



MUAR BAN LEE GROUP BERHAD

(Company No.200601033829 (753588-P))

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR SECOND QUARTER ENDED 30 JUNE 2023



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 2023

	Individual Quarter		Cumulative Quarter	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Revenue	68,096	93,612	134,634	190,422
Cost of sales	(53,694)	(76,108)	(106,889)	(157,140)
Gross profit	14,402	17,504	27,745	33,282
Other income	686	885	1,455	1,499
Depreciation and amortisation	(516)	(821)	(1,013)	(1,838)
Distribution and administrative expenses	(9,678)	(7,825)	(18,869)	(15,863)
Operating profit	4,894	9,743	9,318	17,080
Interest Income	553	36	1,229	44
Interest expenses	(113)	(654)	(444)	(1,311)
Share of results of an associate	(162)	(1,079)	(3,448)	(1,517)
Profit before taxation	5,172	8,046	6,655	14,296
Taxation	(2,104)	(1,068)	(3,111)	(2,628)
Profit for the continuing operations	3,068	6,978	3,544	11,668
Discontinued operation				
Loss from discontinued operation, net of tax	(165)	(161)	(327)	(307)
Profit for the financial period	2,903	6,817	3,217	11,361
Other comprehensive income/(loss), net of tax	80	216	80	294
Total comprehensive income for the financial period	2,983	7,033	3,297	11,655
Profit attributable to:				
Owners of the parent - continuing operation	3,128	7,082	3,623	11,286
- discontinued operation	(165)	(161)	(327)	(307)
	2,963	6,921	3,296	10,979
Non-controlling interests	(60)	(104)	(79)	382
Profit for the financial period	2,903	6,817	3,217	11,361
Total comprehensive income attributable to:				
Owners of the parent - continuing operation	3,208	7,192	3,703	11,436
- discontinued operation	(165)	(161)	(327)	(307)
	3,043	7,031	3,376	11,129
Non-controlling interests	(60)	2	(79)	526
Total comprehensive income for the financial period	2,983	7,033	3,297	11,655
Earnings per share (sen)				
Basic - continuing operation	1.37	3.11	1.59	4.91
- discontinued operation	(0.07)	(0.07)	(0.14)	(0.13)
	1.30	3.04	1.45	4.78
Diluted - continuing operation	1.37	3.06	1.59	4.82
- discontinued operation	(0.07)	(0.07)	(0.14)	(0.13)
	1.30	2.99	1.45	4.69

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 2022 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 2023

	Note	(Unaudited) As at 30/06/2023 RM'000	(Audited) As at 31/12/2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		67,079	62,142
Investment properties		618	620
Intangible assets		409	409
Right of use assets		2,413	2,413
Investment in associates		13,541	18,779
Other investment		1,995	-
		86,055	84,363
Current assets			
Inventories		49,872	45,007
Trade and other receivables		54,241	47,199
Amount owing from contract customers		21,870	19,851
Tax recoverable		4,935	4,177
Fixed deposits with licensed banks	1	56,741	2,155
Cash and bank balances	1	40,237	116,606
		227,896	234,995
Assets included in disposal group classified as held for sale		29,328	29,482
		257,224	264,477
Total assets		343,279	348,840
EQUITY AND LIABILITIES			
Equity			
Share capital		75,535	75,535
Treasury shares		(11,140)	(11,140)
Revaluation reserve		12,931	12,931
Foreign currency translation reserve		80	-
Retained profits		134,070	130,774
Shareholder's equity		211,476	208,100
Non-controlling interests		(535)	(451)
Total equity		210,941	207,649



MUAR BAN LEE GROUP BERHAD

(Company No. 200601033829 (753588-P))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	(Unaudited) As at 30/06/2023	(Audited) As at 31/12/2022
Note	RM'000	RM'000
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	724	4,709
Right-of-use lease liabilities	1,895	1,895
Bank borrowings	4,375	6,226
Deferred tax liabilities	3,328	3,328
	10,322	16,158
Current liabilities		
Trade and other payables	107,133	107,856
Finance lease liabilities	507	908
Right-of-use lease liabilities	725	725
Bank borrowings	4,176	6,038
Provision for taxation	3,505	3,699
	116,046	119,226
Liabilities included in disposal group classified as held for sale	5,970	5,807
	122,016	125,033
Total liabilities	132,338	141,191
Total equity and liabilities	343,279	348,840
Net assets per share (RM)	0.93	0.91

Notes:

- 1 The fluctuation in term of cash and bank balances amounted to approximately RM50 million was mainly due to new placement of fixed deposits with licensed banks, which took place in Q1 FY2023.

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 2022 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 2023**

	Attributable to owners of the parent											
	Share Capital	Treasury Shares	Non-Distributable					Distributable		Subtotal	Non-controlling interests	Total Equity
			Revaluation Reserve	Discount On Shares	Warrant Reserves	Foreign Currency Translation Reserve	Fair Value Adjustment Reserve	Retained Profits				
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 2023	75,535	(11,140)	12,931	-	-	-	-	130,774	208,100	(451)	207,649	
Profit for the financial year	-	-	-	-	-	-	-	3,296	3,296	(79)	3,217	
Other Comprehensive Expenses	-	-	-	-	-	-	-	-	-	-	-	
- Forex Translation Difference	-	-	-	-	-	80	-	-	80	-	80	
Total comprehensive income for the financial year	-	-	-	-	-	80	-	3,296	3,376	(79)	3,297	
<i>Contributions by and distributions to owners of the Company</i>												
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	-	(5)	-	
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-	(5)	(5)	
At 30 June 2023	75,535	(11,140)	12,931	-	-	80	-	134,070	211,476	(535)	210,941	
At 1 January 2022	75,395	(9,114)	6,199	(10,103)	13,586	(685)	-	70,180	145,458	9,064	154,522	
Profit for the financial year	-	-	-	-	-	-	-	10,979	10,979	382	11,361	
Other Comprehensive Expenses	-	-	-	-	-	-	-	-	-	-	-	
- Fair value on quoted investment	-	-	-	-	-	-	-	-	-	-	-	
- Forex Translation Difference	-	-	-	-	-	150	-	-	150	144	294	
Total comprehensive income for the	-	-	-	-	-	150	-	10,979	11,129	526	11,655	
<i>Contributions by and distributions to</i>												
Proceed from conversion of warrants	139	-	-	45	(60)	-	-	-	124	-	124	
Purchase of treasury shares	-	(2,026)	-	-	-	-	-	-	(2,026)	-	(2,026)	
Total transactions with owners of the Company	139	(2,026)	-	45	(60)	-	-	-	(1,902)	-	(1,902)	
At 30 June 2022	75,534	(11,140)	6,199	(10,058)	13,526	(535)	-	81,159	154,685	9,590	164,275	

The Unaudited Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2022 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 CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	Current Year To-date 30/06/2023 RM'000	Preceding Year Corresponding Period 30/06/2022 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	6,655	14,296
- Discontinued operations	(327)	(307)
	6,328	13,989
Adjustments for non-cash items:		
Depreciation of investment properties	3	3
Depreciation of property, plant and equipment	1,474	2,298
- Continuing operations	1,473	2,261
- Discontinued operations	1	37
Amortisation of intangible assets	-	34
- Continuing operations	-	-
- Discontinued operations	-	34
Amortisation of right-of-use assets	34	-
- Continuing operations	-	-
- Discontinued operations	34	-
Finance costs	604	1,311
- Continuing operations	444	1,311
- Discontinued operations	160	-
Fixed assets written off	-	2
Gain on disposal of property, plant & equipment	-	(94)
Gain on disposal of investment in associate	(754)	-
Interest income	(1,229)	(44)
Share of results of an associate	3,448	1,517
Unrealised loss on foreign exchange	-	(85)
	9,908	18,931
Operating profit before working capital changes		
Changes in working capital		
Inventories	(4,866)	(13,680)
Receivables	(7,046)	(15,585)
Payables	(565)	13,469
Contract customers	(2,019)	1
	(4,588)	3,136
Cash (used in)/from operations		
Income tax paid	(4,063)	(1,650)
	(8,651)	1,486
Net cash (used in)/generated from operating activities		



MUAR BAN LEE GROUP BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	Current Year To-date 30/06/2023 RM'000	Preceding Year Corresponding Period 30/06/2022 RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,210)	(2,919)
Acquisition of investment in associate	(2,981)	(1,909)
Acquisition of other investment	(1,995)	-
Interest received	1,229	44
Proceed from disposal of other investment	-	1
Proceeds from disposal of property, plant and equipment	-	105
Proceed from disposal of investment in associate	5,525	-
Net cash used in investing activities	(4,432)	(4,678)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(604)	(1,311)
Purchase of treasury shares	-	(2,027)
Proceed from conversion of warrant to share capital	-	124
Withdrawal/(Placemnt) of pledged fixed deposits	2,154	(25)
(Repayment)/Proceeds from bankers acceptance	(2,308)	4,909
Net change of trade financing	797	1,324
Repayment of term loans	(2,203)	(4,234)
Repayment of finance lease liabilities	(4,587)	(560)
Net cash used in financing activities	(6,751)	(1,800)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,834)	(4,992)
Effect of exchange translation differences on cash and cash equivalents	80	5
Cash and cash equivalents at the beginning of the financial period	116,848	33,583
Cash and cash equivalents at the end of the financial period	97,094	28,596
Note: <u>Cash and cash equivalents at the end of the financial period comprises:</u>		
Fixed deposits with licensed banks	56,741	2,133
Cash and bank balances	40,353	28,596
- Continuing operations	40,237	28,515
- Discontinued operations	116	81
	97,094	30,729
Fixed deposits pledged	-	(2,133)
	97,094	28,596

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 2022 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 2023**

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 2022. 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 2022.

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 2022 except for those standard, amendments and IC interpretation that had become effective 1 January 2023 and such adoptions do not have material impact on the financial statements of the Group and the Company.

A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A4. SEASONALITY OR CYCLICALITY FACTORS

The performance of the Group is generally not affected by any seasonal or cyclical factors.

A5. UNUSUAL ITEMS

There were no unusual items for the current financial period under review.

A6. CHANGES IN ESTIMATES

There were no changes in estimates amount that had a material effect for the current financial period under review.

A7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

Total treasury shares held as at 30 June 2023 was 21,085,900 shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

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 2023

6 months ended 30 June 2023

	Investment Holding RM '000	Manu- facturing RM '000	Oil Milling RM '000	Plantation RM '000	Automotive RM '000	Trading RM '000	Elimination RM '000	Consolidated (Continuing) RM '000	Plantation (Discounted) RM '000	Consolidated (Total) RM '000
Revenue										
External sales	-	74,452	-	-	60,182	-	-	134,634	-	134,634
Inter-company	-	230	-	-	167	-	(397)	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-
	-	74,682	-	-	60,349	-	(397)	134,634	-	134,634
Segmental results	(626)	10,794	-	(282)	(383)	(31)	(154)	9,318	(327)	8,991
Finance costs	-	(88)	-	(115)	(241)	-	-	(444)	-	(444)
Interest income	201	1,001	-	-	27	-	-	1,229	-	1,229
Share of results of an associate	(3,448)	-	-	-	-	-	-	(3,448)	-	(3,448)
Profit/(Loss) before Tax	(3,873)	11,707	-	(397)	(597)	(31)	(154)	6,655	(327)	6,328
Taxation								(3,111)	-	(3,111)
Profit/(Loss) for the period								3,544	(327)	3,217

Segmental reporting for the 6 months ended 30 June 2022

6 months ended 30 June 2022

	Investment Holding RM '000	Manu- facturing RM '000	Oil Milling RM '000	Plantation RM '000	Automotive RM '000	Trading RM '000	Elimination RM '000	Consolidated (Continuing) RM '000	Plantation (Discounted) RM '000	Consolidated (Total) RM '000
Revenue										
External sales	-	60,923	82,727	-	46,772	-	-	190,422	223	190,645
Inter-company	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-
	-	60,923	82,727	-	46,772	-	-	190,422	223	190,645
Segmental results	(406)	17,212	1,242	(301)	(557)	-	(109)	17,080	(307)	16,773
Finance costs	(851)	(247)	-	(92)	(121)	-	-	(1,311)	-	(1,311)
Interest income	-	19	-	-	25	-	-	44	-	44
Share of results of an associate	(1,517)	-	-	-	-	-	-	(1,517)	-	(1,517)
Profit/(Loss) before Tax	(2,775)	16,984	1,242	(393)	(653)	-	(109)	14,296	(307)	13,989
Taxation								(2,628)	-	(2,628)
Profit/(Loss) for the period								11,668	(307)	11,361



A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation 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, except the Group had on 25 August 2023 has acquired 57,100,000 ordinary shares representing 20.76% equity interest in SWS Capital Berhad ("SWS").

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 the incorporation of a new subsidiary in Indonesia, PT. Muar Ban Lee Engineering.

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	12,000
WP Technology Sdn Bhd	Which the directors have substantial financial interests in the Company	Rental	7,500	15,000

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)		
	30/06/2023 RM '000	30/06/2022 RM '000	Changes %	30/06/2023 RM '000	30/06/2022 RM '000	Changes %
Revenue						
- Continuing operations	68,096	93,612	(27.3)	134,634	190,422	(29.3)
- Discontinued operation	-	-	-	-	-	-
	<u>68,096</u>	<u>93,612</u>	(27.3)	<u>134,634</u>	<u>190,422</u>	(29.3)
Operating profit	4,894	9,743	(49.8)	9,318	17,080	(45.4)
Profit before interest and tax	4,732	8,664	(45.4)	5,870	15,563	(62.3)
Profit before tax (PBT)						
- Continuing operations	5,172	8,046	(35.7)	6,655	14,296	(53.4)
- Discontinued operation	(165)	(161)	2.5	(327)	(307)	6.5
	<u>5,007</u>	<u>7,885</u>	(36.5)	<u>6,328</u>	<u>13,989</u>	(54.8)
Profit after tax (PAT)						
- Continuing operations	3,068	6,978	(56.0)	3,544	11,668	(69.6)
- Discontinued operation	(165)	(161)	2.5	(327)	(307)	6.5
	<u>2,903</u>	<u>6,817</u>	(57.4)	<u>3,217</u>	<u>11,361</u>	(71.7)
Profit attributable to Ordinary Equity Holders of the Parent						
- Continuing operations	3,128	7,082	(55.8)	3,623	11,286	(67.9)
- Discontinued operation	(165)	(161)	2.5	(327)	(307)	6.5
	<u>2,963</u>	<u>6,921</u>	(57.2)	<u>3,296</u>	<u>10,979</u>	(70.0)

For the current quarter under review, the Group posted a 27.3% decrease in revenue from RM93.61 million a year earlier to RM68.10 million. Profit Before Tax (“PBT”) decreased 35.7% from RM8.05 million to RM5.17 million a year earlier. The decrease in revenue and PBT was mainly due to the disposal of a subsidiary in Indonesia, PT. Serdang Jaya Perdana. The performance review by segments is as follows:

Manufacturing division’s revenue and PBT were recorded at RM39.68 million and RM6.12 million respectively in the current quarter as compared with RM35.34 million and RM9.81 million recorded in prior year’s corresponding quarter.

The higher revenue was mainly due to the increase in project completion. Lower PBT was impacted by the elevated raw material costs and labour cost.

Oil milling division has disposed during last financial year.

Plantation division registered a Loss before Tax (“LBT”) of RM0.21 million (2022: RM0.17 million). The unfavorable result was mainly due to the durian plantation is still immature and therefore no revenue is generated.



Automotive division's revenue stood at RM28.81 as compared with RM25.82 million recorded in the same period last year but LBT of RM0.16 million recorded in the current quarter compared with PBT of RM0.62 million last year.

The increase in revenue was mainly driven by the increase in demand, especially Persona and Saga models. A lower LBT of RM0.16 million was registered, although recording a higher revenue. This is mainly due to the varying profit margins for different models.

Trading division posted a LBT of RM0.03 million during the current quarter under review. The LBT was mainly incurred from the newly incorporated subsidiary in Indonesia, PT. Muar Ban Lee Engineering.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULT

	Current Quarter 30/06/2023 RM '000	Immediate Preceding Quarter 31/03/2023 RM '000	Changes %
Revenue			
- Continuing operations	68,096	66,538	2.3
- Discontinued operation	-	-	-
	68,096	66,538	2.3
Operating profit			
- Continuing operations	4,894	4,424	10.6
- Discontinued operation	-	-	-
	4,894	4,424	10.6
Share of results of associate	(162)	(3,286)	(95.1)
Profit before interest and tax	4,732	1,138	315.8
Profit before tax (PBT)			
- Continuing operations	5,172	1,483	248.8
- Discontinued operation	(165)	(162)	1.9
	5,007	1,321	279.0
Profit after tax (PAT)			
- Continuing operations	3,068	476	544.5
- Discontinued operation	(165)	(162)	1.9
	2,903	314	824.5
Profit attributable to Ordinary Equity Holders of the Parent			
- Continuing operations	3,128	495	531.9
- Discontinued operation	(165)	(162)	1.9
	2,963	333	789.8

For the current quarter under review, revenue and PBT of the Group were recorded at RM68.10 million and RM5.17 million as compared to immediate preceding quarter of RM66.54 million and RM1.48 million, respectively. Generally, the decrease in revenue and PBT as compared to immediate preceding quarter was mainly due to the disposal of a subsidiary in Indonesia, PT. Serdang Jaya Perdana.



B3. COMMENTARY ON PROSPECTS

With the sizable secured order book in hand and the encouraging business environment ahead, the board is optimistic that the Group will be able to achieve satisfactory results mainly driven by the manufacturing division for the financial year ending 31 December 2023.

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 period	(2,104)	(3,111)
	<u>(2,104)</u>	<u>(3,111)</u>

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year.

The effective tax rate of the Group is higher than the statutory tax rate was mainly due to the losses in the associate company and subsidiary as well as the non-deductible expenses.

B6. STATUS OF CORPORATE PROPOSALS

The Company did not enter into any material contracts with any directors or substantial shareholders of the Company nor any persons connected to a directors or major shareholders of the Company during the financial year except the following:

A. Proposed Bonus Issue of Warrants-B (the "Proposal")

On 20 January 2023, the Company proposes to undertake a bonus issue of 113,767,950 warrants ("Warrant(s)-B") on the basis of 1 Warrant B for every 2 existing ordinary shares in the MBL ("MBL Share(s)" or the "Share(s)") held by the shareholders whose names appear in the Record of Depositors of the Company on an entitlement date to be determined later ("Entitlement Date") ("Entitled Shareholder(s)") ("Proposed Bonus Issue of Warrants-B" or the "Proposal").

B. Proposed Establishment of an Employees' Share Option Scheme ("ESOS")

The Company has a share grant plan ("SGP") which was approved by its shareholders on 14 June 2013. As of 21 February 2023, being the latest practicable date prior to the date of this announcement ("LPD"), there were no outstanding and unexercised MBL Shares granted under SGP. The board had decided not to extend the existing SGP and that it will be terminated upon obtaining the shareholders' approval for the Proposed ESOS at an extraordinary general meeting ("EGM") to be convened.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

On 16 March 2023, the Company submitted an additional listing application to Bursa Securities for combination of new issue of securities in relation to both Proposed Bonus Issue of Warrants-B and Proposed ESOS.

On 27 April 2023, Bursa Securities has resolved to approve the following:

- (a) Admission to the Official List and listing and quotation for 113,767,950 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants;
- (b) Listing of and quotation for 113,767,950 new ordinary shares in MBL to be issued arising from the exercised of the Warrants; and
- (c) Listing of and quotation for such number of additional new ordinary shares in MBL representing up to 15% of the total number of issued shares of MBL to be issued pursuant to the Proposed ESOS.

On 8 May 2023 and 9 May 2023, Notice of Extraordinary General Meeting (“EGM”) and Circular to shareholders in relation to the abovementioned has been submitted and announced on the Bursa Malaysia (“BURSA”)’s website, respectively. Both the Notice of EGM and Circular to shareholders are made available on both the MBL and BURSA’s website.

On 25 May 2023, both the above corporate proposals were duly approved by the shareholders of the Company at the EGM held on 25 May 2023.

There is no outstanding corporate proposal as at the current date.

B7. GROUP BORROWINGS AND DEBT SECURITIES

The Group’s borrowings as at 30 June 2023 and 30 June 2022 are as follows:

	As at Second Quarter ended 2023					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD RM '000	RM RM '000	USD RM '000	RM RM '000	USD RM '000	RM RM '000
Secured						
- Term loans	-	4,375	-	392	-	4,767
- Bankers acceptance	-	-	-	-	-	-
- Trade Financing	-	-	-	3,784	-	3,784
Total	-	4,375	-	4,176	-	8,551

	As at Second Quarter ended 2022					
	Long Term		Short Term		Total Borrowings	
	Denominated in		Denominated in		Denominated in	
	USD RM '000	RM RM '000	USD RM '000	RM RM '000	USD RM '000	RM RM '000
Secured						
- Term loans	-	43,726	-	10,341	-	54,067
- Bankers acceptance	-	-	-	11,557	-	11,557
- Trade Financing	-	-	-	1,324	-	1,324
Total	-	43,726	-	23,222	-	66,948



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

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

	(Unaudited) 2023 %	(Audited) 2022 %
Term loans	3.27 - 5.38	3.27 - 4.88
Bankers acceptance	-	3.56
Trade Financing	4.30 - 4.58	3.95 - 4.58

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

Disposal of Sokor Gemilang Ladang Sdn Bhd ("SGLSB")

On 18 February 2022, the Group wholly-owned subsidiary, MBL Plantation Sdn Bhd ("MBLPSB" or collectively referred to as "Defendant") had received a Writ of Summon and Statement of Claim both dated 15 February 2022 filed by Doa Huat Holdings Sdn Bhd (collectively referred to as "Plaintiff") under Kuala Lumpur High Court Suit No. WA-22NCC-67-02/2022 in relation to the claims filed by the Plaintiff through a legal firm acting on their behalf.

The plaintiff claimed that the Share Sales Agreement dated 1 April 2021 between the Plaintiff and the Defendant for the purchase of shares of Sokor Gemilang Ladang Sdn Bhd ("SGLSB") with a total consideration of RM25,000,000.00 is void or terminated and demanded for the repayment of RM23,900,000.00.

The Plaintiff has made a total payment of RM23,900,000.00 to the Defendant to date, with the balance of the consideration RM1,100,000.00 remains outstanding.

MBLPSB has appointed a legal firm to act on its behalf and filed a counter claim against plaintiff on the above case. Further to the announcement made on 18 February 2022 and 2 March 2022, the case WA-22NCC-67-02/2022 has been transferred to Penang high court pursuant to a court order dated 15 April 2022.

Pursuant to the case Management on 20 May 2022, the company has filed the interlocutory applications to Penang High Court to move the Court to dispose of Doa Huat's claim and to seek the court to enter summary judgement against Doa Huat for MBLPSB's counterclaim. The Court has fixed the hearing date on 29 July 2022.

On 29 July 2022, Plaintiff's claim has been dismissed by the Court with costs of RM5,000.00, subject to allocator, to be paid by the Plaintiff to MBLPSB.



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

In respect of MBLPSB's counterclaim against Plaintiff, the Court allowed MBLPSB's application for summary judgment of its counterclaim with the following terms:-

- (a) a Declaration that the Plaintiff's act/attempt to terminate the share sale agreement dated 1/4/2021 ("the Agreement") via the Plaintiff's letter of termination dated 7/2/2022 is not valid;
- (b) an order for specific performance of the Agreement whereby the Plaintiff shall continue and fulfill all its obligations under the Agreement including paying the balance consideration price of RM1,100,000.00 to the Defendant within fourteen (14) days from the date of this judgment;
- (c) The Plaintiff shall provide full cooperation and do all that is necessary to complete the Agreement within fourteen (14) days from the date the Defendant receives payment of the balance consideration price of RM1,100,000.00;
- (d) If the Plaintiff fails to comply with paragraph (c) above, then the Registrar of the Court is given the power to execute all requisite documents to complete the transfer of 100% of the shares in Sokor Gemilang Ladang Sdn. Bhd. (Company No: 742516-X) from the Defendant to the Plaintiff; and
- (e) Costs of RM5,000.00, subject to allocator, to be paid by the Plaintiff to MBLPSB.

In gist, the whole civil suit PA-22NCC-13-04/2022 has been disposed of in MBLPSB's favour.

On 2 September 2022, MBLPSB's solicitors had updated the Company that the Plaintiff has filed an appeal to the Court of Appeal against the High Court Orders/Decisions given on 29 July 2022. The Plaintiff has also filed an application for stay of the High Court orders pending their appeal to the Court of Appeal. The Company is resisting and opposing both the Appeal and the Stay application.

The first case management of the Appeal (Court of Appeal, Civil Appeal No.: P-02(IM)(NCC)-1545-08/2022) is fixed on 10 November 2022. There is no appeal hearing date fixed yet at this juncture. As for the Application for Stay at the High Court, the court has given directions for filing of affidavits and has fixed a further case management date. There is still no hearing date fixed yet for the Stay application at this juncture.

The High Court matter and the Court of Appeal matters have also now been taken over by our new solicitors (Messrs Presgrave & Matthews).

Pursuant to the Case Management on 4 October 2022, the Court has fixed the hearing date for the stay application on 15 December 2022 at 8.30 a.m. by Zoom before YA Tuan Quay Chew Soon.

On 22 November 2022, pursuant to the Case Management in respect of the Appeal (Court of Appeal, Civil Appeal No.: P-02(IM)(NCC)-1545-08/2022) conducted on 10 November 2022 and which concluded only on 21 November 2022, the Court of Appeal (Putrajaya) has fixed the hearing of the Plaintiff/Appellant's Appeal to be heard on 20 June 2023.

On 9 December 2022, MBLPSB's solicitor had updated the Company that the Court has rescheduled the hearing date for the stay application from 15 December 2022 to 6 January 2023.

On 6 January 2023, MBLPSB's solicitor had updated the Company on the outcome of hearing for the stay application on 6 January 2023. Plaintiff's application for Stay (Enclosure 50) has been dismissed by the Court with costs of RM5,000.00 to be paid by the Plaintiff to MBLPSB.

On 13 February 2023, MBLPSB's solicitor had updated the Company that the Court of Appeal has fixed the hearing date for both Motions (Enclosure 13 for Fresh Evidence and Enclosure 16 for Stay) on 9 May 2023.

On 10 May 2023, MBLPSB's solicitor had updated the Company that the hearing date of both Motions (Enclosure 13 for Fresh Evidence and Enclosure 16 for Stay) at the Court of Appeal, originally scheduled to proceed on 9 May 2023, has been postponed. A new hearing date will be fixed by the Court of Appeal.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

On 23 May 2023, MBLPSB's solicitor had updated the Company that the hearing date of both Motions (Enclosure 13 for Fresh Evidence and Enclosure 16 for Stay) have now been fixed on 20 June 2023. The Hearing of the Appeal (Enclosure 1) which was originally fixed on 20 June 2023, has now been rescheduled to 14 August 2023.

On 20 June 2023, MBLPSB's solicitor had updated the Company that in respect of Enclosure 13 (Motion for Fresh Evidence), the Court allowed the Appellant to adduce and rely on the Letter dated 27 November 2022 from Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan to be used and argued in the Main Appeal, and the Court also allowed the Respondent to adduce and rely on its solicitor letters dated 14 December 2022 and 18 January 2023. The Appellant shall file a Supplemental Record of Appeal in 14 days to include the 3 letters. Costs in the cause.

In respect of Enclosure 16 (Motion for Stay), the Court of Appeal ordered that the Appellant pay the sum of RM1.1 million being the balance purchase price to the Respondents' solicitors as stakeholders within 21 days from today (20 June 2023) and to be held as stakeholders pending the disposal of the Appellant's main appeal.

On 14 August 2023, MBLPSB's solicitor had updated the Company on the outcome of Hearing of the Appeal (Enclosure 1) held on 14 August 2023. The Court of Appeal was of the opinion that the Letter from Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan dated 27 November 2022 raised a triable issue, both parties have to go back to the High Court for full trial in respect of the case. The Appeal was allowed with costs in the cause.

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 period 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	3,128	3,623
- Discontinued operation	(165)	(327)
	<u>2,963</u>	<u>3,296</u>
Weighted average number of ordinary shares (000)	227,536	227,536
Basic EPS (Sen)		
- Continuing operations	1.37	1.59
- Discontinued operation	(0.07)	(0.14)
	<u>1.30</u>	<u>1.45</u>



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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	Current Quarter RM '000	Current YTD RM '000
b) <u>Diluted EPS</u>		
Profit attributable to ordinary shareholders of the Company		
- Continuing operations	3,128	3,623
- Discontinued operation	(165)	(327)
	<u>2,963</u>	<u>3,296</u>
Weighted average number of ordinary shares (000)	227,536	227,536
Basic EPS (Sen)		
- Continuing operations	1.37	1.59
- Discontinued operation	(0.07)	(0.14)
	<u>1.30</u>	<u>1.45</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	(553)	(1,229)
Other income	(223)	(628)
Interest expense	113	444
Depreciation and amortization	764	1,511
Gain on disposal of quoted investments	(754)	(754)
Foreign exchange loss/(gain)	290	(84)

B14. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 29 August 2023.

By Order of the Board

Tan Hui Lun (LS 0010066)
Company Secretary
Muar