



MUAR BAN LEE GROUP BERHAD

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2019**



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 SECOND QUARTER ENDED 30 JUNE 2019

	Individual Quarter		Cumulative Quarter	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	39,271	37,195	72,063	65,345
Less: Revenue from discontinued operation	(45)	(104)	(156)	(263)
Revenue from continuing operation	39,226	37,091	71,907	65,082
Cost of sales	(26,036)	(27,772)	(49,471)	(48,046)
Gross profit	13,190	9,319	22,436	17,036
Other income	(10)	24	148	390
Depreciation and amortisation	(336)	(318)	(654)	(625)
Distribution and administrative expenses	(5,481)	(6,061)	(11,801)	(11,927)
Operating profit	7,363	2,964	10,129	4,874
Interest Income	162	119	291	178
Interest expenses	(32)	(219)	(68)	(451)
Share of results of an associate	-	308	-	190
Profit before taxation	7,493	3,172	10,352	4,791
Taxation	(2,240)	(1,011)	(3,200)	(1,629)
Profit for the continuing operations	5,253	2,161	7,152	3,162
Discontinued operation				
Loss from discontinued operation, net of tax	(258)	(39)	(214)	(10)
Profit for the financial year	4,995	2,122	6,938	3,152
Other Comprehensive income/(loss), net of tax	303	57	254	(845)
Total Comprehensive Income for the financial year	5,298	2,179	7,192	2,307
Profit attributable to:				
Owners of the parent - continuing operations	5,425	2,534	7,478	3,831
- discontinued operation	(258)	(39)	(214)	(10)
	5,167	2,495	7,264	3,821
Non-controlling interests	(172)	(373)	(326)	(669)
Profit for the financial year	4,995	2,122	6,938	3,152
Total Comprehensive Income attributable to:				
Owners of the parent - continuing operations	5,578	2,563	7,607	3,400
- discontinued operation	(258)	(39)	(214)	(10)
	5,320	2,524	7,393	3,390
Non-controlling interests	(22)	(345)	(201)	(1,083)
Total Comprehensive Income for the financial year	5,298	2,179	7,192	2,307
Earnings per share (sen)				
- Basic - continuing operations	5.34	2.55	7.36	3.85
- discontinued operation	(0.25)	(0.04)	(0.21)	(0.01)
	5.09	2.51	7.15	3.84
- Diluted - continuing operations	4.62	2.31	6.48	3.37
- discontinued operation	(0.22)	(0.04)	(0.19)	(0.01)
	4.40	2.27	6.29	3.36

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 2018 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 JUNE 2019

	(Unaudited) As at 30/06/2019 RM'000	(Audited) As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,523	41,849
Investment properties	637	640
Intangible assets	2,956	2,743
Deferred tax assets	137	135
Other investment	3,024	1,572
	48,277	46,939
Current assets		
Inventories	20,776	23,998
Trade and other receivables	57,664	60,991
Amount owing from contract customers	19,678	-
Tax recoverable	-	1,519
Fixed deposits with licensed banks	403	402
Cash and bank balances	32,345	27,763
	130,866	114,673
Assets included in disposal group classified as held for sale	27,134	27,124
	158,000	141,797
Total assets	206,277	188,736
EQUITY AND LIABILITIES		
Equity		
Share capital	60,104	59,272
Treasury shares	(3,145)	(597)
Revaluation reserve	6,415	6,415
Discount on shares	(12,529)	(12,797)
Warrant reserves	16,849	17,210
Foreign currency translation reserve	(688)	(817)
Fair value adjustment reserve	(420)	(420)
Retained profits	61,585	56,828
Shareholder's equity	128,171	125,094
Non-controlling interests	5,902	5,949
Total equity	134,073	131,043



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	(Unaudited) As at 30/06/2019 RM'000	(Audited) As at 31/12/2018 RM'000
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	559	711
Bank borrowings	1,064	1,277
Deferred tax liabilities	2,408	2,408
	4,031	4,396
Current liabilities		
Trade and other payables	66,785	47,212
Amount owing to contract customers	-	2,473
Finance lease liabilities	396	482
Bank borrowings	458	482
Derivatives financial liabilities	54	54
Provision for taxation	430	2,547
	68,123	53,250
Liabilities included in disposal group classified as held for sale	50	47
	68,173	53,297
Total liabilities	72,204	57,693
Total equity and liabilities	206,277	188,736
Net assets per share (RM)	1.26	1.22

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 2018 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 2019

	Attributable to owners of the parent										
	Non-Distributable						Distributable				Total Equity
	Share Capital	Treasury Shares	Revaluation Reserve	Discount On Shares	Warrant Reserves	Foreign Currency Translation Reserve	Fair Value Adjustment Reserve	Retained Profits	Subtotal	Non-controlling interests	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2019	59,272	(597)	6,415	(12,797)	17,210	(817)	(420)	56,828	125,094	5,949	131,043
Profit for the financial year	-	-	-	-	-	-	-	7,264	7,264	(326)	6,938
Other Comprehensive Expenses	-	-	-	-	-	-	-	-	-	-	-
- Forex Translation Difference	-	-	-	-	-	129	-	-	129	125	254
Total comprehensive income for the financial year	-	-	-	-	-	129	-	7,264	7,393	(201)	7,192
<i>Contributions by and distributions to owners of the Company</i>											
Proceed from conversion of warrants	832	-	-	268	(361)	-	-	-	739	-	739
Purchase of treasury shares	-	(2,548)	-	-	-	-	-	-	(2,548)	-	(2,548)
Dividends payable to owners of the Company	-	-	-	-	-	-	-	(2,507)	(2,507)	-	(2,507)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	-	154	154
Total transactions with owners of the Company	832	(2,548)	-	268	(361)	-	-	(2,507)	(4,316)	154	(4,162)
At 30 June 2019	60,104	(3,145)	6,415	(12,529)	16,849	(688)	(420)	61,585	128,171	5,902	134,073
At 1 January 2018	47,158	(571)	6,487	(13,340)	17,940	(539)	-	46,749	103,884	6,581	110,465
Profit for the financial year	-	-	-	-	-	-	-	3,821	3,821	(669)	3,152
Other Comprehensive Expenses	-	-	-	-	-	-	-	-	-	-	-
- Forex Translation Difference	-	-	-	-	-	(431)	-	-	(431)	(414)	(845)
Total comprehensive income for the financial year	-	-	-	-	-	(431)	-	3,821	3,390	(1,083)	2,307
<i>Contributions by and distributions to owners of the Company</i>											
Proceed from issuance of Private Placement	10,428	-	-	-	-	-	-	-	10,428	-	10,428
Purchase of treasury shares	-	(26)	-	-	-	-	-	-	(26)	-	(26)
Dividends payable to owners of the Company	-	-	-	-	-	-	-	(1,004)	(1,004)	-	(1,004)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	-	(90)	(90)
Total transactions with owners of the Company	10,428	(26)	-	-	-	-	-	(1,004)	9,398	(90)	9,308
At 30 June 2018	57,586	(597)	6,487	(13,340)	17,940	(970)	-	49,566	116,672	5,408	122,080

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 2018 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 CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	Current Year To-date 30/06/2019 RM'000	Preceding Year Corresponding Period 30/06/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	10,352	4,791
- Discontinued operation	(214)	(10)
	10,138	4,781
Adjustments for non-cash items:		
Bargain purchase of subsidiary	-	(76)
Depreciation and amortisation	1,650	1,518
Interest expenses	69	453
Interest income	(291)	(178)
Share of results of an associate	-	(190)
Unrealised loss/(gain) on foreign exchange	37	(37)
Operating profit before working capital changes	11,603	6,271
Changes in working capital		
Inventories	3,221	5,083
Receivables	2,609	(6,496)
Payables	19,032	4,075
Contract customers	(22,151)	3,814
Cash generated from operations	14,314	12,747
Income tax paid	(3,798)	(1,581)
Net cash from operating activities	10,516	11,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of biological assets	-	(83)
Acquisition of property, plant and equipment	(1,038)	(3,077)
Acquisition of share from non-controlling interests	-	(15)
Acquisition of other investment	(1,452)	-
Net cash inflows from acquisition of subsidiary	692	-
Interest received	291	178
Net cash used in investing activities	(1,507)	(2,997)



MUAR BAN LEE GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	Current Year To-date 30/06/2019 RM'000	Preceding Year Corresponding Period 30/06/2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,025)	(2,008)
Interest paid	(69)	(453)
Purchase of treasury shares	(2,548)	(26)
Placement of pledged fixed deposits	(1)	(1)
Repayment of bankers acceptance	-	(2,206)
Net change of revolving credits	-	612
Repayment of term loans	(237)	(630)
Repayment of finance lease liabilities	(401)	(506)
Proceed from conversion of warrant to share capital	739	-
Proceed from issue of share capital	-	10,428
Net cash (used in) / from financing activities	(4,542)	5,210
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Effect of exchange translation differences	93	(393)
Cash and cash equivalents at the beginning of the financial year	27,842	11,096
Cash and cash equivalents at the end of the financial year	32,402	24,082
Note: <u>Cash and cash equivalents at the end of the financial year</u>		
Continuing operations		
Cash and bank balances	32,345	23,930
Short term deposits with licensed banks	403	391
Fixed deposits pledged	(403)	(391)
	32,345	23,930
Discontinued operation		
Cash and bank balances	57	152
	32,402	24,082

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 2018 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 SECOND QUARTER ENDED 30 JUNE 2019**

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 interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. 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 2018.

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 2018 except for those standard, amendments and IC interpretation that had become effective 1 January 2019 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.



A7. DEBT AND EQUITY SECURITIES

- i) For the six months financial period under review, the Company issued 924,400 new ordinary shares for cash arising from the exercise of warrants at exercise price of RM0.80 per ordinary shares.
- ii) During the six months period, the Company repurchased 2,178,600 of its issued ordinary shares from the open market at an average price of RM1.1694 per shares. The total consideration paid for the repurchase including transaction costs was RM2,563,180 and this was financed by internally generated funds at the financial period under review. Total treasury shares held as at 30 June 2019 was 2,932,800 shares. The repurchased shares were held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Other than the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year ending 31 December 2019.

A8. DIVIDEND PAID

Dividend recognised as distribution to ordinary shareholders of the Company:

	RM
In respect of the financial year ended 31 December 2018:	
Second Interim single tier dividend of RM0.02 per ordinary share paid on 27 March 2019.	2,024,574
	2,024,574

A9. SEGMENTAL INFORMATION

Segmental reporting for the 6 months ended 30 June 2019

	Investment Holding	Manu- facturing	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
Revenue								
External sales	-	54,658	-	17,249	-	71,907	156	72,063
Inter-company	-	40	-	-	(40)	-	-	-
Dividend income	5,000	-	-	-	(5,000)	-	-	-
	5,000	54,698	-	17,249	(5,040)	71,907	156	72,063
Segmental results	4,683	11,088	(7)	(598)	(5,037)	10,129	(213)	9,916
Finance costs	-	(68)	-	-	-	(68)	(1)	(69)
Interest income	2	289	-	-	-	291	-	291
Profit/(Loss) before Tax	4,685	11,309	(7)	(598)	(5,037)	10,352	(214)	10,138
Taxation						(3,200)	-	(3,200)
Profit for the period						7,152	(214)	6,938



A9. SEGMENTAL INFORMATION (Cont'd)

Segmental reporting for the 6 months ended 30 June 2018

	Investment Holding	Manu- facturing	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
Revenue								
External sales	-	40,263	8,360	16,459	-	65,082	263	65,345
Inter-company	-	413	-	-	(413)	-	-	-
Dividend income	-	-	-	-	-	-	-	-
	-	40,676	8,360	16,459	(413)	65,082	263	65,345
Segmental results								
Finance costs	(221)	4,942	1,467	(1,357)	43	4,874	(9)	4,865
Interest income	-	(451)	-	-	-	(451)	(1)	(452)
Interest income	71	107	-	-	-	178	-	178
Share of results of an associate	190	-	-	-	-	190	-	190
Profit/(Loss) before Tax	40	4,598	1,467	(1,357)	43	4,791	(10)	4,781
Taxation	-	-	-	-	-	(1,629)	-	(1,629)
Profit for the period						3,162	(10)	3,152

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 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 acquisition of 325,000 new ordinary shares in Allin Water Technology Sdn. Bhd. (formerly known as Allin Engineering Sdn. Bhd.)("ALLIN") for a total consideration of RM500,000.00. Post acquisition, MBLG holds 65% equity interest in ALLIN and thus become a subsidiary company of MBLG. The transaction was deemed completed on 23 May 2019.

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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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	6,000	12,000
Tan Commercial Management Services Sdn. Bhd.	Which the directors have substantial financial interests in the Company	Secretarial fee	11,520	11,520

A16. DISCLOSURE OF DERIVATIVES

There was no outstanding forward contract at the end of the quarter under review.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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)		
	30/06/2019 RM '000	30/06/2018 RM '000	Changes %	30/06/2019 RM '000	30/06/2018 RM '000	Changes %
Revenue						
- Continuing operations	39,226	37,091	5.8	71,907	65,082	10.5
- Discontinued operation	45	104	(56.7)	156	263	(40.7)
	<u>39,271</u>	<u>37,195</u>	5.6	<u>72,063</u>	<u>65,345</u>	10.3
Operating profit	7,363	2,964	148.4	10,129	4,874	107.8
Profit before interest and tax	7,363	3,272	125.0	10,129	5,064	100.0
Profit/(Loss) before tax (PBT)						
- Continuing operations	7,493	3,172	136.2	10,352	4,791	116.1
- Discontinued operation	(258)	(39)	561.5	(214)	(10)	2,040.0
	<u>7,235</u>	<u>3,133</u>	130.9	<u>10,138</u>	<u>4,781</u>	112.0
Profit/(Loss) after tax (PAT)						
- Continuing operations	5,253	2,161	143.1	7,152	3,162	126.2
- Discontinued operation	(258)	(39)	561.5	(214)	(10)	2,040.0
	<u>4,995</u>	<u>2,122</u>	135.4	<u>6,938</u>	<u>3,152</u>	120.1
Profit/(loss) attributable to Ordinary Equity Holders of the Parent						
- Continuing operations	5,425	2,534	114.1	7,478	3,831	95.2
- Discontinued operation	(258)	(39)	561.5	(214)	(10)	2,040.0
	<u>5,167</u>	<u>2,495</u>	107.1	<u>7,264</u>	<u>3,821</u>	90.1

For the current quarter under review, the Group's revenue slightly increased by 5.6% to RM39.27 million, while PBT surged by 130.9% to RM7.24 million as compared to the preceding year's corresponding quarter. Generally, the manufacturing segment is the core contributor to the Group's performance. The performance review by segments is as follows:

Manufacturing division posted a revenue and PBT of RM29.69 million and RM7.98 million respectively in the current quarter as compared with RM20.82 million and RM2.21 million recorded in the preceding year's corresponding quarter. The commendable result was mainly due to the higher contribution of project sales coupled with better products mix in the current quarter.

Trading and Service division recognised its revenue and cost of sales based on the stage of completion of the projects. The progress of the projects was immaterial to be recognised in current quarter under review as compared to preceding year's corresponding quarter where revenue and PBT stood at RM8.36 million and RM1.50 million respectively.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

B1. REVIEW OF PERFORMANCE (Cont'd)

Oil milling division's revenue slightly improved to RM9.57 million (2018: RM7.91 million) and registered a loss before tax of RM0.31 million (2018: RM0.81 million). The unfavorable result was mainly attributable to the scaled down production output as a result of the continued subdued selling price of Crude Palm Kernel Oil ("CPKO") in the current quarter under review.

For the six months period under review, the revenue and PBT of the Group increased by 10.3% and 112.0% respectively to RM72.06 million and RM10.14 million.

Manufacturing division's revenue stood at RM54.66 million as compared to RM40.26 million at preceding year's corresponding period. As a result of higher contribution of project sales coupled with better products mix, PBT jumped to RM11.31 million from RM4.60 million in prior year's corresponding period.

Trading and Service division recognised its revenue and cost of sales based on the stage of completion of the projects. The progress of the projects was immaterial to be recognised in current period under review as compared to preceding year's corresponding quarter where revenue and PBT stood at RM8.36 million and RM1.50 million respectively.

Oil milling division's revenue slightly improved to RM17.25 million from RM16.46 million recorded in prior year. The upgraded KCP plant with improved productivity and efficiency has enabled the division to reduce the loss before tax to RM0.60 million in the current period as compared with RM1.36 million registered in prior year's corresponding period.



B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Current Quarter	Immediate Preceding Quarter	
	30/06/2019	31/03/2019	Changes
	RM '000	RM '000	%
Revenue			
- Continuing operations	39,226	32,681	20.0
- Discontinued operation	45	111	(59.5)
	39,271	32,792	19.8
Operating profit	7,363	2,766	166.2
Profit before interest and tax	7,363	2,766	166.2
Profit/(Loss) before tax (PBT)			
- Continuing operations	7,493	2,859	162.1
- Discontinued operation	(258)	44	(686.4)
	7,235	2,903	149.2
Profit/(Loss) after tax (PAT)			
- Continuing operations	5,253	1,899	176.6
- Discontinued operation	(258)	44	(686.4)
	4,995	1,943	157.1
Profit/(loss) attributable to Ordinary Equity Holders of the Parent			
- Continuing operations	5,425	2,053	164.2
- Discontinued operation	(258)	44	(686.4)
	5,167	2,097	146.4

For the current quarter under review, revenue and PBT of the Group stood at RM39.27 million and RM7.24 million respectively as compared to RM32.79 million and RM2.90 million recorded in the immediate preceding quarter.

Manufacturing division posted a revenue and PBT at RM29.69 million and RM7.98 million respectively as compared to RM25.01 million and RM3.33 million reported in the immediate preceding quarter. The favorable result was mainly due to the higher contribution of project sales coupled with better products mix in the current quarter.

Trading and Service division recognised its revenue based on the stage of completion for the on-going projects. The on-going progress was immaterial in the current and immediate preceding quarter.

Oil milling division's revenue and loss before tax slightly improved to RM9.75 million and RM0.31 million as compared to RM7.68 million and loss before tax recorded at RM0.29 million reported in the immediate preceding quarter respectively. The muted selling price of CPKO has prompted the management to continue scale down the production of CPKO to cushion the impact of depressed CPKO pricing.



B3. COMMENTARY ON PROSPECTS

The Board expects the Group's operating environment for the financial year ending 2019 to remain challenging and competitive.

The Group is banking on its newly developed high-technology wastewater treatment system which specially designed for palm oil mill effluent ("POME"). The Board believes the market potential is huge as companies get more environmentally conscious and as the government beefs up its crackdown on waste water disposal.

The Management will continue to focus on the Group's core business, i.e. manufacturing segment and to further strengthen our market position by expanding of customer base and market shares. The Board is optimistic that the oil milling division's performance will improve in the financial year ending 2019.

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the performance of the Group will remain satisfactory for the financial year ending 2019.

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	(2,240)	(3,200)
	<u>(2,240)</u>	<u>(3,200)</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. Effective tax rate of the group was higher compared to statutory tax rate of 24% mainly due to offsetting losses from certain subsidiaries coupled with timing differences and non-deductible expenses.

B6. STATUS OF CORPORATE PROPOSALS

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



B7. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 30 June 2019 and 30 June 2018 are as follows:

	As at Second Quarter ended 2019					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD Fx Rate 4.13 RM '000	RM RM '000	USD Fx Rate 4.13 RM '000	RM RM '000	USD Fx Rate 4.13 RM '000	RM RM '000
Secured						
- Term loans	-	1,064	-	458	-	1,522
- Bank overdraft	-	-	-	-	-	-
- Bankers acceptance	-	-	-	-	-	-
- Revolving credits	-	-	-	-	-	-
Total	-	1,064	-	458	-	1,522

	As at Second Quarter ended 2018					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD Fx Rate 4.04 RM '000	RM RM '000	USD Fx Rate 4.04 RM '000	RM RM '000	USD Fx Rate 4.04 RM '000	RM RM '000
Secured						
- Term loans	-	11,297	-	1,271	-	12,568
- Bank overdraft	-	-	-	-	-	-
- Bankers acceptance	-	-	-	3,493	-	3,493
- Revolving credits	-	-	612	-	612	-
Total	-	11,297	612	4,764	612	16,061

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

	(Unaudited) 30/06/2019 %	(Audited) 31/12/2018 %
Term loans	4.52 - 5.85	4.52 - 5.85
Bankers acceptance	-	4.53 - 4.82
Revolving credits	-	3.75

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

A single-tier first interim dividend of 2.5 sen per share for the year ending 31 December 2019 was declared on 29 May 2019 and paid on 3 July 2019.

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
a) <u>Basic EPS</u>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	5,425	7,478
- Discontinued operation	(258)	(214)
	<u>5,167</u>	<u>7,264</u>
Weighted average number of ordinary shares (000)	101,555	101,555
Basic EPS (Sen)		
- Continuing operations	5.34	7.36
- Discontinued operation	(0.25)	(0.21)
	<u>5.09</u>	<u>7.15</u>
b) <u>Diluted EPS</u>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	5,425	7,478
- Discontinued operation	(258)	(214)
	<u>5,167</u>	<u>7,264</u>
Weighted average number of ordinary shares (000)	117,516	115,470
Basic EPS (Sen)		
- Continuing operations	4.62	6.48
- Discontinued operation	(0.22)	(0.19)
	<u>4.40</u>	<u>6.29</u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

B13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter RM'000	Current YTD RM'000
Profit before tax is arrived at after (crediting)/charging:		
Interest income	(162)	(291)
Other income including investment income	(33)	(40)
Interest expense	32	68
Depreciation and amortization	835	1,650
Foreign exchange gain	73	(103)
	<hr/>	<hr/>

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 28 August 2019.

By Order of the Board

Tan Hui Lun (LS 0010066)
Company Secretary
Muar
28 August 2019