

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter	Preceding year	Current year	Preceding year
	31/12/2022	corresponding quarter 31/12/2021	to date 31/12/2022	corresponding period 31/12/2021
	RM	RM	RM	RM
Revenue	49,713,576	-	229,386,447	-
Cost of sales	(39,601,572)	-	(182,906,949)	-
Gross profit	10,112,004	-	46,479,498	-
Other income	1,482,285	-	14,584,315	-
Distribution expenses	(3,542,309)	-	(16,977,913)	-
Administrative expenses	(7,146,167)	-	(26,449,530)	-
Other expenses	(367,997)	-	(809,481)	-
Results from operating activities	537,816	-	16,826,889	-
Finance costs	(1,020,147)	-	(4,333,701)	-
Interest income	14,343	-	145,153	-
(Loss)/ Profit before tax	(467,988)	-	12,638,341	-
Income tax (expense) credit	(357,846)	-	82,643	-
Net (loss)/ profit for the financial year	(825,834)	-	12,720,984	-
Other comprehensive loss, net of tax: - Items that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity investments designated at fair value through other comprehensive income	(80,006)	-	(298,410)	-
Total comprehensive (loss)/ income for the financial year	(905,840)	-	12,422,574	-
Profit attributable to ;				
Owners of the Company	12,004	-	14,781,374	-
Non-controlling interests	(837,838)	-	(2,060,390)	-
(Loss)/ Profit for the period	(825,834)	-	12,720,984	-
Total comprehensive income attributable to:-				
Owners of the Company	(68,002)	-	14,482,964	-
Non-controlling interests	(837,838)	-	(2,060,390)	-
Total comprehensive (loss)/ income for the period	(905,840)	-	12,422,574	-
Profit per share				
Basic (sen)	0.01	-	7.26	-
Diluted (sen)	0.01	-	6.59	-
Weighted average number of shares	204,990,805	-	203,713,955	-

Notes:

i) The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. For the comparative financial information, reference is made to the quarterly report of the previous year for the corresponding period.

ii) 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 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	<u>As at 31/12/2022</u>	<u>As at 31/12/2021</u>
	RM	RM (AUDITED)
Assets		
Non-current assets		
Property, plant and equipment	180,877,310	192,311,487
Right-of-use assets	80,780,102	82,783,735
Investment properties	105,014,664	101,632,343
Other investments	2,751,335	2,349,745
Goodwill on consolidation	5,794,799	5,794,799
Total non-current assets	<u>375,218,210</u>	<u>384,872,109</u>
Current assets		
Biological assets	4,611,767	4,838,216
Inventories	5,681,783	4,988,196
Trade receivables	6,338,018	5,206,145
Other receivables	22,460,619	3,214,386
Other investments	4,083,202	5,013,009
Tax recoverable	6,080,272	3,397,917
Cash and bank balances	14,629,480	25,055,374
Total current assets	<u>63,885,141</u>	<u>51,713,243</u>
Total assets	<u>439,103,351</u>	<u>436,585,352</u>
<u>Equity and liabilities</u>		
Capital and reserves		
Share capital	213,904,495	212,750,515
Reserves	114,239,507	99,611,553
Equity attributable to owners of the Company	<u>328,144,002</u>	<u>312,362,068</u>
Non-controlling interests	(16,172,728)	(14,112,338)
Total equity	<u>311,971,274</u>	<u>298,249,730</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	15,346,235	16,302,313
Loans and borrowings	17,800,390	25,659,581
Lease liabilities	18,489,970	18,515,117
Total non-current liabilities	<u>51,636,595</u>	<u>60,477,011</u>
Current liabilities		
Trade payables	22,770,913	19,310,580
Other payables	18,302,964	22,063,097
Loans and borrowings	34,047,445	36,090,681
Tax payables	12,023	13,043
Lease liabilities	362,137	381,210
Total current liabilities	<u>75,495,482</u>	<u>77,858,611</u>
Total liabilities	<u>127,132,077</u>	<u>138,335,622</u>
Total equity and liabilities	<u>439,103,351</u>	<u>436,585,352</u>
Net assets per share (sen)	153.14	156.58

i) The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. For the comparative financial information, reference is made to the quarterly report of the previous year for the corresponding period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	Share Capital RM	Treasury Shares RM	Share Option Reserve RM	Fair Value Reserve of Financial Assets at FVOCI RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Balance at 1 January 2022	212,750,515	(5,528,949)	722,670	(850,255)	105,268,087	312,362,068	(14,112,338)	298,249,730
Profit for the period	-	-	-	-	14,781,374	14,781,374	(2,060,390)	12,720,984
Other comprehensive loss for the period	-	-	-	(298,410)	-	(298,410)	-	(298,410)
Issuance of shares pursuant of exercise of warrants	1,153,980	-	-	-	-	1,153,980	-	1,153,980
Share option lapsed	-	-	(810)	-	-	(810)	-	(810)
Issuance of shares pursuant of exercise of ESOS	-	220,793	(65,610)	-	(9,383)	145,800	-	145,800
Balance at 31 December 2022	213,904,495	(5,308,156)	656,250	(1,148,665)	120,040,078	328,144,002	(16,172,728)	311,971,274

Notes:

- i) The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. For the comparative financial information, reference is made to the quarterly report of the previous year for the corresponding period.
- ii) The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2022

	31/12/2022 RM	31/12/2021 RM
<u>Cash flows from operating activities</u>		
Profit before tax	12,638,341	-
<u>Adjustments for:</u>		
Depreciation and amortisation	18,151,836	-
Finance costs	4,333,701	-
Property, plant and equipment written off	61,540	-
Inventories written off	226,535	-
Reversal of allowance for expected credit losses on other receivable	(13,605,325)	-
Reversal of allowance for expected credit losses on trade receivable	(365,776)	-
Interest income	(145,153)	-
Loss on fair value of biological assets	226,449	-
Bad debts written off	360,030	-
Dividend income	(265,540)	-
Changes in fair value of quoted shares	798,427	-
Allowance for expected credit losses on trade receivables	11,053	-
Gain on disposal of property, plant & equipment	(164,999)	-
Share option lapsed	(810)	-
Operating profit before changes in working capital	<u>22,260,309</u>	-
<u>Changes in working capital</u>		
Change in inventories	(920,122)	-
Change in trade and other receivables	(6,608,088)	-
Change in trade and other payables	(373,858)	-
Cash generated from operations	<u>14,358,241</u>	-
Income tax paid	(3,556,810)	-
Net cash generated from operating activities	<u>10,801,431</u>	-
<u>Cash flows (used in) from investing activities</u>		
Acquisition of property, plant and equipment	(2,991,051)	-
Acquisition of investment properties	(4,692,837)	-
Proceed from disposal of property, plant and equipment	165,000	-
Net investments of quoted shares	(568,620)	-
Dividend received	95,540	-
Interest received	145,153	-
Changes in pledged deposits	(6,576)	-
Net cash used in investing activities	<u>(7,853,391)</u>	-
<u>Cash flows (used in) from financing activities</u>		
Finance expenses paid	(4,402,093)	-
Issuance of shares	1,299,780	-
Repayment of loans and borrowings	(8,993,961)	-
Repayment of principal portion of lease liabilities	(381,190)	-
Net movements of share margin account	(4,851)	-
Net movements of bank overdrafts	(898,195)	-
Net cash used in financing activities	<u>(13,380,510)</u>	-
Net decrease in cash and bank balances	(10,432,470)	-
Cash and bank balances at beginning of period	22,001,816	-
Cash and bank balances at end of period	<u><u>11,569,346</u></u>	<u><u>-</u></u>
Cash and cash equivalents consist of the following:		
Cash and bank balances	14,629,480	-
Less: Deposits with licensed banks	(3,060,134)	-
	<u><u>11,569,346</u></u>	<u><u>-</u></u>

Notes:

i) The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. For the comparative financial information, reference is made to the quarterly report of the previous year for the corresponding period.

ii) The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

Part A2-SUMMARY OF KEY FINANCIAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER <u>31/12/2022</u> RM '000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING QUARTER <u>31/12/2021</u> RM '000	CURRENT YEAR TO DATE <u>31/12/2022</u> RM '000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING PERIOD <u>31/12/2021</u> RM '000
1 Revenue	49,714	-	229,386	-
2 (Loss)/ Profit before taxation	(468)	-	12,638	-
3 (Loss)/ Profit for the period	(826)	-	12,721	-
4 Profit attributable to ordinary equity holders of the parent	12	-	14,781	-
5 EPS-Basic (sen)	0.01	-	7.26	-
6 EPS-Diluted (sen)	0.01	-	6.59	-
7 Proposed/ Declared Dividend per share (sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER <u>31/12/2022</u> RM (UNAUDITED)	AS AT END OF PRECEDING FINANCIAL YEAR END <u>31/12/2021</u> RM (AUDITED)
8 Net assets per share attributable to ordinary shareholders of the parent	1.53	1.57

Part A3-ADDITIONAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER <u>31/12/2022</u> RM '000	PRECEDING YEAR CORRESPONDING QUARTER <u>31/12/2021</u> RM '000	CURRENT YEAR TO DATE <u>31/12/2022</u> RM '000	PRECEDING YEAR CORRESPONDING PERIOD <u>31/12/2021</u> RM '000
1 Gross interest income	14	-	145	-
2 Gross interest expenses	(1,020)	-	(4,334)	-

Notes:

i) The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. For the comparative financial information, reference is made to the quarterly report of the previous year for the corresponding period.

ii) The summary of key financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes to the interim financial statements.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.

PART A: EXPLANATORY NOTES AS PER MFRS 134

A1 Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

On 2 September 2022, the Group has announced the change of financial year end from 31 December to 31 May. No comparative financial information were presented in this interim financial report. For the comparative financial information, reference is made to the quarterly report of the previous year for the corresponding period.

A2 Significant Accounting Policies

(a) Adoption of new or revised MFRS

The accounting policies, presentation and methods of computation adopted for the unaudited condensed interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the following new MFRSs and amendments to published standards for the Group for the financial period beginning 1 January 2022:

(i) Effective for financial period beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*
- Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contract-Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018-2020

(b) Standard issued but not yet effective

At the date of authorisation of this interim financial statement, the MASB has approved certain new standards, amendments and interpretations to existing standards which are not yet effective, and have not been early adopted by the Group as follows:

(i) Effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts*
- Amendments to MFRS 4 Insurance Contracts – *Extension of the Temporary Exemption from Applying MFRS 9**
- Amendments to MFRS 17 Insurance Contracts*
- Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 101 Presentation of Financial Statements – *Disclosure of Accounting Policies*
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Accounting Estimates*
- Amendments to MFRS 112 Income Taxes – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.

A2 Significant Accounting Policies (cont’d)

(ii) Effective for financial period beginning on or after 1 January 2024

- Amendments to MFRS 16 leases – *Lease Liability in a Sale and Leaseback*

(iii) Deferred to a date to be determined by the MASB

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

*Not applicable to the Group’s operations

The adoption of the above MFRSs and amendments to published standards do not have any material impact on the unaudited condensed interim financial statements of the Group.

A3 Seasonal or cyclical factors

The Group is principally involved in the oil palm plantation business. The production of Fresh Fruit Bunches (“FFB”) from its oil palm estates is seasonal in nature, with production being low at the beginning of the year and picking up thereafter and tapering off towards the year end. FFB production can also be affected by climatic factors, maturity of the trees, crop stress and the frequency of fertilizing the oil palm trees.

The property and other segment have steady business throughout the year and are not affected by seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows during the current financial period.

A5 Material changes in estimates

There were no material changes in the estimates of amount reported in the prior financial year and in the preceding interim periods, which have a material effect in the current financial period.

A6 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current financial period except for the following:

i) Warrants

During the current financial period, the Company issued 313,500 new ordinary shares for cash at RM188,100 pursuant to the exercise of warrants.

As at 31 December 2022, the number of treasury shares held was 7,461,800 and outstanding unexercised number of warrants was 34,534,255.

HARN LEN CORPORATION BHD (“Harn Len” or “the Company”)

Registration No: 200001000001 (502606-H)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.**A7 Dividend paid**

There were no dividend paid in the current financial period.

A8 Operating segments

Segmental information is presented in respect of the Group’s business segments. The Group operates solely in Malaysia and accordingly, information on geographical location of the Group’s operation is not presented.

Business segments

Segment activities are as follows:

Plantations : The operation of oil palm estates, palm oil mill, sales and purchases of FFB, sales and trading of crude palm oil (“CPO”) and palm kernel (“PK”) and the provision of plantation development contract services to related parties and external customers.

Property and others : Property investment and others

Segmental results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise interest income and expenses on corporate investment, directors’ remuneration as well as corporate assets and liabilities.

Segment information**Period ended 31 December 2022**

	<u>Plantations</u>	<u>Property & Others</u>	<u>Eliminations</u>	<u>Consolidation</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
External revenue	226,453,779	2,932,668	-	229,386,447
Inter-segment revenue	20,441,980	921,705	(21,363,685)	-
Total revenue	246,895,759	3,854,373	(21,363,685)	229,386,447
Segment results	10,036,842	(6,898,457)	-	3,138,385
Unallocated income				9,499,956
Profit before tax				12,638,341

<u>Assets</u>				
Segment assets	297,555,305	117,968,242	-	415,523,547
Corporate assets				23,579,804
Consolidated total assets				439,103,351
<u>Liabilities</u>				
Segment liabilities	99,614,175	22,328,465	-	121,942,640
Corporate liabilities				5,189,437
Consolidated total liabilities				127,132,077

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.

A9 Significant material events during the period / post balance sheet events

On 8 July 2022, the Company entered into a Sale and Purchase Agreement with a related party for the acquisition of a parcel of titled freehold land measuring approximately 3.8445 hectares in the Mukim of Tebrau, District of Johor Bahru for cash consideration of RM4,500,000. The acquisition was completed on 26 October 2022.

On 29 November 2022, the Group had entered into a settlement agreement with an external party and its related party whose is also a supplier to the Group to set off the receivable arose from the disposal of a subsidiary in 2017 of RM13,600,000 which was fully impaired. Accordingly, the RM13,600,000 expected credit loss was reversed in the current financial period.

On 10 January 2023, the Bonus Issue of Shares has been completed following the listing and quotation of 340,210,888 Bonus Shares (inclusive of 11,938,880 Bonus Shares to be held as treasury shares) and 55,064,378 additional Warrants 2019/2026 on the Main Market of Bursa Securities. There will be a dilution in the EPS and DEPS of the Group as a result of bonus issue of shares and adjustment to the number of outstanding warrants and ESS options.

On 12 January 2023, the Company had entered into a conditional Share Sale Agreement for the proposed acquisition of 100% equity interest in Almal Resources Sdn Bhd. The details of the proposed acquisition are disclosed in “B7 Status of corporate proposals”.

Other than the above, there were no material events subsequent to the end of the current financial period that have not been reflected in the financial statements of the current financial period.

A10 Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial period.

A11 Contingent liabilities and contingent assets

There were no material contingent liabilities and contingent assets for the current financial period.

A12 Capital commitments

The following are the material capital commitments to be incurred by the Group as at date of this report:

Property, plant and equipment:

Contracted but not provided for

RM'000
1,476

HARN LEN CORPORATION BHD (“Harn Len” or “the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.**A13 Related party transactions**

Significant related party transactions for the current financial period are as follows:

<u>Transacting parties</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>For the period ended 31 December</u>	
			<u>2022</u>	<u>2021</u>
			<u>RM'000</u>	<u>RM'000</u>
Advance Pinnacle Sdn Bhd	Affiliated company	Variable lease payment	404	-
Horn Lem (Merakai) Sdn Bhd	Affiliated company	Variable lease payment	441	-
Horn Lem (Semada) Sdn Bhd	Affiliated company	Variable lease payment	390	-
Horn Lem (Jerok) Sdn Bhd	Affiliated company	Variable lease payment	482	-
Horn Lem (Krangan) Sdn Bhd	Affiliated company	Variable lease payment	249	-

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.

Part B: Additional Information Required Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

B1 Review of performance

For the 12 months ended 31 December 2022, the Group generated total revenue of RM229,386,447. The plantation operations contributed RM226,453,779 or 99%. The property and other operations contributed RM2,932,668 or 1%.

The operating profit was primarily due to reversal of allowance for expected credit losses on other receivable and higher average selling price of CPO and PK despite lower CPO and PK sales volume. In additions, losses incurred from property operation continue largely due to low occupancy rate of investment properties.

Plantation operations

The following are the production and sales for the period ended 31 December 2022:

	31-Dec-22	31-Dec-21
	<u>MT</u>	<u>MT</u>
FFB produced	86,548	-
FFB processed	190,461	-
CPO produced	37,030	-
PK produced	8,289	-
CPO sold	36,669	-
PK sold	8,189	-

The average selling price of CPO was RM4,590 per m/t, FFB was RM967 per m/t and for PK, it was RM2,742 per m/t.

Property and other operations

The property and other operations comprise of property investment, investment in equity instrument and food and beverage business with rental income derived from investment properties, being the main source of income. The operating loss during the period was mainly due to low occupancy rate of a commercial building comprising of offices, hotel, and shops.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.

B2 Comparison of results against preceding quarter

	Quarter to 31-Dec-2022	Quarter to 30-Sep-2022	% change
	RM	RM	
Revenue	49,713,576	66,098,122	-25%
Profit from operating activities	537,816	11,071,342	-95%

	Quarter to 31-Dec-2022	Quarter to 30-Sep-2022	% change
	MT	MT	
FFB processed	50,229	66,527	-24%
CPO produced	9,901	12,813	-23%
PK produced	2,295	2,903	-21%
CPO sold (m/t)	9,548	13,021	-27%
PK sold (m/t)	2,219	2,959	-25%

<i>Average selling price:</i>	RM/mt	RM/mt	% change
CPO	3,772	3,888	-3%
PK	2,025	2,200	-8%

Revenue generated in the current quarter was 25% lower than revenue in the preceding quarter mainly due to lower CPO and PK output moving into the end of peak crop season. Significant lower profit from operations was mainly due to reversal of allowance for expected credit losses on other receivable recorded in preceding quarter.

B3 Prospects

CPO price is currently hovering between RM3,600 to RM4,000 per m/t. Optimism on global CPO demand recovery forecast, recent CPO export restrictions imposed by Indonesia as well as unresolved industry labour shortage issue locally which will lead to crop and quality losses may support the current CPO price.

The Group will remain cautious and continue to chart out various strategies, which include efforts to increase efficiency and cost rationalization, to counter any negative impact to its business operations.

B4 Profit forecast

Not applicable as no profit forecast was given.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.**B5 Taxation**

The taxation for the current financial period is as follows:

	<u>Current</u> <u>quarter ended</u> <u>31-Dec-22</u>	<u>Preceding quarter</u> <u>ended</u> <u>31-Dec-21</u>	<u>Current year to</u> <u>date ended</u> <u>31-Dec-22</u>	<u>Preceding year to</u> <u>date ended</u> <u>31-Dec-21</u>
<u>Income tax</u>				
Current year	(727,572)	-	(873,435)	-
<u>Deferred tax</u>				
Current year	369,726	-	956,078	-
Total	<u>(357,846)</u>	<u>-</u>	<u>82,643</u>	<u>-</u>

For the current quarter, the effective tax rate was higher than the statutory tax rate mainly due to the non-recognition of deferred tax assets on unutilised tax losses and unabsorbed capital allowance and expenses not deductible for tax purpose.

For the current financial period, the effective tax rate was lower than the statutory tax rate mainly due to the certain income not subject to tax.

B6 Notes to the Statement of Comprehensive Income

Profit before tax has been arrived at after charging and crediting the following:

	<u>Current</u> <u>quarter</u> <u>31-Dec-22</u> <u>RM'000</u>	<u>Preceding</u> <u>quarter ended</u> <u>31-Dec-21</u> <u>RM'000</u>	<u>Current year to</u> <u>date ended</u> <u>31-Dec-22</u> <u>RM'000</u>	<u>Preceding year</u> <u>to date ended</u> <u>31-Dec-21</u> <u>RM'000</u>
Charges:				
Depreciation and amortisation	(4,298)	-	(18,152)	-
Interest expense	(1,020)	-	(4,334)	-
Property, plant and equipment written off	(13)	-	(62)	-
Inventories written off	(54)	-	(227)	-
Loss on fair value of biological assets	-	-	(226)	-
Allowance for expected credit losses	(11)	-	(11)	-
Net investment loss	-	-	(239)	-
Bad debts written off	(360)	-	(360)	-
Credits:				
Interest received	14	-	145	-
Reversal of allowance for expected credit losses	371	-	13,971	-
Gain on disposal of property, plant and equipment	165	-	165	-
Gain on fair value of biological assets	812	-	-	-
Net investment income	541	-	-	-
Share option lapsed	-	-	1	-

Other than as disclosed above, there were no other items to be included for the current financial period.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.

B7 Status of corporate proposals

Proposed Bonus Issue

On 21 October 2022, on behalf of our Board, Malacca Securities Sdn Bhd (“Malacca Securities”) announced that our Company proposed bonus issue of 411,174,212 new ordinary shares on the basis of eight (8) bonus shares for every five (5) existing ordinary shares in the Company.

On 4 November 2022, on behalf of our Board, Malacca Securities announced that the listing application for the following: -

- i. listing and quotation of 399,235,332 Bonus Shares to be issue pursuant to the Proposed Bonus Issue of Shares, on the Main Market of Bursa Securities;
- ii. listing and quotation of up to 55,429,207 additional Warrants 2019/2026 to be issued pursuant to the adjustment to the number of Warrants 2019/2026 arising from the Proposed Bonus Issue of Shares, on the Main Market of Bursa Securities; and
- iii. listing and quotation of up to 55,429,207 additional HLCB Shares to be issued pursuant to the exercise of the additional Warrants 2019/2026 to be issued pursuant to the adjustment to the number of arising from the Proposed Bonus Issue of Shares, on the Main Market of Bursa Securities.

On 14 November 2022, on behalf of our Board, Malacca Securities announced that Bursa Securities had vide its letter dated 11 November 2022, resolved to approve the following: -

- i) listing of and quotation for up to 399,235,332 new HLCB Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- ii) listing of and quotation for up to 55,429,207 additional Warrants 2019/2026 to be issued pursuant to the adjustments to the number of Warrants 2019/2026 arising from the Proposed Bonus Issue of Shares; and
- iii) listing of and quotation for up to 55,429,207 new HLCB Shares to be issued pursuant to the exercise of the additional Warrants 2019/2026.

The approval granted by Bursa Securities is subject to, amongst others, the following conditions: -

- i) HLCB and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Shares;
- ii) Malacca Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Shares;
- iii) Malacca Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Bonus Issue of Shares is completed;
- iv) HLCB is required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) and (b) and 6.35(4) of the Listing Requirements;

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD
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The approval granted by Bursa Securities is subject to, amongst others, the following conditions (con’t): -

- v) HLCB / Malacca Securities to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at an extraordinary general meeting for the Proposed Bonus Issue of Shares; and
- vi) Payment of outstanding processing fee based on the market value of the Bonus Shares to be listed (based on the adjusted price), if applicable. In this respect, the Company is required to furnish Bursa Securities a cheque drawn to the order of Bursa Securities for the outstanding processing fee together with a copy of the details of the computation of the amount of fees payable.

The shareholders of the Company had granted their approval to the Bonus Shares via its EGM on 2 December 2022.

The Bonus Issue of Shares has been completed on 10 January 2023 following the listing and quotation of 340,210,888 Bonus Shares (inclusive of 11,938,880 Bonus Shares to be held as treasury shares) and 55,064,378 additional Warrants 2019/2026 on the Main Market of Bursa Securities.

Other than disclosed below, there were no corporate proposals being announced but not completed as at the date of report.

Proposed Acquisition

On 12 January 2023, on behalf of our Board, Malacca Securities Sdn Bhd (“Malacca Securities”) announced that our Company had entered into a conditional Share Sale Agreement (“SSA”) with Datuk Mohamed Nizam Bin Mohamed Jakel (“Datuk Nizam”) for the proposed acquisition by the Company of 100% equity interest in Almal Resources Sdn Bhd (“ARSB”) from Datuk Nizam for a total purchase consideration of RM54,715,500, subject to the terms of SSA.

ARSB owns 100% equity interest in Pahang Coconut Valley Corporation Sdn Bhd (“PCVCSB”) which in turn, owns the rights to a 60-year lease of a plantation land held under PN 28312, Lot 16442 to PN 28319, Lot 16449 and PN 28322, Lot 16452, Mukim Rompin, Rompin, Pahang (“Land”).

The total purchase consideration of RM54,715,500 to be satisfied via combination of cash (60%) and issuance and allotment of 31,266,000 Consideration Shares (40%) at an issue price of RM0.70 per Consideration Share.

The proposed ARSB acquisition is expected to be completed in the 2nd quarter of calendar year 2023. Upon completion of the proposed ARSB acquisition, ARSB will become a wholly-owned subsidiary of the Group.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.**B8 Group borrowings**

The borrowings by the Group as at 31 December 2022 are as follows:

		<u>As at 31 Dec</u> <u>2022</u>	<u>As at 31 Dec</u> <u>2021</u>
Term loans payable:		RM	RM
Within 12 months	-secured	11,242,004	12,382,194
More than 12 months	-secured	17,800,390	25,659,581
Total		<u>29,042,394</u>	<u>38,041,775</u>
Bank overdrafts	-secured	17,997,863	18,896,058
Share margin financing	-secured	4,807,578	4,812,429
Total borrowings		<u>51,847,835</u>	<u>61,750,262</u>

B9 Lease liabilities

The lease liabilities of the Group as at 31 December 2022 are as follows:

		<u>As at 31 Dec</u> <u>2022</u>	<u>As at 31 Dec</u> <u>2021</u>
Lease liabilities:		RM	RM
Within 12 months	-secured	362,137	381,210
More than 12 months	-secured	825,220	799,337
	-unsecured	17,664,750	17,715,780
Total lease liabilities		<u>18,852,107</u>	<u>18,896,327</u>

B10 Material litigations

- (a) On 30 September 2016, the Board of Directors of Harn Len Corporation Bhd announced that Harn Len Pelita Benganan Sdn. Bhd, a subsidiary company of Harn Len Corporation Bhd had been served with a Writ and Statement of Claim both dated 7 September 2016 by the High Court of Sabah and Sarawak at Sri Aman as the first Defendant by the Plaintiffs namely Ismawi Ak Isa (WNKP. 541128-13-5521), Kruka AK Sampar (WNKP. 650930-13-5257), Mambang Ak Sebai (WNKP. 520915-13-5579) and Tindi AK Engkapan (WNKP. 510604-13-5281) [Representing on behalf of themselves and 32 other proprietors, occupiers, holders and claimants of Native Customary Rights (NCR) Land situated at Kampung Bait Ulu, Sri Aman, Simanggang, Sarawak] for trespassing upon the Plaintiffs’ said NCR land.

On 15 November 2017, the Board of Harn Len Corporation Bhd announced that Sri Aman High Court suit no: SRA-21NCvC-3/9-2016 (HC) which was announced on 30 September 2016 and 9 May 2017 was fixed for trial on 15 to 19 January 2018 and 1 and 2 February 2018.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.

B10 Material litigations (cont’d)

The trial above commenced on 15 January 2018 until 16 January 2018 and was adjourned thereafter due to the Judge had to take part in Legal Year Ceremony which took place in Miri. Thereafter, the trial could not be continued on 29 January 2018 and 30 January 2018 as there was no Iban Court Interpreter available. The trial thus continued on 31 January 2018 and 1 February 2018 and was adjourned to continue on 9, 10, 17, 18 and 20 April 2018.

The trial on 9 and 10 April 2018 had been vacated by the court. Trial for the above continued on 17, 18 and 20 April 2018 with the calling of Tr. Manggal Anak Jalang as the 1st defendant witness on 17 April 2018. As Tr. Manggal Anak Jalang was not feeling well on 18 April 2018 for his further cross examination, the Defendant counsel proceed to call Ipang Anak Banau as the Defendant 2 witness and for Tr. Mangal Anak Jalang to be recalled for further cross examination and re-examination. Ipang Anak Banau was cross examined and his cross-examination was concluded on 20 April 2018.

The case was further rescheduled for re-examination of Ipang Anak Banau, cross-examination and re-examination of Tr. Manggal Anak Jalang and further calling of the Defendant witness for the trial on 14 to 17 May, 2018 and 11 to 14 June 2018.

The case was called up for mention by Court upon short notice on 27 June 2018 and the continuation of the trial was fixed by the Court on 9 to 10 August 2018 and 20 to 23 August 2018.

The trial of the above case had continued on 9th, 10th, 20th and 21st of August 2018 with the calling of all witnesses and with the close of defendant’s defence on 21st August 2018.

The Court had directed that the parties shall file and exchange written submission on or before 28 September 2018 and thereafter, to file and serve any submission in reply on or before 12th October 2018. The Court had delivered ruling on 16th November 2018.

The case was further rescheduled for ruling on 29 November 2018 and subsequently rescheduled further to 10 December 2018.

On 10 December 2018, the Plaintiffs’ claim for the above action against the Defendant was dismissed by the Court with cost of RM15,000. The Plaintiffs had the right of Appeal by filing notice of appeal within one month from the date of the ruling. The Defendant Counsel had proceeded to seal the Judgement of the Court by the said ruling.

The Plaintiffs had lodged an appeal to the Court of Appeal on 14 January 2019, against the decision of the High Court which was delivered on 10 December 2018.

The Plaintiffs had failed to file and serve the Record of Appeal with the Memorandum of Appeal within the deadline. However, the Plaintiffs had filed an application to the Court of Appeal for extension of time to file and serve their Record of Appeal by way of a Notice of Motion which was dated 26 February 2019. The said motion of Plaintiffs was scheduled to be heard by the Court of Appeal in Kuching on 24 April 2019. The Plaintiffs’ application to the Court of Appeal for extension of time to file and serve their Record of Appeal by way of a Notice of Motion had been allowed by the Court of Appeal. The Plaintiffs had been given until 23 May 2019 to file and serve their Record of Appeal. Further thereon, the Plaintiffs had filed and served their Record of Appeal dated 23 May 2019 by way of service to the Defendant’s Solicitors. The hearing of the appeal was scheduled on 30 August 2019 and subsequently on 20 February 2020 by the Court of Appeal. The hearing fixed on 20 February 2020 was vacated and rescheduled to 17 July 2020 and subsequently rescheduled further to 5 August 2020.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.**B10 Material litigations (cont’d)**

On 5 August 2020, the hearing was rescheduled to 24 March 2021 and subsequently rescheduled further to 27 August 2021. On 2 August 2021, the hearing was further rescheduled to 27 September 2021 by way of zoom. The decision of the hearing had been fixed on 24 November 2021.

A new case management had been fixed on 14 December 2021. Pre-Trial Case Management (by way of e-review) had been fixed on 11 February 2022 and the Trial had been tentatively fixed on 23 May 2022 and 24 May 2022. However, the trial court had been vacated and a new trial date was fixed on 8 August 2022 to 11 August 2022 and subsequently rescheduled further from 3 October 2022 to 7 October 2022.

On 23 September 2022, the trial date was vacated to 3 October 2022 by way of zoom to fix the new trial dates. The Court had fixed new trial dates from 27 March 2023 to 30 March 2023.

Further development of the above matter will be announced in due course.

B11 Dividends

No dividend has been proposed or declared for the current financial period.

B12 Earnings per share

		<u>Current quarter</u> <u>ended</u> <u>31-Dec-22</u>	<u>Preceding quarter</u> <u>ended</u> <u>31-Dec-21</u>	<u>Cumulative year</u> <u>to date</u> <u>31-Dec-22</u>	<u>Cumulative preceding</u> <u>year to date</u> <u>31-Dec-21</u>
Profit attributable to the owners of the company	RM	12,004	-	14,781,374	-
Weighted average number of shares		204,990,805	-	203,713,955	-
Basic earnings per share	Sen	0.01	-	7.26	-
Diluted earnings per share	Sen	0.01	-	6.59	-

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022.**Additional Information required by Bursa Malaysia’s Listing Requirements Paragraph 10 Part B.****Status of Progress of Joint Venture**

The Company through its wholly-owned subsidiary, Premium Dragon Sdn Bhd (“PDSB”) had signed a Joint Venture Agreement (“the Agreement”) on 3 September 2004 with Pelita Holdings Sdn Bhd (“PHSB”). Harn Len Pelita Bungalow Sdn Bhd (“HLPB”), the joint-venture company which is 60% owned by PDSB, was set up for the purpose of undertaking development of several parcels of land known as Kara Ranga Engkaramut NCR Land Development Area, Bukit Bungalow, Sri Aman Division, Sarawak, comprising a gross area of approximately 24,636 hectares (“Land”) which is occupied by natives of Sarawak who have Native Customary Rights over the said Land (“NCR Owners”) into oil palm plantations. The plantable area of the said Land is estimated at 10,681 hectares.

The authorized capital of the joint-venture company (“JVC”) is RM10,000,000 made up of 10,000,000 ordinary shares of RM1.00 per ordinary share. The paid up capital is RM4,756,805. The authorized capital of the JVC will be increased to RM 24,000,000 made up of 24,000,000 shares of RM1.00 per ordinary share when the entire plantable Land has been developed.

The parties to the joint-venture company are: -

	<u>% shareholdings</u>
i) Premium Dragon Sdn Bhd	60
ii) PHSB as Trustees for NCR Owners	30
iii) Pelita Holdings Sdn Bhd	<u>10</u>
Total	<u>100</u>

As at 31 December 2022, HLPB has planted 6,130 ha of the Land with all oil palm trees matured. Crop production for the year to date was 13,956 m/t of FFB (2021: 18,783 m/t).

The development expenditure and other assets and liabilities as at 31 December 2022 were as follows:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	RM’000	RM’000
Property, plant and equipment	73,754	78,491
Right-of-use assets	1,977	2,018
Inventory and other assets	<u>865</u>	<u>1,111</u>
Total cost	<u>76,596</u>	<u>81,620</u>

Material Litigations:

Refer to Part B10 of the explanatory notes.