



MUAR BAN LEE GROUP BERHAD

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

	Individual Quarter		Cumulative Quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	48,955	40,877	121,018	106,222
Less: Revenue from discontinued operation	(49)	(88)	(205)	(351)
Revenue from continuing operation	48,906	40,789	120,813	105,871
Cost of sales	(30,357)	(25,176)	(79,828)	(73,222)
Gross profit	18,549	15,613	40,985	32,649
Other income	(108)	(172)	40	218
Depreciation and amortisation	(327)	(343)	(981)	(968)
Distribution and administrative expenses	(8,200)	(6,486)	(20,001)	(18,410)
Operating profit	9,914	8,612	20,043	13,489
Interest Income	256	73	547	251
Interest expenses	(28)	(140)	(96)	(591)
Share of results of an associate	-	(190)	-	-
Profit before taxation	10,142	8,355	20,494	13,149
Taxation	(2,612)	(2,215)	(5,812)	(3,844)
Profit for the continuing operations	7,530	6,140	14,682	9,305
Discontinued operation				
Loss from discontinued operation, net of tax	(599)	(391)	(813)	(401)
Profit for the financial year	6,931	5,749	13,869	8,904
Other Comprehensive income/(loss), net of tax	103	(209)	357	(1,053)
Total Comprehensive Income for the financial year	7,034	5,540	14,226	7,851
Profit attributable to:				
Owners of the parent - continuing operations	7,470	5,946	14,948	9,779
- discontinued operation	(599)	(391)	(813)	(401)
	6,871	5,555	14,135	9,378
Non-controlling interests	60	194	(266)	(474)
Profit for the financial year	6,931	5,749	13,869	8,904
Total Comprehensive Income attributable to:				
Owners of the parent - continuing operations	7,522	5,839	15,130	9,242
- discontinued operation	(599)	(391)	(813)	(401)
	6,923	5,448	14,317	8,841
Non-controlling interests	111	92	(91)	(990)
Total Comprehensive Income for the financial year	7,034	5,540	14,226	7,851
Earnings per share (sen)				
- Basic - continuing operations	7.40	5.98	14.81	9.83
- discontinued operation	(0.59)	(0.39)	(0.81)	(0.40)
	6.81	5.59	14.00	9.43
- Diluted - continuing operations	6.52	5.36	13.07	8.59
- discontinued operation	(0.52)	(0.35)	(0.71)	(0.35)
	6.00	5.01	12.36	8.24

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 SEPTEMBER 2019

	(Unaudited) As at 30/09/2019 RM'000	(Audited) As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,325	41,849
Investment properties	636	640
Intangible assets	2,956	2,743
Deferred tax assets	138	135
Other investment	3,491	1,572
	49,546	46,939
Current assets		
Inventories	27,324	23,998
Trade and other receivables	57,250	60,991
Amount owing from contract customers	19,355	-
Tax recoverable	3,076	1,519
Fixed deposits with licensed banks	2,404	402
Cash and bank balances	23,164	27,763
	132,573	114,673
Assets held for sale	27,342	27,124
	159,915	141,797
Total assets	209,461	188,736
EQUITY AND LIABILITIES		
Equity		
Share capital	62,596	59,272
Treasury shares	(7,158)	(597)
Revaluation reserve	6,415	6,415
Discount on shares	(11,726)	(12,797)
Warrant reserves	15,769	17,210
Foreign currency translation reserve	(635)	(817)
Fair value adjustment reserve	(420)	(420)
Retained profits	68,456	56,828
Shareholder's equity	133,297	125,094
Non-controlling interests	6,012	5,949
Total equity	139,309	131,043



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

	(Unaudited) As at 30/09/2019 RM'000	(Audited) As at 31/12/2018 RM'000
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	481	711
Bank borrowings	1,051	1,277
Deferred tax liabilities	2,408	2,408
	3,940	4,396
Current liabilities		
Trade and other payables	62,841	47,212
Amount owing to contract customers	-	2,473
Finance lease liabilities	352	482
Bank borrowings	349	482
Derivatives financial liabilities	54	54
Provision for taxation	2,556	2,547
	66,152	53,250
Liabilities included in the assets held for sale	60	47
	66,212	53,297
Total liabilities	70,152	57,693
Total equity and liabilities	209,461	188,736
Net assets per share (RM)	1.33	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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

	Attributable to owners of the parent										
	Non-Distributable						Distributable				
	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	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
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	-	-	-	-	-	-	-	14,135	14,135	(266)	13,869
Other Comprehensive Expenses	-	-	-	-	-	-	-	-	-	-	-
- Forex Translation Difference	-	-	-	-	-	182	-	-	182	175	357
Total comprehensive income for the financial year	-	-	-	-	-	182	-	14,135	14,317	(91)	14,226
<i>Contributions by and distributions to owners of the Company</i>											
Proceed from conversion of warrants	3,324	-	-	1,071	(1,441)	-	-	-	2,954	-	2,954
Purchase of treasury shares	-	(6,561)	-	-	-	-	-	-	(6,561)	-	(6,561)
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	3,324	(6,561)	-	1,071	(1,441)	-	-	(2,507)	(6,114)	154	(5,960)
At 30 September 2019	62,596	(7,158)	6,415	(11,726)	15,769	(635)	(420)	68,456	133,297	6,012	139,309
At 1 January 2018	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	-	-	-	-	-	-	-	-	-	-	-
- Forex Translation Difference	-	-	-	-	-	(537)	-	-	(537)	(516)	(1,053)
Total comprehensive income for the financial year	-	-	-	-	-	(537)	-	9,378	8,841	(990)	7,851
<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 September 2018	57,586	(597)	6,487	(13,340)	17,940	(1,076)	-	55,185	122,185	5,501	127,686

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	Current Year To-date 30/09/2019 RM'000	Preceding Year Corresponding Period 30/09/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	20,494	13,149
- Discontinued operation	(813)	(401)
	19,681	12,748
Adjustments for non-cash items:		
Bargain purchase of subsidiary	-	(76)
Depreciation and amortisation	2,492	2,300
Gain on disposal of property, plant & equipment	(70)	-
Interest expenses	97	593
Interest income	(547)	(251)
Unrealised loss/(gain) on foreign exchange	37	(37)
Operating profit before working capital changes	21,690	15,277
Changes in working capital		
Inventories	(3,326)	5,102
Receivables	2,984	(20,705)
Payables	17,617	14,437
Contract customers	(21,828)	3,134
Cash generated from operations	17,137	17,245
Income tax paid	(7,360)	(4,063)
Net cash from operating activities	9,777	13,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of biological assets	-	(83)
Acquisition of property, plant and equipment	(2,614)	(3,202)
Acquisition of share from non-controlling interests	-	(15)
Acquisition of other investment	(1,919)	-
Proceeds from disposal of property, plant and equipment	70	-
Net cash inflows from acquisition of subsidiary	692	-
Interest received	547	251
Net cash used in investing activities	(3,224)	(3,049)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	Current Year To-date 30/09/2019 RM'000	Preceding Year Corresponding Period 30/09/2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,532)	(3,012)
Interest paid	(97)	(593)
Purchase of treasury shares	(6,561)	(26)
Placement of pledged fixed deposits	(1)	(1)
Repayment of bankers acceptance	-	(3,767)
Repayment of term loans	(359)	(11,337)
Repayment of finance lease liabilities	(530)	(352)
Proceed from conversion of warrant to share capital	2,954	-
Proceed from issue of share capital	-	10,428
Net cash used in financing activities	(9,126)	(8,660)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(2,573)	1,473
Effect of exchange translation differences	128	(487)
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	25,397	12,082
Note: <u>Cash and cash equivalents at the end of the financial year</u>		
Continuing operations		
Cash and bank balances	23,164	12,001
Short term deposits with licensed banks	2,404	391
Fixed deposits pledged	(404)	(391)
	25,164	12,001
Discontinued operation		
Cash and bank balances	233	81
	25,397	12,082

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 THIRD QUARTER ENDED 30 SEPTEMBER 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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

A7. DEBT AND EQUITY SECURITIES

- i) For the nine months financial period under review, the Company issued 3,693,400 new ordinary shares for cash arising from the exercise of warrants at exercise price of RM0.80 per ordinary shares.
- ii) During the nine months period, the Company repurchased 5,488,600 of its issued ordinary shares from the open market at an average price of RM1.1954 per shares. The total consideration paid for the repurchase including transaction costs was RM6,591,662 and this was financed by internally generated funds for the financial period under review. Total treasury shares held as at 30 September 2019 was 6,242,800 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
In respect of the financial year ending 31 December 2019:	
First Interim single tier dividend of RM0.025 per ordinary share paid on 3 July 2019.	<u>2,507,443</u> <u>4,532,017</u>

A9. SEGMENTAL INFORMATION

Segmental reporting for the 9 months ended 30 September 2019

	Investment Holding	Manu- facturing	Bio- Engineering	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	-	89,257	-	31,556	-	120,813	205	121,018
Inter-company	-	481	-	-	(481)	-	-	-
Dividend income	8,500	-	-	-	(8,500)	-	-	-
	8,500	89,738	-	31,556	(8,981)	120,813	205	121,018
Segmental results	8,117	21,012	(13)	(536)	(8,537)	20,043	(812)	19,231
Finance costs	-	(96)	-	-	-	(96)	(1)	(97)
Interest income	3	544	-	-	-	547	-	547
Profit/(Loss) before Tax	8,120	21,460	(13)	(536)	(8,537)	20,494	(813)	19,681
Taxation						(5,812)	-	(5,812)
Profit for the period						14,682	(813)	13,869



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

A9. SEGMENTAL INFORMATION (Cont'd)

Segmental reporting for the 9 months ended 30 September 2018

	Investment Holding	Manu- facturing	Bio- Engineering	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	-	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
Segmental results								
Finance costs	(347)	12,174	2,598	(979)	43	13,489	(399)	13,090
Interest income	-	(591)	-	-	-	(591)	(2)	(593)
	86	165	-	-	-	251	-	251
Profit/(Loss) before Tax								
Taxation	(261)	11,748	2,598	(979)	43	13,149	(401)	12,748
						(3,844)	-	(3,844)
Profit for the period						9,305	(401)	8,904

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:

- 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.
- Newly incorporated of 100,000 new ordinary shares in Open Road MBL Sdn Bhd ("ORMBL") for a total consideration of RM100,000.00. Post incorporation, MBLG holds 100% equity interest in ORMBL and thus become a subsidiary company of MBLG. The transaction was deemed completed on 5 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	18,000
WP Technology Sdn Bhd	Which the directors have substantial financial interests in the Company	Rental	7,500	7,500
Tan Commercial Management Services Sdn. Bhd.	Which the directors have substantial financial interests in the Company	Secretarial fee	1,630	13,150

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 (9 months ended)		
	30/09/2019 RM '000	30/09/2018 RM '000	Changes %	30/09/2019 RM '000	30/09/2018 RM '000	Changes %
Revenue						
- Continuing operations	48,906	40,789	19.9	120,813	105,871	14.1
- Discontinued operation	49	88	(44.3)	205	351	(41.6)
	<u>48,955</u>	<u>40,877</u>	19.8	<u>121,018</u>	<u>106,222</u>	13.9
Operating profit	9,914	8,612	15.1	20,043	13,489	48.6
Profit before interest and tax	9,914	8,422	17.7	20,043	13,489	48.6
Profit/(Loss) before tax (PBT)						
- Continuing operations	10,142	8,355	21.4	20,494	13,149	55.9
- Discontinued operation	(599)	(391)	53.2	(813)	(401)	102.7
	<u>9,543</u>	<u>7,964</u>	19.8	<u>19,681</u>	<u>12,748</u>	54.4
Profit/(Loss) after tax (PAT)						
- Continuing operations	7,530	6,140	22.6	14,682	9,305	57.8
- Discontinued operation	(599)	(391)	53.2	(813)	(401)	102.7
	<u>6,931</u>	<u>5,749</u>	20.6	<u>13,869</u>	<u>8,904</u>	55.8
Profit/(loss) attributable to Ordinary Equity Holders of the Parent						
- Continuing operations	7,470	5,946	25.6	14,948	9,779	52.9
- Discontinued operation	(599)	(391)	53.2	(813)	(401)	102.7
	<u>6,871</u>	<u>5,555</u>	23.7	<u>14,135</u>	<u>9,378</u>	50.7

For the current quarter under review, the Group's revenue growth by 19.8% to RM48.96 million, while PBT increased by 19.8% to RM9.54 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 RM34.60 million and RM10.15 million respectively in the current quarter as compared with RM26.00 million and RM7.15 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.

Bio-Engineering 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 RM7.04 million and RM1.13 million respectively.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

B1. REVIEW OF PERFORMANCE (Cont'd)

Oil milling division's revenue improved to RM14.31 million (2018: RM7.75 million) and registered a profit before tax of RM0.06 million (2018: RM0.38 million). The unfavorable result was mainly attributable to the continued subdued selling price of Crude Palm Kernel Oil ("CPKO") despite of the increased CPKO output in the current quarter under review.

For the nine months period under review, the revenue and PBT of the Group increased by 13.9% and 54.4% respectively to RM121.02 million and RM19.68 million.

Manufacturing division's revenue stood at RM89.26 million as compared to RM66.26 million at preceding year's corresponding period. As a result of higher contribution of project sales coupled with better products mix, PBT jumped to RM21.46 million from RM11.75 million in prior year's corresponding period.

Bio-Engineering 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 RM15.40 million and RM2.60 million respectively.

Oil milling division's revenue improved to RM31.56 million from RM24.21 million recorded in prior year. It was mainly due to the upgraded KCP plant with improved productivity and efficiency has enabled the division to reduce the loss before tax to RM0.54 million in the current period as compared with RM0.98 million registered in prior year's corresponding period.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Current Quarter	Immediate Preceding Quarter	Changes %
	30/09/2019 RM '000	30/06/2019 RM '000	
Revenue			
- Continuing operations	48,906	39,226	24.7
- Discontinued operation	49	45	8.9
	<u>48,955</u>	<u>39,271</u>	24.7
Operating profit	9,914	7,363	34.6
Profit before interest and tax	9,914	7,363	34.6
Profit/(Loss) before tax (PBT)			
- Continuing operations	10,142	7,493	35.4
- Discontinued operation	(599)	(258)	132.2
	<u>9,543</u>	<u>7,235</u>	31.9
Profit/(Loss) after tax (PAT)			
- Continuing operations	7,530	5,253	43.3
- Discontinued operation	(599)	(258)	132.2
	<u>6,931</u>	<u>4,995</u>	38.8
Profit/(loss) attributable to Ordinary Equity Holders of the Parent			
- Continuing operations	7,470	5,425	37.7
- Discontinued operation	(599)	(258)	132.2
	<u>6,871</u>	<u>5,167</u>	33.0

For the current quarter under review, revenue and PBT of the Group stood at RM48.96 million and RM9.54 million respectively as compared to RM39.27 million and RM7.24 million recorded in the immediate preceding quarter.

Manufacturing division posted a revenue and PBT at RM34.60 million and RM10.15 million respectively as compared to RM29.65 million and RM7.98 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.

Bio-Engineering 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 profit before tax slightly improved to RM14.31 million and RM0.06 million as compared to RM9.57 million and loss before tax recorded at RM0.31 million reported in the immediate preceding quarter respectively. It was mainly due to the upgraded KCP plant with improved productivity and efficiency couple with higher revenue recorded for the quarter under review.



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 the 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	(2,612)	(5,812)
	<u>(2,612)</u>	<u>(5,812)</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 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.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B7. GROUP BORROWINGS AND DEBT SECURITIES

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

	As at Third Quarter ended 2019		
	Long Term	Short Term	Total Borrowings
	RM '000	RM '000	RM '000
Secured			
- Term loans	1,051	349	1,400
- Bank overdraft	-	-	-
- Bankers acceptance	-	-	-
- Revolving credits	-	-	-
Total	1,051	349	1,400

	As at Third Quarter ended 2018		
	Long Term	Short Term	Total Borrowings
	RM '000	RM '000	RM '000
Secured			
- Term loans	1,396	465	1,861
- Bank overdraft	-	-	-
- Bankers acceptance	-	1,932	1,932
- Revolving credits	-	-	-
Total	1,396	2,397	3,793

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

	(Unaudited) 30/09/2019	(Audited) 31/12/2018
	%	%
Term loans	4.52 - 5.85	4.52 - 5.85
Bankers acceptance	-	4.53 - 4.82

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 quarter under review.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	7,470	14,948
- Discontinued operation	(599)	(813)
	<u>6,871</u>	<u>14,135</u>
Weighted average number of ordinary shares (000)	100,919	100,919
Basic EPS (Sen)		
- Continuing operations	7.40	14.81
- Discontinued operation	(0.59)	(0.81)
	<u>6.81</u>	<u>14.00</u>
b) <u>Diluted EPS</u>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	7,470	14,948
- Discontinued operation	(599)	(813)
	<u>6,871</u>	<u>14,135</u>
Weighted average number of ordinary shares (000)	114,642	114,388
Basic EPS (Sen)		
- Continuing operations	6.52	13.07
- Discontinued operation	(0.52)	(0.71)
	<u>6.00</u>	<u>12.36</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 2019**

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	(256)	(547)
Other income including investment income	(8)	(48)
Interest expense	29	97
Depreciation and amortization	842	2,492
Foreign exchange gain	124	21

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 29 November 2019.

By Order of the Board

Tan Hui Lun (LS 0010066)
Company Secretary
Muar
29 November 2019