,072	2,059	3,779
Total Comprehensive Income attributable to:				
Owners of the Company	628	1,074	2,070	3,781
Non-controlling interest	(9)	(2)	(11)	(2)
FOR 2ND QUARTER ENDED 30 JUNE 2014	619	1,072	2,059	3,779
Earnings per share (sen)				
- Basic	0.68	1.17	2.25	4.11
- Diluted	0.62	1.03	2.03	3.73

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 2013 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 2014

	(Unaudited) As at 30.06.2014 RM'000	(Audited) As at 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,257	23,641
Investment properties	325	327
Development expenditure	18,441	-
Goodwill	7,271	-
Intangible assets	2,942	2,942
Other investment	450	450
	53,686	27,360
Current assets		
Inventories	23,561	22,608
Trade & other receivables	14,445	11,424
Tax recoverable	116	-
Fixed deposits with licensed banks	570	23,776
Cash and bank balances	4,573	12,050
	43,265	69,858
TOTAL ASSETS	96,951	97,218
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 reserve	17,940	17,940
Retained profits	26,337	27,038
Shareholder's equity	80,748	81,449
Non-controlling interest	39	50
Total equity	80,787	81,499
Non-current liabilities		
Hire purchase payables	471	341
Term loan	3,825	3,997
Deferred taxation	1,303	1,239
	5,599	5,577
Current liabilities		
Trade & other payables	9,877	9,427
Hire purchase payables	150	201
Term loan	353	356
Current income taxes	185	158
	10,565	10,142
Total liabilities	16,164	15,719
TOTAL EQUITY AND LIABILITIES	96,951	97,218
Net assets per share (RM)	0.88	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 2013 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 2014

	Attributable to Equity Holders of the Company								Non-controlling interest	Total Equity
	Non-Distributable					Distributable		Subtotal		
	Share Capital	Share Premium	Revaluation Reserve	Discount On Warrants	Warrant Reserves	Retained Profits				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2014	46,000	1,158	2,653	(13,340)	17,940	27,038	81,449	50	81,499	
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-	
<i>Profit for the period</i>	-	-	-	-	-	2,059	2,059	(11)	2,048	
Total comprehensive income for the period	-	-	-	-	-	2,059	2,059	(11)	2,048	
<i>Contributions by and distributions to owners of the Company</i>										
<i>Dividends to owners of the Company</i>	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)	
Total transactions with owners of the Company	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)	
At 30 June 2014	46,000	1,158	2,653	(13,340)	17,940	26,337	80,748	39	80,787	
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 / (loss) for the financial year</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>										
<i>Dividends to owners of the Company</i>	-	-	-	-	-	(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	

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 2013 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 2014

	Current Year To-date	Preceding Year Corresponding Period
	30.06.2014 RM'000	30.06.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,427	4,085
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	1,049	805
Interest expense	123	16
Interest income	(139)	(448)
Operating profit / (loss) before working capital changes	3,460	4,458
Changes in working capital		
(Increase) / Decrease in inventories	(953)	(314)
(Increase) / decrease in trade & other receivables	(3,021)	4,826
(Decrease) in trade & other payables	(16,669)	(4,390)
Cash (used in) / generated from operations	(17,183)	4,580
Interest paid	(123)	(16)
Income tax paid	(457)	(566)
Net cash (used in) / generated from operating activities	(17,763)	3,998
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquire	(8,760)	-
Purchase of property, plant and equipment	(1,443)	(699)
Interest income	139	448
Net cash used in investing activities	(10,064)	(251)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(140)	(104)
Proceed from hire purchase payables	220	100
Dividend paid	(2,760)	-
Repayment of term loan	(176)	-
	-	-
Net cash used in financing activities	(2,856)	(4)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(30,683)	3,743
Cash and cash equivalents at beginning of period	35,427	37,090
Cash and cash equivalents at end of period	4,744	40,833
Note: <u>Cash and Cash Equivalents at end of period</u>		
Cash and bank balances	4,573	6,838
Short term deposits with licensed banks	570	34,382
Fixed deposits pledged	(399)	(387)
	4,744	40,833

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 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.



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 2013. 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 2013.

A2. CHANGES IN ACCOUNTING POLICIES

The audited financial statements of the Group for the year ended 31 December 2013 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 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

During the quarter, MBL Plantation Sdn. Bhd. (“MBLP”), a subsidiary of the Company, had completed the acquisition of 100% equity interest in Sokor Gemilang Ladang Sdn. Bhd. (“SOKOR”). Upon completed acquisition, SOKOR become the subsidiary of the Group. SOKOR is an unlisted company incorporated in Malaysia and involved in oil palm plantation.

Details of cash flow arising from acquisition are as follow:-

	As of acquisition date RM'000
Total purchase consideration	9,507
Less: Cash and cash equivalents of subsidiary acquired	747

Cash outflow for the Group on acquisition	8,760
	=====

Save as disclosed above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the 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 2014**

A6. CHANGES IN ESTIMATES

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

A7. DEBT AND EQUITY SECURITIES

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

A8. DIVIDEND PAID

The single-tier second interim dividend of 3.0 sen per share for the year ended 31 December 2013, amounting to RM2,760,000 was declared on 2 April 2014 and paid on 30 April 2014.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 6 months ended 30 June 2014

	Investment holding RM '000	Manufacturing RM '000	Plantation RM '000	Elimination RM '000	Consolidated RM '000
Revenue					
External sales	-	21,955	790	-	22,745
Inter-company transaction	-	-	-	-	-
Dividend income	2,760	-	-	(2,760)	-
	<u>2,760</u>	<u>21,955</u>	<u>790</u>	<u>(2,760)</u>	<u>22,745</u>
Segmental result	2,589	2,046	386	(2,610)	2,411
Finance costs					(123)
Interest income					<u>139</u>
Profit before tax					<u>2,427</u>
Taxation					<u>(368)</u>
Profit for the period					<u><u>2,059</u></u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2014**

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>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A11. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent event in the financial period under review.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

With the full payment and completion of share transfer of the entire issued and paid up share capital of Sokor Gemilang Lalang Sdn. Bhd. ("SOKOR") comprising 2,000,000 ordinary shares of RM1.00 each to MBL Plantation Sdn Bhd ("MBLP"), a wholly-owned subsidiary of MBL, SOKOR becomes a wholly-owned subsidiary of MBLP. SOKOR is an unlisted company incorporated in Malaysia and involved in oil palm 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 RM2,000,000.00.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2014**

A15. RELATED PARTY TRANSACTIONS

The related party transactions is the 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 and the transactions was entered into in the normal course of business.

A16. DISCLOSURE OF DERIVATIVES

There was 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 2014.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2014**

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)	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue	10,738	12,641	22,745	27,878
Profit before tax (PBT)	822	1,332	2,427	4,085

For the current quarter under review, the Group's revenue at RM10.74 million as compare with RM12.64 million registered in the preceding year's corresponding quarter. Effect from the new acquisition of SOKOR, a new source of plantation income had contributed to the result of this quarter with revenue of RM0.79 million and profit before taxation of RM0.39 million. The lower revenue is mainly due to lower project sales generated during the quarter. Hence, the profit before tax was lower at RM0.82 million as compare with RM1.33 million recorded in the preceding year's corresponding quarter.

For the six months period under review, the Group recorded a revenue and profit before tax of RM22.75 million and RM2.47 million as compare with RM27.88 million and RM4.09 million recorded in the preceding year's corresponding period. Similarly, the lower revenue and profit before tax was mainly attributable to lower project sales recorded in the current period.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

The Group's revenue for the current quarter was lower at RM10.74 million as compare with RM12.01 million registered in the immediate preceding quarter. It was mainly attributable to the postponement for the delivery of project sales by a customer in the current quarter. Consequently, profit before tax was lower at RM0.82 million as compare to RM1.61 million recorded in the previous quarter.

B3. CURRENT YEAR PROSPECTS

The Group will focus on its core business of plants setup, sale of spare parts and ancillary equipment. More efforts will be spent to revitalize and increase Fresh Fruit Bunch (FFB) yield in the new oil palm plantation acquired. 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 2014.

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 2014**

B5. TAXATION

Taxation for the quarter and year to date comprises:

	Current Quarter Ended 30.06.2014 RM'000	Current Year To Date 30.06.2014 RM'000
Taxation		
- current year	<u>203</u>	<u>368</u>
	<u>203</u>	<u>368</u>

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

B6. SALE OF UNQUOTED INVESTMENT OR PROPERTIES

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

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS

There was no pending corporate proposals for the financial period under review.

B9. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 June 2014 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Term Loan	353	3,825	4,178
Hire Purchase	<u>150</u>	<u>471</u>	<u>621</u>
TOTAL	<u>503</u>	<u>4,296</u>	<u>4,799</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

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



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2014**

B12. DIVIDEND DECLARED

The Board of Directors does not recommend any dividend for the current quarter under review.

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)	628	2,070
Number of ordinary shares ('000)	92,000	92,000
EPS (Sen)	0.68	2.25

B14. RELATED PARTY TRANSACTIONS

The related party transactions is the 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 and the transactions was 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	60,962
- Unrealised	(1,303)
Less: Consolidation adjustments	<u>(33,322)</u>
Retained profits as per financial statement	<u><u>26,337</u></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 29 August 2014.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
29 August 2014