



MUAR BAN LEE GROUP BERHAD

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarter	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	50,913	48,955	132,773	121,018
Less: Revenue from discontinued operation	-	(49)	-	(205)
Revenue from continuing operation	50,913	48,906	132,773	120,813
Cost of sales	(40,093)	(30,357)	(101,959)	(79,828)
Gross profit	10,820	18,549	30,814	40,985
Other income	289	(108)	598	40
Depreciation and amortisation	(308)	(327)	(1,094)	(981)
Distribution and administrative expenses	(6,163)	(8,200)	(18,138)	(20,001)
Operating profit	4,638	9,914	12,180	20,043
Interest Income	282	256	783	547
Interest expenses	(373)	(28)	(488)	(96)
Profit before taxation	4,547	10,142	12,475	20,494
Taxation	(2,357)	(2,612)	(4,092)	(5,812)
Profit for the continuing operations	2,190	7,530	8,383	14,682
Discontinued operation				
Loss from discontinued operation, net of tax	-	(599)	-	(813)
Profit for the financial year	2,190	6,931	8,383	13,869
Other Comprehensive income, net of tax	2,117	103	2,960	357
Total Comprehensive Income for the financial year	4,307	7,034	11,343	14,226
Profit attributable to:				
Owners of the parent - continuing operations	2,053	7,470	7,632	14,948
- discontinued operation	-	(599)	-	(813)
	2,053	6,871	7,632	14,135
Non-controlling interests	137	60	751	(266)
Profit for the financial year	2,190	6,931	8,383	13,869
Total Comprehensive Income attributable to:				
Owners of the parent - continuing operations	4,802	7,522	11,063	15,130
- discontinued operation	-	(599)	-	(813)
	4,802	6,923	11,063	14,317
Non-controlling interests	(495)	111	280	(91)
Total Comprehensive Income for the financial year	4,307	7,034	11,343	14,226
Earnings per share (sen)				
- Basic				
- continuing operations	1.00	7.40	3.70	14.81
- discontinued operation	-	(0.59)	-	(0.81)
	1.00	6.81	3.70	14.00
- Diluted				
- continuing operations	0.88	6.52	3.24	13.07
- discontinued operation	-	(0.52)	-	(0.71)
	0.88	6.00	3.24	12.36

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Report of the Group for the year ended 31 December 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 SEPTEMBER 2020

	(Unaudited) As at 30/09/2020 RM'000	(Audited) As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	55,190	44,400
Investment properties	631	635
Intangible assets	23,556	23,556
Right of use assets	5,677	5,728
Other investment	14,625	5,848
	99,679	80,167
Current assets		
Inventories	32,871	35,232
Trade and other receivables	64,244	41,587
Biological assets	53	51
Amount owing from contract customers	23,553	21,733
Tax recoverable	4,586	3,136
Fixed deposits with licensed banks	4,062	5,404
Cash and bank balances	18,352	29,500
	147,721	136,643
Total assets	247,400	216,810
EQUITY AND LIABILITIES		
Equity		
Share capital	67,615	63,064
Treasury shares	(9,054)	(7,158)
Revaluation reserve	6,343	6,343
Discount on shares	(10,108)	(11,575)
Warrant reserves	13,594	15,566
Foreign currency translation reserve	(1,120)	(630)
Fair value adjustment reserve	4,672	751
Retained profits	80,665	73,033
Shareholder's equity	152,607	139,394
Non-controlling interests	7,425	6,920
Total equity	160,032	146,314



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

	(Unaudited) As at 30/09/2020 RM'000	(Audited) As at 31/12/2019 RM'000
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	5,494	4,951
Right-of-use lease liabilities	5,790	5,790
Bank borrowings	3,558	1,039
Deferred tax liabilities	2,554	2,554
	<u>17,396</u>	<u>14,334</u>
Current liabilities		
Trade and other payables	67,016	52,686
Finance lease liabilities	257	764
Right-of-use lease liabilities	-	3
Bank borrowings	379	237
Provision for taxation	2,320	2,472
	<u>69,972</u>	<u>56,162</u>
Total liabilities	<u>87,368</u>	<u>70,496</u>
Total equity and liabilities	<u>247,400</u>	<u>216,810</u>
Net assets per share (RM)	0.73	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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	7,632	7,632	751	8,383
Other Comprehensive Expenses	-	-	-	-	-	-	-	-	-	-	-
- fair value on quoted investment	-	-	-	-	-	-	3,921	-	3,921	-	3,921
- Forex Translation Difference	-	-	-	-	-	(490)	-	-	(490)	(471)	(961)
Total comprehensive loss for the financial year	-	-	-	-	-	(490)	3,921	7,632	11,063	280	11,343
<i>Contributions by and distributions to owners of the Company</i>											
<i>Proceed from issuance of Private</i>											
<i>Proceed from conversion of warrants</i>	4,551	-	-	1,467	(1,972)	-	-	-	4,046	-	4,046
<i>Purchase of treasury shares</i>	-	(1,896)	-	-	-	-	-	-	(1,896)	-	(1,896)
<i>Changes in ownership interest in a subsidiary</i>	-	-	-	-	-	-	-	-	-	225	225
Total transactions with owners of the Company	4,551	(1,896)	-	1,467	(1,972)	-	-	-	2,150	225	2,375
At 30 September 2020	67,615	(9,054)	6,343	(10,108)	13,594	(1,120)	4,672	80,665	152,607	7,425	160,032
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>											
<i>Proceed from issuance of Private</i>											
<i>Proceed from conversion of warrants</i>	3,324	-	-	1,071	(1,441)	-	-	-	2,954	-	2,954
<i>Purchase of treasury shares</i>	-	(6,561)	-	-	-	-	-	-	(6,561)	-	(6,561)
<i>Dividends payable to owners of the Company</i>	-	-	-	-	-	-	-	(2,507)	(2,507)	-	(2,507)
<i>Changes in ownership interest in a subsidiary</i>	-	-	-	-	-	-	-	-	-	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

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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

	Current Year To-date 30/09/2020 RM'000	Preceding Year Corresponding Period 30/09/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	12,475	20,494
- Discontinued operation	-	(813)
	12,475	19,681
Adjustments for non-cash items:		
Depreciation and amortisation	2,884	2,492
Gain on disposal of property, plant & equipment	(47)	(70)
Loss on disposal of other investment	397	-
Interest expenses	488	97
Interest income	(783)	(547)
Unrealised loss on foreign exchange	94	37
Operating profit before working capital changes	15,508	21,690
Changes in working capital		
Inventories	2,361	(3,326)
Receivables	(22,657)	2,984
Payables	14,535	17,617
Contract customers	(1,820)	(21,828)
Cash generated from operations	7,927	17,137
Income tax paid	(5,694)	(7,360)
Net cash from operating activities	2,233	9,777
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of biological assets	(2)	-
Acquisition of other investment	(15,574)	(1,919)
Acquisition of property, plant and equipment	(11,296)	(2,614)
Proceed from disposal of other investment	10,322	70
Proceeds from disposal of property, plant and equipment	140	-
Net cash inflows from acquisition of subsidiary	-	692
Interest received	783	547
Net cash used in investing activities	(15,627)	(3,224)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	Current Year To-date 30/09/2020 RM'000	Preceding Year Corresponding Period 30/09/2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(4,532)
Interest paid	(488)	(97)
Purchase of treasury shares	(1,896)	(6,561)
Placement of pledged fixed deposits	(1,657)	(1)
Repayment of term loans	(339)	(359)
Repayment of finance lease liabilities	(414)	(530)
Repayment of lease liabilities	(3)	-
Proceed from conversion of warrant to share capital	4,046	2,954
Net cash used in financing activities	(751)	(9,126)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Effect of exchange translation differences	(3)	128
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	18,352	25,397
Note:	<u>Cash and cash equivalents at the end of the financial year</u>	
Continuing operations		
Cash and bank balances	18,352	23,164
Short term deposits with licensed banks	4,062	2,404
Fixed deposits pledged	(4,062)	(404)
	18,352	25,164
Discontinued operation		
Cash and bank balances	-	233
	18,352	25,397

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 2020**

A7. DEBT AND EQUITY SECURITIES

- i) On 8 July 2020, the Company proposed a bonus issue of up to 147,126,980 new ordinary shares on the basis of 1 bonus share for every 1 existing MBL shares held. Shareholders had approved the proposed bonus issue in Extraordinary General Meeting held on 17 August 2020. Thereafter, a total of 112,197,300 bonus shares and 34,929,680 bonus Warrants-A were listed and quoted on the Main Market of Bursa Securities on 7 September 2020 as fully paid, at nil consideration and without capitalisation of the Company's reserves.

In accordance to the adjustment provision as set out in the Deed Poll pursuant to the Proposed Bonus Issue, the total Warrants-A shares were adjusted to 69,859,360 shares and the exercise price of Warrants-A was adjusted from RM0.80 to RM0.40.

- ii) For the nine months period under review, the Company issued 4,984,000 new ordinary shares from the conversion of Warrant-A at exercise price of RM0.80 prior to bonus issue. Post bonus issue, 145,800 Warrant-A were converted at RM0.40 into ordinary shares.
- iii) During the nine months financial period, the Company has repurchased 1,765,000 of its issued ordinary shares from the open market at an average price of RM1.0782 per shares. The total consideration paid for the repurchase including transaction costs was RM1,903,040 and financed by internally generated funds at the financial period under review. Total treasury shares held was 8,007,800 shares prior to the Bonus Issue. Post Bonus Issue, total Share Buy Back held as at 30 September 2020 was 16,015,600 units. 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 9 months ended 30 September 2020

	Investment <u>Holding</u>	Manu- <u>facturing</u>	Bio- <u>Engineering</u>	Oil <u>Milling</u>	Plantation	Elimination	Consolidated <u>(Continuing)</u>	Plantation <u>(Discontinued)</u>	Consolidated <u>(Total)</u>
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue									
External sales	-	53,835	-	78,711	227	-	132,773	-	132,773
Inter-company	-	300	-	-	-	(300)	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-
	-	54,135	-	78,711	227	(300)	132,773	-	132,773
Segmental results									
Finance costs	(1,498)	12,044	-	2,511	(732)	(145)	12,180	-	12,180
Interest income	(74)	(92)	-	-	(322)	-	(488)	-	(488)
	6	777	-	-	-	-	783	-	783
Profit/(Loss) before Tax	(1,566)	12,729	-	2,511	(1,054)	(145)	12,475	-	12,475
Taxation							(4,092)	-	(4,092)
Profit for the period							8,383	-	8,383



A9. SEGMENTAL INFORMATION (Cont'd)

Segmental reporting for the 9 months ended 30 September 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	-	89,257	-	31,556	-	-	120,813	205	121,018
Inter-company	-	481	-	-	-	(481)	-	-	-
Dividend income	8,500	-	-	-	-	(8,500)	-	-	-
	<u>8,500</u>	<u>89,738</u>	<u>-</u>	<u>31,556</u>	<u>-</u>	<u>(8,981)</u>	<u>120,813</u>	<u>205</u>	<u>121,018</u>
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							<u>14,682</u>	<u>(813)</u>	<u>13,869</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.

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, Open Road MBL Sdn. Bhd. ("ORMBL") has issued 900,000 new ordinary shares at RM1.00 each and increased its issued and paid up capital from RM100,000 to RM1,000,000 comprising of 1,000,000 ordinary shares at RM1.00 each.

MBLG's equity interest in ORMBL remains at 85% after acquiring 750,000 new ordinary shares. Thus, ORMBL's subsidiary status remain unchange.

- b) On 10 March 2020, ORMBL issued another 500,000 new ordinary shares at RM1,00 each and increased its issued and paid up capital from RM1,000,000 to RM1,500,000 comprising of 1,500,000 ordinary shares at RM1.00 each.

Similarly, MBLG acquired 425,000 of the new ordinary shares where its equity interest in ORMBL and subsidiary status of ORMBL remains status quo.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets in the financial period under review.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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	18,000
WP Technology Sdn Bhd	Which the directors have substantial financial interests in the Company	Rental	7,500	22,500
Tan Commercial Management Services Sdn. Bhd.	Which the directors have substantial financial interests in the Company	Secretarial fee	1,200	20,640

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 (9 months ended)		
	30/09/2020 RM '000	30/09/2019 RM '000	Changes %	30/09/2020 RM '000	30/09/2019 RM '000	Changes %
Revenue						
- Continuing operations	50,913	48,906	4.1	132,773	120,813	9.9
- Discontinued operation	-	49	(100.0)	-	205	(100.0)
	<u>50,913</u>	<u>48,955</u>	4.0	<u>132,773</u>	<u>121,018</u>	9.7
Operating profit	4,638	9,914	(53.2)	12,180	20,043	(39.2)
Profit before interest and tax	4,638	9,914	(53.2)	12,180	20,043	(39.2)
Profit before tax (PBT)						
- Continuing operations	4,547	10,142	(55.2)	12,475	20,494	(39.1)
- Discontinued operation	-	(599)	(100.0)	-	(813)	(100.0)
	<u>4,547</u>	<u>9,543</u>	(52.4)	<u>12,475</u>	<u>19,681</u>	(36.6)
Profit after tax (PAT)						
- Continuing operations	2,190	7,530	(70.9)	8,383	14,682	(42.9)
- Discontinued operation	-	(599)	(100.0)	-	(813)	(100.0)
	<u>2,190</u>	<u>6,931</u>	(68.4)	<u>8,383</u>	<u>13,869</u>	(39.6)
Profit attributable to Ordinary Equity Holders of the Parent						
- Continuing operations	2,053	7,470	(72.5)	7,632	14,948	(48.9)
- Discontinued operation	-	(599)	(100.0)	-	(813)	(100.0)
	<u>2,053</u>	<u>6,871</u>	(70.1)	<u>7,632</u>	<u>14,135</u>	(46.0)

For the current quarter under review, the Group's revenue increased by 4.0% to RM50.91 million, while PBT decreased by 52.4% to RM4.55 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 cushioned the impact of COVID-19. The performance review by segments is as follows:

Manufacturing division registered a lower revenue and PBT of RM20.10 million and RM5.91 million respectively in the current quarter as compared with RM34.60 million and RM10.15 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. With the resurgence of Covid-19 cases in Malaysia, our Government has closed the border until 31 December 2020. Inevitably, this has affected the progress of the on-going overseas projects where MBL's engineers are not allowed to travel to perform supervision on installation and commissioning works at site.



B1. REVIEW OF PERFORMANCE (Cont'd)

Oil milling division's revenue surged to RM30.77 million (2019: RM14.31 million) and registered a Profit before Tax of RM0.53 million (2019: RM0.06 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 RM0.04 million (2019: RM0.05 million) and registered a Loss before Tax of RM0.55 million (2019: RM0.60 million). The unfavorable result was mainly attributable to the shortage of manpower in operating the plantation in the current quarter under review.

For the nine months period under review, despite of the Group's year on year revenue growth of 9.7% to RM132.77 million, the earnings were dragged by weaker performance in manufacturing segment, thus PBT declined by 36.6% to RM12.48 million.

Manufacturing division's revenue fell to RM53.84 million as compared to RM89.26 million at preceding year's corresponding period. In line with the lower revenue, PBT reduced to RM12.73 million from RM21.46 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 RM78.71 million from RM31.56 million recorded in prior year. As a result of improvement in revenue, PBT increased to RM2.51 million (2019: Loss before tax: RM0.54 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 RM0.23 million (2019: RM0.20 million) and registered a Loss before Tax of RM1.05 million (2019: RM0.81 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	
	30/09/2020 RM '000	30/06/2020 RM '000	Changes %
Revenue	50,913	44,077	15.5
Operating profit	4,638	5,039	(8.0)
Profit before interest and tax	4,638	5,039	(8.0)
Profit before tax (PBT)	4,547	5,386	(15.6)
Profit after tax (PAT)	2,190	4,455	(50.8)
Profit attributable to Ordinary Equity Holders of the Parent	2,053	4,103	(50.0)

For the current quarter under review, revenue and PBT of the Group stood at RM50.91 million and RM4.55 million respectively as compared to RM44.08 million and RM5.39 million recorded in the immediate preceding quarter.

Manufacturing division posted a revenue and PBT at RM20.10 million and RM5.91 million respectively as compared to RM17.10 million and RM4.28 million reported in the immediate preceding quarter. Despite of the disruption under MCO, the Group's revenue increased marginally due to better products mix and higher spare parts sales which improved the division's bottom line after MCO was lifted.

Oil milling division revenue increased to RM30.77 million as compared to RM26.87 million reported in the immediate preceding quarter. The higher revenue was mainly due to higher production output of CPKO coupled with higher average selling price of CPKO in the current quarter. Nevertheless, PBT declined to RM0.53 million from RM1.08 million registered in immediate preceding quarter mainly attributable to the increasing cost of raw material which affect the margin in the current quarter under review.

Plantation division reflected a minimum revenue and loss before tax of RM0.04 and RM0.55 million respectively as compared to RM0.11 million and RM0.25 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 Covid-19 pandemic will undeniably has an adverse impact to the globally markets and businesses including us.

The Malaysia Government has implemented various phases of Movement Control Order (“MCO”) to stem the spread of the Covid-19 pandemic.

The Management believes that the adverse impact of the pandemic to the Group is manageable as most of our on-going projects are expected to carry us through 2020 and 2021. Even with the encouraging progress and breakthrough in Covid-19 vaccines, the recovery in economy and business may takes at least another 12 to 18 months or even longer. However, with the strong financial backing, the Board is confident the Group is well positioned to ride through the current volatilities and uncertainties.

The Group will continues to strengthen its core business by optimising costs whilst improving project delivery and execution of manufacturing segment amid the challenging business environment. The management will also 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	(2,357)	(4,092)
	<u>(2,357)</u>	<u>(4,092)</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 September 2020 and 30 September 2019 are as follows:

	As at Third Quarter ended 2020					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD Fx Rate 4.16 RM '000	RM RM '000	USD Fx Rate 4.16 RM '000	RM RM '000	USD Fx Rate 4.16 RM '000	RM RM '000
Secured						
- Term loans	-	3,558	-	379	-	3,937
- Bank overdraft	-	-	-	-	-	-
- Bankers acceptance	-	-	-	-	-	-
- Revolving credits	-	-	-	-	-	-
Total	-	3,558	-	379	-	3,937

	As at Third 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	-	1,051	-	349	-	1,400
- Bank overdraft	-	-	-	-	-	-
- Bankers acceptance	-	-	-	-	-	-
- Revolving credits	-	-	-	-	-	-
Total	-	1,051	-	349	-	1,400

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	3.44 - 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	2,053	7,632
Weighted average number of ordinary shares (000)	206,152	206,375
Basic EPS (Sen)	<u>1.00</u>	<u>3.70</u>
b) <u>Diluted EPS</u>		
Profit attributable to ordinary shareholders of the Company	2,053	7,632
Weighted average number of ordinary shares (000)	232,295	235,518
Basic EPS (Sen)	<u>0.88</u>	<u>3.24</u>

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

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	(282)	(783)
Other income including investment income	(8)	(23)
Interest expense	373	488
Depreciation and amortization	1,073	2,884
(Gain)/Loss on disposal or unquoted investments or properties	(268)	350
Foreign exchange loss	<u>124</u>	<u>53</u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 27 November 2020.

By Order of the Board

Tan Hui Lun (LS 0010066)
Company Secretary
Muar