

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

Financial Year End : 31 December 2019  
 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 2019**

|  | INDIVIDUAL QUARTER |   | CUMULATIVE QUARTER      |  |
|--|--------------------|---|-------------------------|--|
|  | Current quarter    | Preceding year<br>corresponding quarter | Current year<br>to date | Preceding year<br>corresponding period |
|  | 31/12/2019         | 31/12/2018                              | 31/12/2019              | 31/12/2018                             |
|  | RM                 | RM                                      | RM                      | RM                                     |
| Revenue  | 43,059,025         | 51,837,953                              | 116,901,095             | 185,732,150                            |
| Cost of sales                                  | (32,429,989)       | (35,138,746)                            | (91,885,400)            | (144,770,933)                          |
| <b>Gross profit</b>                            | <b>10,629,036</b>  | <b>16,699,207</b>                       | <b>25,015,695</b>       | <b>40,961,217</b>                      |
| Other income                                   | 204,240            | 798,854                                 | 1,167,359               | 1,306,874                              |
| Distribution expenses                          | (3,859,091)        | (5,194,778)                             | (11,910,424)            | (16,417,886)                           |
| Administrative expenses                        | (8,507,143)        | (8,663,478)                             | (33,940,258)            | (35,067,787)                           |
| Other expenses                                 | 36,540             | (713,843)                               | (984,682)               | (66,766)                               |
| <b>Results from operating activities</b>       | <b>(1,496,418)</b> | <b>2,925,962</b>                        | <b>(20,652,310)</b>     | <b>(9,284,348)</b>                     |
| Finance costs                                  | (1,009,677)        | (3,682,927)                             | (10,002,131)            | (10,458,404)                           |
| Interest income                                | 2,554              | 2,686                                   | 10,482                  | 10,495                                 |
| Loss before tax                                | (2,503,541)        | (754,279)                               | (30,643,959)            | (19,732,257)                           |
| Income tax expense                             | (606,940)          | (3,751,426)                             | (1,155,014)             | (2,754,327)                            |
| <b>Total comprehensive loss for the period</b> | <b>(3,110,481)</b> | <b>(4,505,705)</b>                      | <b>(31,798,973)</b>     | <b>(22,486,584)</b>                    |
| <b>Loss attributable to ;</b>                  |                    |   |                         |  |
| Owners of the Company                          | (3,143,653)        | (3,703,332)                             | (30,054,958)            | (21,172,039)                           |
| Non-controlling interests                      | 33,172             | (802,373)                               | (1,744,015)             | (1,314,545)                            |
| Loss for the period                            | (3,110,481)        | (4,505,705)                             | (31,798,973)            | (22,486,584)                           |
| <b>Loss per share</b>                          |                    |   |                         |  |
| Basic (sen)                                    | (1.81)             | (2.14)                                  | (17.35)                 | (12.22)                                |
| Weighted average number of shares              | 173,219,859        | 173,219,859                             | 173,219,859             | 173,220,567                            |

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 31 DECEMBER 2019

|   | As at 31/12/2019<br>RM    | As at 31/12/2018<br>RM    |
|---|---------------------------|---------------------------|
| <b>Assets</b>                                       |                           |                           |
| <b>Non-current assets</b>                           |                           |                           |
| Property, plant and equipment                       | 354,497,289               | 441,248,978               |
| Investment properties                               | 57,197,028                | 57,607,024                |
| Right-of-use assets                                 | 20,586,233                | -                         |
| Prepaid lease payment                               | -                         | 14,687,295                |
| Prepayment  | 14,169,769                | -                         |
| Goodwill on consolidation                           | 5,794,799                 | 5,794,799                 |
| <b>Total non-current assets</b>                     | <u>452,245,118</u>        | <u>519,338,096</u>        |
| <b>Current assets</b>                               |                           |                           |
| Biological assets                                   | 2,163,902                 | 1,373,627                 |
| Inventories   | 5,195,286                 | 4,885,288                 |
| Trade receivables                                   | 8,973,435                 | 1,192,846                 |
| Other receivables, deposits and prepaid expenses    | 17,473,724                | 18,449,584                |
| Amount owing from affiliated companies              | 2,188,739                 | 1,724,042                 |
| Tax recoverable                                     | 1,057                     | 590,537                   |
| Cash and cash balances                              | 1,621,489                 | 1,435,981                 |
| Assets classified as held for sale                  | 50,982,388                | 18,430,400                |
| <b>Total current assets</b>                         | <u>88,600,020</u>         | <u>48,082,305</u>         |
| <b>Total assets</b>                                 | <u><u>540,845,138</u></u> | <u><u>567,420,401</u></u> |
| <b>Equity and liabilities</b>                       |                           |                           |
| <b>Capital and reserves</b>                         |                           |                           |
| Share capital                                       | 198,380,013               | 198,380,013               |
| Reserves  | 67,062,668                | 97,117,626                |
| <b>Equity attributable to owners of the company</b> | <u>265,442,681</u>        | <u>295,497,639</u>        |
| Non-controlling interests                           | (12,663,263)              | (10,919,248)              |
| <b>Total equity</b>                                 | <u>252,779,418</u>        | <u>284,578,391</u>        |
| <b>Liabilities</b>                                  |                           |                           |
| <b>Non-current liabilities</b>                      |                           |                           |
| Deferred tax liabilities                            | 19,957,446                | 20,981,446                |
| Loans and borrowings                                | 46,103,590                | 82,794,004                |
| Lease liabilities                                   | 21,859,924                | -                         |
| <b>Total non-current liabilities</b>                | <u>87,920,960</u>         | <u>103,775,450</u>        |
| <b>Current liabilities</b>                          |                           |                           |
| Trade payables                                      | 74,827,103                | 68,257,315                |
| Other payables and accrued expenses                 | 54,945,407                | 36,504,793                |
| Amount owing to affiliated companies                | 15,543,093                | 16,789,051                |
| Amount owing to a director                          | 960,288                   | 510,288                   |
| Tax liabilities                                     | 2,831,675                 | 385,763                   |
| Loans and borrowings                                | 51,037,194                | 56,619,350                |
| <b>Total current liabilities</b>                    | <u>200,144,760</u>        | <u>179,066,560</u>        |
| <b>Total liabilities</b>                            | <u>288,065,720</u>        | <u>282,842,010</u>        |
| <b>Total equity and liabilities</b>                 | <u><u>540,845,138</u></u> | <u><u>567,420,401</u></u> |
| Net assets per share (sen)                          | 145.93                    | 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 31 DECEMBER 2019**

|  | <u>Share<br/>Capital<br/>RM</u> | <u>Treasury<br/>Shares<br/>RM</u> | <u>Retained<br/>Profit (loss)<br/>RM</u> | <u>Total<br/>RM</u> | <u>Non-controlling<br/>interests<br/>RM</u> | <u>Total<br/>Equity<br/>RM</u> |
|--|---------------------------------|-----------------------------------|--|---------------------|---|--------------------------------|
| <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<br>for the period           | -                               | -                                 | (30,054,958)                             | (30,054,958)        | (1,744,015)                                 | (31,798,973)                   |
| Treasury shares                                      | -                               | -                                 | -  | -                   | -   | -                              |
| <b>Balance at 31 December 2019</b>                   | <b>198,380,013</b>              | <b>(9,871,127)</b>                | <b>76,933,795</b>                        | <b>265,442,681</b>  | <b>(12,663,263)</b>                         | <b>252,779,418</b>             |
| <b>At 1 January 2018, as<br/>previously reported</b> | <b>198,380,013</b>              | <b>(9,869,075)</b>                | <b>126,819,250</b>                       | <b>315,330,188</b>  | <b>(9,703,554)</b>                          | <b>305,626,634</b>             |
| Effect of change in accounting policy                | -                               | -                                 | 1,341,542                                | 1,341,542           | 98,851                                      | 1,440,393                      |
| <b>At 1 January 2018, as<br/>restated</b>            | <b>198,380,013</b>              | <b>(9,869,075)</b>                | <b>128,160,792</b>                       | <b>316,671,730</b>  | <b>(9,604,703)</b>                          | <b>307,067,027</b>             |
| Total comprehensive loss<br>for the period           | -                               | -                                 | (21,172,039)                             | (21,172,039)        | (1,314,545)                                 | (22,486,584)                   |
| Treasury shares                                      | -                               | (2,052)                           | -  | (2,052)             | -   | (2,052)                        |
| <b>Balance at 31 December 2018</b>                   | <b>198,380,013</b>              | <b>(9,871,127)</b>                | <b>106,988,753</b>                       | <b>295,497,639</b>  | <b>(10,919,248)</b>                         | <b>284,578,391</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 31 DECEMBER 2019

|  | 31/12/2019<br>RM    | 31/12/2018<br>RM    |
|--|---------------------|---------------------|
| <b><u>Cash flows from operating activities</u></b>         |                     |                     |
| Loss before tax  | (30,643,959)        | (19,732,257)        |
| <b><u>Adjustments for:</u></b>                             |                     |                     |
| Depreciation and amortisation                              | 20,752,318          | 23,040,913          |
| Finance costs  | 10,002,131          | 10,458,404          |
| Property, plant & equipment written off                    | -                   | 60,080              |
| Impairment of property, plant & equipment                  | 984,682             | 471,570             |
| Impairment of inventory                                    | 309,865             | -                   |
| Interest received  | (10,482)            | (10,495)            |
| Gain on fair value of biological assets                    | (790,275)           | 66,766              |
| Inventory written off                                      | -                   | 921,612             |
| Charge for retirement benefits                             | -                   | (960,720)           |
| Charge for severance pay                                   | 1,675,000           | 1,500,000           |
| Allowance for doubtful debts                               | 131,764             | -                   |
| Reversal of allowance for doubtful debts                   | (3,494)             | -                   |
| Loss from sale of investment property                      | -                   | 9,476               |
| Gain from sale of property, plant & equipment              | (17,848)            | -                   |
| Gain from sale of asset classified as held for sale        | (569,600)           | -                   |
| Operating profit before changes in working capital         | <u>1,820,102</u>    | <u>15,825,349</u>   |
| <b><u>Increase (Decrease) in working capital:-</u></b>     |                     |                     |
| Change in inventories                                      | (619,863)           | 4,086,229           |
| Change in trade debtors and other receivables              | (6,801,235)         | 37,754,815          |
| Change in trade creditors and other payables               | 23,327,751          | 4,965,497           |
| Amount owing from affiliated companies                     | -                   | (1,396,878)         |
| Amount owing to affiliated companies                       | (1,324,893)         | 2,490,512           |
| Cash generated from operations                             | <u>16,401,862</u>   | <u>63,725,524</u>   |
| Income tax paid  | (419,963)           | (2,121,938)         |
| Income tax refunded  | 1,276,341           | -                   |
| Finance expenses paid                                      | (10,031,975)        | (10,458,404)        |
| Net cash from operating activities                         | <u>7,226,265</u>    | <u>51,145,182</u>   |
| <b><u>Cash flows from investing activities</u></b>         |                     |                     |
| Purchase of property, plant and equipment                  | (5,560,087)         | (40,298,744)        |
| Purchase of right-of-use assets                            | (203,508)           | -                   |
| Purchase of investment property                            | -                   | (3,755,326)         |
| Purchase of intangible assets                              | -                   | (734,365)           |
| Proceed from sale of property, plant and equipment         | 67,849              | -                   |
| Proceed from sale of investment property                   | -                   | 2,400,000           |
| Proceed from sale of asset classified as held for sale     | 19,000,000          | -                   |
| Investment in subsidiary                                   | -                   | (14,700,000)        |
| Interest received  | 10,482              | 10,495              |
| Increase in fixed deposit                                  | (10,482)            | (10,495)            |
| Net cash from (used in) investing activities               | <u>13,304,254</u>   | <u>(57,088,435)</u> |
| <b><u>Cash flows from financing activities</u></b>         |                     |                     |
| Treasury shares  | -                   | (2,052)             |
| Repayment of loans and borrowings                          | (19,797,758)        | (5,578,010)         |
| Proceeds from loan   | 4,135,000           | 7,000,000           |
| Amount owing to a director                                 | 450,000             | 510,288             |
| Net utilisation of bank overdraft                          | (5,142,735)         | 523,634             |
| Net cash (used in) from financing activities               | <u>(20,355,493)</u> | <u>2,453,860</u>    |
| Net increase (decrease) increase in cash and bank balances | 175,026             | (3,489,393)         |
| Cash and bank balances at beginning of period              | 1,057,448           | 4,546,841           |
| Cash and bank balances at end of period                    | <u>1,232,474</u>    | <u>1,057,448</u>    |
| Cash and cash equivalents consist of the following:        |                     |                     |
| Cash and bank balances                                     | 1,621,489           | 1,435,981           |
| Less: Deposits with licensed banks                         | (389,015)           | (378,533)           |
|  | <u>1,232,474</u>    | <u>1,057,448</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<br>YEAR<br>QUARTER<br><u>31/12/2019</u><br>RM '000<br>(UNAUDITED) | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br><u>31/12/2018</u><br>RM '000 | CURRENT<br>YEAR<br>TO DATE<br><u>31/12/2019</u><br>RM '000<br>(UNAUDITED) | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br><u>31/12/2018</u><br>RM '000 |
| 1 Revenue   | 43,059  | 51,838  | 116,901   | 185,732  |
| 2 Profit (loss) before taxation                                       | (2,504)   | (754)   | (30,644)  | (19,732)   |
| 3 Profit (loss) for the period  | (3,110)   | (4,506)   | (31,799)  | (22,487)   |
| 4 Profit (loss) attributable to ordinary equity holders of the parent | (3,144)   | (3,703)   | (30,055)  | (21,172)   |
| 5 EPS-Basic (sen)   | (1.81)  | (2.14)  | (17.35)   | (12.22)  |
| 6 Proposed/ Declared Dividend per share (sen)                         | -   | -   | -   | -  |

|  | AS AT END OF<br>CURRENT<br>QUARTER<br><u>31/12/2019</u><br>RM<br>(UNAUDITED) | AS AT END OF<br>PRECEDING FINANCIAL<br>YEAR END<br><u>31/12/2018</u><br>RM<br>(AUDITED) |
|--|--|---|
| 7 Net assets per share attributable to ordinary shareholders of the parent | 1.46   | 1.64  |

Part A3-ADDITIONAL INFORMATION

|                           | INDIVIDUAL QUARTER   |   | CUMULATIVE QUARTER   |  |
|---------------------------|--|---|--|--|
|                           | CURRENT<br>YEAR<br>QUARTER<br><u>31/12/2019</u><br>RM '000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br><u>31/12/2018</u><br>RM '000 | CURRENT<br>YEAR<br>TO DATE<br><u>31/12/2019</u><br>RM '000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br><u>31/12/2018</u><br>RM '000 |
| 1 Gross interest income   | 3  | 3   | 10   | 10   |
| 2 Gross interest expenses | (1,010)  | (3,683)   | (10,002)   | (10,458)   |

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.