



MUAR BAN LEE GROUP BERHAD

(Company No.200601033829 (753588-P))
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR FOURTH QUARTER ENDED 31 DECEMBER 2019**



MUAR BAN LEE GROUP BERHAD

(Company No. 200601033829 (753588-P))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

	Individual Quarter		Cumulative Quarter	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	48,907	51,293	169,925	157,515
Less: Revenue from discontinued operation	205	(8)	-	(359)
Revenue from continuing operation	49,112	51,285	169,925	157,156
Cost of sales	(27,665)	(33,015)	(107,493)	(106,237)
Gross profit	21,447	18,270	62,432	50,919
Other income	192	199	232	417
Depreciation and amortisation	(2,782)	(409)	(3,763)	(1,377)
Distribution and administrative expenses	(10,161)	(12,490)	(30,162)	(30,900)
Operating profit	8,696	5,570	28,739	19,059
Interest Income	368	71	915	322
Interest expenses	(350)	(51)	(446)	(642)
Profit before taxation	8,714	5,590	29,208	18,739
Taxation	(3,023)	(1,664)	(8,835)	(5,508)
Profit for the continuing operations	5,691	3,926	20,373	13,231
Discontinued operation				
Profit/(Loss) from discontinued operation, net of tax	813	(145)	-	(546)
Profit for the financial year	6,504	3,781	20,373	12,685
Other Comprehensive income/(loss), net of tax	14	87	371	(966)
Total Comprehensive Income for the financial year	6,518	3,868	20,744	11,719
Profit attributable to:				
Owners of the parent - continuing operations	4,497	3,726	19,445	13,505
- discontinued operation	813	(145)	-	(546)
	5,310	3,581	19,445	12,959
Non-controlling interests	1,194	200	928	(274)
Profit for the financial year	6,504	3,781	20,373	12,685
Total Comprehensive Income attributable to:				
Owners of the parent - continuing operations	4,504	3,565	19,634	12,807
- discontinued operation	813	(145)	-	(546)
	5,317	3,420	19,634	12,261
Non-controlling interests	1,201	448	1,110	(542)
Total Comprehensive Income for the financial year	6,518	3,868	20,744	11,719
Earnings per share (sen)				
- Basic				
- continuing operations	4.47	3.75	19.26	13.56
- discontinued operation	0.81	(0.15)	-	(0.55)
	5.28	3.60	19.26	13.01
- Diluted				
- continuing operations	3.89	3.21	16.95	11.75
- discontinued operation	0.70	(0.13)	-	(0.48)
	4.59	3.08	16.95	11.27

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. 200601033829 (753588-P))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	(Unaudited) As at 31/12/2019 RM'000	(Audited) As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,275	41,849
Investment properties	635	640
Biological assets	249	-
Intangible assets	23,556	2,743
Right of use	5,728	-
Deferred tax assets	138	135
Other investment	4,677	1,572
	<u>79,258</u>	<u>46,939</u>
Current assets		
Inventories	35,232	23,998
Trade and other receivables	40,850	60,991
Amount owing from contract customers	21,733	-
Tax recoverable	4,596	1,519
Fixed deposits with licensed banks	5,404	402
Cash and bank balances	29,430	27,763
	<u>137,245</u>	<u>114,673</u>
Assets held for sale	-	27,124
	<u>137,245</u>	<u>141,797</u>
Total assets	<u><u>216,503</u></u>	<u><u>188,736</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	63,064	59,272
Treasury shares	(7,158)	(597)
Revaluation reserve	6,343	6,415
Discount on shares	(11,575)	(12,797)
Warrant reserves	15,566	17,210
Foreign currency translation reserve	(628)	(817)
Fair value adjustment reserve	(420)	(420)
Retained profits	73,838	56,828
Shareholder's equity	<u>139,030</u>	<u>125,094</u>
Non-controlling interests	7,213	5,949
Total equity	<u>146,243</u>	<u>131,043</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	(Unaudited) As at 31/12/2019 RM'000	(Audited) As at 31/12/2018 RM'000
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	5,274	711
Non-current lease liabilities	5,790	-
Bank borrowings	1,039	1,277
Deferred tax liabilities	2,554	2,408
	14,657	4,396
Current liabilities		
Trade and other payables	52,336	47,212
Amount owing to contract customers	-	2,473
Finance lease liabilities	741	482
Current lease liabilities	3	-
Bank borrowings	238	482
Derivatives financial liabilities	-	54
Provision for taxation	2,285	2,547
	55,603	53,250
Liabilities included in the assets held for sale	-	47
	55,603	53,297
Total liabilities	70,260	57,693
Total equity and liabilities	216,503	188,736
Net assets per share (RM)	1.38	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. 200601033829 (753588-P))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	19,445	19,445	928	20,373
Other Comprehensive Expenses											
- Realisation of revaluation surplus	-	-	(72)	-	-	-	-	72	-	-	-
- Forex Translation Difference	-	-	-	-	-	189	-	-	189	182	371
Total comprehensive income for the financial year	-	-	(72)	-	-	189	-	19,517	19,634	1,110	20,744
<i>Contributions by and distributions to owners of the Company</i>											
Proceed from conversion of warrants	3,792	-	-	1,222	(1,644)	-	-	-	3,370	-	3,370
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	3,792	(6,561)	-	1,222	(1,644)	-	-	(2,507)	(5,698)	154	(5,544)
At 31 December 2019	63,064	(7,158)	6,343	(11,575)	15,566	(628)	(420)	73,838	139,030	7,213	146,243
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	-	-	-	-	-	-	-	12,959	12,959	(274)	12,685
Other Comprehensive Expenses											
- Realisation of revaluation surplus	-	-	(72)	-	-	-	-	72	-	-	-
- fair value on quoted investment	-	-	-	-	-	-	(420)	-	(420)	-	(420)
- Forex Translation Difference	-	-	-	-	-	(278)	-	-	(278)	(267)	(545)
Total comprehensive income for the financial year	-	-	(72)	-	-	(278)	(420)	13,031	12,261	(541)	11,720
<i>Contributions by and distributions to owners of the Company</i>											
Proceed from issuance of Private Placement	10,428	-	-	-	-	-	-	-	10,428	-	10,428
Proceed from conversion of warrants	1,686	-	-	543	(730)	-	-	-	1,499	-	1,499
Purchase of treasury shares	-	(26)	-	-	-	-	-	-	(26)	-	(26)
Dividends payable to owners of the Company	-	-	-	-	-	-	-	(3,028)	(3,028)	-	(3,028)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	76	76	(91)	(15)
Total transactions with owners of the Company	12,114	(26)	-	543	(730)	-	-	(2,952)	8,949	(91)	8,858
At 31 December 2018	59,272	(597)	6,415	(12,797)	17,210	(817)	(420)	56,828	125,094	5,949	131,043

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 FOURTH QUARTER ENDED 31 DECEMBER 2019

	Current Year To-date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	29,208	18,739
- Discontinued operation	-	(546)
	29,208	18,193
Adjustments for non-cash items:		
Depreciation and amortisation	5,957	3,277
Fair value (gain)/loss on derivatives	(54)	54
Gain on disposal of property, plant & equipment	(94)	(28)
Gain on disposal of investment in associate	-	(111)
Gain on disposal of other investment	(36)	(21)
Impairment loss on intangible assets	2,547	714
Impairment loss on trade receivable	-	189
Net loss arising from changes in fair value of biological assets	-	66
Interest expenses	446	645
Interest income	(915)	(322)
Unrealised loss on foreign exchange	89	60
Operating profit before working capital changes	37,148	22,716
Changes in working capital		
Inventories	(11,235)	6,736
Receivables	19,417	(20,693)
Payables	7,009	22,087
Contract customers	(24,206)	2,473
Cash generated from operations	28,133	33,319
Income tax paid	(12,028)	(6,708)
Net cash from operating activities	16,105	26,611
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,432)	(3,434)
Acquisition of share from non-controlling interests	-	(15)
Acquisition of other investment	(3,573)	(2,560)
Proceed from disposal of investments in associate	-	4,768
Proceed from disposal of other investment	504	589
Proceeds from disposal of property, plant and equipment	250	31
Net cash inflows from acquisition of subsidiary	692	-
Interest received	915	322
Net cash used in investing activities	(5,644)	(299)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

	Current Year To-date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,532)	(3,012)
Interest paid	(446)	(645)
Purchase of treasury shares	(6,561)	(26)
Placement of pledged fixed deposits	(2,002)	(12)
Repayment of bankers acceptance	-	(5,699)
Repayment of term loans	(483)	(11,439)
Repayment of finance lease liabilities	(357)	(489)
Repayment of lease liabilities	(3)	-
Drawdown of finance lease liabilities	5,000	-
Proceed from conversion of warrant to share capital	3,370	1,499
Proceed from issue of share capital	-	10,428
Net cash used in financing activities	(6,014)	(9,395)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,447	16,917
Effect of exchange translation differences	140	(170)
Cash and cash equivalents at the beginning of the financial year	27,843	11,096
Cash and cash equivalents at the end of the financial year	32,430	27,843
Note: <u>Cash and cash equivalents at the end of the financial year</u>		
Continuing operations		
Cash and bank balances	29,430	27,763
Short term deposits with licensed banks	5,404	402
Fixed deposits pledged	(2,404)	(402)
	32,430	27,763
Discontinued operation		
Cash and bank balances	-	80
	32,430	27,843

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.



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, except as discussed below:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 January 2019. Under this method, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings of the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low value assets’).

The effect of the adoption of MFRS 16 Leases is as follows:

	Increase RM ‘000
Impact to the Group financial statement as at 1 January 2019:-	
Assets	
Right of Use	<u>5,797</u>
Liabilities	
Lease Liabilities	<u>5,797</u>



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 twelve months financial period under review, the Company issued 4,213,300 new ordinary shares for cash arising from the exercise of warrants at exercise price of RM0.80 per ordinary shares.
- ii) During the twelve 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 31 December 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 ended 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><u>4,532,017</u></u>



MUAR BAN LEE GROUP BERHAD (Company No. 200601033829 (753588-P))

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

A9. SEGMENTAL INFORMATION

Segmental reporting for the 12 months ended 31 December 2019

	Investment Holding RM '000	Manu- facturing RM '000	Bio- Engineering RM '000	Plantation RM '000	Oil Milling RM '000	Elimination RM '000	Consolidated (Total) RM '000
Revenue							
External sales	-	110,667	6,600	263	52,395	-	169,925
Inter-company	-	802	-	-	-	(802)	-
Dividend income	9,000	-	-	-	-	(8,500)	500
	<u>9,000</u>	<u>111,469</u>	<u>6,600</u>	<u>263</u>	<u>52,395</u>	<u>(9,302)</u>	<u>170,425</u>
Segmental results							
Finance costs	-	(123)	-	(863)	1,863	(14,235)	28,739
Interest income	5	896	-	-	14	-	915
Profit/(Loss) before Tax	<u>7,331</u>	<u>34,624</u>	<u>797</u>	<u>(1,186)</u>	<u>1,877</u>	<u>(14,235)</u>	<u>29,208</u>
Taxation							(8,835)
Profit for the period							<u>20,373</u>

Segmental reporting for the 12 months ended 31 December 2018

	Investment Holding RM '000	Manu- facturing RM '000	Bio- Engineering RM '000	Oil Milling RM '000	Elimination RM '000	Consolidated (Continuing) RM '000	Plantation (Discontinued) RM '000	Consolidated (Total) RM '000
Revenue								
External sales	-	99,096	26,400	31,660	-	157,156	359	157,515
Inter-company	-	413	-	-	(413)	-	-	-
Dividend income	3,150	-	-	-	(3,150)	-	-	-
	<u>3,150</u>	<u>99,509</u>	<u>26,400</u>	<u>31,660</u>	<u>(3,563)</u>	<u>157,156</u>	<u>359</u>	<u>157,515</u>
Segmental results								
Finance costs	-	(642)	-	-	-	(642)	(2)	(644)
Interest income	86	236	-	-	-	322	-	322
Profit/(Loss) before Tax	<u>2,443</u>	<u>16,790</u>	<u>4,204</u>	<u>(672)</u>	<u>(4,026)</u>	<u>18,739</u>	<u>(546)</u>	<u>18,193</u>
Taxation						(5,508)	-	(5,508)
Profit for the period						<u>13,231</u>	<u>(546)</u>	<u>12,685</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment for the financial period under review.

A11. MATERIAL SUBSEQUENT EVENTS

There was no material subsequent event occurred after the financial period under review.



MUAR BAN LEE GROUP BERHAD (Company No. 200601033829 (753588-P))

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

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:

- a) 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.
- b) 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.

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	24,000
WP Technology Sdn Bhd	Which the directors have substantial financial interests in the Company	Rental	7,500	15,000
Tan Commercial Management Services Sdn. Bhd.	Which the directors have substantial financial interests in the Company	Secretarial fee	11,410	24,560

A16. DISCLOSURE OF DERIVATIVES

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



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

	Individual Quarter (3 months ended)			Cumulative Quarter (12 months ended)		
	31/12/2019 RM '000	31/12/2018 RM '000	Changes %	31/12/2019 RM '000	31/12/2018 RM '000	Changes %
Revenue						
- Continuing operations	49,112	51,285	(4.2)	169,925	157,156	8.1
- Discontinued operation	(205)	8	(2,662.5)	-	359	(100.0)
	<u>48,907</u>	<u>51,293</u>	(4.7)	<u>169,925</u>	<u>157,515</u>	7.9
Operating profit	8,696	5,570	56.1	28,739	19,059	50.8
Profit before interest and tax	8,696	5,570	56.1	28,739	19,059	50.8
Profit/(Loss) before tax (PBT)						
- Continuing operations	8,714	5,590	55.9	29,208	18,739	55.9
- Discontinued operation	813	(145)	(660.7)	-	(546)	(100.0)
	<u>9,527</u>	<u>5,445</u>	75.0	<u>29,208</u>	<u>18,193</u>	60.5
Profit/(Loss) after tax (PAT)						
- Continuing operations	5,691	3,926	45.0	20,373	13,231	54.0
- Discontinued operation	813	(145)	(660.7)	-	(546)	(100.0)
	<u>6,504</u>	<u>3,781</u>	72.0	<u>20,373</u>	<u>12,685</u>	60.6
Profit/(loss) attributable to Ordinary Equity Holders of the Parent						
- Continuing operations	4,497	3,726	20.7	19,445	13,505	44.0
- Discontinued operation	813	(145)	(660.7)	-	(546)	(100.0)
	<u>5,310</u>	<u>3,581</u>	48.3	<u>19,445</u>	<u>12,959</u>	50.1

For the current quarter under review, the Group's revenue slightly decreased by 4.7% to RM48.91 million, while PBT increased by 75.0% to RM9.53 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 RM21.41 million and RM13.16 million respectively in the current quarter as compared with RM32.83 million and RM5.04 million recorded in the preceding year's corresponding quarter. Despite the lower revenue, PBT still sustainable by the higher project sales, better products mix and lower project costs towards the end of contracts period for certain customers in the current quarter under review.

Bio-Engineering division recognised its revenue and cost of sales based on the stage of completion of the projects. The revenue and PBT contributed by the division was RM6.60 million and RM0.81 million respectively in current quarter under review as compared to preceding year's corresponding quarter where revenue and PBT stood at RM11.00 million and RM1.61 million respectively.



B1. REVIEW OF PERFORMANCE (Cont'd)

Oil milling division's revenue improved to RM20.84 million (2018: RM7.45 million) and registered a profit before tax of RM2.41 million (2018: RM0.31 million). The favorable result was mainly attributable to the continued improved production output and efficiency in productivity couple with selling price of Crude Palm Kernel Oil ("CPKO") surged up in the current quarter under review.

For the twelve months period under review, the revenue and PBT of the Group increased by 7.9% and 60.5% respectively to RM169.93 million and RM29.21 million.

Manufacturing division's revenue stood at RM110.67 million as compared to RM99.10 million at preceding year's corresponding period. As a result of higher contribution of project sales coupled with better products mix and lower project costs towards the end of contracts period for certain customers, PBT jumped to RM34.62 million from RM16.79 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 division recorded a revenue and PBT of RM6.60 million and RM0.80 million respectively in current period under review as compared to preceding year's corresponding period where revenue and PBT stood at RM26.40 million and RM4.20 million respectively.

Oil milling division's revenue improved to RM52.40 million from RM31.66 million as recorded in prior year corresponding period. The division was able to turn around with a profit before tax of RM1.88 million as compared to a loss before tax of RM0.67 million. It was mainly due to upgraded KCP plant with improved productivity and efficiency has enabled the division to increase its production output coupled with the improving selling price for CPKO especially in the final quarter of the financial year under review.

Plantation division reflected a minimum revenue of RM0.26 million with a loss before tax of RM1.19 million due to the reclassification, as the said division no longer meet the criteria of "disposal groups held for sales".



B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Current Quarter	Immediate Preceding Quarter	Changes %
	31/12/2019 RM '000	30/09/2019 RM '000	
Revenue			
- Continuing operations	49,112	48,906	0.4
- Discontinued operation	(205)	49	(518.4)
	<u>48,907</u>	<u>48,955</u>	(0.1)
Operating profit	8,696	9,914	(12.3)
Profit before interest and tax	8,696	9,914	(12.3)
Profit/(Loss) before tax (PBT)			
- Continuing operations	8,714	10,142	(14.1)
- Discontinued operation	813	(599)	(235.7)
	<u>9,527</u>	<u>9,543</u>	(0.2)
Profit/(Loss) after tax (PAT)			
- Continuing operations	5,691	7,530	(24.4)
- Discontinued operation	813	(599)	(235.7)
	<u>6,504</u>	<u>6,931</u>	(6.2)
Profit/(loss) attributable to Ordinary Equity Holders of the Parent			
- Continuing operations	4,497	7,470	(39.8)
- Discontinued operation	813	(599)	(235.7)
	<u>5,310</u>	<u>6,871</u>	(22.7)

For the current quarter under review, revenue and PBT of the Group remain flat at RM48.91 million and RM9.53 million respectively as compared to RM48.96 million and RM9.54 million recorded in the immediate preceding quarter.

Manufacturing division posted a revenue and PBT at RM21.41 million and RM13.16 million respectively as compared to RM34.60 million and RM10.15 million reported in the immediate preceding quarter. Despite the lower revenue, the favorable result was mainly due to the higher contribution of project sales, better products mix and lower project costs towards the end of contracts period for certain customers in the current quarter under review.

Bio-Engineering division recognised its revenue based on the stage of completion for the on-going projects. The division recorded a revenue and PBT of RM6.60 million and RM0.81 million respectively in the current quarter under review. The on-going progress was immaterial in the immediate preceding quarter.

Oil milling division's revenue and PBT jumped to RM20.84 million and RM2.41 million as compared to RM14.31 million and RM0.06 million reported in the immediate preceding quarter respectively. It was due to higher output coupled with higher selling price of CPKO recorded in the current quarter under review.



B3. COMMENTARY ON PROSPECTS

The Group's outlook for the financial year ending 2020 has turned more cautious amid the worsening coronavirus outbreak. The covid-19 outbreak may result in disruption in global supply chain and uncertainties in the market, which may further dampen the global economic outlook.

Nevertheless, the Board expects the performance of the Group's manufacturing division and Bio-Engineering division to be satisfactory due to our good reputation in the global market placed together with our continuous efforts to improve on operational excellence and cost efficiency.

The commodities market, especially prices for crude palm kernel oil (CPKO) and crude palm oil (CPO) has been climbing steadily in the final quarter of 2019. If the recovery can be sustained, the Board is optimistic that the prospect for the Oil Milling division for the financial year ending 2020 would be satisfactory.

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 2020 amidst a very challenging global economic environment.

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	(3,023)	(8,835)
	<u>(3,023)</u>	<u>(8,835)</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.



B7. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 December 2019 and 31 December 2018 are as follows:

	As at Fourth Quarter ended 2019		
	Long Term	Short Term	Total Borrowings
	RM '000	RM '000	RM '000
Secured			
- Term loans	1,039	238	1,277
Total	1,039	238	1,277

	As at Fourth Quarter ended 2018		
	Long Term	Short Term	Total Borrowings
	RM '000	RM '000	RM '000
Secured			
- Term loans	1,277	482	1,759
Total	1,277	482	1,759

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

	(Unaudited)	(Audited)
	31/12/2019	31/12/2018
	%	%
Term loans	4.52 - 5.85	4.52 - 5.85

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.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	4,497	19,445
- Discontinued operation	813	-
	<u>5,310</u>	<u>19,445</u>
Weighted average number of ordinary shares (000)	100,682	100,976
Basic EPS (Sen)		
- Continuing operations	4.47	19.26
- Discontinued operation	0.81	-
	<u>5.28</u>	<u>19.26</u>
b) <u>Diluted EPS</u>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	4,497	19,445
- Discontinued operation	813	-
	<u>5,310</u>	<u>19,445</u>
Weighted average number of ordinary shares (000)	115,540	114,712
Basic EPS (Sen)		
- Continuing operations	3.89	16.95
- Discontinued operation	0.70	-
	<u>4.59</u>	<u>16.95</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. 200601033829 (753588-P))

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	(368)	(915)
Other income including investment income	(84)	(132)
Interest expense	349	446
Depreciation and amortization	3,465	5,957
Gain on disposal or unquoted investments or properties	(94)	(94)
Impairment of intangible assets or other assets	2,547	2,547
Foreign exchange gain	23	44
Gain on derivatives	(54)	(54)

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 26 February 2020.

By Order of the Board

Tan Hui Lun (LS 0010066)
Company Secretary
Muar
26 February 2020