



MUAR BAN LEE GROUP BERHAD

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2020**



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 SECOND QUARTER ENDED 30 JUNE 2020

	Individual Quarter		Cumulative Quarter	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	44,077	39,271	81,860	72,063
Less: Revenue from discontinued operation	-	(45)	-	(156)
Revenue from continuing operation	44,077	39,226	81,860	71,907
Cost of sales	(33,103)	(26,036)	(61,866)	(49,471)
Gross profit	10,974	13,190	19,994	22,436
Other income	232	(10)	309	148
Depreciation and amortisation	(402)	(336)	(786)	(654)
Distribution and administrative expenses	(5,765)	(5,481)	(11,975)	(11,801)
Operating profit	5,039	7,363	7,542	10,129
Interest Income	364	162	501	291
Interest expenses	(17)	(32)	(115)	(68)
Profit before taxation	5,386	7,493	7,928	10,352
Taxation	(931)	(2,240)	(1,735)	(3,200)
Profit for the continuing operations	4,455	5,253	6,193	7,152
Discontinued operation				
Loss from discontinued operation, net of tax	-	(258)	-	(214)
Profit for the financial year	4,455	4,995	6,193	6,938
Other Comprehensive income/(loss), net of tax	3,380	303	843	254
Total Comprehensive Income for the financial year	7,835	5,298	7,036	7,192
Profit attributable to:				
Owners of the parent - continuing operations	4,103	5,425	5,579	7,478
- discontinued operation	-	(258)	-	(214)
	4,103	5,167	5,579	7,264
Non-controlling interests	352	(172)	614	(326)
Profit for the financial year	4,455	4,995	6,193	6,938
Total Comprehensive Income attributable to:				
Owners of the parent - continuing operations	6,445	5,578	6,261	7,607
- discontinued operation	-	(258)	-	(214)
	6,445	5,320	6,261	7,393
Non-controlling interests	1,390	(22)	775	(201)
Total Comprehensive Income for the financial year	7,835	5,298	7,036	7,192
Earnings per share (sen)				
- Basic				
- continuing operations	4.17	5.34	5.55	7.36
- discontinued operation	-	(0.25)	-	(0.21)
	4.17	5.09	5.55	7.15
- Diluted				
- continuing operations	3.66	4.62	4.85	6.48
- discontinued operation	-	(0.22)	-	(0.19)
	3.66	4.40	4.85	6.29

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 2019 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 30 JUNE 2020

	(Unaudited) As at 30/06/2020 RM'000	(Audited) As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	48,954	44,400
Investment properties	632	635
Intangible assets	23,556	23,556
Right of use	5,694	5,728
Other investment	10,541	5,848
	89,377	80,167
Current assets		
Inventories	32,269	35,232
Trade and other receivables	51,304	41,587
Biological assets	51	51
Amount owing from contract customers	23,553	21,733
Tax recoverable	3,166	3,136
Fixed deposits with licensed banks	5,062	5,404
Cash and bank balances	23,748	29,500
	139,153	136,643
Total assets	228,530	216,810
EQUITY AND LIABILITIES		
Equity		
Share capital	64,083	63,064
Treasury shares	(8,524)	(7,158)
Revaluation reserve	6,343	6,343
Discount on shares	(11,247)	(11,575)
Warrant reserves	15,125	15,566
Foreign currency translation reserve	(462)	(630)
Fair value adjustment reserve	1,265	751
Retained profits	78,612	73,033
Shareholder's equity	145,195	139,394
Non-controlling interests	7,920	6,920
Total equity	153,115	146,314



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	(Unaudited) As at 30/06/2020 RM'000	(Audited) As at 31/12/2019 RM'000
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	5,415	4,951
Non-current lease liabilities	5,793	5,790
Bank borrowings	1,007	1,039
Deferred tax liabilities	2,554	2,554
	<u>14,769</u>	<u>14,334</u>
Current liabilities		
Trade and other payables	60,308	52,686
Finance lease liabilities	289	764
Current lease liabilities	-	3
Bank borrowings	49	237
Provision for taxation	-	2,472
	<u>60,646</u>	<u>56,162</u>
Total liabilities	<u>75,415</u>	<u>70,496</u>
Total equity and liabilities	<u>228,530</u>	<u>216,810</u>
Net assets per share (RM)	1.44	1.39

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 2019 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 SECOND QUARTER ENDED 30 JUNE 2020

	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 2020	63,064	(7,158)	6,343	(11,575)	15,566	(630)	751	73,033	139,394	6,920	146,314
Profit for the financial year	-	-	-	-	-	-	-	5,579	5,579	614	6,193
Other Comprehensive Expenses											
- fair value on quoted investment	-	-	-	-	-	-	514	-	514	-	514
- Forex Translation Difference	-	-	-	-	-	168	-	-	168	161	329
Total comprehensive loss for the financial year	-	-	-	-	-	168	514	5,579	6,261	775	7,036
<i>Contributions by and distributions to owners of the Company</i>											
Proceed from issuance of Private	1,019	-	-	328	(441)	-	-	-	906	-	906
Proceed from conversion of warrants	-	(1,366)	-	-	-	-	-	-	(1,366)	-	(1,366)
Purchase of treasury shares	-	(1,366)	-	-	-	-	-	-	(1,366)	-	(1,366)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	-	225	225
Total transactions with owners of the Company	1,019	(1,366)	-	328	(441)	-	-	-	(460)	225	(235)
At 30 June 2020	64,083	(8,524)	6,343	(11,247)	15,125	(462)	1,265	78,612	145,195	7,920	153,115
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 issuance of Private	832	-	-	268	(361)	-	-	-	739	-	739
Proceed from conversion of warrants	-	(2,548)	-	-	-	-	-	-	(2,548)	-	(2,548)
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

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 2019 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 SECOND QUARTER ENDED 30 JUNE 2020

	Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	7,928	10,352
- Discontinued operation	-	(214)
	7,928	10,138
Adjustments for non-cash items:		
Depreciation and amortisation	1,811	1,650
Loss on disposal of other investment	618	-
Interest expenses	115	69
Interest income	(501)	(291)
Unrealised loss on foreign exchange	(39)	37
Operating profit before working capital changes	9,932	11,603
Changes in working capital		
Inventories	2,963	3,221
Receivables	(9,718)	2,609
Payables	7,961	19,032
Contract customers	(1,820)	(22,151)
Cash generated from operations	9,318	14,314
Income tax paid	(4,237)	(3,798)
Net cash from operating activities	5,081	10,516
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associate	-	-
Acquisition of biological assets	-	-
Acquisition of other investment	(13,667)	(1,452)
Acquisition of property, plant and equipment	(6,035)	(1,038)
Proceed from disposal of other investment	8,870	-
Proceed from investment	-	-
Proceeds from disposal of property, plant and equipment	-	-
Acquisition of share from non-controlling interests	-	-
Net cash inflows from acquisition of subsidiary	-	692
Interest received	501	291
Net cash used in investing activities	(10,331)	(1,507)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

	Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(2,025)
Dividend paid to non-controlling interests of subsidiary	-	-
Interest paid	(115)	(69)
Purchase of treasury shares	(1,366)	(2,548)
(Placement)/withdrawal of pledged fixed deposits	397	(1)
(Repayment of) /proceeds from bankers acceptance	-	-
Net change of revolving credits	-	-
Proceeds from term loans	-	-
Repayment of term loans	(220)	(237)
Proceed from finance lease liabilities	-	-
Repayment of finance lease liabilities	(311)	(401)
Repayment of lease liabilities	-	-
Proceed from conversion of warrant to share capital	906	739
Proceed from issue of share capital	-	-
Net cash used in financing activities	(709)	(4,542)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(5,959)	4,467
Effect of exchange translation differences	261	93
Cash and cash equivalents at the beginning of the financial year	32,500	27,842
Cash and cash equivalents at the end of the financial year	26,802	32,402
Note:	<u>Cash and cash equivalents at the end of the financial year</u>	
	Continuing operations	
Cash and bank balances	23,748	32,345
Short term deposits with licensed banks	5,062	403
Fixed deposits pledged	(2,008)	(403)
	26,802	32,345
	Discontinued operation	
Cash and bank balances	-	68
	26,802	32,413

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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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 2019. 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 2019.

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 2019 except for those standard, amendments and IC interpretation that had become effective 1 January 2020 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.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

A7. DEBT AND EQUITY SECURITIES

- i) For the six months financial period under review, the Company issued 1,132,400 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 financial period, the Company repurchased 1,365,000 of its issued ordinary shares from the open market at an average price of RM1.0046 per shares. The total consideration paid for the repurchase including transaction costs was RM1,371,302 and this was financed by internally generated funds at the financial period under review. Total treasury shares held as at 30 June 2020 was 7,607,800 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 2020.

A8. DIVIDEND PAID

There was no dividend paid during the quarter under review.

A9. SEGMENTAL INFORMATION

Segmental reporting for the 6 months ended 30 June 2020

	Investment Holding	Manu- facturing	Bio- Engineering	Oil Milling	Plantation	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
Revenue									
External sales	-	33,740	-	47,937	183	-	81,860	-	81,860
Inter-company	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-
	-	33,740	-	47,937	183	-	81,860	-	81,860
Segmental results	(1,122)	6,362	-	1,980	(507)	829	7,542	-	7,542
Finance costs	(74)	(41)	-	-	-	-	(115)	-	(115)
Interest income	6	495	-	-	-	-	501	-	501
Profit/(Loss) before Tax	(1,190)	6,816	-	1,980	(507)	829	7,928	-	7,928
Taxation							(1,735)	-	(1,735)
Profit for the period							6,193	-	6,193

Segmental reporting for the 6 months ended 30 June 2019

	Investment Holding	Manu- facturing	Bio- Engineering	Oil Milling	Plantation	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
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



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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:

- a) On 2 March 2020, issued and paid up capital of Open Road MBL Sdn. Bhd. ("ORMBL") was increased from RM100,000, comprising of 100,000 ordinary shares to RM1,000,000, comprising of 1,000,000 ordinary shares by the issuance of 900,000 new ordinary shares at RM1.00 each. MBLG had acquired 750,000 of these new ordinary shares. Subsequent to the increase share capital in ORMBL, MBLG holds 85% equity interest in ORMBL and its subsidiary status remain unchange.
- b) On 10 March 2020, issued and paid up capital of Open Road MBL Sdn. Bhd. ("ORMBL") was increased from RM1,000,000, comprising of 1,000,000 ordinary shares to RM1,500,000, comprising of 1,500,000 ordinary shares by the issuance of 500,000 new ordinary shares at RM1.00 each. MBLG had acquired 425,000 of these new ordinary shares. Subsequent to the increase share capital in ORMBL, MBLG holds 85% equity interest in ORMBL and its subsidiary status remain unchange.

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. 200601033829 (753588-P))

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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
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	19,440	19,440

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 (6 months ended)		
	30/06/2020 RM '000	30/06/2019 RM '000	Changes %	30/06/2020 RM '000	30/06/2019 RM '000	Changes %
Revenue						
- Continuing operations	44,077	39,226	12.4	81,860	71,907	13.8
- Discontinued operation	-	45	(100.0)	-	156	(100.0)
	<u>44,077</u>	<u>39,271</u>	12.2	<u>81,860</u>	<u>72,063</u>	13.6
Operating profit	5,039	7,363	(31.6)	7,542	10,129	(25.5)
Profit before interest and tax	5,039	7,363	(31.6)	7,542	10,129	(25.5)
Profit before tax (PBT)						
- Continuing operations	5,386	7,493	(28.1)	7,928	10,352	(23.4)
- Discontinued operation	-	(258)	(100.0)	-	(214)	(100.0)
	<u>5,386</u>	<u>7,235</u>	(25.6)	<u>7,928</u>	<u>10,138</u>	(21.8)
Profit after tax (PAT)						
- Continuing operations	4,455	5,253	(15.2)	6,193	7,152	(13.4)
- Discontinued operation	-	(258)	(100.0)	-	(214)	(100.0)
	<u>4,455</u>	<u>4,995</u>	(10.8)	<u>6,193</u>	<u>6,938</u>	(10.7)
Profit attributable to Ordinary Equity Holders of the Parent						
- Continuing operations	4,103	5,425	(24.4)	5,579	7,478	(25.4)
- Discontinued operation	-	(258)	(100.0)	-	(214)	(100.0)
	<u>4,103</u>	<u>5,167</u>	(20.6)	<u>5,579</u>	<u>7,264</u>	(23.2)

For the current quarter under review, the Group's revenue increased by 12.2% to RM44.08 million, while PBT decreased by 25.6% to RM5.39 million as compared to the preceding year's corresponding quarter. In general, the Coronavirus (COVID-19) pandemic has dragged the manufacturing's performance during Movement Control Order (MCO) imposed by government to contain the COVID-19 pandemic. Fortunately, the improved performance in oil milling division has mitigated the impact of COVID-19. The performance review by segments is as follows:

Manufacturing division registered a lower revenue and PBT of RM17.10 million and RM4.28 million respectively in the current quarter as compared with RM29.65 million and RM7.98 million recorded in the preceding year's corresponding quarter. The lower revenue and PBT was mainly attributable to lower project and spare parts sales recorded during Movement Control Order ("MCO") implemented by Government to close venues and restrict traffic flow across and within borders.



B1. REVIEW OF PERFORMANCE (Cont'd)

Oil milling division's revenue surged to RM26.87 million (2019: RM9.57 million) and registered a Profit before Tax of RM1.08 million (2019: loss before tax RM0.31 million). The commendable result was mainly attributable to the increase in production output coupled with the higher average selling price of Crude Palm Kernel Oil ("CPKO") in the current quarter under review. However, the higher production cost has partially offset the earnings of the division.

Plantation division's revenue remain flat at RM0.11 million (2019: RM0.05 million) and registered a Loss before Tax of RM0.25 million (2019: RM0.26 million). The unfavorable result was mainly attributable to the shortage of manpower in operating the plantation in the current quarter under review.

For the six months period under review, despite of the Group's year on year revenue growth of 13.6% to RM81.86 million, the earnings were dragged by weaker performance in manufacturing segment and PBT declined by 21.8% to RM7.93 million.

Manufacturing division's revenue shrunk to RM33.74 million as compared to RM54.66 million at preceding year's corresponding period. PBT reduced to RM6.83 million from RM11.31 million recorded in prior year's corresponding period. The subdued performance was mainly attributable to lower project billings and spare parts sales during MCO where Covid-19 pandemic has resulted a unprecedented disruption in global supply chain and shut-down to contain the pandemic in the current period under review

Oil milling division's revenue jumped more than two-fold to RM47.94 million from RM17.25 million recorded in prior year. As a result of improvement in revenue, PBT increased to RM1.98 million (2019: Loss before tax: RM0.60 million). The stronger performance was largely attributable to the improved productivity and efficiency of the upgraded KCP plant coupled with the improved selling price for CPKO in the current period under review.

Plantation division's revenue reported at RM0.18 million (2019: RM0.16 million) and registered a Loss before Tax of RM0.51 million (2019: RM0.21 million). The unfavorable result was mainly attributable to the shortage of manpower in operating the plantation in the current quarter under review.



B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Current Quarter	Immediate Preceding Quarter	
	30/06/2020 RM '000	31/03/2020 RM '000	Changes %
Revenue	44,077	37,783	16.7
Operating profit	5,039	2,503	101.3
Profit before interest and tax	5,039	2,503	101.3
Profit before tax (PBT)	5,386	2,542	111.9
Profit after tax (PAT)	4,455	1,738	156.3
Profit attributable to Ordinary Equity Holders of the Parent	4,103	1,476	178.0

For the current quarter under review, revenue and PBT of the Group stood at RM44.08 million and RM5.40 million respectively as compared to RM37.78 million and RM2.54 million recorded in the immediate preceding quarter.

Manufacturing division posted a revenue and PBT at RM17.10 million and RM4.28 million respectively as compared to RM16.64 million and RM2.54 million reported in the immediate preceding quarter. Despite of the disruption under MCO, the Group's revenue increased marginally because the division managed to operate with 50% capacity under MITI's approval. Further, higher spare parts sales and better products mix recorded especially at the end of Q2 after MCO was lifted has improved the division's bottom line.

Oil milling division revenue increased to RM26.87 million as compared to RM21.06 million reported in the immediate preceding quarter, while PBT recorded at RM1.08 million as compared to RM0.90 million registered in immediate preceding quarter. The better results was mainly due to upgraded KCP plant with greater efficiency achieved higher production output of CPKO. The economy of scale from the higher output has cushioned the negative impacts the lower average selling price of CPKO in the current quarter under review.

Plantation division reflected a minimum revenue and loss before tax of RM0.11 and RM0.25 million respectively as compared to RM0.08 million and RM0.26 million reported in the immediate preceding quarter respectively. The unfavorable result was mainly attributable to the shortage of manpower in operating the plantation in the current quarter under review.



B3. COMMENTARY ON PROSPECTS

The financial year 2020 is expected to be a tough and challenging year for many industries due to the global outbreak of COVID-19. The rapid spread of COVID-19 has exerted a ravaging impact on most commodities including CPO and CPKO, pushing down global demand and suppressing commodity prices precipitously.

The Covid-19 pandemic will undeniably has an adverse impact to the globally markets and businesses including us. However, the Management believes the impact by the pandemic to the Group is manageable as most of our on-going projects are expected to carry us through 2020. With the strong financial backing, the Board is confident the Group is well positioned to ride through the current volatilities and uncertainties.

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.

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	(931)	(1,735)
	<u>(931)</u>	<u>(1,735)</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.

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 2020 and 30 June 2019 are as follows:

	As at Second Quarter ended 2020					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD Fx Rate 4.28 RM '000	RM RM '000	USD Fx Rate 4.28 RM '000	RM RM '000	USD Fx Rate 4.28 RM '000	RM RM '000
Secured						
- Term loans	-	1,007	-	49	-	1,056
- Bank overdraft	-	-	-	-	-	-
- Bankers acceptance	-	-	-	-	-	-
- Revolving credits	-	-	-	-	-	-
Total	-	1,007	-	49	-	1,056

	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

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

	(Unaudited)	(Audited)
	2020	2019
	%	%
Term loans	3.52	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.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B10. DIVIDEND DECLARED

There was no dividend declared for the current quarter under review.

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	4,103	5,579
Weighted average number of ordinary shares (000)	98,322	100,576
Basic EPS (Sen)	<u>4.17</u>	<u>5.55</u>
b) <u>Diluted EPS</u>		
Profit attributable to ordinary shareholders of the Company	4,103	5,579
Weighted average number of ordinary shares (000)	112,004	114,922
Basic EPS (Sen)	<u>3.66</u>	<u>4.85</u>

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	(364)	(501)
Other income including investment income	29	(15)
Interest expense	17	115
Depreciation and amortization	868	1,811
Loss on disposal or unquoted investments or properties	(318)	618
Foreign exchange loss	<u>(322)</u>	<u>(71)</u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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 2020.

By Order of the Board

Tan Hui Lun (LS 0010066)
Company Secretary
Muar