

**HARN LEN CORPORATION BHD (502606-H)**

Financial Year End : 31 December 2019  
 Quarter : Second Quarter

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 30/6/2019	Preceding year corresponding quarter 30/6/2018	Current year to date 30/6/2019	Preceding year corresponding period 30/6/2018
	RM	RM	RM	RM
<b>Revenue</b>	17,848,682	35,361,555	43,614,543	81,891,736
Cost of sales	(16,459,068)	(32,996,411)	(37,283,716)	(75,008,639)
<b>Gross profit</b>	1,389,614	2,365,144	6,330,827	6,883,097
Other income	125,754	81,678	748,155	632,677
Distribution expenses	(1,941,116)	(2,613,751)	(4,750,746)	(6,354,936)
Administrative expenses	(8,360,410)	(9,237,448)	(17,266,678)	(18,084,549)
Other expenses	(460,646)	(98,805)	(823,300)	-
<b>Results from operating activities</b>	(9,246,804)	(9,503,182)	(15,761,742)	(16,923,711)
Finance costs	(2,765,199)	(1,830,326)	(5,580,241)	(3,518,401)
Interest income	2,687	2,672	5,365	5,115
Loss before tax	(12,009,316)	(11,330,836)	(21,336,618)	(20,436,997)
Income tax credit	110,560	626,718	234,881	1,899,791
<b>Total comprehensive loss for the period</b>	<u>(11,898,756)</u>	<u>(10,704,118)</u>	<u>(21,101,737)</u>	<u>(18,537,206)</u>
<b>Loss attributable to ;</b>				
Owners of the Company	(11,283,696)	(10,303,322)	(19,929,390)	(17,644,712)
Non-controlling interests	(615,060)	(400,796)	(1,172,347)	(892,494)
Loss for the period	<u>(11,898,756)</u>	<u>(10,704,118)</u>	<u>(21,101,737)</u>	<u>(18,537,206)</u>
<b>Loss per share</b>				
Basic (sen)	(6.51)	(5.95)	(11.51)	(10.19)
Weighted average number of shares	173,219,859	173,219,928	173,219,859	173,221,286

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 2018 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 JUNE 2019

	<u>As at 30/6/2019</u>	<u>As at 31/12/2018</u>
	RM	RM
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	411,044,590	441,248,978
Investment properties	57,402,027	57,607,024
Right-of-use assets	54,546,199	-
Prepaid lease payment	-	14,687,295
Goodwill on consolidation	5,794,799	5,794,799
<b>Total non-current assets</b>	<u>528,787,615</u>	<u>519,338,096</u>
<b>Current assets</b>		
Biological assets	1,209,929	1,373,627
Inventories	5,140,282	4,885,288
Trade receivables	787,059	1,192,846
Other receivables, deposits and prepaid expenses	17,517,615	18,449,584
Amount owing from affiliated companies	2,811,110	1,724,042
Tax recoverable	14,518	590,537
Cash and cash balances	911,748	1,435,981
Assets classified as held for sale	-	18,430,400
<b>Total current assets</b>	<u>28,392,261</u>	<u>48,082,305</u>
<b>Total assets</b>	<u><u>557,179,876</u></u>	<u><u>567,420,401</u></u>
<b><u>Equity and liabilities</u></b>		
<b>Capital and reserves</b>		
Share capital	198,380,013	198,380,013
Reserves	77,188,236	97,117,626
<b>Equity attributable to owners of the company</b>	<u>275,568,249</u>	<u>295,497,639</u>
Non-controlling interests	(12,091,595)	(10,919,248)
<b>Total equity</b>	<u>263,476,654</u>	<u>284,578,391</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	20,399,446	20,981,446
Loans and borrowings	51,448,316	82,794,004
Lease liabilities	38,480,593	-
<b>Total non-current liabilities</b>	<u>110,328,355</u>	<u>103,775,450</u>
<b>Current liabilities</b>		
Trade payables	67,311,078	68,257,315
Other payables and accrued expenses	38,080,194	36,504,793
Amount owing to affiliated companies	5,035,397	16,789,051
Amount owing to director	800,288	510,288
Tax liabilities	1,235,036	385,763
Loans and borrowings	53,802,214	56,619,350
Lease liabilities	17,110,660	-
<b>Total current liabilities</b>	<u>183,374,867</u>	<u>179,066,560</u>
<b>Total liabilities</b>	<u>293,703,222</u>	<u>282,842,010</u>
<b>Total equity and liabilities</b>	<u><u>557,179,876</u></u>	<u><u>567,420,401</u></u>
Net assets per share (sen)	152.11	164.29

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 JUNE 2019

	<u>Share Capital</u> RM	<u>Treasury Shares</u> RM	<u>Retained Profit (loss)</u> RM	<u>Total</u> RM	<u>Non-controlling interests</u> RM	<u>Total Equity</u> RM
<b>At 1 January 2019</b>	198,380,013	(9,871,127)	106,988,753	295,497,639	(10,919,248)	284,578,391
Total comprehensive loss for the period	-	-	(19,929,390)	(19,929,390)	(1,172,347)	(21,101,737)
Treasury shares	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>198,380,013</b>	<b>(9,871,127)</b>	<b>87,059,363</b>	<b>275,568,249</b>	<b>(12,091,595)</b>	<b>263,476,654</b>
<b>At 1 January 2018, as previously reported</b>	198,380,013	(9,869,075)	126,819,250	315,330,188	(9,703,554)	305,626,634
Effect of change in accounting policy	-	-	1,341,542	1,341,542	98,851	1,440,393
<b>At 1 January 2018, as restated</b>	198,380,013	(9,869,075)	128,160,792	316,671,730	(9,604,703)	307,067,027
Total comprehensive loss for the period	-	-	(17,644,712)	(17,644,712)	(892,494)	(18,537,206)
Treasury shares	-	(2,052)	-	(2,052)	-	(2,052)
<b>Balance at 30 June 2018</b>	<b>198,380,013</b>	<b>(9,871,127)</b>	<b>110,516,080</b>	<b>299,024,966</b>	<b>(10,497,197)</b>	<b>288,527,769</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 JUNE 2019

	<u>30/6/2019</u> RM	<u>30/6/2018</u> RM
<b><u>Cash flows from operating activities</u></b>		
Loss before tax	(21,336,618)	(20,436,997)
<u>Adjustments for:</u>		
Depreciation and amortisation	11,525,817	11,403,145
Finance costs	5,580,241	3,518,401
Property, plant & equipment written off	-	60,080
Interest received	(5,365)	(5,115)
Loss (Gain) on fair value of biological assets	163,698	(321,896)
Inventory written off	27,501	-
Gain from sale of asset classified as held for sale	(569,600)	-
Operating loss before changes in working capital	<u>(4,614,326)</u>	<u>(5,782,382)</u>
<b><u>Increase (Decrease) in working capital:-</u></b>		
Change in inventories	(282,495)	3,781,798
Change in trade debtors and other receivables	1,337,756	20,264,680
Change in trade creditors and other payables	629,164	(2,515,015)
Amount owing from affiliated companies	(1,087,068)	(142,541)
Amount owing to affiliated companies	2,199,276	2,370,792
<b>Cash (used in) generated from operations</b>	<u>(1,817,693)</u>	<u>17,977,332</u>
Income tax paid	(132,019)	(2,082,399)
Income tax refunded	1,210,192	-
Finance expenses paid	(4,300,908)	(3,518,401)
<b>Net cash (used in) from operating activities</b>	<u>(5,040,428)</u>	<u>12,376,532</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(4,063,880)	(14,893,098)
Purchase of investment property	-	(6,185,326)
Proceed from sale of asset classified as held for sale	19,000,000	-
Interest received	5,365	5,115
Increase in fixed deposit	(5,365)	(5,115)
<b>Net cash from (used in) investing activities</b>	<u>14,936,120</u>	<u>(21,078,424)</u>
<b><u>Cash flows from financing activities</u></b>		
Treasury shares	-	(2,052)
Repayment of loans and borrowings	(13,434,414)	(2,762,551)
Payment of finance lease liabilities	-	(268,928)
Payment of lease liabilities	(664,149)	-
Proceeds of loan	4,135,000	7,000,000
Amount owing to director	290,000	510,288
Net utilisation of bank overdraft	(751,727)	1,599,555
<b>Net cash (used in) from financing activities</b>	<u>(10,425,290)</u>	<u>6,076,312</u>
Net decrease in cash and bank balances	(529,598)	(2,625,580)
Cash and bank balances at beginning of period	1,057,446	4,546,840
Cash and bank balances at end of period	<u><u>527,848</u></u>	<u><u>1,921,260</u></u>
Cash and cash equivalents consist of the following:		
Cash and bank balances	911,748	2,294,414
Less: Deposits with licensed banks	(383,900)	(373,154)
	<u><u>527,848</u></u>	<u><u>1,921,260</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 2018 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>30/6/2019</u>	<u>30/6/2018</u>	<u>30/6/2019</u>	<u>30/6/2018</u>
	RM '000	RM '000	RM '000	RM '000
	(UNAUDITED)		(UNAUDITED)	
1 Revenue	17,849	35,362	43,615	81,892
2 Profit (loss) before taxation	(12,009)	(11,331)	(21,337)	(20,437)
3 Profit (loss) for the period	(11,899)	(10,704)	(21,102)	(18,537)
4 Profit (loss) attributable to ordinary equity holders of the parent	(11,284)	(10,303)	(19,929)	(17,645)
5 EPS-Basic (sen)	(6.51)	(5.95)	(11.51)	(10.19)
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>30/6/2019</u>	<u>31/12/2018</u>	<u>1/1/2018</u>
	RM	RM	RM
	(UNAUDITED)		
7 Net assets per share attributable to ordinary shareholders of the parent	1.52	1.64	1.72

Part A3-ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	<u>30/6/2019</u>	<u>30/6/2018</u>	<u>30/6/2019</u>	<u>30/6/2018</u>
	RM '000	RM '000	RM '000	RM '000
1 Gross interest income	3	3	5	5
2 Gross interest expenses	(2,765)	(1,830)	(5,580)	(3,518)

Note: The summary of key financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying notes to the interim financial statements.