

HARN LEN CORPORATION BHD (502606-H)

Financial Year End : 31 December 2018
 Quarter : Third Quarter

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 30/9/2018	Preceding year corresponding quarter 30/9/2017	Current year to date 30/9/2018	Preceding year corresponding period 30/9/2017
	RM	RM Restated	RM	RM Restated
Revenue	52,002,461	104,855,764	133,894,197	224,024,844
Cost of sales	(34,623,548)	(79,878,264)	(109,632,187)	(174,055,012)
Gross profit	17,378,913	24,977,500	24,262,010	49,969,832
Other income	522,420	718,247	1,155,097	14,240,412
Distribution expenses	(4,868,172)	(7,266,281)	(11,223,108)	(15,693,760)
Administrative expenses	(8,319,760)	(7,983,457)	(26,404,309)	(36,191,491)
Other expenses	-	(101,272)	-	(454,146)
Results from operating activities	4,713,401	10,344,737	(12,210,310)	11,870,847
Finance costs	(3,257,076)	(1,801,443)	(6,775,477)	(4,748,295)
Interest income	2,694	2,409	7,809	7,122
Profit (loss) before tax	1,459,019	8,545,703	(18,977,978)	7,129,674
Income tax (expense) credit	(902,692)	(845,466)	997,099	(2,553,157)
Total comprehensive income (loss) for the period	<u>556,327</u>	<u>7,700,237</u>	<u>(17,980,879)</u>	<u>4,576,517</u>
Profit (loss) attributable to ;				
Owners of the Company	176,005	6,740,173	(17,468,707)	3,357,930
Non-controlling interests	380,322	960,064	(512,172)	1,218,587
Profit (loss) for the period	<u>556,327</u>	<u>7,700,237</u>	<u>(17,980,879)</u>	<u>4,576,517</u>
Profit (loss) per share				
Basic (sen)	0.10	3.76	(10.08)	1.87
Weighted average number of shares	173,219,859	179,271,906	173,220,805	179,712,509

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Note: The Minority shareholders have a binding obligation to absorb the loss and have the ability to make good or absorb the losses incurred as provided in the Joint Venture Agreement.

HARN LEN CORPORATION BHD (502606-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	As at 30/9/2018 RM	As at 31/12/2017 RM Restated	As at 1/1/2017 RM Restated
Assets			
Non-current assets			
Property, plant and equipment	434,430,365	426,310,620	421,749,990
Investment properties	30,496,271	43,276,932	39,353,185
Deferred tax assets	2,124,828	1,704,041	4,253,354
Goodwill on consolidation	5,794,799	5,794,799	5,794,799
Total non-current assets	<u>472,846,263</u>	<u>477,086,392</u>	<u>471,151,328</u>
Current assets			
Asset held for sale	18,480,395	-	-
Biological assets	2,087,470	1,440,393	2,818,050
Inventories	7,142,937	9,893,128	7,414,030
Trade receivables	817,819	3,560,749	4,945,661
Other receivables, deposits and prepaid expenses	38,009,645	53,826,496	8,892,193
Amount owing from affiliated companies	543,218	327,164	323,710
Tax recoverable	1,797,944	983,022	912,514
Cash and cash equivalents	10,403,406	4,914,879	3,474,684
Total current assets	<u>79,282,834</u>	<u>74,945,831</u>	<u>28,780,842</u>
Total assets	<u>552,129,097</u>	<u>552,032,223</u>	<u>499,932,170</u>
Equity and liabilities			
Capital and reserves			
Share capital	198,380,013	198,380,013	185,477,159
Reserves	100,820,958	118,291,717	129,900,289
Equity attributable to owners of the company	<u>299,200,971</u>	<u>316,671,730</u>	<u>315,377,448</u>
Non-controlling interests	(10,116,875)	(9,604,703)	(9,882,975)
Total equity	<u>289,084,096</u>	<u>307,067,027</u>	<u>305,494,473</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities	19,846,000	21,710,000	20,854,000
Retirement benefits	960,720	897,000	848,000
Loans and borrowings	70,923,562	69,749,407	66,667,198
Total non-current liabilities	<u>91,730,282</u>	<u>92,356,407</u>	<u>88,369,198</u>
Current liabilities			
Trade payables	73,441,130	73,922,580	34,999,255
Other payables and accrued expenses	39,651,370	24,437,751	24,688,173
Amount owing to affiliated companies	2,761,973	345,609	157,554
Amount owing to director	510,288	-	-
Tax liabilities	2,527	2,900	637
Loans and borrowings	54,947,431	53,899,949	46,222,880
Total current liabilities	<u>171,314,719</u>	<u>152,608,789</u>	<u>106,068,499</u>
Total liabilities	<u>263,045,001</u>	<u>244,965,196</u>	<u>194,437,697</u>
Total equity and liabilities	<u>552,129,097</u>	<u>552,032,223</u>	<u>499,932,170</u>
Net assets per share (sen)	166.89	172.30	168.06

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2018

	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Reserves RM	Retained Profit (loss) RM	Total RM	Non-controlling interests RM	Total Equity RM
At 1 January 2018, as previously reported	198,380,013	-	(9,869,075)	-	126,819,250	315,330,188	(9,703,554)	305,626,634
Effect of change in accounting policy (see Note A2)	-	-	-	-	1,341,542	1,341,542	98,851	1,440,393
At 1 January 2018, as restated	198,380,013	-	(9,869,075)	-	128,160,792	316,671,730	(9,604,703)	307,067,027
Total comprehensive loss for the period	-	-	-	-	(17,468,707)	(17,468,707)	(512,172)	(17,980,879)
Treasury shares	-	-	(2,052)	-	-	(2,052)	-	(2,052)
Balance at 30 September 2018	198,380,013	-	(9,871,127)	-	110,692,085	299,200,971	(10,116,875)	289,084,096
At 1 January 2017, as previously reported	185,477,159	6,634,854	(5,044,265)	6,268,000	119,648,220	312,983,968	(10,307,545)	302,676,423
Effect of change in accounting policy (see Note A2)	-	-	-	-	2,393,480	2,393,480	424,570	2,818,050
At 1 January 2017, as restated	185,477,159	6,634,854	(5,044,265)	6,268,000	122,041,700	315,377,448	(9,882,975)	305,494,473
Total comprehensive income for the period	-	-	-	-	3,357,930	3,357,930	1,218,587	4,576,517
Treasury shares	-	-	(3,754,530)	-	-	(3,754,530)	-	(3,754,530)
Transfer arising from "no par value" regime	12,902,854	(6,634,854)	-	(6,268,000)	-	-	-	-
Balance at 30 September 2017	198,380,013	-	(8,798,795)	-	125,399,630	314,980,848	(8,664,388)	306,316,460

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial statements.

HARN LEN CORPORATION BHD (502606-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2018

	30/9/2018 RM	30/9/2017 RM Restated
<u>Cash flows from operating activities</u>		
(Loss) profit before tax	(18,977,978)	7,129,674
Adjustments for:		
Depreciation of property, plant & equipment	16,741,203	14,919,922
Finance costs	6,775,477	4,748,295
Amortisation of investment properties	485,592	440,434
Property, plant & equipment written off	60,080	-
Interest received	(7,809)	(7,122)
Gain on fair value of biological assets	(647,077)	(1,110,703)
Oil palm seedling written off	491,988	-
Charge for retirement benefits	63,720	-
Bad debts written off	-	5,107
Gain from sale of investment	-	(700,990)
Operating profit before changes in working capital	<u>4,985,196</u>	<u>25,424,617</u>
<u>Increase (Decrease) in working capital:-</u>		
Change in inventories	2,258,203	(592,154)
Change in trade debtors and other receivables	18,559,781	(24,769,324)
Change in trade creditors and other payables	14,732,169	33,529,572
Amount owing from affiliated companies	(216,054)	-
Amount owing to affiliated companies	2,416,364	-
Amount owing to director	510,288	-
Cash generated from operations	<u>43,245,947</u>	<u>33,592,711</u>
Income tax paid	(2,102,983)	(2,610,494)
Finance expenses paid	<u>(6,775,477)</u>	<u>(4,748,295)</u>
Net cash from operating activities	<u>34,367,487</u>	<u>26,233,922</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(24,921,028)	(44,369,670)
Purchase of investment property	(6,185,326)	(276,000)
Proceed from sale of investment	-	13,600,000
Interest received	7,809	7,122
Increase in fixed deposit	<u>(7,809)</u>	<u>(7,122)</u>
Net cash used in investing activities	<u>(31,106,354)</u>	<u>(31,045,670)</u>
<u>Cash flows from financing activities</u>		
Treasury shares	(2,052)	(3,754,530)
Repayment of loans and borrowings	(4,299,838)	(744,941)
Payment of finance lease liabilities	(1,149,596)	(2,811,812)
Proceeds of loan	7,000,000	10,800,000
Net utilisation of bank overdraft	<u>671,071</u>	<u>3,391,922</u>
Net cash generated from financing activities	<u>2,219,585</u>	<u>6,880,639</u>
Net increase in cash and bank balances	5,480,718	2,068,891
Cash and bank balances at beginning of period	4,546,840	3,116,168
Cash and bank balances at end of period	<u><u>10,027,558</u></u>	<u><u>5,185,059</u></u>
Cash and cash equivalents consist of the following:		
Cash and bank balances	10,403,406	5,550,696
Less: Deposits with licensed banks	<u>(375,848)</u>	<u>(365,637)</u>
	<u><u>10,027,558</u></u>	<u><u>5,185,059</u></u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Part A2-SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	<u>30/9/2018</u> RM '000 (UNAUDITED)	<u>30/9/2017</u> RM '000 (RESTATED)	<u>30/9/2018</u> RM '000 (UNAUDITED)	<u>30/9/2017</u> RM '000 (RESTATED)
1 Revenue	52,002	104,856	133,894	224,025
2 Profit (loss) before taxation	1,459	8,546	(18,978)	7,130
3 Profit (loss) for the period	556	7,700	(17,981)	4,577
4 Profit (loss) attributable to ordinary equity holders of the parent	176	6,740	(17,469)	3,358
5 EPS-Basic (sen)	0.10	3.76	(10.08)	1.87
6 Proposed/ Declared Dividend per share (sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER	AS AT END OF PRECEDING FINANCIAL YEAR END	AS AT END OF PRECEDING FINANCIAL YEAR END
	<u>30/9/2018</u>	<u>31/12/2017</u>	<u>1/1/2017</u>
	RM (UNAUDITED)	RM (RESTATED)	RM (RESTATED)
7 Net assets per share attributable to ordinary shareholders of the parent	1.67	1.72	1.68

Part A3-ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	<u>30/9/2018</u> RM '000	<u>30/9/2017</u> RM '000	<u>30/9/2018</u> RM '000	<u>30/9/2017</u> RM '000
1 Gross interest income	3	2	8	7
2 Gross interest expenses	(3,257)	(1,801)	(6,775)	(4,748)

Note: The summary of key financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes to the interim financial statements.