

HARN LEN CORPORATION BHD (502606-H)

Financial Year End : 31 December 2018
 Quarter : Fourth Quarter

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 31/12/2018	Preceding year corresponding quarter 31/12/2017	Current year to date 31/12/2018	Preceding year corresponding period 31/12/2017
	RM	RM Restated	RM	RM Restated
Revenue	51,837,953	101,995,048	185,732,150	326,019,892
Cost of sales	(35,138,746)	(71,807,597)	(144,770,933)	(245,862,609)
Gross profit	16,699,207	30,187,451	40,961,217	80,157,283
Other income	798,854	412,353	1,306,874	13,542,062
Distribution expenses	(5,194,778)	(6,942,904)	(16,417,886)	(22,636,664)
Administrative expenses	(8,663,478)	(11,740,588)	(35,067,787)	(47,932,079)
Other expenses	(713,843)	(2,502,262)	(66,766)	(1,845,705)
Results from operating activities	2,925,962	9,414,050	(9,284,348)	21,284,897
Finance costs	(3,682,927)	(2,095,064)	(10,458,404)	(6,843,359)
Interest income	2,686	2,401	10,495	9,523
(Loss) profit before tax	(754,279)	7,321,387	(19,732,257)	14,451,061
Income tax expense	(3,751,426)	(5,500,540)	(2,754,327)	(8,053,697)
Total comprehensive (loss) income for the period	(4,505,705)	1,820,847	(22,486,584)	6,397,364
(Loss) profit attributable to ;				
Owners of the Company	(3,703,332)	2,761,161	(21,172,039)	6,119,092
Non-controlling interests	(802,373)	(940,314)	(1,314,545)	278,272
(Loss) profit for the period	(4,505,705)	1,820,847	(22,486,584)	6,397,364
(Loss) profit per share				
Basic (sen)	(2.14)	1.59	(12.22)	3.43
Weighted average number of shares	173,219,859	173,774,079	173,219,760	178,215,700

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 31 DECEMBER 2018

	As at 31/12/2018 RM	As at 31/12/2017 RM Restated	As at 1/1/2017 RM Restated
Assets			
Non-current assets			
Property, plant and equipment	441,248,978	426,310,620	421,749,990
Investment properties	55,980,203	43,276,932	39,353,185
Deferred tax assets	-	1,704,041	4,253,354
Intangible assets	14,687,295	-	-
Goodwill on consolidation	7,421,620	5,794,799	5,794,799
Total non-current assets	<u>519,338,096</u>	<u>477,086,392</u>	<u>471,151,328</u>
Current assets			
Asset held for sale	18,430,400	-	-
Biological assets	1,373,627	1,440,393	2,818,050
Inventories	4,885,288	9,893,128	7,414,030
Trade receivables	1,196,846	3,560,749	4,945,661
Other receivables, deposits and prepaid expenses	18,445,584	53,826,496	8,892,193
Amount owing from affiliated companies	1,724,042	327,164	323,710
Tax recoverable	590,537	983,022	912,514
Cash and cash equivalents	1,435,981	4,914,879	3,474,684
Total current assets	<u>48,082,305</u>	<u>74,945,831</u>	<u>28,780,842</u>
Total assets	<u><u>567,420,401</u></u>	<u><u>552,032,223</u></u>	<u><u>499,932,170</u></u>
Equity and liabilities			
Capital and reserves			
Share capital	198,380,013.00	198,380,013	185,477,159
Reserves	97,117,626.00	118,291,717	129,900,289
Equity attributable to owners of the company	<u>295,497,639.00</u>	<u>316,671,730</u>	<u>315,377,448</u>
Non-controlling interests	(10,919,248.00)	(9,604,703)	(9,882,975)
Total equity	<u>284,578,391.00</u>	<u>307,067,027</u>	<u>305,494,473</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities	20,981,446	21,710,000	20,854,000
Retirement benefits	-	897,000	848,000
Loans and borrowings	82,794,004	69,749,407	66,667,198
Total non-current liabilities	<u>103,775,450</u>	<u>92,356,407</u>	<u>88,369,198</u>
Current liabilities			
Trade payables	69,225,967	73,922,580	34,999,255
Other payables and accrued expenses	35,536,141	24,437,751	24,688,173
Amount owing to affiliated companies	16,789,051	345,609	157,554
Amount owing to director	510,288	-	-
Tax liabilities	385,763	2,900	637
Loans and borrowings	56,619,350	53,899,949	46,222,880
Total current liabilities	<u>179,066,560</u>	<u>152,608,789</u>	<u>106,068,499</u>
Total liabilities	<u>282,842,010</u>	<u>244,965,196</u>	<u>194,437,697</u>
Total equity and liabilities	<u><u>567,420,401</u></u>	<u><u>552,032,223</u></u>	<u><u>499,932,170</u></u>
Net assets per share (sen)	164.29	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 31 DECEMBER 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	-	-	-	-	(21,172,039)	(21,172,039)	(1,314,545)	(22,486,584)
Treasury shares	-	-	(2,052)	-	-	(2,052)	-	(2,052)
Balance at 31 December 2018	198,380,013	-	(9,871,127)	-	106,988,753	295,497,639	(10,919,248)	284,578,391
At 1 January 2017, as previously reported	185,477,159	6,634,854	(5,044,265)	6,268,000	119,648,220	312,983,988	(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	-	-	-	-	6,119,092	6,119,092	278,272	6,397,364
Treasury shares	-	-	(4,824,810)	-	-	(4,824,810)	-	(4,824,810)
Transfer arising from "no par value" regime	12,902,854	(6,634,854)	-	(6,268,000)	-	-	-	-
Balance at 31 December 2017	198,380,013	-	(9,869,075)	-	128,160,792	316,671,730	(9,604,703)	307,067,027

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 31 DECEMBER 2018

	31/12/2018 RM	31/12/2017 RM Restated
<u>Cash flows from operating activities</u>		
(Loss) profit before tax	(19,732,257)	14,451,061
Adjustments for:		
Depreciation of property, plant & equipment	22,398,734	20,378,249
Finance costs	10,458,404	6,843,359
Amortisation of investment properties	642,179	475,035
Property, plant & equipment written off	60,080	147,000
Impairment of property, plant & equipment	471,570	-
Interest received	(10,495)	(9,523)
Gain on fair value of biological assets	66,766	1,377,657
Oil palm seedling written off	921,612	-
Charge for retirement benefits	(960,720)	49,000
Charge for severance pay	1,500,000	-
Bad debts written off	-	(20,656)
Loss from sale of investment property	9,476	-
Gain from sale of investment	-	(6,917,790)
Operating profit before changes in working capital	<u>15,825,349</u>	<u>36,773,392</u>
<u>Increase (Decrease) in working capital:-</u>		
Change in inventories	4,086,229	(2,479,098)
Change in trade debtors and other receivables	37,754,815	(43,508,711)
Change in trade creditors and other payables	4,965,497	39,442,015
Amount owing from affiliated companies	(1,396,878)	-
Amount owing to affiliated companies	2,490,512	-
Amount owing to director	510,288	-
Cash generated from operations	<u>64,235,812</u>	<u>30,227,598</u>
Income tax paid	(2,121,938)	(4,717,692)
Finance expenses paid	(10,458,404)	(6,843,359)
Net cash from operating activities	<u>51,655,470</u>	<u>18,666,547</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(40,298,744)	(33,039,031)
Purchase of investment property	(3,755,326)	(18,995,379)
Purchase of intangible assets	(734,365)	-
Proceed from sale of investment	-	30,116,800
Proceed from sale of investment property	2,400,000	-
Investment in subsidiary	(14,700,000)	-
Interest received	10,495	9,523
Increase in fixed deposit	(10,495)	(9,523)
Net cash used in investing activities	<u>(57,088,435)</u>	<u>(21,917,610)</u>
<u>Cash flows from financing activities</u>		
Treasury shares	(2,052)	(4,824,810)
Repayment of loans and borrowings	(3,851,650)	(1,684,535)
Payment of finance lease liabilities	(1,726,360)	(3,678,654)
Proceeds of loan	7,000,000	10,800,000
Net utilisation of bank overdraft	523,634	4,069,735
Net cash generated from financing activities	<u>1,943,572</u>	<u>4,681,736</u>
Net (decrease) increase in cash and bank balances	(3,489,393)	1,430,673
Cash and bank balances at beginning of period	4,546,841	3,116,168
Cash and bank balances at end of period	<u><u>1,057,448</u></u>	<u><u>4,546,841</u></u>
Cash and cash equivalents consist of the following:		
Cash and bank balances	1,435,981	4,914,879
Less: Deposits with licensed banks	(378,533)	(368,038)
	<u><u>1,057,448</u></u>	<u><u>4,546,841</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 <u>31/12/2018</u> RM '000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING QUARTER <u>31/12/2017</u> RM '000 (RESTATED)	CURRENT YEAR TO DATE <u>31/12/2018</u> RM '000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING PERIOD <u>31/12/2017</u> RM '000 (RESTATED)
1 Revenue	51,838	101,995	185,732	326,020
2 Profit (loss) before taxation	(754)	7,321	(19,732)	14,451
3 Profit (loss) for the period	(4,506)	1,821	(22,487)	6,397
4 Profit (loss) attributable to ordinary equity holders of the parent	(3,703)	2,761	(21,172)	6,119
5 EPS-Basic (sen)	(2.14)	1.59	(12.22)	3.43
6 Proposed/ Declared Dividend per share (sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER 31/12/2018 RM (UNAUDITED)	AS AT END OF PRECEDING FINANCIAL YEAR END 31/12/2017 RM (RESTATED)	AS AT END OF PRECEDING FINANCIAL YEAR END 1/1/2017 RM (RESTATED)
7 Net assets per share attributable to ordinary shareholders of the parent	1.64	1.72	1.68

Part A3-ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER <u>31/12/2018</u> RM '000	PRECEDING YEAR CORRESPONDING QUARTER <u>31/12/2017</u> RM '000	CURRENT YEAR TO DATE <u>31/12/2018</u> RM '000	PRECEDING YEAR CORRESPONDING PERIOD <u>31/12/2017</u> RM '000
1 Gross interest income	3	2	10	10
2 Gross interest expenses	(3,683)	(2,095)	(10,458)	(6,843)

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.