

HARN LEN CORPORATION BHD

Registration No: 200001000001 (502606-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 FEBRUARY 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	29/02/2024 RM	28/02/2023 RM	29/02/2024 RM	28/02/2023 RM
Revenue	41,649,766	-	141,741,370	-
Cost of sales	(31,549,813)	-	(108,922,481)	-
Gross profit	10,099,953	-	32,818,889	-
Other income	314,286	-	367,217	-
Distribution expenses	(2,978,131)	-	(10,721,149)	-
Administrative expenses	(7,507,149)	-	(21,994,954)	-
Results from operating activities	(71,041)	-	470,003	-
Finance income	240,683	-	648,866	-
Finance costs	(1,206,619)	-	(3,876,403)	-
Loss before tax	(1,036,977)	-	(2,757,534)	-
Income tax expense	(2,683,553)	-	(5,216,124)	-
Loss for the period	(3,720,530)	-	(7,973,658)	-
Other comprehensive income, net of tax				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Gain on FVOCI investment	2,496	-	17,496	-
Total comprehensive loss for the period	(3,718,034)	-	(7,956,162)	-
Loss attributable to: -				
Owners of the Company	(2,592,966)	-	(5,113,713)	-
Non-controlling interests	(1,127,564)	-	(2,859,945)	-
Loss for the period	(3,720,530)	-	(7,973,658)	-
Total comprehensive loss attributable to: -				
Owners of the Company	(2,590,470)	-	(5,096,217)	-
Non-controlling interests	(1,127,564)	-	(2,859,945)	-
Total comprehensive loss for the period	(3,718,034)	-	(7,956,162)	-
Loss per share attributable to owners of the Company: -				
Basic loss per share (sen)	(0.46)	-	(0.91)	-
Diluted loss per share (sen)	(0.46)	-	(0.91)	-
Weighted average number of shares	564,592,095	-	564,754,618	-

Notes:

The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. No comparative financial information were presented in this interim financial report.

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the period ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

HARN LEN CORPORATION BHD

Registration No: 200001000001 (502606-H)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024**

	As at 29/02/2024 RM	As at 31/05/2023 RM (AUDITED)
ASSET		
Non-current asset		
Property, plant and equipment	170,253,345	176,891,722
Right-of-use assets	141,544,573	79,945,874
Investment properties	103,347,069	104,328,510
Other receivables	12,609,273	11,968,080
Goodwill on consolidation	5,794,799	5,794,799
Total non-current assets	<u>433,549,059</u>	<u>378,928,985</u>
Current asset		
Biological assets	1,954,038	3,692,485
Inventories	4,830,816	5,624,400
Trade receivables	5,740,258	1,698,397
Other receivables	5,218,894	39,328,232
Other investments	1,002,477	5,000,945
Income tax recoverable	169,720	6,757,678
Cash and bank balances	4,748,627	4,025,764
Total current assets	<u>23,664,830</u>	<u>66,127,901</u>
Total assets	<u>457,213,889</u>	<u>445,056,886</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	235,891,397	235,891,397
Reserves	101,999,626	107,418,309
Equity attributable to owners of the Company	<u>337,891,023</u>	<u>343,309,706</u>
Non-controlling interests	(20,999,278)	(18,139,333)
Total equity	<u>316,891,745</u>	<u>325,170,373</u>
LIABILITIES		
Non-current liabilities		
Trade payables	12,555,743	11,968,080
Other payables	-	1,305,987
Loan and borrowings	13,413,715	16,542,722
Lease liabilities	28,215,494	18,554,334
Deferred tax liabilities	14,749,854	15,023,289
Total non-current liabilities	<u>68,934,806</u>	<u>63,394,412</u>
Current liabilities		
Trade payables	14,037,515	15,268,864
Other payables	29,003,379	11,453,058
Loan and borrowings	26,485,139	29,271,810
Lease liabilities	1,346,518	432,641
Income tax payable	514,787	65,728
Total current liabilities	<u>71,387,338</u>	<u>56,492,101</u>
Total liabilities	<u>140,322,144</u>	<u>119,886,513</u>
Total equity and liabilities	<u>457,213,889</u>	<u>445,056,886</u>
Net assets per share (sen)	56.18	57.57

Notes:

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

HARN LEN CORPORATION BHD

Registration No: 200001000001 (502606-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 FEBRUARY 2024

	Attributable to Owners of the Company						Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Option Reserve	Fair Value Reserve of FVOCI Investment	Retained Earnings	Total		
	RM	RM	RM	RM	RM	RM		
Balance at 1 June 2023	235,891,397	(5,308,156)	656,250	125,000	111,945,215	343,309,706	(18,139,333)	325,170,373
Loss for the period	-	-	-	-	(5,113,713)	(5,113,713)	(2,859,945)	(7,973,658)
Other comprehensive income for the period	-	-	-	17,496	-	17,496	-	17,496
Reclassification				(142,496)	142,496	-	-	-
Share buy back	-	(322,466)	-	-	-	(322,466)	-	(322,466)
Balance at 29 February 2024	<u>235,891,397</u>	<u>(5,630,622)</u>	<u>656,250</u>	<u>-</u>	<u>106,973,998</u>	<u>337,891,023</u>	<u>(20,999,278)</u>	<u>316,891,745</u>

Notes:

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

HARN LEN CORPORATION BHD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 29 FEBRUARY 2024**

	29/02/2024	28/02/2023
	RM	RM
OPERATING ACTIVITIES		
Loss before tax	(2,757,534)	-
Adjustments for: -		
Depreciation of non-current assets	13,762,891	-
Finance cost	3,288,741	-
Finance income	(648,866)	-
Gain on investment in quoted share	(157,049)	-
Gain on disposal of property, plant and equipment	(11,999)	-
Changes in fair value of biological assets	1,738,447	-
Changes in working capital: -		
Inventories	793,584	-
Trade and other receivables	(9,969,520)	-
Trade and other payables	6,110,305	-
Cash generated from operations	12,149,000	-
Income tax refunded	2,965,185	-
Income tax paid	(1,334,727)	-
Net cash generated from operating activities	13,779,458	-
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,830,314)	-
Deferred consideration of investment in subsidiaries paid	(6,000,000)	-
Proceeds from disposal of investment in unquoted share	4,082,496	-
RPGT paid	(123,000)	-
Proceeds from disposal of property, plant and equipment	12,000	-
Interest received	33	-
Net cash used in investing activities	(3,858,785)	-
FINANCING ACTIVITIES		
Repurchase of treasury shares	(322,466)	-
Repayment of loan and borrowings	(6,834,522)	-
Repayment of lease liabilities	(382,855)	-
Interest paid	(1,717,151)	-
Net cash used in financing activities	(9,256,994)	-
Net cash inflow	663,679	-
Cash and cash equivalents at beginning of period	883,633	-
Cash and cash equivalents at end of period	1,547,312	-
Cash and cash equivalents consist of the following:		
Cash and bank balances	4,748,627	-
Less: Pledged deposits with licensed banks	(3,201,315)	-
	1,547,312	-

Notes:

The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. No comparative financial information were presented in this interim financial report.

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the period ended 31 May 2023 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>29/02/2024</u> RM'000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING QUARTER <u>28/02/2023</u>	CURRENT YEAR TO DATE <u>29/02/2024</u> RM'000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING PERIOD <u>28/02/2023</u>	
1	Revenue	41,649	-	141,741	-
2	Loss before taxation	(1,307)	-	(2,758)	-
3	Loss for the period	(3,721)	-	(7,974)	-
4	Loss attributable to ordinary equity holders of the parent	(2,593)	-	(5,114)	-
5	EPS – Basic (Sen)	(0.46)	-	(0.91)	-
6	EPS – Diluted (Sen)	(0.46)	-	(0.91)	-
7	Proposed/Declared Dividend per share (Sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER <u>29/02/2024</u> (UNAUDITED)	AS AT END OF PRECEDING FINANCIAL YEAR END <u>31/05/2023</u> (AUDITED)	
8	Net assets per share attributable to ordinary shareholders of the parent (Sen)	0.56	0.58

Part A3 – ADDITIONAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>		
	CURRENT YEAR QUARTER <u>29/02/2024</u> RM'000	PRECEDING YEAR CORRESPONDING QUARTER <u>28/02/2023</u>	CURRENT YEAR TO DATE <u>29/02/2024</u> RM'000	PRECEDING YEAR CORRESPONDING PERIOD <u>28/02/2023</u>	
1	Gross interest income	241	-	649	-
2	Gross interest expenses	(1,207)	-	(3,876)	-

Notes:

The Group has changed its financial year end from 31 December to 31 May and the comparative financial information were not presented. No comparative financial information were presented in this interim financial report.

The summary of key financial information should be read in conjunction with the audited financial statements for the period ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

HARN LEN CORPORATION BHD (“the Company”)

Registration No: 200001000001 (502606-H)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.

PART A: EXPLANATORY NOTES

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 period ended 31 May 2023.

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 condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows.

A2 Material 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 period ended 31 May 2023 except for the adoption of the following new MFRSs and amendments to published standards for the Group for the financial period beginning 1 June 2023:

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

- MFRS 17 Insurance Contracts and 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 – *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*
- Amendments to MFRS 112 Income Taxes – *International Tax Reform: Pillar Two Model Rules*

(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:

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.

A2 Material Accounting Policies (cont’d)

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

- Amendments to MFRS 16 leases – *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 Presentation of Financial Statements – *Non-Current Liabilities with Covenants*
- Amendments to MFRS 101 Presentation of Financial Statements – *Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure – *Supplier Finance Arrangements*

(ii) Effective for financial period beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – *Lack of Exchangeability*

(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 and Company’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 first quarter production picking up from traditional low crops season, ramping up in the second quarter and tapering off toward the end of third quarter. 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 repurchase of 746,000 treasury shares.

As at 29 February 2024, the number of treasury shares held was 20,146,680 and outstanding unexercised number of warrants was 89,352,233.

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.**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, pineapple cultivation, 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 29 February 2024**

	Plantation	Property & Others	Eliminations	Consolidation
	RM’000	RM’000	RM’000	RM’000
External revenue	139,112	2,629	-	141,741
Inter-segment revenue	-	630	(630)	-
Total revenue	139,112	3,259	(630)	141,741
Segment result	11,881	(6,124)	-	5,757
Unallocated loss				(8,515)
Loss before tax				(2,758)

<u>Assets</u>				
Segment assets	318,458	118,210	-	436,668
Corporate assets				20,546
Consolidated total assets				457,214
<u>Liabilities</u>				
Segment liabilities	101,611	19,834	-	121,445
Corporate liabilities				18,877
Consolidated total liabilities				140,322

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.**A9 Significant material events after financial period**

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

During the financial period, the acquisition of Almal Resources Sdn Bhd for a total purchase consideration of RM54,715,500 was completed. Accordingly, Almal Resources Sdn Bhd and Pahang Coconut Valley Corporation Sdn Bhd are consolidated as wholly-owned subsidiaries of Harn Len Corporation Bhd.

Other than the above, 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:

	<u>RM'000</u>
Authorised but not contracted for	5,241
Contracted but not provided for	<u>422</u>
	<u>5,663</u>

A13 Related party transactions

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

<u>Transacting parties</u>	<u>Nature of transactions</u>	<u>Current quarter ended</u>	<u>Preceding quarter ended</u>	<u>Cumulative year to date</u>	<u>Cumulative preceding year to date</u>
		<u>29/02/2024</u>	<u>28/02/2023</u>	<u>29/02/2024</u>	<u>28/02/2023</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Affiliated companies:</u>					
Advance Pinnacle Sdn Bhd	Variable lease payment	(38)	-	(32)	-
Horn Len (Merakai) Sdn Bhd	Variable lease payment	44	-	64	-
Horn Len (Semada) Sdn Bhd	Variable lease payment	18	-	55	-
Horn Len (Jerok) Sdn Bhd	Variable lease payment	42	-	65	-
Horn Len (Krangan) Sdn Bhd	Variable lease payment	9	-	35	-

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.

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

The Group generated total revenue of RM141.7 million. The plantation operations contributed RM139.1 million or 98%. The property and other operations contributed RM2.6 million or 2%.

The loss before tax was primarily due to lower sales volume of CPO, PK and FFB moving into low crops season despite marginal increase in the average selling prices. 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 29 February 2024:

	29/02/2024	28/02/2023
	<u>MT</u>	<u>MT</u>
FFB produced	90,966	-
FFB processed	143,824	-
CPO produced	28,803	-
PK produced	6,959	-
CPO sold	29,019	-
PK sold	6,968	-

The average selling prices of FFB were RM701 per m/t, CPO was RM3,643 per m/t, and PK was RM1,763 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.

HARN LEN CORPORATION BHD (“the Company”)

Registration No: 200001000001 (502606-H)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.**B2 Comparison of results against preceding quarter**

	Quarter to 29/02/2024	Quarter to 30/11/2023	% change
	<u>RM'000</u>	<u>RM'000</u>	
Revenue	41,650	59,316	-29%
(Loss)/ Profit from operating activities	(71)	2,280	-103%
	<u>MT</u>	<u>MT</u>	
FFB processed	39,300	60,350	-35%
CPO produced	7,818	12,087	-35%
PK produced	1,904	2,939	-35%
CPO sold	8,173	12,011	-32%
PK sold	2,011	2,912	-31%
<i>Average selling price:</i>	<i>RM/mt</i>	<i>RM/mt</i>	
CPO	3,679	3,642	1%
PK	1,756	1,743	0.7%

The Group reported revenues of RM41.65 million in the current quarter. Lower profit from operations was mainly due to decrease in sales volume of CPO and FFB.

B3 Prospects

CPO price is currently hovering between RM4,000 to RM4,500 per m/t. With the expectation of the low crop season ending in March and attributed to the abundant supply of soybean oil from the United States flooding the market, CPO prices is expected to soften. The average CPO price for the year is forecasted to be above RM3,800 per m/t.

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.

HARN LEN CORPORATION BHD (“the Company”)

Registration No: 200001000001 (502606-H)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.**B5 Taxation**

The taxation for the current financial period is as follows:

	Current quarter ended 29/02/2024	Preceding quarter ended 28/02/2023	Current year to date ended 29/02/2024	Preceding year to date ended 28/02/2023
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Income tax</u>				
Current year	755	-	3,722	-
Prior year	1,767	-	1,767	-
<u>Deferred tax</u>				
Current year	(317)	-	(752)	-
Prior year	479	-	479	-
Total	<u>2,684</u>	<u>-</u>	<u>5,216</u>	<u>-</u>

For the current quarter, the effective tax rate is higher than 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. The changes in deferred tax was due to temporary differences, particularly regarding the assets' carrying value versus its tax written-down value.

B6 Notes to the Statement of Profit or Loss and Other Comprehensive Income

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

	Current quarter ended 29/02/2024	Preceding quarter ended 28/02/2023	Current year to date ended 29/02/2024	Preceding year to date ended 28/02/2023
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Charges</u>				
Depreciation	(4,542)	-	(13,763)	-
Interest expense	(619)	-	(3,289)	-
Loss on fair value of biological assets	(512)	-	(1,738)	-
<u>Credits</u>				
Interest income	241	-	649	-
Gain on investment in quoted shares	123	-	157	-
Gain on disposal of property, plant and equipment	12	-	12	-

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

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.

B7 Status of corporate proposals

Proposed Acquisition

On 29 December 2023, on behalf of our 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 Tiger Agriculture Sdn Bhd (“TASB”) from Datuk Nizam for a total purchase consideration of RM42,500,000, subject to the terms of SSA.

The total purchase consideration of RM42,500,000 is to be satisfied via combination of issuance of 47,222,222 Consideration Shares at an issue price of RM0.45 per Consideration Share and issuance of 47,222,222 new Islamic redeemable convertible preference shares in HLCB (“RCPS-i A”) at an issue price of RM0.45 per RCPS-i A.

The proposed TASB acquisition is expected to be completed in the 2nd quarter of calendar year 2024. Upon completion of the proposed TASB acquisition, TASB will become a wholly-owned subsidiary of the Group.

On 20 February 2024, Bursa Securities had granted the Company an extension of time until 28 April 2024 on submission of draft circular in relation to the proposed acquisition.

Bursa Securities had on 29 April 2024 granted the Company a further extension of time until 31 July 2024 to comply with Paragraph 9.33(1)(a) of the Listing Requirements to the submission of the draft circular in relation to the Proposed TASB Acquisition.

HARN LEN CORPORATION BHD (“the Company”)

Registration No: 200001000001 (502606-H)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.**B8 Group borrowings**

The borrowings by the Group as at 29 February 2024 are as follows:

		As at 29/02/2024 <u>RM'000</u>	As at 31/05/2023 <u>RM'000</u>
Term loans payable			
Within 12 months	-secured	6,470	8,673
More than 12 months	-secured	<u>13,414</u>	<u>16,543</u>
Total		19,884	25,216
Bank overdrafts	-secured	16,795	17,359
Share margin financing	-secured	<u>3,220</u>	<u>3,240</u>
Total borrowings		<u>39,899</u>	<u>45,815</u>

B9 Lease liabilities

The lease liabilities of the Group as at 29 February 2024 are as follows:

		As at 29/02/2024 <u>RM'000</u>	As at 31/05/2023 <u>RM'000</u>
Lease liabilities:			
Within 12 months	-secured	670	433
	-unsecured	<u>677</u>	<u>-</u>
		1,347	433
More than 12 months	-secured	1,525	912
	-unsecured	<u>26,690</u>	<u>17,642</u>
Total lease liabilities		<u>29,562</u>	<u>18,987</u>

B10 Material litigations

In 2016, the Board of Directors of the Company announced that its subsidiary company, Harn Len Pelita Bungalow Sdn. Bhd. (“Harn Len Pelita” or “Defendant”), had been served with a Writ and Statement of Claim by the High Court of Sabah and Sarawak, where 36 proprietors, occupiers, holders and claimants (the “Plaintiffs”) alleged that the subsidiary has been trespassing on a land of which the Plaintiffs claimed to have native title and/or Native Customary Rights (“NCR”) over the land.

The Plaintiffs’ 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 Plaintiffs’ claim. The appeal was partially allowed for certain Plaintiffs and the case was remitted back to the High Court in Kuching for Assessment of Damages for trespass.

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.

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. However, the Court had been vacated and new trial date was rescheduled from 1 September 2023, 6 October 2023, 17 November 2023, 11 January 2024 and subsequently rescheduled to 15 March 2024.

During the trial and hearing, the claimants have prayed for a grant total sum of RM2,302,829 as their alleged losses whereas on behalf of Harn Len Pelita Bengunan Sdn. Bhd., Harn Len Pelita has prayed for nominal damages on the ground that the NCR owners have failed to prove their actual losses.

To the Ruling fixed on 15 March 2024, the Court has ordered the following:-

1. The NCR owners’ claims for assessment of damages is dismissed with no order as to costs; and
2. Nominal damages in the sum of RM10,000 to be awarded to the NCR owners.

However, the NCR owners filed a Notice of Appeal on 8 April 2024 being dissatisfied with the Decision/Judgement dated 15 March 2024 above.

B11 Dividends

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

B12 Earnings per share

		Current quarter ended <u>29/02/2024</u>	Preceding quarter ended <u>28/02/2023</u>	Cumulative year to date <u>29/02/2024</u>	Cumulative preceding year to date <u>28/02/2023</u>
Loss attributable to the Owners of the Company	RM	(2,592,966)	-	(5,113,713)	-
Weighted average number of shares		564,592,095	-	564,754,618	-
Basic loss per share	Sen	(0.46)	-	(0.91)	-
Diluted loss per share	Sen	(0.46)	-	(0.91)	-

B13 Approval of interim financial report

The interim financial report as set out above was approved by the Board of Directors on 25 April 2024.

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2024.

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 29 February 2024, HLPB has planted 6,130 ha of the Land with all oil palm trees matured. Crop production for the year to date was 17,936 m/t of FFB (2023: 18,577 m/t).

The development expenditure and other assets and liabilities as at 29 February 2024 were as follows:

	<u>29 February 2024</u>	<u>31 May 2023</u>
	RM’000	RM’000
Property, plant and equipment	68,651	72,029
Right-of-use assets	1,928	1,960
Inventory and other assets	<u>1,195</u>	<u>1,211</u>
Total cost	<u>71,774</u>	<u>75,200</u>

Material Litigations:

Refer to Part B10 of the explanatory notes.