



# **MUAR BAN LEE GROUP BERHAD**

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018**



# MUAR BAN LEE GROUP BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Individual Quarter		Cumulative Quarter	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	40,877	49,510	106,222	142,995
Less: Revenue from discontinued operation	(88)	(252)	(351)	(404)
Revenue from continuing operation	40,789	49,258	105,871	142,591
Cost of sales	(25,176)	(39,225)	(73,222)	(113,431)
<b>Gross profit</b>	15,613	10,033	32,649	29,160
Other income	(172)	592	218	1,142
Depreciation and amortisation	(343)	(328)	(968)	(876)
Distribution and administrative expenses	(6,486)	(4,988)	(18,410)	(15,529)
<b>Operating profit</b>	8,612	5,309	13,489	13,897
Interest Income	73	47	251	100
Interest expenses	(140)	(257)	(591)	(766)
Share of results of an associate	(190)	57	-	253
<b>Profit before taxation</b>	<b>8,355</b>	<b>5,156</b>	<b>13,149</b>	<b>13,484</b>
Taxation	(2,215)	(1,340)	(3,844)	(3,708)
<b>Profit for the continuing operations</b>	<b>6,140</b>	<b>3,816</b>	<b>9,305</b>	<b>9,776</b>
<b>Discontinued operation</b>				
Loss from discontinued operation, net of tax	(391)	45	(401)	(141)
<b>Profit for the financial year</b>	<b>5,749</b>	<b>3,861</b>	<b>8,904</b>	<b>9,635</b>
Other Comprehensive income/(loss), net of tax	(209)	(460)	(1,053)	(972)
<b>Total Comprehensive Income for the financial year</b>	<b>5,540</b>	<b>3,401</b>	<b>7,851</b>	<b>8,663</b>
<b>Profit attributable to:</b>				
Owners of the parent - continuing operations	5,946	3,287	9,779	8,807
- discontinued operation	(391)	45	(401)	(141)
	5,555	3,332	9,378	8,666
Non-controlling interests	194	529	(474)	969
<b>Profit for the financial year</b>	<b>5,749</b>	<b>3,861</b>	<b>8,904</b>	<b>9,635</b>
<b>Total Comprehensive Income attributable to:</b>				
Owners of the parent - continuing operations	5,839	3,053	9,242	8,311
- discontinued operation	(391)	45	(401)	(141)
	5,448	3,098	8,841	8,170
Non-controlling interests	92	303	(990)	493
<b>Total Comprehensive Income for the financial year</b>	<b>5,540</b>	<b>3,401</b>	<b>7,851</b>	<b>8,663</b>
Earnings per share (sen)				
- Basic - continuing operations	5.98	3.60	9.83	9.65
- discontinued operation	(0.39)	0.05	(0.40)	(0.15)
	5.59	3.65	9.43	9.50
- Diluted - continuing operations	5.36	3.20	8.59	8.56
- discontinued operation	(0.35)	0.04	(0.35)	(0.14)
	5.01	3.24	8.24	8.42

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 2017 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 FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	(Unaudited) As at 30/09/2018 RM'000	(Audited) As at 31/12/2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	42,280	41,424
Investment properties	641	645
Intangible assets	3,456	3,456
Investment in an associate	4,657	4,657
	51,034	50,182
<b>Current assets</b>		
Inventories	25,668	30,770
Trade and other receivables	61,519	40,666
Fixed deposits with licensed banks	391	390
Cash and bank balances	12,001	10,885
	99,579	82,711
Assets included in disposal group classified as held for sale	27,188	27,277
	126,767	109,988
<b>Total assets</b>	177,801	160,170
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	57,586	47,158
Treasury shares	(597)	(571)
Revaluation reserve	6,487	6,487
Discount on shares	(13,340)	(13,340)
Warrant reserves	17,940	17,940
Foreign currency translation reserve	(1,076)	(539)
Retained profits	55,185	46,811
Shareholder's equity	122,185	103,946
Non-controlling interests	5,501	6,581
<b>Total equity</b>	127,686	110,527



# MUAR BAN LEE GROUP BERHAD

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(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	(Unaudited) As at 30/09/2018 RM'000	(Audited) As at 31/12/2017 RM'000
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Finance lease liabilities	867	750
Bank borrowings	1,396	11,927
Deferred tax liabilities	2,398	2,398
	4,661	15,075
<b>Current liabilities</b>		
Trade and other payables	37,468	24,926
Amount owing to contract customers	3,134	-
Finance lease liabilities	457	391
Bank borrowings	2,397	6,970
Provision for taxation	1,903	2,122
	45,359	34,409
Liabilities included in disposal group classified as held for sale	95	159
	45,454	34,568
<b>Total liabilities</b>	50,115	49,643
<b>Total equity and liabilities</b>	177,801	160,170
Net assets per share (RM)	1.21	1.13

*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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.*



# MUAR BAN LEE GROUP BERHAD

(Company No. 753588-P)  
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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	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 2018</b>	47,158	-	(571)	6,487	(13,340)	17,940	(539)	46,811	103,946	6,581	110,527
Profit for the financial year	-	-	-	-	-	-	-	9,378	9,378	(474)	8,904
Other Comprehensive Expenses	-	-	-	-	-	-	(537)	-	(537)	(516)	(1,053)
- Forex Translation Difference	-	-	-	-	-	-	(537)	-	(537)	(516)	(1,053)
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	-	(537)	9,378	8,841	(990)	7,851
<i>Contributions by and distributions to owners of the Company</i>											
<i>Proceed from issuance of Private Placement</i>	10,428	-	-	-	-	-	-	-	10,428	-	10,428
<i>Purchase of treasury shares</i>	-	-	(26)	-	-	-	-	-	(26)	-	(26)
<i>Dividends payable to owners of the Company</i>	-	-	-	-	-	-	-	(1,004)	(1,004)	-	(1,004)
<i>Changes in ownership interest in a subsidiary</i>	-	-	-	-	-	-	-	-	-	(90)	(90)
<b>Total transactions with owners of the Company</b>	10,428	-	(26)	-	-	-	-	(1,004)	9,398	(90)	9,308
<b>At 30 September 2018</b>	<b>57,586</b>	<b>-</b>	<b>(597)</b>	<b>6,487</b>	<b>(13,340)</b>	<b>17,940</b>	<b>(1,076)</b>	<b>55,185</b>	<b>122,185</b>	<b>5,501</b>	<b>127,686</b>
<b>At 1 January 2017</b>	46,000	1,158	(571)	6,559	(13,340)	17,940	357	39,234	97,337	6,130	103,467
Profit for the financial year	-	-	-	-	-	-	-	8,666	8,666	969	9,635
Other Comprehensive Expenses	-	-	-	-	-	-	(496)	-	(496)	(476)	(972)
- Forex Translation Difference	-	-	-	-	-	-	(496)	-	(496)	(476)	(972)
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	-	(496)	8,666	8,170	493	8,663
<b>At 30 September 2017</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>(139)</b>	<b>47,900</b>	<b>105,507</b>	<b>6,623</b>	<b>112,130</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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.



# MUAR BAN LEE GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Current Year To-date  30/09/2018 RM'000	Preceding Year Corresponding Period  30/09/2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>		
- Continuing operations	13,149	13,484
- Discontinued operation	(401)	(141)
	12,748	13,343
Adjustments for non-cash items:		
Bargain purchase of subsidiary	(76)	-
Depreciation and amortisation	2,300	2,362
Gain on disposal of property, plant & equipment	-	(487)
Interest expenses	593	769
Interest income	(251)	(100)
Share of results of an associate	-	(253)
Unrealised gain on foreign exchange	(37)	(46)
<b>Operating profit before working capital changes</b>	15,277	15,588
<b>Changes in working capital</b>		
Inventories	5,102	2,945
Receivables	(20,705)	1,829
Payables	14,437	(4,237)
Contract customers	3,134	(3,012)
<b>Cash generated from operations</b>	17,245	13,113
Income tax paid	(4,063)	(3,301)
<b>Net cash from operating activities</b>	13,182	9,812
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of biological assets	(83)	(2)
Acquisition of property, plant and equipment	(3,202)	(7,717)
Proceeds from disposal of property, plant and equipment	-	505
Net cash outflows from acquisition of subsidiary	(15)	-
Interest received	251	100
<b>Net cash used in investing activities</b>	(3,049)	(7,114)



# MUAR BAN LEE GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Current Year To-date  30/09/2018 RM'000	Preceding Year Corresponding Period  30/09/2017 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(3,012)	(1,825)
Interest paid	(593)	(769)
Purchase of treasury shares	(26)	-
(Placement)/withdrawal of pledged fixed deposits	(1)	(1)
(Repayment of) /proceeds from bankers acceptance	(3,767)	4,143
Net change of revolving credits	-	(2,972)
Repayment of term loans	(11,337)	(916)
Repayment of finance lease liabilities	(352)	(306)
Proceed from issue of share capital	10,428	-
<b>Net cash from / (used in) financing activities</b>	<b>(8,660)</b>	<b>(2,646)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Effect of exchange translation differences	(487)	(467)
Cash and cash equivalents at the beginning of the financial year	11,096	13,572
<b>Cash and cash equivalents at the end of the financial year</b>	<b>12,082</b>	<b>13,157</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	12,001	13,091
Short term deposits with licensed banks	391	378
Bank overdraft	-	(1)
Fixed deposits pledged	(391)	(378)
	<b>12,001</b>	<b>13,090</b>
<b>Discontinued operation</b>		
Cash and bank balances	81	67
	<b>12,082</b>	<b>13,157</b>

*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 2017 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

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

The Group has re-adopted MFRS in the year ending 31 December 2018 as it met the criteria as Transitioning Entities. The re-adoption of MFRSs 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 2017. 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 2017.

**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 2017 except for those standard, amendments and IC interpretation that had become effective 1 January 2018 and such adoptions do not have material 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**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 nine month period, the Company repurchased 24,000 of its issued ordinary shares from the open market at an average price of RM1.0904 per shares. The total consideration paid for the repurchase including transaction costs was RM26,371 and this was financed by internally generated funds.

Total treasury shares held as at 30 September 2018 is 754,200 shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

**A8. DIVIDEND PAID**

The declared single-tier first interim dividend of 1.0 sen per share for the year ending 31 December 2018 amounting to RM1,003,728 was paid on 4 July 2018.

**A9. SEGMENTAL INFORMATION**

Segmental reporting for the 9 months ended 30 September 2018

	Investment Holding	Manu- facturing	Bio Green Technology	Trading & Service	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	-	66,264	15,400	-	24,207	-	105,871	351	106,222
Inter-company	-	413	-	-	-	(413)	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-
	-	66,677	15,400	-	24,207	(413)	105,871	351	106,222
<b>Segmental results</b>									
Finance costs	(347)	12,174	2,640	(42)	(979)	43	13,489	(399)	13,090
Interest income	-	(591)	-	-	-	-	(591)	(2)	(593)
Share of results of an associate	86	165	-	-	-	-	251	-	251
<b>Profit/(Loss) before Tax</b>	-	-	-	-	-	-	-	-	-
Taxation	(261)	11,748	2,640	(42)	(979)	43	13,149	(401)	12,748
<b>Profit for the year</b>							(3,844)	-	(3,844)
							9,305	(401)	8,904

Segmental reporting for the 9 months ended 30 September 2017

	Investment Holding	Manu- facturing	Bio Green Technology	Trading & Service	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	-	74,819	3,945	-	63,827	-	142,591	404	142,995
Inter-company	-	760	-	-	-	(760)	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-
	-	75,579	3,945	-	63,827	(760)	142,591	404	142,995
<b>Segmental results</b>									
Finance costs	(356)	11,385	42	(13)	2,796	43	13,897	(138)	13,759
Interest income	-	(766)	-	-	-	-	(766)	(3)	(769)
Share of results of an associate	-	100	-	-	-	-	100	-	100
<b>Profit/(Loss) before Tax</b>	253	-	-	-	-	-	253	-	253
Taxation	(103)	10,719	42	(13)	2,796	43	13,484	(141)	13,343
<b>Profit for the year</b>							(3,708)	-	(3,708)
							9,776	(141)	9,635



**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 31 October 2018, the Board of Directors of the Company announced that its wholly-owned subsidiary, Muar Ban Lee Engineering Sdn Bhd ("MBLE") has entered into a Sale and Purchase Agreement ("SPA") on 31 October 2018 with Tuan Khor Soo Ping ("The Purchaser") for the disposal of 33% equity interest in PT. Banyuasin Nusantara Sejahtera ("BNS") for total sale consideration of IDR16,000,000,000 (which is equivalent to RM4,768,000.00) by way of the cash payment and on such terms and conditions as stated in the SPA. The transaction was completed on 31 October 2018, thereafter BNS has ceased to be the associate company of the Group.

Other than the above, there was no material subsequent event 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 for the disposal of 33% equity interest in PT. Banyuasin Nusantara Sejahtera ("BNS") on 31 October 2018 for a consideration of IDR16,000,000,000 (which is equivalent to RM4,768,000.00). Post disposal, BNS has ceased to be the associate company of the Group.

**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 Group's related party transactions for current quarter and financial year-to-date are as follows:

Transacting parties	Relationship	Nature of transactions	Current quarter RM	Financial Year-to-date RM
Directors	Which the directors owned the said property and have substantial financial interests in the Company	Rental	9,000	15,000
PT. Banyuasin Nusantara Sejahtera	Associate	Sales of goods	18,757	36,740



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**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 (9 months ended)		
	30/09/2018 RM '000	30/09/2017 RM '000	Changes %	30/09/2018 RM '000	30/09/2017 RM '000	Changes %
Revenue						
- Continuing operations	40,789	49,258	(17.2)	105,871	142,591	(25.8)
- Discontinued operation	88	252	(65.1)	351	404	(13.1)
	<u>40,877</u>	<u>49,510</u>	(17.4)	<u>106,222</u>	<u>142,995</u>	(25.7)
Operating profit	8,612	5,309	62.2	13,489	13,897	(2.9)
Profit before interest and tax	8,422	5,366	57.0	13,489	14,150	(4.7)
Profit/(Loss) before tax (PBT)						
- Continuing operations	8,355	5,156	62.0	13,149	13,484	(2.5)
- Discontinued operation	(391)	45	(968.9)	(401)	(141)	184.4
	<u>7,964</u>	<u>5,201</u>	53.1	<u>12,748</u>	<u>13,343</u>	(4.5)
Profit/(Loss) after tax (PAT)						
- Continuing operations	6,140	3,816	60.9	9,305	9,776	(4.8)
- Discontinued operation	(391)	45	(968.9)	(401)	(141)	184.4
	<u>5,749</u>	<u>3,861</u>	48.9	<u>8,904</u>	<u>9,635</u>	(7.6)
Profit/(loss) attributable to Ordinary Equity Holders of the Parent						
- Continuing operations	5,946	3,287	80.9	9,779	8,807	11.0
- Discontinued operation	(391)	45	(968.9)	(401)	(141)	184.4
	<u>5,555</u>	<u>3,332</u>	66.7	<u>9,378</u>	<u>8,666</u>	8.2

**For the current quarter under review**, the Group's revenue eased 17.4% lower at RM40.88 million, nevertheless PBT surged by 53.1% to RM7.96 million as compared to the preceding year's corresponding quarter. The performance review by segments is as follows:

**Manufacturing** division registered a revenue and PBT of RM26.00 million and RM7.15 million respectively in the current quarter as compared with RM23.93 million and RM3.84 million recorded in the preceding year's quarter. The better results mainly due to the higher contribution of project sales coupled with better products mix in the current quarter.

**Bio Green Technology** division recorded a revenue and PBT of RM7.04 million and RM1.14 million respectively as compare with RM3.95 million and RM0.04 million registered in preceding year's quarter. The improvement in both revenue and PBT was mainly due to higher progress billing on the completed biogas projects in the current quarter under reviewed. The on-going biogas projects are expected to be completed in first and second quarter of 2019.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B1. REVIEW OF PERFORMANCE (Cont'd)**

**Oil milling** division's revenue dipped sharply to RM7.75 million (2017: RM21.39 million) and registered a profit before tax RM0.38 million (2017: PBT at RM1.35 million). It was mainly attributable to the subdued selling price of Crude Palm Kernel Oil ("CPKO") and lower production output in the current quarter under review.

**For the nine months period under review**, the revenue and PBT of the Group retreated by 25.7% and 4.5% to RM106.22 million and RM12.75 million respectively.

**Manufacturing** division's revenue stood at RM66.26 million as compared to RM74.82 million in the preceding year's corresponding period. Though revenue has dropped by 11.4% from RM74.82 million, however PBT still grew to RM11.75 million from RM10.72 million registered in prior year's corresponding period. It was mainly due to higher contribution from the project sales coupled with better products mix in the current period under reviewed.

**Bio Green Technology** division recorded a revenue and PBT of RM15.40 million and RM2.64 million respectively as compare with RM3.95 million and RM0.04 million in preceding corresponding period. The surge in both revenue and PBT was mainly due to higher progress billings on completed biogas projects in the current quarter under reviewed. The on-going biogas projects are target to be completed by first and second quarter of 2019.

**Oil milling** division's revenue sank sharply to RM24.21 million from RM63.83 million recorded in prior year's corresponding period. Inevitably, a loss before tax of RM0.98 million was registered in the current period (2017: PBT of RM2.80 million). The upgrading works of palm kernel crushing plant commenced in December 2017 and only completed in end May 2018 has significantly affected the production output, coupled with the muted selling price of CPKO has hit hard on both top and bottom lines of the division for period under review.



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

	Current Quarter	Immediate Preceding Quarter	Changes %
	30/09/2018 RM '000	31/06/2018 RM '000	%
Revenue			
- Continuing operations	40,789	37,091	10.0
- Discontinued operation	88	104	(15.4)
	<u>40,877</u>	<u>37,195</u>	9.9
Operating profit	8,612	2,964	190.6
Profit before interest and tax	8,422	3,272	157.4
Profit/(Loss) before tax (PBT)			
- Continuing operations	8,355	3,172	163.4
- Discontinued operation	(391)	(39)	902.6
	<u>7,964</u>	<u>3,133</u>	154.2
Profit/(Loss) after tax (PAT)			
- Continuing operations	6,140	2,161	184.1
- Discontinued operation	(391)	(39)	902.6
	<u>5,749</u>	<u>2,122</u>	170.9
Profit/(loss) attributable to Ordinary Equity Holders of the Parent			
- Continuing operations	5,946	2,534	134.6
- Discontinued operation	(391)	(39)	902.6
	<u>5,555</u>	<u>2,495</u>	122.6

For the current quarter under review, revenue and PBT of the Group stood at RM40.88 million and RM7.96 million respectively as compared to RM37.20 million and RM3.13 million recorded in the immediate preceding quarter.

**Manufacturing** division recorded a revenue and PBT at RM26.00 million and RM7.15 million respectively as compared to RM20.82 million and RM2.21 million reported in the immediate preceding quarter. The commendable improvement in both revenue and PBT was mainly due to higher contribution from project sales coupled with better products mix in the current quarter under review.

**Bio Green Technology** division registered its revenue and PBT at RM7.04 million and RM1.14 million respectively as compare with RM8.36 million and RM1.50 million reported in the immediate preceding quarter. The lower revenue and PBT was mainly due to lower progress billing on the completed biogas projects in the current quarter.

**Oil milling** division marked its revenue at RM7.75 million as compared to RM7.91 million reported in the immediate preceding quarter. A slim profit before tax of RM0.38 million was registered in the current quarter as compared to a loss before tax of RM0.81 million recorded in the immediate preceding quarter. Though the total output of CPKO remains constant in both current quarter and immediate preceding quarter, the newly upgraded KCP plant has effectively cushioned the impact of muted selling price of CPKO and registered a marginal profit in the current quarter.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B3. COMMENTARY ON PROSPECTS**

The Board expects the Group's operating environment for the financial year ending 2018 to remain challenging and competitive.

The Group shall remain focused on its core business, i.e. manufacturing segment. The Group will strive to improve and enhance the efficiency and productivity while reducing costs and wastages to stay competitive. Further, the Group will continue to seek for potential investment and expansion opportunities to ensure sustainable growth of the Group.

Bio Green Technology division is another potential growth segments for the Group. With the increasingly stringent rules and regulations from Department of Environment's on discharge of palm oil milling wastes, the demand for our Bio Green Technology products and systems are expected to increase in the future.

The disposal of PT. Banyuasin Nusantara Sejahtera which was completed on 31/10/2018 has no material financial impact to the Group. Further, the Group will strive to improve and enhance the productivity and efficiency for the oil milling division.

Barring any unforeseen circumstances, the Board expects the result of 2018 to be satisfactory.

**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	(2,215)	(3,844)
	<u>(2,215)</u>	<u>(3,844)</u>

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B6. STATUS OF CORPORATE PROPOSALS**

As announcement made on 13 October 2017 related to the proposal to undertake a private placement of up to 9,126,980 new ordinary shares, which representing up to 10% of the issued share capital of MBL, had duly completed on 8 March 2018.

The gross proceeds from the Private Placement of RM10.43 million has been utilised in the following manner:-

Nature of utilisation	Time frame for utilisation from the date of the Listing	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)
Repayment of bank borrowings	Within 12 months	9,890	9,890	-
Expenses for the Private Placement	Within 6 months	150	94	56
<b>Total</b>		<b>10,040</b>	<b>9,984</b>	<b>56</b>

The actual expenses for private placement are lower than the budgeted amount, the excess will be utilised for the working capital of the Group. Hence, the private placement is deemed as completed.

**B7. GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 30 September 2018 and 30 September 2017 are as follows:

	As at Third Quarter ended 2018					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD Fx Rate 4.14 RM '000	RM RM '000	USD Fx Rate 4.14 RM '000	RM RM '000	USD Fx Rate 4.14 RM '000	RM RM '000
<b>Secured</b>						
- Term loans	-	1,396	-	465	-	1,861
- Bank overdraft	-	-	-	-	-	-
- Bankers acceptance	-	-	-	1,932	-	1,932
- Revolving credits	-	-	-	-	-	-
<b>Total</b>	-	<b>1,396</b>	-	<b>2,397</b>	-	<b>3,793</b>

	As at Third Quarter ended 2017					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD Fx Rate 4.22 RM '000	RM RM '000	USD Fx Rate 4.22 RM '000	RM RM '000	USD Fx Rate 4.22 RM '000	RM RM '000
<b>Secured</b>						
- Term loans	-	10,596	-	1,103	-	11,699
- Bank overdraft	-	-	-	1	-	1
- Bankers acceptance	-	-	-	6,641	-	6,641
- Revolving credits	-	-	1,150	-	1,150	-
<b>Total</b>	-	<b>10,596</b>	<b>1,150</b>	<b>7,745</b>	<b>1,150</b>	<b>18,341</b>





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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B7. GROUP BORROWINGS AND DEBT SECURITIES (Cont'd)**

The effective interest rates per annum at the end of the reporting period for the Group's borrowings were as follows:

	2018	2017
	%	%
Term loans	4.52 - 5.85	4.52 - 5.85
Bank overdraft	-	8.08
Bankers acceptance	4.53 - 4.82	4.53 - 4.82
Revolving credits	-	2.52 - 4.32

Referring to the Group's corporate proposal in B6, the Group had fully utilise the proceed from the private placement for repayment of bank borrowings at the financial period under review.

Other than the above, there were no significant changes in Group's borrowing for the financial period under review.

**B8. 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.

**B9. MATERIAL LITIGATION**

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

**B10. DIVIDEND DECLARED**

There was no dividend declared for the current financial period.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B11. 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	5,946	9,779
- Discontinued operation	(391)	(401)
	<u>5,555</u>	<u>9,378</u>
Weighted average number of ordinary shares (000)	99,485	99,485
Basic EPS (Sen)		
- Continuing operations	5.98	9.83
- Discontinued operation	(0.39)	(0.40)
	<u>5.59</u>	<u>9.43</u>
<b>b) <u>Diluted EPS</u></b>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	5,946	9,779
- Discontinued operation	(391)	(401)
	<u>5,555</u>	<u>9,378</u>
Weighted average number of ordinary shares (000)	110,905	113,808
Basic EPS (Sen)		
- Continuing operations	5.36	8.59
- Discontinued operation	(0.35)	(0.35)
	<u>5.01</u>	<u>8.24</u>

**B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the preceding audited financial statements was not subject to any qualification.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	Current Quarter RM'000	Current YTD RM'000
<b>Profit before tax is arrived at after (crediting)/charging:</b>		
Interest income	(73)	(251)
Other income including investment income	(8)	(111)
Interest expense	140	593
Depreciation and amortization	782	2,300
Foreign exchange gain	191	(96)

**B14. 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 November 2018.

**By Order of the Board**

Lee Hong Lim (MIA 12949)  
Company Secretary  
Muar  
23 November 2018