

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JUL 2018 (UNAUDITED)

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 9 MONTHS ENDED	
	31-Jul-18 RM' 000	31-Jul-17 RM' 000	31-Jul-18 RM' 000	31-Jul-17 RM' 000
Revenue	7,064	4,799	18,961	15,355
Operating Expenses	(4,551)	(3,762)	(14,146)	(12,434)
Other Income	204	(53)	300	729
Gain on derivative financial instrument	-	-	-	-
Investing Income	8	7	37	25
Finance costs	(60)	(69)	(164)	(201)
Profit before tax	2,665	922	4,988	3,474
Tax expense	(536)	(239)	(1,144)	(644)
Profit after tax	2,129	683	3,844	2,830
Other Comprehensive Income:				
Exchange translation reserve	-	-	-	-
Fair value reserve	-	-	-	-
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income	2,129	683	3,844	2,830
Profit/(Loss) attributable to:				
Equity holders of the Company	2,129	683	3,844	2,830
Non-Controlling Interest	-	-	-	-
	2,129	683	3,844	2,830
Total comprehensive income attributable to:				
Equity holders of the Company	2,129	683	3,844	2,830
Non-Controlling Interest	-	-	-	-
	2,129	683	3,844	2,830
Earnings per share attributable to equity holders of the Company:				
-Basic EPS (sen)	5.82	1.87	10.51	7.74
-Diluted EPS (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statement.)

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 31 JUL 2018 (UNAUDITED)

	AS AT 31-Jul-18 (Unaudited) RM' 000	AS AT 31-Oct-17 (Audited) RM' 000	Different RM' 000
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	15,849	16,176	(327)
Investment Properties	55,080	55,016	64
Land Held for Development	-	294	(294)
Biological assets	5,080	4,959	121
Prepaid Lease Payments	1,771	1,796	(25)
Other investment	165	165	-
	<u>77,945</u>	<u>78,406</u>	<u>(461)</u>
CURRENT ASSETS			
Property Development Costs	542	510	32
Inventories	4,291	4,020	271
Derivative financial assets	-	9	(9)
Trade Receivables	4,445	3,453	992
Other Receivables, Deposit & Prepayments	303	326	(23)
Other Investments	383	462	(79)
Tax Recoverable	118	39	79
Cash & Cash Equivalents	17,182	16,000	1,182
	<u>27,264</u>	<u>24,819</u>	<u>2,445</u>
TOTAL ASSETS	<u>105,209</u>	<u>103,225</u>	<u>1,984</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share Capital	40,612	40,612	-
Treasury Share, At Cost	(3,554)	(3,554)	-
Revaluation Reserves	8,041	8,041	-
Retained Earnings	47,557	44,993	2,564
TOTAL EQUITY	<u>92,656</u>	<u>90,092</u>	<u>2,564</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	2,664	3,535	(871)
Deferred Income	15	60	(45)
Deferred Tax	4,258	4,258	-
	<u>6,937</u>	<u>7,853</u>	<u>(916)</u>
CURRENT LIABILITIES			
Short Term Borrowings	1,210	1,212	(2)
Trade Payables	1,187	602	585
Other Payables, Deposits & Accruals	2,472	3,023	(551)
Government Grants	60	60	-
Derivative financial liabilities	-	-	-
Provision For Taxation	687	383	304
	<u>5,616</u>	<u>5,280</u>	<u>336</u>
TOTAL EQUITY AND LIABILITIES	<u>105,209</u>	<u>103,225</u>	<u>1,984</u>
NET ASSETS PER SHARE(RM)	2.5332	2.4631	0.0701

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statements).

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 JUL 2018 (UNAUDITED)

	Attributable to Equity Holders of the Company							Minority Interest	Total Equity
	Share Capital	Revaluation Reserve	Exchange translation reserve	Treasury Share	Retained Earnings	Total			
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	
9 months ended									
31 July 2018									
Balance at 01 November 2017	40,612	8,041	0	(3,554)	44,993	90,092	0	90,092	
<i>Total comprehensive income:-</i>									
Profit for the year					3,844	3,844	0	3,844	
Revaluation Reserve		0			0	0		0	
Transaction with owner:-									
Dividend paid	0	0	0	0	(1,280)	(1,280)	0	(1,280)	
Balance as 31 July 2018	40,612	8,041	0	(3,554)	47,557	92,656	0	92,656	
9 months ended									
31 July 2017									
Balance at 01 November 2016	40,612	6,003	0	(3,554)	40,703	83,764	0	83,764	
<i>Total comprehensive income:-</i>									
Profit/(Loss) for the year	0	0	0	0	2,829	2,829	0	2,829	
Transaction with owner:-									
Dividend paid	0	0	0	0	(1,280)	(1,280)	0	(1,280)	
Balance at 31 July 2017	40,612	6,003	0	(3,554)	42,252	85,313	0	85,313	

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statement.)

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 JUL 2018 (UNAUDITED)

	2018	2017
	9 MONTHS	9 MONTHS
	ENDED	ENDED
	31-Jul-2018	31-Jul-2017
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
PROFIT BEFORE TAXATION	4,988	3,475
<i>ADJUSTMENTS:-</i>		
NON CASH ITEMS	1,059	1,055
NON OPERATING ITEMS (INVESTING/FINANCING)	(122)	(173)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,925	4,357
<u>CHANGES IN WORKING CAPITAL</u>		
INVENTORIES	(271)	(1,154)
RECEIVABLES	(969)	1,011
PROPERTY DEVELOPMENT COST	262	222
PAYABLES	(84)	869
CASH GENERATED FROM OPERATIONS	4,863	5,305
TAX REFUND	-	-
TAX PAID	(800)	(772)
NET CASH GENERATED FROM OPERATING ACTIVITIES	4,063	4,533
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
ACQUISITION OF BIOLOGICAL ASSET	(291)	(282)
INTEREST RECEIVED	327	282
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(573)	(151)
PROCEED FROM DISPOSAL OF PROPERTY, PLANT AND MACHINERIES	-	(6)
DIVIDEND RECEIVED FROM QUOTED INVESTMENT	37	25
OTHER INVESTMENT	-	-
PURCHASE OF INVESTMENT PROPERTY	(64)	(2,379)
NET CASH USED IN INVESTING ACTIVITIES	(564)	(2,511)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
REPAYMENT OF BANK BORROWING	(873)	(838)
INTEREST PAID	(164)	(201)
DIVIDEND PAID	(1,280)	(1,280)
NET CASH USED IN FINANCING ACTIVITIES	(2,317)	(2,319)
CURRENCY TRANSLATION DIFFERENCE	-	-
NET (DECREASE) / INCREASED IN CASH AND CASH EQUIVALENTS	1,182	(297)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16,000	15,242
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,182	14,945

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statement.)

Kumpulan H & L High-Tech Berhad (317805-V)

Notes to quarterly report for the quarter ended 31 July 2018

Part A-Explanatory Notes Pursuant to FRS 134

A1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The figures for the quarter ended 31 July 2018 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2017. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year 31 October 2017.

A2. Seasonal or cyclical of interim operations

The Group's business operations were not affected by any seasonal or cyclical factors except the plantation segment where the operating result is influenced by both CPO prices and FFB crop production. The cropping pattern for oil palms is influenced by weather conditions.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There are no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A4. Material changes in estimates

There were no changes in the nature and amount of changes in estimates of amounts reported in the immediate preceding quarter or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter under review.

A5. Capital management, issuances, repurchase, and repayment of debts and equity instruments

The Group's objective of managing capital are to safeguard the Group's ability to continue in operations as going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group's strategy is to maintain a maximum gearing ratio of 50%. The ratio is calculated as the total liabilities to total equity.

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Notes to quarterly report for the quarter ended 31 July 2018

The gearing ratios as at 31 July 2018 and 31 October 2017, which are within the Group's objectives for capital management, are as follows:

As At	31-Jul-18	31-Oct-17 (Audited)
	RM'000	RM'000
Total borrowings	3,874	4,747
Total equity	92,656	90,092
Total capital	96,530	94,839
Gearing Ratio	4.2%	5.3%

There were no shares issued, shares cancellation, resale of treasury shares and repayments of debts and equity securities during the current quarter.

On 28 March 2007, approval has been obtained from the shareholders for the Company to buy-back its own shares. The authority granted by the shareholders was subsequently renewed in the Annual General Meeting held on 28 March 2018. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-back scheme can be applied in the best interest of the Company and its shareholders.

There were no changes to the treasury shares during the quarter under review.

A6. Dividends paid

There were no dividend paid during the quarter under review.

A7. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statement for the interim period.

A8. Effects of changes in composition of the Group

There were no changes to the composition of the Group during the interim period, including business combinations, acquisition and long term investments, restructuring and discontinuing operations.

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Notes to quarterly report for the quarter ended 31 July 2018

A9. Operating segment information

With the adoption of MFRS 8, Operating Segments, the Group has four reportable segments: Manufacturing and trading, property investment and investment holdings and joint property development.

Segment information for the financial period ended 31 July 2018	Manufacturing & Trading	Property Investment	Joint Property Development	Plantation	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue from external customer	13,344	1,707	2,483	1,590	19,124
Intersegment revenue	976	16	-	-	
Reportable segment profit / (loss)	2,127	1,229	1,901	(365)	4,892

Reconciliation of profit or loss

	RM '000
Total profit for reportable segments	4,892
Investment income	37
Gain on disposal of quoted investments	-
Net fair value gain / (loss) on held for quoted shares	(79)
Interest income	328
Unallocated amounts:-	
Corporate expenses	(182)
Other expenses	(8)
Group's profit before income tax expense	<u>4,988</u>

A10. Changes in contingent liabilities and contingent assets since the date of statement of financial position of prior audited financial statement

Save as disclosed below, the Company is not aware of any contingent liabilities or contingent assets as at 31 July 2018 except as follow:-

	31-Oct-17 (Audited) RM '000	Changes RM '000	31-Jul-18 (Unaudited) RM '000
Total limit	11,500	0	11,500
Total utilised	4,747	-587	4,160

Contingent liabilities for corporate guarantee given by the Company to financial institutions for credit facilities granted to subsidiary companies

A11. Capital Commitment

Save for the following, there was no capital commitments not provided for in the financial statement as at 31 July 2018.

Authorised and contracted for	RM NIL
Authorised and not contracted for	RM NIL

*** End of Part A ***

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Notes to quarterly report for the quarter ended 31 July 2018

Part B - Explanatory Notes Pursuant to BURSA MALAYSIA SECURITIES BERHAD, Chapter 9 of the Listing Requirement, Part A of Appendix 9B.

B1. Detailed analysis of the performance the current quarter

RM '000	Individual quarter		Cumulative quarter	
	Current year	Preceding year corresponding quarter	Current year	Preceding year corresponding period
	31-Jul-18	31-Jul-17	31-Jul-18	31-Jul-17
Revenue				
Manufacturing & Trading	8,753	3,595	13,344	10,584
Property Investment	1,140	207	1,707	838
Property Development	2,047	363	2,483	2,337
Plantation	973	686	1,590	1,751
Profit/(Loss) before tax				
Manufacturing & Trading	1,443	502	2,127	1,030
Property Investment	844	51	1,229	363
Property Development	1,606	224	1,901	1,804
Plantation	(389)	62	(365)	70

For current quarter under review, comparing to the preceding year corresponding quarter,

The Manufacturing segments recorded a pretax profit of RM 1.443 mil as compared to a pretax profit of RM0.502 mil while the revenue soared 143% from RM 3.595 mil to RM 8.753 mil.

The Property Investment segment's turnover and pretax profit increased significantly as all the premises are fully tenanted.

The Property Development segment recorded significant increased in both revenue and pretax profit of 463% and 617% respectively, due to increased in billing and collection from the joint venture project.

The Plantation segment had a turnaround from pretax profit to pretax loss despite higher revenue from increased FFB sales mainly due to lower FFB price where the weighted average FFB price reduced by 18% and higher cost of production.

B2. Comment on any material change in the profit before taxation as compared with immediate preceding quarter.

For the quarter ended 31 July 2018, the Group's recorded higher pretax profit by RM1.431 mil with revenue jumped by 23.1% to RM7.064 mil and while operating expense reduced by 17% as compared with immediate preceding quarter.

Kumpulan H & L High-Tech Berhad (317805-V)

Notes to quarterly report for the quarter ended 31 July 2018

B3. Current financial year's prospect

Barring unforeseen circumstances, the Boards foresee a challenging year ahead for the remaining quarters for current financial year. Nevertheless the Directors endeavor to maintain current performance.

B4. Profit forecast

There were no revenue or profits estimate, forecast, projection of internal targets announced or disclosed in a public document.

B5. Taxation

	Current Quarter RM '000	Year-to-date RM '000
Current Year	660	1,253
Prior Year	(53)	(110)
Deferred Taxation	-	-
Tax expense *	607	1,143

The effective tax rate for financial period ended 31 July 2018 was slightly lower than the statutory tax rate of 24% mainly due to losses incurred by certain subsidiaries and lower tax installment estimate during the quarter under review.

B6. Status of corporate proposals

There was no corporate proposal announced but not completed as at 31 July 2018.

B7. Group borrowings and debt securities

The group's borrowings as at 31 July 2018 as follows:-

RM '000	Secured	Unsecured	Total
Short term	1,210	-	1,210
Long term	2,950	-	2,950
Total	4,160	-	4,160

All borrowings are denominated in local currency.

There was no debt securities issued.

B8. Changes in material litigation

There was no material litigation pending as at the date of this report.

Kumpulan H & L High-Tech Berhad (317805-V)

Notes to quarterly report for the quarter ended 31 July 2018

B9. Proposed Dividends

The Board of Directors proposed a single tier interim dividend of 1.50 sen per ordinary share in respect of financial year ending 31 October 2018. The book closure date and payment date will be on 18 October 2018 and 30 October 2018 respectively.

B10. Earnings per share

a. Basic

The calculation of the basic earnings per share is based on the Group's net profit attributable to the equity holders divided by the weighted average number of ordinary shares of RM1.00 each in issue during the year excluding the weighted average treasury shares held by the Company.

	Current Quarter	Year-to-date
Net profit / (loss) attributable to equity holders of the Company (RM '000)	2,129	3,844
Weighted average number of ordinary shares ('000)	36,577	36,577
Basic earning/(loss) per share (sen)	5.82	10.51

b. Diluted

Not applicable

B11. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the financial year ended 31 October 2018 did not contain any qualification.

Kumpulan H & L High-Tech Berhad (317805-V)

Notes to quarterly report for the quarter ended 31 July 2018

B12. The profit / (loss) after tax was derived after charging / (crediting) the following:-

		Current Quarter RM'000	Year-To-Date RM'000
(a)	interest income;	(112)	(327)
(b)	other income including investment income;	(8)	(37)
(c)	interest expense;	60	164
(d)	depreciation of property, plant and equipment	297	901
(e)	amortisation of deferred income	(15)	(45)
(f)	amortisation of prepaid land lease payment	8	25
(g)	auditors' remuneration	24	72
(h)	realised (gain)/loss on foreign exchange	35	259
(i)	unrealised (gain)/loss on foreign exchange	61	47
(j)	rental expenses	13	36
(k)	rental income	1	17
(l)	net fair value (gain)/loss on held for quoted shares	12	79
(m)	(Gain)/loss on disposal of property, plant and equipment	0	0
(n)	Amortisation of Biological Assets	57	170
(o)	(Gain)/loss on disposal of quoted investment	0	0

B13. DISCLOSURES OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained earnings as at the reporting date, which has been prepared by the Directors in accordance with the directives from **Bursa Malaysia Securities Berhad** stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants, are as follows:-

As At	31-Jul-18
	RM '000
Realised	39,800
Unrealised	<u>27,624</u>
	67,424
<i>Less: Consolidated adjustments</i>	<u>-19,867</u>
Retained Earnings	<u>47,557</u>

BY ORDER OF THE BOARD

Yap Sit Lee
Company Secretary

Kuala Lumpur