



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR 2ND QUARTER ENDED 30 JUNE 2015



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 ENDED 30 JUNE 2015

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Revenue	14,363	10,738	28,479	22,745
Less: Revenue from discontinued operation	(368)	-	(489)	-
Revenue from continuing operation	13,995	10,738	27,990	22,745
Cost of sales	(7,464)	(5,270)	(15,186)	(11,801)
Gross profit	6,531	5,468	12,804	10,944
Other income	194	91	285	203
Depreciation and amortisation	(408)	(607)	(817)	(1,049)
Distribution and administrative expenses	(4,069)	(4,044)	(8,175)	(7,687)
Operating profit	2,248	908	4,097	2,411
Interest Income	37	28	51	139
Interest expense	(183)	(114)	(276)	(123)
Profit before taxation	2,102	822	3,872	2,427
Taxation	(355)	(203)	(385)	(368)
Profit for the continuing operations	1,747	619	3,487	2,059
Discontinued operations				
Profit/Loss from discontinued operations, net of tax	117	-	(143)	-
Profit for the period	1,864	619	3,344	2,059
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income for the period	1,864	619	3,344	2,059
Profit attributable to:				
Owners of the Company - continuing operations	1,255	628	2,987	2,070
- discontinued operation	117	-	(143)	-
	1,372	628	2,844	2,070
Non-controlling interest	492	(9)	500	(11)
Profit for the period	1,864	619	3,344	2,059
Total Comprehensive Income attributable to:				
Owners of the Company - continuing operations	1,255	628	2,987	2,070
- discontinued operation	117	-	(143)	-
	1,372	628	2,844	2,070
Non-controlling interest	492	(9)	500	(11)
Total Comprehensive Income for the period	1,864	619	3,344	2,059
Earnings per share (sen)				
- Basic - continuing operations	1.36	0.68	3.25	2.25
- discontinued operation	0.13	-	(0.16)	-
	1.49	0.68	3.09	2.25
- Diluted	N/A	0.62	N/A	2.03

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 2014 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 2015

	(Unaudited) As at 30.06.2015 RM'000	(Audited) As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,656	22,770
Investment properties	321	323
Intangible assets	3,602	3,602
Other investment	-	450
	26,579	27,145
Current assets		
Inventories	25,716	24,745
Trade and other receivables	22,476	13,115
Tax recoverable	274	-
Fixed deposits with licensed banks	411	714
Cash and bank balances	7,036	4,382
	55,913	42,956
Assets included in disposal group classified as held for sale	27,017	26,400
	82,930	69,356
TOTAL ASSETS	109,509	96,501
EQUITY AND LIABILITIES		
Equity		
Share capital	46,000	46,000
Share premium	1,158	1,158
Treasury shares	(146)	-
Revaluation reserves	2,581	2,581
Discount on shares	(13,340)	(13,340)
Warrant reserve	17,940	17,940
Retained profits	28,503	27,499
Shareholder's equity	82,696	81,838
Non-controlling interest	506	6
Total equity	83,202	81,844
Non-current liabilities		
Hire purchase payables	196	295
Bank borrowing	13,051	3,637
Deferred taxation	1,240	1,240
	14,487	5,172
Current liabilities		
Trade and other payables	5,800	6,566
Hire purchase payables	204	208
Bank borrowing	5,139	2,387
Tax payable	251	15
	11,394	9,176
Liabilities included in disposal group classified as held for sale	426	309
	11,820	9,485
Total liabilities	26,307	14,657
TOTAL EQUITY AND LIABILITIES	109,509	96,501
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 2014 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 2015

	Attributable to Equity Holders of the Company									
	Non-Distributable					Distributable			Non-controlling interest	Total Equity
	Share Capital	Share Premium	Treasury Shares	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	RM'000	
At 1 January 2015	46,000	1,158	-	2,581	(13,340)	17,940	27,499	81,838	6	81,844
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-	-
<i>Profit for the financial year</i>	-	-	-	-	-	-	2,844	2,844	500	3,344
<i>Purchase of treasury shares</i>	-	-	(146)	-	-	-	-	(146)	-	(146)
Total comprehensive income for the period	-	-	(146)	-	-	-	2,844	2,698	500	3,198
<i>Contributions by and distributions to owners of the Company</i>										
<i>Dividends to owners of the Company</i>	-	-	-	-	-	-	(1,840)	(1,840)	-	(1,840)
Total transactions with owners of the Company	-	-	-	-	-	-	(1,840)	(1,840)	-	(1,840)
At 30 June 2015	46,000	1,158	(146)	2,581	(13,340)	17,940	28,503	82,696	506	83,202
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 financial year</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

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 2014 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 2015

	Current Year To-date	Preceding Year Corresponding Period
	30.06.2015 RM'000	30.06.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation		
- Continuing operations	3,872	2,427
- Discontinued operations	(143)	-
	3,729	2,427
Adjustments for non-cash items:		
Depreciation of property, plant & machinery	909	1,049
Interest expense	276	123
Interest income	(51)	(139)
	4,863	3,460
Operating profit before working capital changes		
Changes in working capital		
Increase in inventories	(971)	(953)
Increase in trade and other receivables	(7,804)	(3,021)
Decrease in trade and other payables	(641)	(16,669)
	(4,553)	(17,183)
Cash used in operations		
Income tax paid	(423)	(457)
	(4,976)	(17,640)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of other investment	450	-
Acquisition of biological assets	(640)	-
Acquisition of property, plant and equipment	(701)	(1,443)
Acquisition of subsidiaries, net of cash and cash equivalents	-	(8,760)
Interest income	51	139
	(840)	(10,064)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(276)	(123)
Proceed from bank borrowing	10,300	220
Purchase of treasury shares	(146)	-
Repayment of hire purchase payables	(111)	(140)
Dividend paid	(1,840)	(2,760)
Net increase in banker acceptance	2,181	-
Repayment of bank borrowing	(315)	(176)
	9,793	(2,979)
Net cash generated from/(used in) financing activities		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,977	(30,683)
Cash and cash equivalents at beginning of period	3,188	35,427
Cash and cash equivalents at end of period	7,165	4,744
Note:	<u>Cash and Cash Equivalents at end of period</u>	
	Continuing operations	
Cash and bank balances	7,036	4,573
Short term deposits with licensed banks	411	570
Bank overdraft	(6)	-
Fixed deposits pledged	(411)	(399)
	7,030	4,744
	Discontinued operations	
Cash and bank balances	135	-
	7,165	4,744

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 2014 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 2015**

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 Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Group has re-adopted FRS in the year ended 31 December 2014 as it met the criteria as Transitioning Entities. The re-adoption of FRSs did not have any significant impacts on the financial statements of the Group and the Company. The Group will present its first Malaysia Financial Reporting Standard (“MFRS”) financial statements for the financial year ending 31 December 2017.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. 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 2014.

A2. CHANGES IN ACCOUNTING POLICIES

The 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 2014 except for those standard, amendments and IC interpretation which are effective from the annual period beginning 1 July 2014 and onwards. The adoption of these standards, amendments and IC interpretations does not have significant impact on the financial statements of the Group and the Company.

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 for the current 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 current quarter other than the following:-

On 16 June 2015, the shareholders of the Company approved the renewal of authority for the Company to repurchase its own shares. During the current quarter, the Company repurchased 191,900 of its issued ordinary shares from the open market at an average price of RM0.76 per shares. The total consideration paid for the repurchase including transactions costs was RM146,048 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

A8. DIVIDEND PAID

The declared single-tier second interim dividend of 2.0 sen per share for the year ended 31 December 2014 amounting to RM1,840,000.00 was paid on 3 June 2015.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 6 months ended 30 June 2015

	Investment holding RM'000	Manufacturing RM'000	Trading and service RM'000	Plantation (discontinued) RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	25,012	2,978	489	-	28,479
Inter-company transaction	-	220	603	-	(823)	-
Dividend income	1,840	-	-	-	(1,840)	-
	<u>1,840</u>	<u>25,232</u>	<u>3,581</u>	<u>489</u>	<u>(2,663)</u>	<u>28,479</u>
Segmental result	1,629	3,032	1,282	(143)	(1,846)	3,954
Finance cost						(276)
Interest income						51
Profit before tax						<u>3,729</u>
Taxation						(385)
Profit for the period						<u><u>3,344</u></u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2015**

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 cost					(123)
Interest income					139
Profit before tax					<u>2,427</u>
Taxation					(368)
Profit for the period					<u><u>2,059</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

On 28 April 2015, the Company announced that MBL Plantation Sdn. Bhd. ("MBLP"), a wholly owned subsidiary of the Company had entered into a Memorandum of Understanding ("MOU") with Kenali Berkat Sdn. Bhd. ("KBSB") and proposed to dispose of its entire 2,000,000 shares of RM1.00 each in Sokor Gemilang Ladang Sdn. Bhd. ("SGLSB"), a wholly owned subsidiary of MBLP and novation of the sum owing from the creditors of SGLSB to KBSB, for a total consideration of RM35,100,000. As at the date of the report, there is no further development since the date of previous announcement to Bursa Malaysia.

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 RM500,000.00.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2015**

A15. RELATED PARTY TRANSACTIONS

The related party transactions are secretarial fee for the subsidiary companies amounting to RM2,520.00 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 RM6,000.00 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 2015.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2015**

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)	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	31.06.2014 RM'000
Revenue	14,363	10,738	28,479	22,745
Profit /(Loss) before tax (PBT)				
- continuing operations	2,102	822	3,872	2,427
- discontinued operations	117	-	(143)	-
	<u>2,219</u>	<u>822</u>	<u>3,729</u>	<u>2,427</u>

For the current quarter under review, The Group's PBT improved to RM2.22 million as compare with RM0.82 million registered in the preceding year's corresponding quarter as a result of higher revenue of RM14.36 mil recorded in the current period. The Group's higher revenue was mainly due to higher project sales as compared to the same period last year.

Plantation segment (discontinued operation) has recorded revenue of RM0.37 million and PBT of RM0.11 million in the current period. Improvement in results was due to higher Fresh Fruit Bunch (FFB) harvested.

For the six months period under review, the Group's revenue and PBT of RM28.48 million and RM3.73 million as compare with RM22.75 million and RM2.43 million recorded in the preceding year's corresponding period. Similarly, the higher revenue and profit before tax was mainly attributable to higher project sales recorded in the reporting period.

Plantation segment's (discontinued operation) revenue improved to RM0.49 million and lower loss before tax of RM0.14 million in the current period. Higher Fresh Fruit Bunch (FFB) harvested has contributed to the better results.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

The Group's revenue and PBT for the current quarter has increased by 2% and 47% respectively as compared to the immediate preceding quarter. The higher PBT registered by the Group was mainly attributable to the commencement of business of certain subsidiary companies in the trading and service segment which has contributed to a PBT of RM1.28 million. Besides that, the slight improvement in the discontinued operations where PBT of RM0.12 million registered in the current quarter as compare with loss before tax of RM0.26 million in the immediate preceding quarter also contributed to the increase of PBT in the current quarter.

B3. COMMENTARY ON PROSPECTS

The Group will remain focus on its core business of plants setup, sale of spare parts and ancillary equipment. We plan to intensify the research and development and marketing activities in order to improve our products as well as providing better customer services to our clients globally. For the proposed disposal of SGLSB (refer to Note A11), if the MOU is materialised, the investment in SGLSB will be realised where the disposal proceeds will be utilised to reduce the Group's gearing, as the working capital and reserve for the Group's future expansion. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will register satisfactory results for the coming financial year.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2015**

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 30.06.2015 RM'000	Current Year To Date 30.06.2015 RM'000
Taxation		
- current year	355	385
	<u>355</u>	<u>385</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 2015 are as follows:

	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Bank Overdraft	6	-	6
Banker Acceptance	2,536	-	2,536
Term Loan	963	13,051	14,014
Revolving Loan	1,634	-	1,634
Hire Purchase	204	196	400
TOTAL	<u>5,343</u>	<u>13,247</u>	<u>18,590</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 single-tier second interim dividend of 2.0 sen per share for the year ended 31 December 2014 amounting to RM1,840,000 was declared on 5 May 2015 and will be paid on 3 June 2015.

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)		
- continuing operations	1,255	2,987
- discontinued operations	117	(143)
	<u>1,372</u>	<u>2,844</u>
Number of ordinary shares ('000)	92,000	92,000
Basic EPS (Sen)		
- continuing operations	1.36	3.25
- discontinued operations	0.13	(0.16)
	<u>1.49</u>	<u>3.09</u>

* The diluted EPS is not presented as the market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and any exercise of warrants would result in anti-dilution.

B14. RELATED PARTY TRANSACTIONS

The related party transactions are secretarial fee for the subsidiary companies amounting to RM2,520.00 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 RM6,000.00 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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2015**

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	61,379
- Unrealised	(1,240)
Less: Consolidation adjustments	(31,636)
Retained profits as per financial statement	<u>28,503</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 28 August 2015.

By Order of the Board

Lee Hong Lim (MIA 12949)
Company Secretary
Muar
28 August 2015