

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)

 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED 31 OCT 2018 (UNAUDITED)

	INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED		
	31-Oct-18 RM' 000	31-Oct-17 RM' 000	31-Oct-18 RM' 000	31-Oct-17 RM' 000	
Revenue	B1	5,617	5,805	24,578	21,160
Operating Expenses		(4,928)	(4,757)	(19,074)	(17,191)
Other Income		1,033	2,649	1,333	3,378
Gain on derivative financial instrument		-	-	-	-
Investing Income		8	7	45	32
Finance costs		(47)	(51)	(211)	(252)
Profit before tax	B2	1,683	3,653	6,671	7,127
Tax expense	B5	(1,962)	(793)	(3,106)	(1,437)
Profit/(Loss) after tax		(279)	2,860	3,565	5,690
Other Comprehensive Income:					
Exchange translation reserve		-	-	-	-
Fair value reserve		269	1,934	269	1,934
Other Comprehensive Income net of tax		269	-	269	1,934
Total Comprehensive Income/(Loss)		(10)	2,860	3,834	7,624
Profit/(Loss) attributable to:					
Equity holders of the Company		(279)	2,860	3,565	5,690
Non-Controlling Interest		-	-	-	-
		(279)	2,860	3,565	5,690
Total comprehensive income attributable to:					
Equity holders of the Company		(10)	4,797	3,834	7,624
Non-Controlling Interest		-	-	-	-
		(10)	4,797	3,834	7,624
Earnings per share attributable to equity holders of the Company:	B14				
-Basic EPS (sen)		(0.76)	7.82	9.75	15.56
-Diluted EPS (sen)		N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statement.)

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 31 OCT 2018 (UNAUDITED)

	AS AT 31-Oct-18 (Unaudited) RM' 000	AS AT 31-Oct-17 (Audited) RM' 000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant & Equipment	17,235	16,176
Investment Properties	55,846	55,016
Land Held for Development	-	294
Biological assets	5,604	4,959
Prepaid Lease Payments	1,789	1,796
Other investment	165	165
	<u>80,639</u>	<u>78,406</u>
CURRENT ASSETS		
Property Development Costs	515	510
Inventories	3,947	4,020
Derivative financial assets	6	9
Trade Receivables	3,079	3,453
Other Receivables, Deposit & Prepayments	928	326
Other Investments	385	462
Tax Recoverable	46	39
Cash & Cash Equivalents	16,929	16,000
	<u>25,835</u>	<u>24,819</u>
TOTAL ASSETS	<u>106,474</u>	<u>103,225</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share Capital	40,612	40,612
Treasury Share, At Cost	(3,554)	(3,554)
Revaluation Reserves	8,310	8,041
Retained Earnings	46,729	44,993
TOTAL EQUITY	<u>92,097</u>	<u>90,092</u>
NON-CURRENT LIABILITIES		
Long Term Borrowings	2,366	3,535
Deferred Income	-	60
Deferred Tax	6,129	4,258
	<u>8,495</u>	<u>7,853</u>
CURRENT LIABILITIES		
Short Term Borrowings	1,210	1,212
Trade Payables	538	602
Other Payables, Deposits & Accruals	3,609	3,023
Government Grants	60	60
Derivative financial liabilities	-	-
Provision For Taxation	465	383
	<u>5,882</u>	<u>5,280</u>
TOTAL EQUITY AND LIABILITIES	<u>106,474</u>	<u>103,225</u>
NET ASSETS PER SHARE(RM)	2.5179	2.4631

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statements).

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 OCT 2018 (UNAUDITED)

	←-----Attributable to Equity Holders of the Company -----→						Minority Interest	Total Equity
	Share Capital	Revaluation Reserve	Non distributable Reserve	Exchange translation reserve	Treasury Share	Distributable Retained Earnings		
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)
12 months ended								
31 October 2018								
Balance at 01 November 2017	40,612	8,041	0	-3,554	44,993	90,092	0	90,092
<i>Total comprehensive income:-</i>								
Profit for the year					3,565	3,565	0	3,565
Revaluation Reserve		269				269		269
<i>Transaction with owner:-</i>								
Dividend paid	0	0	0	0	-1,829	-1,829	0	-1,829
Balance as 31 October 2018	40,612	8,310	0	-3,554	46,729	92,097	0	92,097
12 months ended								
31 October 2017								
Balance at 01 November 2016	40,612	6,003	0	-3,554	40,703	83,764	0	83,764
<i>Total comprehensive income:-</i>								
Profit/(Loss) for the year	0	1,934	0	0	5,690	7,624	0	7,624
<i>Transaction with owner:-</i>								
Dividend paid	0	0	0	0	-1,280	-1,280	0	-1,280
Balance at 31 October 2017	40,612	7,937	0	-3,554	45,113	90,108	0	90,108

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statement.)

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 OCT 2018 (UNAUDITED)

	2018 12 MONTHS ENDED 31-Oct-2018 (RM'000) (Unaudited)	2017 12 MONTHS ENDED 31-Oct-2017 (RM'000) (Unaudited)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
PROFIT BEFORE TAXATION	6,671	6,990
ADJUSTMENTS:-		
NON CASH ITEMS	625	(1,276)
NON OPERATING ITEMS (INVESTING/FINANCING)	(203)	(160)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,093	5,554
<u>CHANGES IN WORKING CAPITAL</u>		
INVENTORIES	73	(907)
RECEIVABLES	(228)	1,434
PROPERTY DEVELOPMENT COST	289	251
PAYABLES	475	844
CASH GENERATED FROM OPERATIONS	7,702	7,176
TAX REFUND	-	158
TAX PAID	(1,199)	(1,054)
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,503	6,280
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
ACQUISITION OF BIOLOGICAL ASSET	(872)	(428)
INTEREST RECEIVED	440	380
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(1,917)	(263)
PROCEED FROM DISPOSAL OF PROPERTY, PLANT AND MACHINERIES	6	8
DIVIDEND RECEIVED FROM QUOTED INVESTMENT	45	31
OTHER INVESTMENT	-	-
PURCHASE OF INVESTMENT PROPERTY	(64)	(2,379)
NET CASH USED IN INVESTING ACTIVITIES	(2,362)	(2,651)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
REPAYMENT OF BANK BORROWING	(1,172)	(1,132)
INTEREST PAID	(211)	(251)
DIVIDEND PAID	(1,829)	(1,280)
NET CASH USED IN FINANCING ACTIVITIES	(3,212)	(2,666)
CURRENCY TRANSLATION DIFFERENCE	-	(206)
NET (DECREASE) / INCREASED IN CASH AND CASH EQUIVALENTS	929	757
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16,000	15,158
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16,929	15,915

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2017 and the accompanying explanatory notes attached to the interim financial statement.)

Part A-Explanatory Notes Pursuant to FRS 134

A1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The figures for the quarter ended 31 October 2018 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2017. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year 31 October 2017.

A2. Seasonal or cyclical of interim operations

The Group's business operations were not affected by any material seasonal or cyclical factors.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There are no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A4. Material changes in estimates

There were no changes in the nature and amount of changes in estimates of amounts reported in the immediate preceding quarter or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter under review.

A5. Capital management, issuances, repurchase, and repayment of debts and equity instruments

The Group's objective of managing capital are to safeguard the Group's ability to continue in operations as going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group's strategy is to maintain a maximum gearing ratio of 50%. The ratio is calculated as the total liabilities to total equity.

The gearing ratios as at 31 October 2018 and 31 October 2017, which are within the Group's objectives for capital management, are as follows:

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Notes to quarterly report for the quarter ended 31 October 2018

As At	31-Oct-18	31-Oct-17 (Audited)
	RM'000	RM'000
Total borrowings	3,576	4,747
Total equity	92,097	90,092
Total capital	95,673	89,643
Gearing Ratio	3.9%	5.3%

There were no shares issued, shares cancellation, resale of treasury shares and repayments of debts and equity securities during the current quarter.

On 28 March 2007, approval has been obtained from the shareholders for the Company to buy-back its own shares. The authority granted by the shareholders was subsequently renewed in the Annual General Meeting held on 28 March 2018. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-back scheme can be applied in the best interest of the Company and its shareholders.

There were no changes to the treasury shares during the quarter under review.

A6. Dividends paid

Interim dividend of 1.5 sen per ordinary share in respect of financial year ended 31 October 2018 has been paid during the quarter under review.

A7. Operating segment information

With the adoption of MFRS 8, Operating Segments, the Group has four reportable segments: Manufacturing and trading, property investment, joint property development and plantation.

Segment information for the financial year ended 31 October 2018	Manufacturing & Trading	Property Investment	Joint Property Development	Plantation	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue from external customer	17,384	2,292	2,757	2,367	24,800
Intersegment revenue	1,321	22	-	-	1,343
Reportable segment profit / (loss)	2,565	1,662	1,913	(359)	5,781

Reconciliation of profit or loss

	RM '000
Total profit for reportable segments	5,781
Investment income	45
Gain on disposal of quoted investments	-
Net fair value gain / (loss) on held for quoted shares	(76)
Fair value adjustment on investment properties	766
Interest income	441
Unallocated amounts:-	
Corporate expenses	(275)
Other expenses	(11)
Group's profit before income tax expense	6,671

A8. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statement for the interim period.

A9. Effects of changes in composition of the Group

There were no changes to the composition of the Group during the interim period, including business combinations, acquisition and long term investments, restructuring and discontinuing operations.

A10. Changes in contingent liabilities and contingent assets since the date of statement of financial position of prior audited financial statement

Save as disclosed below, the Company is not aware of any contingent liabilities or contingent assets as at 31 October 2018 except as follow:-

	31-Oct-17 (Audited) RM '000	Changes RM '000	31-Oct-18 (Unaudited) RM '000
Total limit	11,500	0	11,500
Total utilised	4,747	-1,172	3,575

Contingent liabilities for corporate guarantee given by the Company to financial institutions for credit facilities granted to subsidiary companies

A11. Capital Commitment

Save for the following, there was no capital commitments not provided for in the financial statement as at 31 October 2018.

Authorised and contracted for	RM NIL
Authorised but not contracted for	RM NIL

* End of Part A *

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Notes to quarterly report for the quarter ended 31 October 2018

Part B - Explanatory Notes Pursuant to BURSA MALAYSIA SECURITIES BERHAD, Chapter 9 of the Listing Requirement, Part A of Appendix 9B.**B1. Detailed analysis of the performance the current quarter**

RM '000	Individual quarter		Cumulative quarter	
	Current year	Preceding year corresponding quarter	Current year	Preceding year corresponding period
	31-Oct-18	31-Oct-17	31-Oct-18	31-Oct-17
Revenue				
Manufacturing & Trading	4,039	4,200	17,384	14,784
Property Investment	585	506	2,292	1,344
Property Development	274	295	2,757	2,632
Plantation	777	858	2,367	2,609
Profit/(Loss) before tax				
Manufacturing & Trading	438	917	2,565	1,947
Property Investment	433	(141)	1,662	222
Property Development	12	167	1,913	1,971
Plantation	6	186	(359)	256

For current quarter under review compared to preceding year corresponding quarter,

Turnover for Manufacturing & Trading segment lowered due to more challenging economy environment for manufacturer and less favorable foreign exchange rate.

Property investment segment recorded higher turnover and pretax profit mainly due to revision of rental and lower provision of tax made in prior to preceding year corresponding quarters.

Property development segment recorded lower turnover as well as pretax profit as the sale for Phase 2 project has been slower than expected and higher operating expenses.

Plantation segment recorded a reduced pre-tax profit due to lower revenue as the FFB selling price were substantially lower and higher operating expenses.

B2. Comment on any material change in the profit before taxation as compared with immediate preceding quarter.

For the quarter ended 31 October 2018, the group's revenue decreased by 20.5% when compared to immediate preceding quarter ended 31 July 2018, mainly due to Manufacturing and Property Development segments.

Pretax profit was RM0.981 million lower as compared immediate preceding quarter's pretax profit of RM2.665 million. The significant reduction was due to lower turnover and higher operating expenses, despite inclusive a fair value gain on investment properties of RM0.766 million.

B3. Next financial year's prospect

Barring unforeseen circumstances, the Boards foresee the next financial year ahead remains challenging. Nevertheless the Directors endeavor to maintain current performance.

B4. Profit forecast

There were no revenue or profits estimate, forecast, projection of internal targets announced or disclosed in a public document.

B5. Taxation

	Current Quarter RM '000	Year-to-date RM '000
Current Year	177	1,430
Prior Year	71	(110)
Deferred Taxation	1,786	1,786
Tax expense *	2,034	3,106

The effective tax rate for financial year ended 31 October 2018 was higher than the statutory tax rate of 24% mainly due to provision of Deferred Tax Expense during the quarter and period under review. Change in RPTG rate affects the Deferred Tax Liability.

B6. Status of corporate proposals

There was no corporate proposal announced but not completed as at 31 October 2018.

B7. Group borrowings and debt securities

The group's borrowings as at 31 October 2018 as follows:-

RM '000	Secured	Unsecured	Total
Short term	1,239	-	1,239
Long term	2,336	-	2,336
Total	3,575	-	3,575

All borrowings are denominated in local currency.

There was no debt securities issued.

B8. Changes in material litigation

There was no material litigation pending as at the date of this report.

B9. Proposed Dividends

There were no proposed dividend for the quarter under review.

B10. Earnings per share

a. Basic

The calculation of the basic earnings per share is based on the Group's net profit attributable to the equity holders divided by the weighted average number of ordinary shares of RM1.00 each in issue during the year excluding the weighted average treasury shares held by the Company.

	Current Quarter	Year-to-date
Net profit / (loss) attributable to equity holders of the Company (RM '000)	(279)	3,565
Weighted average number of ordinary shares ('000)	36,577	36,577
Basic earning/(loss) per share (sen)	(0.76)	9.75

b. Diluted

Not applicable

B11. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the financial year ended 31 October 2017 did not contain any qualification.

B12. The profit / (loss) after tax was derived after charging / (crediting) the following:-

	Current Quarter RM'000	Year-To-Date RM'000
(a) interest income;	(113)	(440)
(b) other income including investment income;	(8)	(45)
(c) interest expense;	47	211
(d) depreciation of property, plant and equipment	312	1,213
(e) amortisation of prepaid land lease payment	8	33
(f) amortisation of biological assets	57	227
(g) auditors' remuneration	29	101
(h) realised (gain)/loss on foreign exchange	(54)	205
(i) unrealised (gain)/loss on foreign exchange	(21)	26
(j) rental expenses	39	75
(k) rental income	1	18
(l) net fair value (gain)/loss on held for quoted shares	(3)	76
(m) (Gain)/loss on disposal of property, plant and equipment	(6)	(6)
(n) Amortisation of deferred income	(15)	(60)
(o) (Gain)/loss on disposal of quoted investment	0	0
(p) Fair value gain on investment properties	(766)	(766)

B13. DISCLOSURES OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained earnings as at the reporting date, which has been prepared by the Directors in accordance with the directives from **Bursa Malaysia Securities Berhad** stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants, are as follows:-

As At	31-Oct-18	
		RM '000
Realised		38,077
Unrealised		28,683
		<u>66,760</u>
Less: Consolidation Adjustments		(20,031)
Retained Earnings		<u>46,729</u>

BY ORDER OF THE BOARD

Yap Sit Lee
Company Secretary

Kuala Lumpur