

KUMPULAN H & L HIGH-TECH BERHAD

Registration No. 199401032123 (317805-V)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 APRIL 2020 (UNAUDITED)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 MONTHS ENDED		6 MONTHS ENDED	
	30-Apr-2020	30-Apr-2019	30-Apr-2020	30-Apr-2019
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	3,208	5,574	8,340	10,687
Operating Expenses	(3,875)	(4,534)	(8,705)	(8,983)
Other Income	269	137	569	376
Investing Income	17	13	18	19
Finance costs	(104)	(83)	(228)	(127)
Pofit before tax	(485)	1,107	(6)	1,972
Tax expense	(171)	74	(328)	(265)
Profit after tax	(656)	1,181	(334)	1,707
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income	(656)	1,181	(334)	1,707
Profit/(Loss) attributable to:				
Equity holders of the Company	(656)	1,181	(334)	1,707
Non-Controlling Interest	-	-	-	-
	(656)	1,181	(334)	1,707
Total comprehensive income attributable to:				
Equity holders of the Company	(656)	1,181	(334)	1,707
Non-Controlling Interest	-	-	-	-
	(656)	1,181	(334)	1,707
Earnings per share attributable to equity holders of the Company:				
-Basic EPS (sen)	(1.79)	3.23	(0.91)	4.67
-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 2019 and the accompanying explanatory notes attached to the interim financial statement.)

KUMPULAN H & L HIGH-TECH BERHAD

Registration No. 199401032123 (317805-V)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 APRIL 2020 (UNAUDITED)**

	AS AT 30-Apr-2020 (Unudited) RM' 000	AS AT 31-Oct-2019 (Audited)/Restated RM' 000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant & Equipment	22,197	22,510
Prepaid Lease Payments	2,324	2,365
Investment Properties	55,840	55,840
Land Held for Development	294	294
Other investment	70	70
	<u>80,725</u>	<u>81,079</u>
CURRENT ASSETS		
Inventories	3,148	4,159
Bearer Biological Assets	88	88
Trade Receivables	2,779	2,851
Other Receivables, Deposit & Prepayments	507	332
Other Investments	797	821
Tax Recoverable	-	52
Cash & Cash Equivalents	25,059	25,902
	<u>32,378</u>	<u>34,205</u>
TOTAL ASSETS	<u>113,103</u>	<u>115,284</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	8,368	8,368
Retained Earnings	48,432	49,498
TOTAL EQUITY	<u>93,858</u>	<u>94,924</u>
NON-CURRENT LIABILITIES		
Long Term Borrowings	9,561	10,057
Deferred Tax	6,064	6,064
	<u>15,625</u>	<u>16,121</u>
CURRENT LIABILITIES		
Trade Payables	733	459
Other Payables, Deposits & Accruals	1,812	2,359
Contract Liabilities		84
Short Term Borrowings	988	988
Derivative financial liabilities	-	2
Provision For Taxation	87	347
	<u>3,620</u>	<u>4,239</u>
TOTAL EQUITY AND LIABILITIES	<u>113,103</u>	<u>115,284</u>
NET ASSETS PER SHARE(RM)	2.5661	2.5952

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2019 and the accompanying explanatory notes attached to the interim financial statements).

KUMPULAN H & L HIGH-TECH BERHAD

Registration No. 199401032123 (317805-V)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 APRIL 2020 (UNAUDITED)

	-----Attributable to Equity Holders of the Company ----->						Minority Interest	Total Equity
	Share Capital	<-----Non distributable----->		<-----Distributable----->		Total		
		Revaluation Reserve	Exchange translation reserve	Treasury Share	Retained Earnings			
(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	
6 months ended 30 April 2020								
Balance as 01 November 2019	40,612	8,368	0	-3,554	49,498	94,924	0	94,924
<i>Total comprehensive income:-</i>								
Profit for the year					-334	-334	0	-334
Revaluation Reserve		0				0		0
<i>Transaction with owner:-</i>								
Dividend paid	0	0	0	0	-732	-732	0	-732
Balance as 30 April 2020	<u>40,612</u>	<u>8,368</u>	<u>0</u>	<u>-3,554</u>	<u>48,432</u>	<u>93,858</u>	<u>0</u>	<u>93,858</u>
	-	-	-	-	-	-	-	-
6 months ended 30 April 2019								
Balance as 01 November 2018	40,612	8,310	0	-3,554	46,730	92,098	0	92,098
<i>Total comprehensive income:-</i>								
Profit/(Loss) for the year		0			1,707	1,707	0	1,707
Revaluation Reserve								
<i>Transaction with owner:-</i>								
Dividend paid	0	0	0	0	-732	-732	0	-732
Balance as 30 April 2019	<u>40,612</u>	<u>8,310</u>	<u>0</u>	<u>-3,554</u>	<u>47,705</u>	<u>93,073</u>	<u>0</u>	<u>93,073</u>

(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 2019 and the accompanying explanatory notes attached to the interim financial statement.)

KUMPULAN H & L HIGH-TECH BERHAD

Registration No. 199401032123 (317805-V)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 APRIL 2020 (UNAUDITED)

	2020 6 MONTHS ENDED 30-Apr-2020 (RM'000) (Unaudited)	2019 6 MONTHS ENDED 30-Apr-2019 (RM'000) (Unaudited)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
PROFIT BEFORE TAXATION	(6)	1,972
ADJUSTMENTS:-		
NON CASH ITEMS	494	582
NON OPERATING ITEMS (INVESTING/FINANCING)	(146)	(121)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	342	2,433
<u>CHANGES IN WORKING CAPITAL</u>		
INVENTORIES	1,126	(492)
RECEIVABLES	(51)	(659)
PROPERTY DEVELOPMENT COST	(116)	38
PAYABLES	(272)	(443)
CASH GENERATED FROM OPERATIONS	1,029	877
TAX REFUND	-	-
TAX PAID	(588)	(653)
NET CASH GENERATED FROM OPERATING ACTIVITIES	441	224
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
INTEREST RECEIVED	349	265
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(225)	(585)
PROCEED FROM DISPOSAL OF PROPERTY, PLANT AND MACHINERIES	7	-
DIVIDEND RECEIVED FROM QUOTED INVESTMENT	18	19
PURCHASE OF QUOTED SHARES	23	(494)
NET CASH USED IN INVESTING ACTIVITIES	172	(795)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
NET DRAWDOWN/(REPAYMENT) OF BANK BORROWING	(496)	4,500
PLACEMENT OF DEPOSIT WITH LICENSED FINANCIAL INSTITUTIONS	-	-
INTEREST PAID	(228)	(127)
DIVIDEND PAID	(732)	(732)
NET CASH USED IN FINANCING ACTIVITIES	(1,456)	3,641
CURRENCY TRANSLATION DIFFERENCE	-	-
NET (DECREASE) / INCREASED IN CASH AND CASH EQUIVALENTS	(843)	3,070
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	25,902	17,616
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25,059	20,686

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2019 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 30 April 2020 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 2019.

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 ended 31 October 2020.

A2. Seasonal or cyclical of interim operations

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

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

The Government implemented the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic effective 18 March 2020. During MCO, almost all Malaysian have to abide by the order to stay home. The MCO was conditionally relaxed on 4 May 2020. As a result of the MCO, as well as the pandemic globally, the revenue of the group has been affected significantly.

Other than above, 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.

Kumpulan H & L High-Tech Berhad [199401032123 (317805-V)]

Notes to quarterly report for the quarter ended 30 April 2020

The gearing ratios as at 30 April 2020 and 31 October 2019, which are within the Group's objectives for capital management, are as follows:

As At	30-Apr-2020 (Unaudited) RM'000	31-Oct-2019 (Audited) RM'000
Total borrowings	10,549	11,045
Total equity	93,858	94,924
Total capital	104,407	105,969
Gearing Ratio	11.2%	11.6%

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 23 April 2019. 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

During the quarter under review, an interim single-tier dividend of 2 sen per ordinary share for financial year ending 31 October 2020 has been paid in February 2020.

A7. Operating segment information

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

Kumpulan H & L High-Tech Berhad [199401032123 (317805-V)]

Notes to quarterly report for the quarter ended 30 April 2020

Segment information for the financial period ended 30 April 2020	Manufacturing & Trading	Property Investment	Joint Property Development	Plantation	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue from external customer	5,810	1,140	117	1,387	8,454
Intersegment revenue	178	11	-	-	189
Reportable segment profit / (loss)	(730)	700	(62)	42	(50)

Reconciliation of profit or loss

RM '000

Total profit for reportable segments**(50)**

Investment income

18

Gain on disposal of quoted investments

-

Net fair value gain on held for quoted shares

(176)

Interest income

348

Unallocated amounts:-

Corporate expenses

(139)

Other expenses

(7)

Group's profit before income tax expense**(6)****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 30 April 2020 except as follow:-

	31-Oct-2019 (Audited) RM '000	Changes RM '000	30-Apr-2020 (Unaudited) RM '000
Total limit	11,500	-300	11,200
Total utilised	11,045	-496	10,549

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

A11. Capital Commitment

There was no capital commitments as at 30 April 2020.

* End of Part A *

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 quarters	
	Current year	Preceding year corresponding quarter	Current year	Preceding year corresponding quarters
	30-Apr-2020	30-Apr-2019	30-Apr-2020	30-Apr-2019
Revenue				
Manufacturing & Trading	2,072	4,278	5,810	8,314
Property Investment	549	587	1,140	1,175
Property Development	82	332	117	383
Plantation	575	434	1,387	932
Profit/(Loss) before tax				
Manufacturing & Trading	(605)	681	(730)	1,452
Property Investment	339	399	700	712
Property Development	(8)	208	(62)	151
Plantation	(168)	(179)	42	(371)

For current quarter under review as compared to preceding year corresponding quarter, due to COVID-19 pandemic that affect the whole world and the MCO implemented during the quarter:-

Manufacturing segment experienced a significant dropped in revenue from RM4.278 mil to RM2.072 mil and incurred a pre-tax loss of RM0.605 mil as compared to a pre-tax profit of RM0.681 mil.

Property investment segment posted slightly lower revenue and pre-tax profit due to higher operating expenses.

Property development segment registered lower revenue and pre-tax profit mainly due to most of the remaining unsold units remained unsold.

Plantation segment still suffered from a loss of RM0.168 million despite had a slightly higher FFB yields of 8% and a 39% improve in weighted average FFB price mainly due to a higher operation cost.

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

Due to COVID-19 pandemic, the group's revenue dropped by 37% to RM3.223 million while incurred a pre-tax loss of RM0.190 million from a pre-tax profit of RM0.463 million mainly due to lower revenue of RM1.894 million despite a marginal reduction of operating expenses.

B3. Current financial year's prospect

Barring unforeseen circumstances, the Boards foresee a challenging year ahead for the remaining quarters for current financial year. 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	171	328
Prior Year	-	-
Deferred Taxation	-	-
Tax expense *	171	328

The effective tax rate for financial period ended 30 April 2020 was higher than the statutory tax rate of 24% mainly due losses incurred by certain wholly own subsidiaries during the quarter under review.

B6. Status of corporate proposals

There was no corporate proposal announced but not completed as at 30 April 2020.

B7. Group borrowings and debt securities

The group's borrowings as at 30 April 2020 as follows:-

RM '000	Secured	Unsecured	Total
Short term	988	-	988
Long term	9,561	-	9,561
Total	10,549	-	10,549

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 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)	(656)	(334)
Weighted average number of ordinary shares ('000)	36,577	36,577
Basic earning/(loss) per share (sen)	(1.79)	(0.91)

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 2019 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;	-161	-349
(b) other income including investment income;	-17	-18
(c) interest expense;	104	228
(d) depreciation of property, plant and equipment	312	630
(e) amortisation of prepaid land lease payment	9	17
(f) auditors' remuneration	21	42
(g) realised (gain)/loss on foreign exchange	-4	36
(h) unrealised (gain)/loss on foreign exchange	107	63
(i) rental expenses	11	34
(j) rental income	7	7
(k) net fair value (gain)/loss on held for quoted shares	208	243
(l) amortisation of Biological Assets	56	113
(m) (gain)/loss on disposal of quoted investment		

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	30-Apr-2019
	RM'000
Realised	37,342
Unrealised	28,455
	<u>65,797</u>
Less: Consolidated adjustments	(17,365)
Retained earnings	<u>48,432</u>

BY ORDER OF THE BOARD

Yap Sit Lee
Company Secretary

Kuala Lumpur