



# **MUAR BAN LEE GROUP BERHAD**

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR 4TH QUARTER ENDED 31 DECEMBER 2016**



# 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 FORTH QUARTER ENDED 31 DECEMBER 2016

	Individual Quarter		Cumulative Quarter	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	54,040	22,266	180,561	62,622
Less: Revenue from discontinued operation	(152)	(268)	(728)	(1,102)
Revenue from continuing operation	53,888	21,998	179,833	61,520
Cost of sales	(43,512)	(14,360)	(142,241)	(35,686)
<b>Gross profit</b>	10,376	7,638	37,592	25,834
Other income	1,083	2,518	2,270	2,982
Depreciation and amortisation	766	(451)	(904)	(1,610)
Distribution and administrative expenses	(6,663)	(6,562)	(21,986)	(18,305)
<b>Operating profit</b>	5,562	3,143	16,973	8,901
Interest Income	41	34	94	112
Interest expenses	(217)	(236)	(938)	(811)
Share of results of an associate	343	-	343	-
<b>Profit before taxation</b>	5,729	2,941	16,472	8,202
Taxation	(1,353)	(494)	(2,639)	(1,294)
<b>Profit for the continuing operations</b>	4,377	2,447	13,833	6,908
<b>Discontinued operations</b>				
Loss from discontinued operations, net of tax	(179)	(462)	(237)	(551)
<b>Profit for the financial year</b>	4,198	1,985	13,596	6,357
Other Comprehensive Income, net of tax	4,122	-	4,389	(81)
<b>Total Comprehensive Income for the financial year</b>	8,320	1,985	17,985	6,276
<b>Profit attributable to:</b>				
Owners of the parent - continuing operations	4,009	2,893	12,023	6,731
- discontinued operation	(179)	(462)	(237)	(551)
	3,830	2,431	11,786	6,180
Non-controlling interests	368	(446)	1,810	177
<b>Profit for the financial year</b>	4,198	1,985	13,596	6,357
<b>Total Comprehensive Income attributable to:</b>				
Owners of the parent - continuing operations	8,131	2,893	16,412	6,650
- discontinued operation	(179)	(462)	(237)	(551)
	7,952	2,431	16,175	6,099
Non-controlling interests	368	(446)	1,810	177
<b>Total Comprehensive Income for the financial year</b>	8,320	1,985	17,985	6,276
Earnings per share (sen)				
- Basic - continuing operations	4.36	3.14	13.07	7.32
- discontinued operation	(0.19)	(0.50)	(0.26)	(0.60)
	4.17	2.64	12.81	6.72
- Diluted - continuing operations	3.93	N/A	12.28	N/A
- discontinued operation	(0.18)	N/A	(0.24)	N/A
	3.75	N/A	12.04	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 2015 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 DECEMBER 2016

	(Unaudited) As at 31/12/2016 RM'000	(Audited) As at 31/12/2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	35,747	27,961
Investment properties	650	320
Intangible assets	3,261	3,261
Investment in an associate	4,274	-
	43,932	31,542
<b>Current assets</b>		
Inventories	36,315	32,273
Trade and other receivables	33,496	26,771
Fixed deposits with licensed banks	377	367
Cash and bank balances	13,315	12,797
	83,503	72,208
Assets included in disposal group classified as held for sale	27,044	26,964
	110,547	99,172
<b>TOTAL ASSETS</b>	154,479	130,714
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	46,000	46,000
Share premium	1,158	1,158
Treasury shares	(571)	(290)
Revaluation reserves	6,559	2,556
Discount on shares	(13,340)	(13,340)
Warrant reserves	17,940	17,940
Foreign currency translation reserve	299	(81)
Retained profits	39,088	30,946
Shareholder's equity	97,133	84,889
Non-controlling interests	5,933	6,682
<b>Total equity</b>	103,066	91,571
<b>Non-current liabilities</b>		
Hire purchase payables	234	104
Other payables	160	-
Bank borrowing	11,560	12,442
Deferred taxation	2,178	1,311
	14,132	13,857



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)  
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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	(Unaudited) As at 31/12/2016 RM'000	(Audited) As at 31/12/2015 RM'000
<b>Current liabilities</b>		
Trade and other payables	25,523	18,664
Amount owing to contract customers	2,044	-
Hire purchase payables	227	190
Bank borrowing	7,674	6,246
Tax payable	1,637	10
	<u>37,105</u>	<u>25,110</u>
Liabilities included in disposal group classified as held for sale	176	176
	<u>37,281</u>	<u>25,286</u>
<b>Total liabilities</b>	<u>51,413</u>	<u>39,143</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>154,479</u>	<u>130,714</u>
Net assets per share (RM)	1.06	0.92

*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 2015 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 FORTH QUARTER ENDED 31 DECEMBER 2016

	Attributable to owners of the parent										
	Non-Distributable						Distributable				
	Share Capital	Share Premium	Treasury Shares	Revaluation Reserve	Discount On Shares	Warrant Reserves	Foreign Currency Translation Reserve	Retained Profits	Subtotal	Non-controlling interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	46,000	1,158	(290)	2,556	(13,340)	17,940	(81)	30,946	84,889	6,682	91,571
Profit for the financial year	-	-	-	-	-	-	-	11,786	11,786	1,810	13,596
Other Comprehensive Income											
- Realisation of revaluation surplus	-	-	-	(6)	-	-	-	6	-	-	-
- Surplus in revaluation	-	-	-	4,009	-	-	-	-	4,009	-	4,009
- Net changes in other reverse	-	-	-	-	-	-	-	-	-	-	-
- Forex Translation Difference	-	-	-	-	-	-	380	-	380	-	380
<b>Total comprehensive income for the financial year</b>	-	-	-	4,003	-	-	380	11,792	16,175	1,810	17,985
<i>Contributions by and distributions to owners of the Company</i>											
Dividends to owners of the Company	-	-	-	-	-	-	-	(1,825)	(1,825)	-	(1,825)
Dividends paid to NCI	-	-	-	-	-	-	-	-	-	(2,559)	(2,559)
Provision of dividends	-	-	-	-	-	-	-	(1,825)	(1,825)	-	(1,825)
Purchase of treasury shares	-	-	(281)	-	-	-	-	-	(281)	-	(281)
<b>Total transactions with owners of the Company</b>	-	-	(281)	-	-	-	-	(3,650)	(3,931)	(2,559)	(6,490)
<b>At 31 December 2016</b>	<b>46,000</b>	<b>1,158</b>	<b>(571)</b>	<b>6,559</b>	<b>(13,340)</b>	<b>17,940</b>	<b>299</b>	<b>39,088</b>	<b>97,133</b>	<b>5,933</b>	<b>103,066</b>
<b>At 1 January 2015</b>	46,000	1,158	-	2,581	(13,340)	17,940	-	27,499	81,838	6	81,844
Other Comprehensive Expenses											
- Realisation of revaluation surplus	-	-	-	(25)	-	-	-	25	-	-	-
- Forex Translation Difference	-	-	-	-	-	-	(81)	-	(81)	-	(81)
Profit for the financial year	-	-	-	-	-	-	-	6,179	6,179	177	6,356
<b>Total comprehensive income for the financial year</b>	-	-	-	(25)	-	-	(81)	6,204	6,098	177	6,275
<i>Contributions by and distributions to owners of the Company</i>											
Dividends to owners of the Company	-	-	-	-	-	-	-	(2,757)	(2,757)	-	(2,757)
Purchase of treasury shares	-	-	(290)	-	-	-	-	-	(290)	-	(290)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	-	6,499	6,499
<b>Total transactions with owners of the Company</b>	-	-	(290)	-	-	-	-	(2,757)	(3,047)	6,499	3,452
<b>At 31 December 2015</b>	<b>46,000</b>	<b>1,158</b>	<b>(290)</b>	<b>2,556</b>	<b>(13,340)</b>	<b>17,940</b>	<b>(81)</b>	<b>30,946</b>	<b>84,889</b>	<b>6,682</b>	<b>91,571</b>

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 2015 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 FORTH QUARTER ENDED 31 DECEMBER 2016

	Current Year To-date  31/12/2016 RM'000	Preceding Year Corresponding Period  31/12/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>		
- Continuing operations	16,472	8,202
- Discontinued operation	(237)	(551)
	16,235	7,651
Adjustments for non-cash items:		
Bargain purchase of subsidiary	-	(2,194)
Bad debts written off	-	59
Depreciation and amortisation	2,262	1,610
Gain on disposal of property, plant & equipment	(205)	(61)
(Recover)/Impairment loss on intangible assets	(448)	430
Share of results of an associate	(343)	-
Interest expenses	938	811
Interest income	(94)	(112)
Unrealised (gain)/loss on foreign exchange	(151)	22
<b>Operating profit before working capital changes</b>	18,194	8,216
<b>Changes in working capital</b>		
Inventories	(4,043)	(5,777)
Receivables	(5,771)	(5,387)
Payables	4,764	10,088
Contract customers	2,044	-
<b>Cash from operations</b>	15,188	7,140
Income tax paid	(1,045)	(1,940)
<b>Net cash generated from operating activities</b>	14,143	5,200
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associate	(3,931)	-
Additional of biological assets	(114)	(435)
Acquisition of intangible assets	-	(89)
Acquisition of property, plant and equipment	(5,109)	(2,160)
Proceed from disposal of other investments	-	450
Proceed from disposal of property, plant and equipment	709	61
Net cash outflows from acquisition of subsidiary	-	(3,589)
Interest received	94	112
<b>Net cash used in investing activities</b>	(8,351)	(5,650)



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(Company No. 753588-P)  
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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2016

	Current Year To-date  31/12/2016 RM'000	Preceding Year Corresponding Period  31/12/2015 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,825)	(2,756)
Dividend paid to NCI	(2,559)	-
Interest paid	(938)	(811)
Purchase of treasury shares	(281)	(290)
(Placement)/withdrawal of pledged fixed deposits	(10)	44
Proceeds from/(Repayment of) bankers acceptance	2,498	(355)
Net change of revolving credits	(1,241)	4,794
Proceeds from term loans	75	10,300
Repayment of term loans	(1,034)	(728)
Repayment of finance lease liabilities	(273)	(230)
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,588)</b>	<b>9,968</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Unrealised gain on foreign exchange	-	-
Exchange translation reserved	380	282
Cash and cash equivalents at the beginning of the financial year	12,988	3,188
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13,572</b>	<b>12,988</b>
Note:	<b><u>Cash and cash equivalents at the end of the financial year</u></b>	
<b>Continuing operations</b>		
Cash and bank balances	13,315	12,797
Short term deposits with licensed banks	377	367
Bank overdraft	-	(45)
Fixed deposits pledged	(377)	(367)
	13,315	12,752
<b>Discontinued operations</b>		
Cash and bank balances	257	236
	13,572	12,988

*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 2015 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 4TH QUARTER ENDED 31 DECEMBER 2016**

**A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS  
("FRS") 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 2018.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. 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 2015.

**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 2015 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.





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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2016**

**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:-

For the twelve months period, the Company repurchased 344,400 of its issued ordinary shares from the open market at an average price of RM0.8151 per shares. The total consideration paid for the repurchase including transactions costs was RM280,721 and this was financed by internally generated funds.

Total treasury shares held as at 31 December 2016 is 730,200 shares. 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 first interim dividend of 2.0 sen per share for the year ended 31 December 2016 amounting to RM1,825,396 was paid on 5 October 2016.

Further, a single-tier second interim dividend of 2.0 sen per share for the year ended 31 December 2016 was declared on 27 February 2017 and to be paid on 29 March 2017.

**A9. SEGMENTAL INFORMATION**

Segmental reporting for the 12 months ended 31 December 2016

	Investment Holding	Manu- facturing	Construction	Trading & Service	Edible Oil Milling	Elimination	Consolidated (Continuing)	Plantation (Discontinued)	Consolidated (Total)
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>									
External sales	-	95,402	12,570	76	71,785	-	179,833	728	180,561
Inter-company	-	1,248	-	-	-	(1,248)	-	-	-
Dividend income	3,000	-	-	-	-	(3,000)	-	-	-
	<u>3,000</u>	<u>96,650</u>	<u>12,570</u>	<u>76</u>	<u>71,785</u>	<u>(4,248)</u>	<u>179,833</u>	<u>728</u>	<u>180,561</u>
<b>Segmental result</b>	1,882	9,883	1,152	(181)	2,675	736	16,147	(231)	15,916
Finance cost							(938)	(6)	(944)
Interest income							94	-	94
Share of results of an associate							343	-	343
<b>Profit before tax</b>							<u>15,646</u>	<u>(237)</u>	<u>15,409</u>
Taxation							(2,639)	-	(2,639)
<b>Profit for the period</b>							<u>13,007</u>	<u>(237)</u>	<u>12,770</u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2016**

**A9. SEGMENTAL INFORMATION (continued)**

Segmental reporting for the 12 months ended 31 December 2015

	Investment Holding	Manu- facturing	Construction	Trading & Service	Edible Oil Milling	Elimination	Consolidated (Continuing)	Plantation (Discontinued)	Consolidated (Total)
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>									
External sales	-	59,246	-	2,274	-	-	61,520	1,102	62,622
Inter-company	683	852	-	-	-	(1,535)	-	-	-
Dividend income	2,757	-	-	-	-	(2,757)	-	-	-
	<u>3,440</u>	<u>60,098</u>	<u>-</u>	<u>2,274</u>	<u>-</u>	<u>(4,292)</u>	<u>61,520</u>	<u>1,102</u>	<u>62,622</u>
<b>Segmental result</b>	1,182	6,686	-	1,033	-	-	8,901	(551)	8,350
Finance cost							(811)	-	(811)
Interest income							112	-	112
<b>Profit before tax</b>							<u>8,202</u>	<u>(551)</u>	<u>7,651</u>
Taxation							(1,294)	-	(1,294)
<b>Profit for the period</b>							<u>6,908</u>	<u>(551)</u>	<u>6,357</u>

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The Group has revalued its property, land and buildings during the financial period under review. A revaluation reserve of RM4,908,972 was recognised for assets valued higher than its carrying value. Hence, the deferred tax liabilities of RM822,003 was recorded in the current period.

On the other hand, an impairment losses of RM33,144 was recognised for certain land and property for carrying value lower than its fair value.

**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 Berkas 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.

Other than the above, there was no material subsequent even occurred after the financial period under review.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group in the financial period under review except the subscription of IDR12,540,000,000 (which equivalent to RM3,931,290) paid up share capital of PT. Banyuasin Nusantara Sejahtera ("BNS") by Muar Ban Lee Engineering Sdn. Bhd. ("MBLE") which was completed on 24 October 2016. Thereafter, BNS has become the associate of the Company.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2016**

**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 capital commitments in the financial period under review.

**A15. RELATED PARTY TRANSACTIONS**

The related party transaction incurred for current quarter was rental fee of RM6,000. The rental fees were 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. Further, secretarial fee for the subsidiary companies amounting to RM11,520 (2015: RM10,800) 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.

**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 period under review.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2016**

**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 (12 months ended)	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM '000	RM '000	RM '000	RM '000
Revenue	54,040	22,266	180,561	62,622
Profit/(Loss) before tax (PBT)				
- Continuing operations	5,729	2,941	16,472	8,202
- Discontinued operation	(179)	(462)	(237)	(551)
	5,550	2,479	16,235	7,651

For the current quarter under review, The Group's revenue increased 142.70% to RM54.04 million and PBT for continuing operation increased 94.80% to RM5.73 million compared to proceeding year's corresponding quarter. The favorable performances mainly due to both higher project sales in manufacturing division and additional revenue contribution from edible oil milling activities.

For the twelve months period under review, the revenue and PBT for continuing operation of the Group improved substantially by 188.33% and 100.83% respectively to RM180.56 million and RM16.47 million. Similarly, the improved performances mainly due to both higher project sales in manufacturing division and additional revenue contribution from edible oil milling activities.

**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT**

For the current quarter under reviewed, the Group's revenue and PBT increased 0.82% and 48.30% respectively to RM54.04 million and RM5.73 million compared to immediate preceding quarter. The financial result mainly driven by growing revenue consistently contribution from edible oil milling and manufacturing activities.

**B3. COMMENTARY ON PROSPECTS**

The Group is committed to provide unparalleled services and quality products to our clients in order to maintain MBL's position as the market leader in the oil seed crushing industry.

In order to cater for the increasing demands, the Group is looking for a land of at least 10 acres in size adjacent to its current 5 acres production facility in Muar, Johor as the existing factory is almost 90% utilised. The Group expects to incur a capital expenditure of RM10 million, excluding land price, to set up a new factory.

Despite that, the Group also plans to acquire land in strategic locations in Indonesian to set up a service centre for spare parts processing purposes.



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**B3. COMMENTARY ON PROSPECTS (Continued)**

The challenge remains as there is uncertainty of the present world economy with the fall in worldwide crude oil price, escalation of costs due to inflation, volatility of global steel prices and fluctuation of exchange rates. Although the global economic conditions are expected to be still challenging, it is envisioned that the economy will continue growing, albeit at a moderate pace. The Group's core business is not expected to be significantly affected by a drastic change in global economic conditions.

The Group will continue to seek for investment opportunities in the related downstream industry especially oil milling industry. The acquisition of Indonesia subsidiary company has contributed positively to the growth of our Group's revenue and profits. Ultimately, it will complement with our Group's vision to be the leader in oil seed crushing industry.

Barring any unforeseen circumstances, the Board of Directors is of the view that the Group will register satisfactory results for the coming financial period.

**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 RM '000	Current YTD RM '000
Taxation		
- Current year	(1,353)	(2,639)
	<u>(1,353)</u>	<u>(2,639)</u>

The effective tax rate of the Group is lower than the statutory tax rate mainly due to certain subsidiary has been granted pioneer status to enjoy tax-exemption benefit. The pioneer status is expired at November 2016.

**B6. SALE OF UNQUOTED INVESTMENT OR PROPERTIES**

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



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**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 31 December 2016 are as follows:

	Short-term (Secured) RM '000	Long-term (Secured) RM '000	Total RM '000
Term loan	1,054	11,560	12,614
Bank overdraft	-	-	-
Banker acceptance	2,498	-	2,498
Revolving loan	4,122	-	4,122
Hire purchase	227	234	461
	<u>7,901</u>	<u>11,794</u>	<u>19,695</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**

A single-tier second interim dividend of 2.0 sen per share for the year ended 31 December 2016 was declared on 27 February 2017 and to be paid on 29 March 2017.



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**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 weighted average number of ordinary shares in issue during the financial year held by the Company calculated as follows:

	Current Quarter RM '000	Current YTD RM '000
<b>a) <u>Basic EPS</u></b>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	4,009	12,023
- Discontinued operations	(179)	(237)
	<u>3,830</u>	<u>11,786</u>
Weighted average number of ordinary shares (000)	92,000	92,000
Basic EPS (Sen)		
- Continuing operations	4.36	13.07
- Discontinued operations	(0.19)	(0.26)
	<u>4.17</u>	<u>12.81</u>
<b>b) <u>Diluted EPS</u></b>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	4,009	12,023
- Discontinued operations	(179)	(237)
	<u>3,830</u>	<u>11,786</u>
Weighted average number of ordinary shares (000)	101,922	97,891
Basic EPS (Sen)		
- Continuing operations	3.93	12.28
- Discontinued operations	(0.18)	(0.24)
	<u>3.75</u>	<u>12.04</u>

**B14. RELATED PARTY TRANSACTIONS**

The related party transaction for current quarter was a rental fee of RM6,000 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. Further, secretarial fee for the subsidiary companies amounting to RM11,520 (2015: RM10,800) 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.



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**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:

	RM '000
Total retained profits of the Company and its subsidiaries	
- Realised	70,202
- Unrealised	<u>(1,116)</u>
	69,086
Less: Consolidation adjustments	(29,998)
Retained profits as per financial statement	<u><u>39,088</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 28 February 2017.

**By Order of the Board**

Lee Hong Lim (MIA 12949)  
Company Secretary  
Muar  
28 February 2017