

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 OCTOBER 2019 (UNAUDITED)

		INDIVIDUAL PERIOD 3 MONTHS ENDED		CUMULATIVE PERIOD 12 MONTHS ENDED	
		31-Oct-19 RM' 000	31-Oct-18 RM' 000	31-Oct-19 RM' 000	31-Oct-18 RM' 000
Revenue	B1	5,760	5,739	22,619	24,578
Operating Expenses		(5,443)	(4,865)	(19,310)	(19,154)
Other Income		555	(9)	1,281	480
Gain on derivative financial instrument		-	-	-	-
Investing Income		10	9	42	45
Finance costs		(102)	(43)	(321)	(211)
Pofit before tax	B2	780	831	4,311	5,738
Tax expense	B5	33	(132)	(804)	(1,093)
Profit after tax		813	699	3,507	4,645
Other Comprehensive Income:					
Exchange translation reserve		-	-	-	-
Fair value reserve		5	-	5	-
Other Comprehensive Income net of tax		5	-	5	-
Total Comprehensive Income		818	699	3,512	4,645
Profit/(Loss) attributable to:					
Equity holders of the Company		813	699	3,507	4,645
Non-Controlling Interest		-	-	-	-
		813	699	3,507	4,645
Total comprehensive income attributable to:					
Equity holders of the Company		818	699	3,512	1,715
Non-Controlling Interest		-	-	-	-
		818	699	3,512	1,715
Earnings per share attributable to equity holders of the Company:	B10				
-Basic EPS (sen)		2.22	1.91	9.59	12.70
-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 2018 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 OCTOBER 2019 (UNAUDITED)

	AS AT 31-Oct-19 (Unaudited) RM' 000	AS AT 31-Oct-18 (Audited)/ Restated RM' 000
ASSETS		
NON-CURRENT ASSETS		
Property, Plant & Equipment	22,354	22,839
Investment Properties	55,840	55,845
Land Held for Development	-	294
Biological assets Other Than Bearer Plants	-	-
Prepaid Lease Payments	1,730	1,788
Other investment	165	165
	80,089	80,931
CURRENT ASSETS		
Biological Assets	-	-
Property Development Costs	423	222
Inventories	4,030	3,947
Derivative financial assets	-	6
Trade Receivables	2,850	3,055
Other Receivables, Deposit & Prepayments	242	311
Other Investments	820	385
Tax Recoverable	1	-
Cash & Cash Equivalents	25,902	17,616
	34,268	25,542
TOTAL ASSETS	114,357	106,473
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	8,315	8,310
Retained Earnings	48,957	46,730
TOTAL EQUITY	94,330	92,098
NON-CURRENT LIABILITIES		
Long Term Borrowings	10,057	2,340
Deferred Income	-	-
Deferred Tax	6,116	6,126
	16,173	8,466
CURRENT LIABILITIES		
Short Term Borrowings	988	1,235
Trade Payables	369	538
Other Payables, Deposits & Accruals	2,443	3,610
Government Grants	-	60
Derivative financial liabilities	3	-
Provision For Taxation	51	466
	3,854	5,909
TOTAL EQUITY AND LIABILITIES	114,357	106,473
NET ASSETS PER SHARE(RM)	2.5790	2.5180

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2018 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 OCTOBER 2019 (UNAUDITED)

	Attributable to Equity Holders of the Company						Minority Interest	Total Equity
	Non distributable			Distributable				
	Share Capital	Revaluation Reserve	Exchange translation reserve	Treasury Share	Retained Earnings	Total		
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)
<hr/>								
12 months ended								
31 October 2019								
Balance at 01 November 2018	40,612	8,310	0	(3,554)	46,730	92,098	0	92,098
<i>Total comprehensive income:-</i>								
Profit for the year					3,507	3,507	0	3,507
Revaluation Reserve		5				5		5
<i>Transaction with owner:-</i>								
Dividend paid	0	0	0	0	(1,280)	(1,280)	0	(1,280)
Balance as 31 October 2019	40,612	8,315	0	(3,554)	48,957	94,330	0	94,330
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	-				-			-
<hr/>								
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/(Loss) for the year					3,565	3,565	0	3,565
Revaluation Reserve		269						
<i>Transaction with owner:-</i>								
Dividend paid	0	0	0	0	(1,280)	(1,280)	0	(1,280)
Balance at 31 October 2018	40,612	8,310	0	(3,554)	47,278	92,377	0	92,377
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(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 2018 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 OCTOBER 2019 (UNAUDITED)

	2019 12 MONTHS ENDED 31-Oct-2019 (RM'000) (Unaudited)	2018 12 MONTHS ENDED 31-Oct-2018 (RM'000) (Audited)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
PROFIT BEFORE TAXATION	4,311	6,671
ADJUSTMENTS:-		
NON CASH ITEMS	1,407	585
NON OPERATING ITEMS (INVESTING/FINANCING)	(343)	(225)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,375	7,031
<u>CHANGES IN WORKING CAPITAL</u>		
INVENTORIES	(83)	73
RECEIVABLES	273	446
PROPERTY DEVELOPMENT COST	93	289
PAYABLES	(1,337)	522
CASH GENERATED FROM OPERATIONS	4,321	8,361
TAX REFUND	-	63
TAX PAID	(1,229)	(1,262)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,092	7,162
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
INTEREST RECEIVED	569	440
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(904)	(2,753)
PROCEED FROM DISPOSAL OF PROPERTY, PLANT AND MACHINERIES	-	6
DIVIDEND RECEIVED FROM QUOTED INVESTMENT	42	45
PURCHASE OF QUOTED SHARES	(382)	-
OTHER INVESTMENT	-	-
PURCHASE OF INVESTMENT PROPERTY	-	(64)
NET CASH USED IN INVESTING ACTIVITIES	(675)	(2,326)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
NET DRAWDOWN/(REPAYMENT) OF BANK BORROWING	7,470	(1,172)
PLACEMENT OF DEPOSIT WITH LICENSED FINANCIAL INSTITUTIONS	-	(3)
INTEREST PAID	(321)	(211)
DIVIDEND PAID	(1,280)	(1,829)
NET CASH USED IN FINANCING ACTIVITIES	5,869	(3,215)
CURRENCY TRANSLATION DIFFERENCE	-	(7)
NET (DECREASE) / INCREASED IN CASH AND CASH EQUIVALENTS	8,286	1,620
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,616	16,003
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25,902	17,616

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the financial year ended 31 October 2018 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 2019 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 2018.

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 2018 except for the following:

MFRS 116: Property, Plant and Equipment and MFRS 141: Agriculture

Biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. Bearer plants will now be measured under MFRS 116 at accumulated cost. The Group is currently measuring the bearer plants at cost less amortization, the change of accounting policies is limited to reclassification of accounts and will not impact comprehensive income or equity.

The unripe fresh fruit bunch ("FFB") on bearer plants are within the scope of MFRS 141. Prior to adoption of 141, biological assets which form part of the bearer plants were not recognized. With the adoption of the MFRS 141, the biological assets are measured at fair value less cost to sell with the changes in fair value recognized in profit and loss.

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

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

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

Notes to quarterly report for the quarter ended 31 October 2019

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 2019 and 31 October 2018, which are within the Group's objectives for capital management, are as follows:

As At	31-Oct-19 (Unaudited) RM'000	31-Oct-18 (Audited) RM'000
Total borrowings	11,045	3,575
Total equity	94,330	92,098
Total capital	105,375	95,673
Gearing Ratio	11.7%	3.9%

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 dividend of 1.5 sen per ordinary share has been paid.

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 (317805-V)

Notes to quarterly report for the quarter ended 31 October 2019

Segment information for the financial period ended 31 October 2019	Manufacturing & Trading	Property Investment	Joint Property Development	Plantation	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue from external customer	17,435	2,351	942	2,127	22,855
Intersegment revenue	269	22	-	-	291
Reportable segment profit / (loss)	2,612	1,481	479	(627)	3,945

Reconciliation of profit or loss

RM '000

Total profit for reportable segments**3,945**

Investment income

42

Gain on disposal of quoted investments

53

Net fair value gain on held for quoted shares

(110)

Fair value adjustment on investment properties

170

Interest income

569

Unallocated amounts:-

Corporate expenses

(344)

Other expenses

(14)

Group's profit before income tax expense**4,311****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 2019 except as follow:-

	31-Oct-18 (Audited) RM '000	Changes RM '000	31-Oct-19 (Unaudited) RM '000
Total limit	11,500	-300	11,200
Total utilised	3,575	4,500	8,075

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 31 October 2019.

* 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
	31-Oct-19	31-Oct-18	31-Oct-19	31-Oct-18
Revenue				
Manufacturing & Trading	4,281	4,039	17,435	17,384
Property Investment	585	574	2,351	2,292
Property Development	173	991	942	2,757
Plantation	776	557	2,127	2,367
Profit/(Loss) before tax				
Manufacturing & Trading	248	358	2,612	2,485
Property Investment	374	433	1,481	1,662
Property Development	77	12	479	1,913
Plantation	(148)	6	(627)	(359)

For current quarter under review as compared to preceding year corresponding quarter:-

Manufacturing segment pre-tax profit dropped 30.7% or RM0.110 million despite a 6% or RM0.242 mil increased in Revenue mainly due to fair value loss on investment properties and a lower gross profit margin.

Property investment segment posted slightly higher revenue but pre-tax profit decreased by RM0.06 million due to higher operating expenses.

Property development segment registered significant lower revenue but higher pre-tax profit due to fair value adjustment.

Plantation segment incurred pre-tax loss of RM0.148 million despite the Revenue increased by 39% to RM0.776 mil mainly due fair value loss on investment properties as well as a lower FFB selling price.

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

Revenue dropped by 6.7% to RM5.76 million while the pre-tax profit dropped by 20.2% to RM1.24 million from RM1.56 million mainly due to lower gross profit margin and higher operating expenses despite the other income increased by 59% to RM0.56 million from RM0.35 million.

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	Year-to-date
	RM'000	RM'000
Current Year	247	1,145
Prior Year	(235)	(235)
Deferred Taxation	(46)	(46)
Tax expense*	(34)	804

The effective tax rate for financial period ended 31 October 2019 was lower than the statutory tax rate of 24% mainly due to a loss-making subsidiary during the quarter under review.

B6. Status of corporate proposals

There was no corporate proposal announced but not completed as at 31 October 2019.

B7. Group borrowings and debt securities

The group's borrowings as at 31 October 2019 as follows:-

RM '000	Secured	Unsecured	Total
Short term	988	-	988
Long term	10,057	-	10,057
Total	11,045	-	11,045

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 attributable to equity holders of the Company (RM '000)	813	3,507
Weighted average number of ordinary shares ('000)	36,576.53	36,576.53
Basic earnings/(loss) per share (sen)	2.22	9.59

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 2018 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
1	interest income;	(154)	(569)
2	other income including investment income;	(10)	(42)
3	interest expense;	102	321
4	depreciation of property, plant and equipment	319	1,293
5	amortisation of deferred income	(15)	(60)
6	amortisation of prepaid land lease payment	8	33
7	auditors' remuneration	36	112
8	realised (gain)/loss on foreign exchange	15	74
9	unrealised (gain)/loss on foreign exchange	30	(14)
10	rental expenses	13	50
11	rental income	3	3
12	FV (gain)/loss on held for quoted shares	42	109
13	amortisation of Biological Assets	57	227
14	(Gain)/loss on disposal of quoted investment	0	(53)
15	FV (Gain)/loss on investment properties	(173)	(173)

* FV = Fair value

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-19
	RM'000
Realised	39,580
Unrealised	28,761
	<u>68,341</u>
Less: Consolidated adjustments	<u>(19,384)</u>
Retained earnings	<u>48,957</u>

BY ORDER OF THE BOARD

Yap Sit Lee
Company Secretary

Kuala Lumpur