

HARN LEN CORPORATION BHD (502606-H)

Financial Year End : 31 December 2019
 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 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter	Preceding year	Current year	Preceding year
	30/9/2019	corresponding quarter 30/9/2018	to date 30/9/2019	corresponding period 30/9/2018
	RM	RM	RM	RM
Revenue	30,227,527	52,002,461	73,842,070	133,894,197
Cost of sales	(20,855,425)	(34,623,548)	(58,139,141)	(109,632,187)
Gross profit	9,372,102	17,378,913	15,702,929	24,262,010
Other income	214,964	522,420	963,119	1,155,097
Distribution expenses	(3,300,587)	(4,868,172)	(8,051,333)	(11,223,108)
Administrative expenses	(8,166,437)	(8,319,760)	(25,433,115)	(26,404,309)
Other expenses	(1,514,192)	-	(2,337,492)	-
Results from operating activities	(3,394,150)	4,713,401	(19,155,892)	(12,210,310)
Finance costs	(3,412,213)	(3,257,076)	(8,992,454)	(6,775,477)
Interest income	2,563	2,694	7,928	7,809
(Loss) profit before tax	(6,803,800)	1,459,019	(28,140,418)	(18,977,978)
Income tax (expense) credit	(782,955)	(902,692)	(548,074)	997,099
Total comprehensive (loss) income for the period	(7,586,755)	556,327	(28,688,492)	(17,980,879)
(Loss) profit attributable to ;				
Owners of the Company	(6,981,915)	176,005	(26,911,305)	(17,468,707)
Non-controlling interests	(604,840)	380,322	(1,777,187)	(512,172)
(Loss) profit for the period	(7,586,755)	556,327	(28,688,492)	(17,980,879)
(Loss) profit per share				
Basic (sen)	(4.03)	0.10	(15.54)	(10.08)
Weighted average number of shares	173,219,859	173,219,859	173,219,859	173,220,805

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 SEPTEMBER 2019

	<u>As at 30/9/2019</u>	<u>As at 31/12/2018</u>
	RM	RM
Assets		
Non-current assets		
Property, plant and equipment	406,515,678	441,248,978
Investment properties	57,299,529	57,607,024
Right-of-use assets	53,942,591	-
Prepaid lease payment	-	14,687,295
Goodwill on consolidation	5,794,799	5,794,799
Total non-current assets	<u>523,552,597</u>	<u>519,338,096</u>
Current assets		
Biological assets	1,563,173	1,373,627
Inventories	7,121,617	4,885,288
Trade receivables	4,463,078	1,192,846
Other receivables, deposits and prepaid expenses	18,023,491	18,449,584
Amount owing from affiliated companies	3,973,910	1,724,042
Tax recoverable	2,170	590,537
Cash and cash balances	1,232,691	1,435,981
Assets classified as held for sale	-	18,430,400
Total current assets	<u>36,380,130</u>	<u>48,082,305</u>
Total assets	<u>559,932,727</u>	<u>567,420,401</u>
Equity and liabilities		
Capital and reserves		
Share capital	198,380,013	198,380,013
Reserves	70,206,321	97,117,626
Equity attributable to owners of the company	<u>268,586,334</u>	<u>295,497,639</u>
Non-controlling interests	(12,696,435)	(10,919,248)
Total equity	<u>255,889,899</u>	<u>284,578,391</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	20,189,446	20,981,446
Loans and borrowings	47,415,569	82,794,004
Lease liabilities	38,506,794	-
Total non-current liabilities	<u>106,111,809</u>	<u>103,775,450</u>
Current liabilities		
Trade payables	69,930,021	68,257,315
Other payables and accrued expenses	50,941,282	36,504,793
Amount owing to affiliated companies	4,579,186	16,789,051
Amount owing to a director	1,000,288	510,288
Tax liabilities	2,211,643	385,763
Loans and borrowings	51,626,329	56,619,350
Lease liabilities	17,642,270	-
Total current liabilities	<u>197,931,019</u>	<u>179,066,560</u>
Total liabilities	<u>304,042,828</u>	<u>282,842,010</u>
Total equity and liabilities	<u>559,932,727</u>	<u>567,420,401</u>
Net assets per share (sen)	147.73	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 SEPTEMBER 2019

	<u>Share Capital RM</u>	<u>Treasury Shares RM</u>	<u>Retained Profit (loss) RM</u>	<u>Total RM</u>	<u>Non-controlling interests RM</u>	<u>Total Equity RM</u>
At 1 January 2019	198,380,013	(9,871,127)	106,988,753	295,497,639	(10,919,248)	284,578,391
Total comprehensive loss for the period	-	-	(26,911,305)	(26,911,305)	(1,777,187)	(28,688,492)
Treasury shares	-	-	-	-	-	-
Balance at 30 September 2019	<u>198,380,013</u>	<u>(9,871,127)</u>	<u>80,077,448</u>	<u>268,586,334</u>	<u>(12,696,435)</u>	<u>255,889,899</u>
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	-	-	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	<u>198,380,013</u>	<u>(9,871,127)</u>	<u>110,692,085</u>	<u>299,200,971</u>	<u>(10,116,875)</u>	<u>289,084,096</u>

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 SEPTEMBER 2019

	30/9/2019 RM	30/9/2018 RM
<u>Cash flows from operating activities</u>		
Loss before tax	(28,140,418)	(18,977,978)
<u>Adjustments for:</u>		
Depreciation and amortisation	16,606,654	17,226,795
Finance costs	8,992,454	6,775,477
Property, plant & equipment written off	-	60,080
Impairment of property, plant & equipment	1,021,222	-
Interest received	(7,928)	(7,809)
Gain on fair value of biological assets	(189,546)	(647,077)
Inventory written off	27,501	491,988
Charge for retirement benefits	-	63,720
Gain from sale of property, plant & equipment	(14,000)	-
Gain from sale of asset classified as held for sale	(569,600)	-
Operating (loss) profit before changes in working capital	<u>(2,273,661)</u>	<u>4,985,196</u>
<u>Increase (Decrease) in working capital:-</u>		
Change in inventories	(2,263,830)	2,258,203
Change in trade debtors and other receivables	(2,844,139)	18,559,781
Change in trade creditors and other payables	15,848,722	14,732,169
Amount owing from affiliated companies	(2,249,868)	(216,054)
Amount owing to affiliated companies	<u>1,743,065</u>	<u>2,416,364</u>
Cash generated from operations	<u>7,960,289</u>	<u>42,735,659</u>
Income tax paid	(136,018)	(2,102,983)
Income tax refunded	1,210,191	-
Finance expenses paid	<u>(6,961,017)</u>	<u>(6,775,477)</u>
Net cash from operating activities	<u>2,073,445</u>	<u>33,857,199</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(4,153,376)	(24,921,028)
Purchase of right-of-use assets	(203,508)	-
Purchase of investment property	-	(6,185,326)
Proceed from sale of asset classified as held for sale	19,000,000	-
Proceed from sale of property, plant & equipment	14,000	-
Interest received	7,928	7,809
Increase in fixed deposit	<u>(7,928)</u>	<u>(7,809)</u>
Net cash from (used in) investing activities	<u>14,657,116</u>	<u>(31,106,354)</u>
<u>Cash flows from financing activities</u>		
Treasury shares	-	(2,052)
Repayment of loans and borrowings	(16,290,000)	(4,299,838)
Payment of finance lease liabilities	-	(1,149,596)
Payment of lease liabilities	(1,172,006)	-
Proceeds from loan	4,135,000	7,000,000
Amount owing to a director	490,000	510,288
Net utilisation of bank overdraft	<u>(4,104,773)</u>	<u>671,071</u>
Net cash (used in) from financing activities	<u>(16,941,779)</u>	<u>2,729,873</u>
Net (decrease) increase in cash and bank balances	(211,218)	5,480,718
Cash and bank balances at beginning of period	1,057,446	4,546,840
Cash and bank balances at end of period	<u>846,228</u>	<u>10,027,558</u>
Cash and cash equivalents consist of the following:		
Cash and bank balances	1,232,691	10,403,406
Less: Deposits with licensed banks	<u>(386,463)</u>	<u>(375,848)</u>
	<u>846,228</u>	<u>10,027,558</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>30/9/2019</u> RM '000 (UNAUDITED)	<u>30/9/2018</u> RM '000	<u>30/9/2019</u> RM '000 (UNAUDITED)	<u>30/9/2018</u> RM '000
1 Revenue	30,228	52,002	73,842	133,894
2 Profit (loss) before taxation	(6,804)	1,459	(28,140)	(18,978)
3 Profit (loss) for the period	(7,587)	556	(28,688)	(17,981)
4 Profit (loss) attributable to ordinary equity holders of the parent	(6,982)	176	(26,911)	(17,469)
5 EPS-Basic (sen)	(4.03)	0.10	(15.54)	(10.08)
6 Proposed/ Declared Dividend per share (sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER <u>30/9/2019</u> RM (UNAUDITED)	AS AT END OF PRECEDING FINANCIAL YEAR END 31/12/2018 RM (AUDITED)
7 Net assets per share attributable to ordinary shareholders of the parent	1.48	1.64

Part A3-ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	<u>30/9/2019</u> RM '000	<u>30/9/2018</u> RM '000	<u>30/9/2019</u> RM '000	<u>30/9/2018</u> RM '000
1 Gross interest income	3	3	8	8
2 Gross interest expenses	(3,412)	(3,257)	(8,992)	(6,775)

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.