

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM	RM	RM	RM
Revenue	27,677,860	-	257,064,307	-
Cost of sales	(29,085,777)	-	(211,992,726)	-
Gross (loss)/ profit	(1,407,917)	-	45,071,581	-
Other income	4,832,389	-	18,324,434	-
Distribution expenses	(2,127,460)	-	(19,105,373)	-
Administrative expenses	(6,904,620)	-	(33,354,150)	-
Other expenses	(1,141,001)	-	(858,212)	-
Results from operating activities	(6,748,609)	-	10,078,280	-
Finance costs	(2,808,574)	-	(7,142,275)	-
Interest income	64,870	-	210,023	-
(Loss)/ Profit before tax	(9,492,313)	-	3,146,028	-
Income tax credit	248,128	-	330,771	-
Net (loss)/ profit for the financial year	(9,244,185)	-	3,476,799	-
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	-		(298,410)	
Total comprehensive (loss)/ income for the financial year	(9,244,185)	-	3,178,389	-
(Loss)/ Profit attributable to ;				
Owners of the Company	(7,613,033)	-	7,168,341	-
Non-controlling interests	(1,631,152)	-	(3,691,542)	-
(Loss)/ Profit for the period	(9,244,185)	-	3,476,799	-
Total comprehensive (loss)/ income attributable to:-				
Owners of the Company	(7,613,033)	-	6,869,931	-
Non-controlling interests	(1,631,152)	-	(3,691,542)	-
Total comprehensive (loss)/ income for the period	(9,244,185)	-	3,178,389	-
(Loss)/ Profit per share				
Basic (sen)	-1.51	-	2.72	-
Diluted (sen)	-1.51	-	2.25	-
Weighted average number of shares	504,353,084	-	263,181,036	-

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 MARCH 2023

	<u>As at 31/03/2023</u>	<u>As at 31/12/2021</u>
	RM	RM (AUDITED)
Assets		
Non-current assets		
Property, plant and equipment	178,847,652	192,311,487
Right-of-use assets	80,279,908	82,783,735
Investment properties	104,689,445	101,632,343
Other investments	2,751,335	2,349,745
Other receivables	11,841,270	-
Goodwill on consolidation	5,794,799	5,794,799
Total non-current assets	<u>384,204,409</u>	<u>384,872,109</u>
Current assets		
Biological assets	4,516,622	4,838,216
Inventories	4,654,634	4,988,196
Trade receivables	2,200,280	5,206,145
Other receivables	16,899,599	3,214,386
Other investments	1,026,900	5,013,009
Tax recoverable	6,866,997	3,397,917
Cash and bank balances	5,549,914	25,055,374
Total current assets	<u>41,714,946</u>	<u>51,713,243</u>
Total assets	<u>425,919,355</u>	<u>436,585,352</u>
<u>Equity and liabilities</u>		
Capital and reserves		
Share capital	214,005,197	212,750,515
Reserves	106,626,474	99,611,553
Equity attributable to owners of the Company	<u>320,631,671</u>	<u>312,362,068</u>
Non-controlling interests	(17,803,880)	(14,112,338)
Total equity	<u>302,827,791</u>	<u>298,249,730</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	15,067,684	16,302,313
Loans and borrowings	19,469,454	25,659,581
Lease liabilities	18,834,068	18,515,117
Total non-current liabilities	<u>53,371,206</u>	<u>60,477,011</u>
Current liabilities		
Trade payables	22,586,462	19,310,580
Other payables	18,443,047	22,063,097
Loans and borrowings	28,222,003	36,090,681
Tax payables	54,620	13,043
Lease liabilities	414,226	381,210
Total current liabilities	<u>69,720,358</u>	<u>77,858,611</u>
Total liabilities	<u>123,091,564</u>	<u>138,335,622</u>
Total equity and liabilities	<u>425,919,355</u>	<u>436,585,352</u>
Net assets per share (sen)	115.06	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 MARCH 2023

	<u>Share Capital RM</u>	<u>Treasury Shares RM</u>	<u>Share Option Reserve RM</u>	<u>Fair Value Reserve of Financial Assets at FVOCI RM</u>	<u>Retained Earnings RM</u>	<u>Total RM</u>	<u>Non-controlling Interests RM</u>	<u>Total Equity RM</u>
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	-	-	-	-	7,168,341	7,168,341	(3,691,542)	3,476,799
Other comprehensive loss for the period	-	-	-	(298,410)	-	(298,410)	-	(298,410)
Issuance of shares pursuant to exercise of warrants	1,254,682	-	-	-	-	1,254,682	-	1,254,682
Share option lapsed	-	-	(810)	-	-	(810)	-	(810)
Issuance of shares pursuant to exercise of ESOS	-	220,793	(65,610)	-	(9,383)	145,800	-	145,800
Balance at 31 March 2023	214,005,197	(5,308,156)	656,250	(1,148,665)	112,427,045	320,631,671	(17,803,880)	302,827,791

- 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 MARCH 2023

	<u>31/3/2023</u>	<u>31/3/2022</u>
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before tax	3,146,028	-
<u>Adjustments for:</u>		
Depreciation and amortisation	22,420,569	-
Finance costs	7,142,275	-
Property, plant and equipment written off	61,540	-
Inventories written off	376,366	-
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	(210,023)	-
Loss on fair value of biological assets	321,594	-
Bad debts written off	360,030	-
Dividend income	(265,540)	-
Changes in fair value of quoted shares	(400,288)	-
Allowance for expected credit losses on other receivable	2,000	-
Allowance for expected credit losses on trade receivable	11,053	-
Gain on disposal of property, plant & equipment	(164,999)	-
Share option lapsed	(810)	-
Operating profit before changes in working capital	<u>18,828,694</u>	<u>-</u>
<u>Changes in working capital</u>		
Change in inventories	(42,804)	-
Change in trade and other receivables	(10,681,330)	-
Change in trade and other payables	<u>(1,292,997)</u>	<u>-</u>
Cash generated from operations	6,811,563	-
Income tax paid	<u>(4,331,361)</u>	<u>-</u>
Net cash generated from operating activities	2,480,202	-
<u>Cash flows (used in) from investing activities</u>		
Acquisition of property, plant and equipment	(3,921,713)	-
Acquisition of investment properties	(4,692,837)	-
Investment in unquoted share	(700,000)	-
Proceed from disposal of property, plant and equipment	165,000	-
Net investments of quoted shares	4,386,397	-
Dividend received	265,540	-
Interest received	210,023	-
Changes in pledged deposits	<u>(71,143)</u>	<u>-</u>
Net cash used in investing activities	(4,358,733)	-
<u>Cash flows (used in) from financing activities</u>		
Finance expenses paid	(4,564,368)	-
Issuance of shares	1,400,482	-
Repayment of loans and borrowings	(11,288,293)	-
Repayment of principal portion of lease liabilities	(478,068)	-
Net movements of share margin account	(1,584,011)	-
Net movements of bank overdrafts	<u>(1,183,814)</u>	<u>-</u>
Net cash used in financing activities	(17,698,072)	-
Net decrease in cash and bank balances	(19,576,603)	-
Cash and bank balances at beginning of period	22,001,816	-
Cash and bank balances at end of period	<u><u>2,425,213</u></u>	<u><u>-</u></u>
Cash and cash equivalents consist of the following:		
Cash and bank balances	5,549,914	-
Less: Deposits with licensed banks	<u>(3,124,701)</u>	<u>-</u>
	<u><u>2,425,213</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>	
	<u>CURRENT YEAR QUARTER</u> <u>31/3/2023</u> <u>RM '000</u> <u>(UNAUDITED)</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER</u> <u>31/3/2022</u> <u>RM '000</u>	<u>CURRENT YEAR TO DATE</u> <u>31/3/2023</u> <u>RM '000</u> <u>(UNAUDITED)</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD</u> <u>31/3/2022</u> <u>RM '000</u>
1 Revenue	27,678	-	257,064	-
2 (Loss)/ Profit before taxation	(9,492)	-	3,146	-
3 (Loss)/ Profit for the period	(9,244)	-	3,477	-
4 (Loss)/ Profit attributable to ordinary equity holders of the parent	(7,613)	-	7,168	-
5 EPS-Basic (sen)	(1.51)	-	2.72	-
6 EPS-Diluted (sen)	(1.51)	-	2.25	-
7 Proposed/ Declared Dividend per share (sen)	-	-	-	-

	<u>AS AT END OF CURRENT QUARTER</u> <u>31/3/2023</u> <u>RM</u> <u>(UNAUDITED)</u>	<u>AS AT END OF PRECEDING FINANCIAL YEAR END</u> <u>31/12/2021</u> <u>RM</u> <u>(AUDITED)</u>
8 Net assets per share attributable to ordinary shareholders of the parent	1.15	1.57

Part A3-ADDITIONAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER</u> <u>31/3/2023</u> <u>RM '000</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER</u> <u>31/3/2022</u> <u>RM '000</u>	<u>CURRENT YEAR TO DATE</u> <u>31/3/2023</u> <u>RM '000</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD</u> <u>31/3/2022</u> <u>RM '000</u>
1 Gross interest income	65	-	210	-
2 Gross interest expenses	(2,809)	-	(7,142)	-

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.

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 MARCH 2023.

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*

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.

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) Treasury shares

During the current financial period, 11,938,880 bonus shares were issued and held as treasury shares.

As at 31 March 2023, the number of treasury shares held was 19,400,680.

ii) Warrants

During the current financial period, 55,064,378 additional warrants were issued and the Company issued 246,400 new ordinary shares for cash at RM100,702 pursuant to the exercise of warrants.

As at 31 March 2023, the outstanding unexercised number of warrants was 89,352,233.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.**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 March 2023**

	<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	253,267,879	3,796,428	-	257,064,307
Inter-segment revenue	23,727,195	1,161,909	(24,889,104)	-
Total revenue	276,995,074	4,958,337	(24,889,104)	257,064,307
Segment results	4,760,000	(8,478,597)	-	(3,718,597)
Unallocated income				6,864,625
Profit before tax				3,146,028

<u>Assets</u>				
Segment assets	281,358,720	114,396,676	-	395,755,396
Corporate assets				30,163,959
Consolidated total assets				425,919,355
<u>Liabilities</u>				
Segment liabilities	97,042,167	20,721,293	-	117,763,460
Corporate liabilities				5,328,104
Consolidated total liabilities				123,091,564

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.

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 proposed acquisition had been approved at the Extraordinary General Meeting on 7 April 2023. Datuk Nizam and the Company had on even date agreed in writing that all Conditions Precedent as stipulated in the SSA have been duly fulfilled and hence the Unconditional Date shall be 12 May 2023. 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	<u>RM'000</u> 1,066
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.**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>	For the period ended 31 March 2023 <u>RM'000</u>	For the period ended 31 March 2022 <u>RM'000</u>
Advance Pinnacle Sdn Bhd	Affiliated company	Variable lease payment	451	-
Horn Len (Merakai) Sdn Bhd	Affiliated company	Variable lease payment	359	-
Horn Len (Semada) Sdn Bhd	Affiliated company	Variable lease payment	428	-
Horn Len (Jerok) Sdn Bhd	Affiliated company	Variable lease payment	525	-
Horn Len (Krangan) Sdn Bhd	Affiliated company	Variable lease payment	261	-

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.**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 15 months ended 31 March 2023, the Group generated total revenue of RM257,064,307. The plantation operations contributed RM253,267,879 or 99%. The property and other operations contributed RM3,796,428 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 March 2023:

	31-Mar-23	31-Mar-22
	<u>MT</u>	<u>MT</u>
FFB produced	104,001	-
FFB processed	215,887	-
CPO produced	42,063	-
PK produced	9,337	-
CPO sold	42,690	-
PK sold	9,306	-

The average selling price of CPO was RM4,412 per m/t, FFB was RM933 per m/t and for PK, it was RM2,635 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.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.**B2 Comparison of results against preceding quarter**

	Quarter to 31-Mar-2023	Quarter to 31-Dec-2022	% change
	RM	RM	
Revenue	27,677,860	49,713,576	-44%
(Loss)/Profit from operating activities	(6,748,609)	537,816	-1355%

	Quarter to 31-Mar-2023	Quarter to 31-Dec-2022	% change
	MT	MT	
FFB processed	25,426	50,229	-49%
CPO produced	5,033	9,901	-49%
PK produced	1,048	2,295	-54%
CPO sold (m/t)	6,021	9,548	-37%
PK sold (m/t)	1,117	2,219	-50%

<i>Average selling price:</i>	RM/mt	RM/mt	% change
CPO	3,329	3,772	-12%
PK	1,850	2,025	-9%

Revenue generated in the current quarter was 44% lower than revenue in the preceding quarter mainly due to lower CPO and PK output moving into the low crop season. Significant lower profit from operations was mainly due to lower of CPO and PK production and sales volume.

B3 Prospects

CPO price is currently hovering between RM3,500 to RM4,000 per m/t. Optimism on global CPO demand recovery forecast, recent CPO export restrictions imposed by Indonesia, lower sunflower seed production from Ukraine due to ongoing war with Russia 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 MARCH 2023.**B5 Taxation**

The taxation for the current financial period is as follows:

	<u>Current quarter ended 31-Mar-23</u>	<u>Preceding quarter ended 31-Mar-22</u>	<u>Current year to date ended 31-Mar-23</u>	<u>Preceding year to date ended 31-Mar-22</u>
<u>Income tax</u>				
Current year	(30,423)	-	(903,858)	-
<u>Deferred tax</u>				
Current year	278,551	-	1,234,629	-
Total	<u>248,128</u>	<u>-</u>	<u>330,771</u>	<u>-</u>

For the current quarter and current financial period, the effective tax rate was lower than the statutory tax rate mainly due to the certain income not subject to tax and utilisation of business losses and unabsorbed capital allowance available for offset against taxable profit.

B6 Notes to the Statement of Comprehensive Income

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

	<u>Current quarter ended 31-Mar-23 RM'000</u>	<u>Preceding quarter ended 31-Mar-22 RM'000</u>	<u>Current year to date ended 31-Mar-23 RM'000</u>	<u>Preceding year to date ended 31-Mar-22 RM'000</u>
Charges:				
Depreciation and amortisation	(4,269)	-	(22,421)	-
Interest expense	(2,809)	-	(7,142)	-
Inventories written off	(149)	-	(376)	-
Loss on fair value of biological assets	(96)	-	(322)	-
Allowance for expected credit losses	(2)	-	(13)	-
Net investment loss	-	-	(179)	-
Bad debts written off	-	-	(360)	-
Credits:				
Interest received	65	-	210	-
Reversal of allowance for expected credit losses	-	-	13,971	-
Gain on disposal of property, plant and equipment	-	-	165	-
Net investment income	60	-	-	-
Share option lapsed	-	-	1	-

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

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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;

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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 the Board, Malacca Securities Sdn Bhd (“Malacca Securities”) announced that the 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.

On 12 May 2023, on behalf of the Board, Malacca Securities announced that Datuk Nizam and the Company had on even date agreed in writing that all Conditions Precedent as stipulated in the SSA have been duly fulfilled and hence the Unconditional Date shall be 12 May 2023.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.**B8 Group borrowings**

The borrowings by the Group as at 31 March 2023 are as follows:

		<u>As at 31 Mar</u> <u>2023</u>	<u>As at 31 Dec</u> <u>2021</u>
Term loans payable:		RM	RM
Within 12 months	-secured	7,281,341	12,382,194
More than 12 months	-secured	<u>19,469,454</u>	<u>25,659,581</u>
Total		<u>26,750,795</u>	<u>38,041,775</u>
Bank overdrafts	-secured	17,712,244	18,896,058
Share margin financing	-secured	3,228,418	4,812,429
Total borrowings		<u>47,691,457</u>	<u>61,750,262</u>

B9 Lease liabilities

The lease liabilities of the Group as at 31 March 2023 are as follows:

		<u>As at 31 Mar</u> <u>2023</u>	<u>As at 31 Dec</u> <u>2021</u>
Lease liabilities:		RM	RM
Within 12 months	-secured	414,226	381,210
More than 12 months	-secured	912,653	799,337
	-unsecured	17,921,415	17,715,780
Total lease liabilities		<u>19,248,294</u>	<u>18,896,327</u>

B10 Material litigations

- (a) In year 2016, the Board of Directors of Harn Len Corporation Bhd announced that Harn Len Pelita Bungalow Sdn. Bhd., a subsidiary company of Harn Len Corporation Bhd had been served with a Writ and Statement of Claim by the High Court of Sabah and Sarawak, where 36 of the NCR alleged that the subsidiary has been trespassing on a land of which the NCR owners claimed to have native title and/or Native Customary Rights over the land. The NCR owners claim was dismissed by the High Court and have appealed to the Court of Appeal on the grounds that the High Court has erred in dismissing the NCR owner’s claim.

The appeal is partially allowed for certain NCR owners on 24 November 2021 and the case was remitted back to the High Court in Kuching for Assessment of Damages for trespass. The Company and NCR owners has agreed to file their respective bundles by 30 March 2022 and the High Court had fixed a further monitoring date on the filing of bundles on 6 April 2022 by way of E-review. The trial has 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.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.**B10 Material litigations (cont’d)**

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 and subsequently rescheduled further to 23 June 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 ended</u> <u>31-Mar-23</u>	<u>Preceding quarter ended</u> <u>31-Mar-22</u>	<u>Cumulative year to date</u> <u>31-Mar-23</u>	<u>Cumulative preceding year to</u> <u>31-Mar-22</u>
(Loss)/ Profit attributable to the owners of the company	RM	(7,613,033)	-	7,168,341	-
Weighted average number of shares		504,353,084	-	263,181,036	-
Basic (loss)/ earnings per share	Sen	(1.51)	-	2.72	-
Diluted (loss)/ earnings per	Sen	(1.51)	-	2.25	-

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023.**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 Bengunan 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 Bengunan, 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 March 2023, HLPB has planted 6,130 ha of the Land with all oil palm trees matured. Crop production for the year to date was 16,815 m/t of FFB (2021: 18,783 m/t).

The development expenditure and other assets and liabilities as at 31 March 2023 were as follows:

	<u>31 Mar 2023</u>	<u>31 Dec 2021</u>
	RM'000	RM'000
Property, plant and equipment	72,820	78,491
Right-of-use assets	1,966	2,018
Inventory and other assets	<u>497</u>	<u>1,111</u>
Total cost	<u>75,283</u>	<u>81,620</u>

Material Litigations:

Refer to Part B10 of the explanatory notes.