

**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 31 MAY 2024**

|                                                                               | INDIVIDUAL QUARTER |                                         | CUMULATIVE QUARTER      |                                        |
|-------------------------------------------------------------------------------|--------------------|-----------------------------------------|-------------------------|----------------------------------------|
|                                                                               | Current quarter    | Preceding year<br>corresponding quarter | Current year to<br>date | Preceding year<br>corresponding period |
|                                                                               | 31/05/2024<br>RM   | 31/05/2023<br>RM                        | 31/05/2024<br>RM        | 31/05/2023<br>RM                       |
| <b>Revenue</b>                                                                | 50,906,578         | -                                       | 192,647,948             | -                                      |
| Cost of sales                                                                 | (37,484,061)       | -                                       | (146,406,542)           | -                                      |
| <b>Gross profit</b>                                                           | 13,422,517         | -                                       | 46,241,406              | -                                      |
| Other income                                                                  | 369,617            | -                                       | 736,834                 | -                                      |
| Distribution expenses                                                         | (3,733,649)        | -                                       | (14,454,798)            | -                                      |
| Administrative expenses                                                       | (7,542,886)        | -                                       | (29,537,840)            | -                                      |
| <b>Results from operating activities</b>                                      | 2,515,599          | -                                       | 2,985,602               | -                                      |
| Finance income                                                                | 222,062            | -                                       | 870,928                 | -                                      |
| Finance costs                                                                 | (1,001,132)        | -                                       | (4,877,535)             | -                                      |
| <b>Profit/(loss) before tax</b>                                               | 1,736,529          | -                                       | (1,021,005)             | -                                      |
| Income tax expense                                                            | (948,339)          | -                                       | (6,164,463)             | -                                      |
| <b>Profit/(loss) for the period</b>                                           | 788,190            | -                                       | (7,185,468)             | -                                      |
| <b>Other comprehensive income, net of tax</b>                                 |                    |                                         |                         |                                        |
| <i>Items that will not be reclassified<br/>subsequently to profit or loss</i> |                    |                                         |                         |                                        |
| Gain on FVOCI investment                                                      | -                  | -                                       | 17,496                  | -                                      |
| <b>Total comprehensive income/(loss) for<br/>the period</b>                   | <u>788,190</u>     | <u>-</u>                                | <u>(7,167,972)</u>      | <u>-</u>                               |
| <b>Profit/(loss) attributable to: -</b>                                       |                    |                                         |                         |                                        |
| Owners of the Company                                                         | 1,529,172          | -                                       | (3,584,541)             | -                                      |
| Non-controlling interests                                                     | (740,982)          | -                                       | (3,600,927)             | -                                      |
| Profit/(loss) for the period                                                  | <u>788,190</u>     | <u>-</u>                                | <u>(7,185,468)</u>      | <u>-</u>                               |
| <b>Total comprehensive income/(loss)<br/>attributable to: -</b>               |                    |                                         |                         |                                        |
| Owners of the Company                                                         | 1,529,172          | -                                       | (3,567,045)             | -                                      |
| Non-controlling interests                                                     | (740,982)          | -                                       | (3,600,927)             | -                                      |
| Total comprehensive income/(loss)<br>for the period                           | <u>788,190</u>     | <u>-</u>                                | <u>(7,167,972)</u>      | <u>-</u>                               |
| <b>Earnings/(Loss) per share attributable<br/>to owners of the Company: -</b> |                    |                                         |                         |                                        |
| Basic earnings/(loss) per share (sen)                                         | 0.27               | -                                       | (0.63)                  | -                                      |
| Diluted earnings/(loss) per share (sen)                                       | 0.25               | -                                       | (0.63)                  | -                                      |
| <b>Weighted average number of shares</b>                                      | 563,794,695        | -                                       | 564,513,326             | -                                      |

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 31 MAY 2024**

|                                                     | As at<br>31/05/2024<br>RM | As at<br>31/05/2023<br>RM<br>(AUDITED) |
|-----------------------------------------------------|---------------------------|----------------------------------------|
| <b>ASSETS</b>                                       |                           |                                        |
| <b>Non-current asset</b>                            |                           |                                        |
| Property, plant and equipment                       | 167,516,397               | 176,891,722                            |
| Right-of-use assets                                 | 140,772,362               | 79,945,874                             |
| Investment properties                               | 103,019,935               | 104,328,510                            |
| Other receivables                                   | 12,757,974                | 11,968,080                             |
| Goodwill on consolidation                           | 5,794,799                 | 5,794,799                              |
| <b>Total non-current assets</b>                     | <u>429,861,467</u>        | <u>378,928,985</u>                     |
| <b>Current asset</b>                                |                           |                                        |
| Biological assets                                   | 3,184,929                 | 3,692,485                              |
| Inventories                                         | 4,903,457                 | 5,624,400                              |
| Trade receivables                                   | 3,582,609                 | 1,698,397                              |
| Other receivables                                   | 5,106,289                 | 39,328,232                             |
| Other investments                                   | 1,286,571                 | 5,000,945                              |
| Income tax recoverable                              | 1,761,124                 | 6,757,678                              |
| Cash and bank balances                              | 10,600,262                | 4,025,764                              |
| <b>Total current assets</b>                         | <u>30,425,241</u>         | <u>66,127,901</u>                      |
| <b>Total assets</b>                                 | <u>460,286,708</u>        | <u>445,056,886</u>                     |
| <b>EQUITY AND LIABILITIES</b>                       |                           |                                        |
| <b>EQUITY</b>                                       |                           |                                        |
| Share capital                                       | 235,891,397               | 235,891,397                            |
| Reserves                                            | 103,334,696               | 107,418,309                            |
| <b>Equity attributable to owners of the Company</b> | <u>339,226,093</u>        | <u>343,309,706</u>                     |
| Non-controlling interests                           | (21,740,260)              | (18,139,333)                           |
| <b>Total equity</b>                                 | <u>317,485,833</u>        | <u>325,170,373</u>                     |
| <b>LIABILITIES</b>                                  |                           |                                        |
| <b>Non-current liabilities</b>                      |                           |                                        |
| Trade payables                                      | 12,757,974                | 11,968,080                             |
| Other payables                                      | -                         | 1,305,987                              |
| Loan and borrowings                                 | 12,986,352                | 16,542,722                             |
| Lease liabilities                                   | 28,018,415                | 18,554,334                             |
| Deferred tax liabilities                            | 14,500,224                | 15,023,289                             |
| <b>Total non-current liabilities</b>                | <u>68,262,965</u>         | <u>63,394,412</u>                      |
| <b>Current liabilities</b>                          |                           |                                        |
| Trade payables                                      | 20,101,963                | 15,268,864                             |
| Other payables                                      | 27,738,450                | 11,453,058                             |
| Loan and borrowings                                 | 25,319,345                | 29,271,810                             |
| Lease liabilities                                   | 1,378,152                 | 432,641                                |
| Income tax payable                                  | -                         | 65,728                                 |
| <b>Total current liabilities</b>                    | <u>74,537,910</u>         | <u>56,492,101</u>                      |
| <b>Total liabilities</b>                            | <u>142,800,875</u>        | <u>119,886,513</u>                     |
| <b>Total equity and liabilities</b>                 | <u>460,286,708</u>        | <u>445,056,886</u>                     |
| Net assets per share (sen)                          | 56.33                     | 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 31 MAY 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                       | -                                     | -                  | -                    | -                                      | (3,584,541)        | (3,584,541)        | (3,600,927)               | (7,185,468)        |
| Other comprehensive income for the period | -                                     | -                  | -                    | 17,496                                 | -                  | 17,496             | -                         | 17,496             |
| Reclassification                          | -                                     | -                  | -                    | (142,496)                              | 142,496            | -                  | -                         | -                  |
| Share buy back                            | -                                     | (516,568)          | -                    | -                                      | -                  | (516,568)          | -                         | (516,568)          |
| Balance at 31 May 2024                    | <u>235,891,397</u>                    | <u>(5,824,724)</u> | <u>656,250</u>       | <u>-</u>                               | <u>108,503,170</u> | <u>339,226,093</u> | <u>(21,740,260)</u>       | <u>317,485,833</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**

Registration No: 200001000001 (502606-H)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MAY 2024**

|                                                           | <u>31/05/2024</u>       | <u>31/05/2023</u> |
|-----------------------------------------------------------|-------------------------|-------------------|
|                                                           | RM                      | RM                |
| <b>OPERATING ACTIVITIES</b>                               |                         |                   |
| <b>Loss before tax</b>                                    | (1,021,005)             | -                 |
| Adjustments for: -                                        |                         |                   |
| Depreciation                                              | 18,450,559              | -                 |
| Finance cost                                              | 4,877,535               | -                 |
| Finance income                                            | (870,928)               | -                 |
| Gain on investment in quoted share                        | (441,210)               | -                 |
| Gain on disposal of property, plant and equipment         | (15,998)                | -                 |
| Changes in fair value of biological assets                | 552,556                 | -                 |
| Impairment loss on inventories                            | 86,307                  | -                 |
| Impairment loss on property, plant and equipment          | 16,400                  | -                 |
| Property, plant and equipment written off                 | 22,842                  | -                 |
| Reversal of expected credit loss on receivables           | (18,626)                | -                 |
| Changes in working capital: -                             |                         |                   |
| Inventories                                               | 634,636                 | -                 |
| Biological assets                                         | (45,000)                | -                 |
| Trade and other receivables                               | (7,627,111)             | -                 |
| Trade and other payables                                  | 10,450,212              | -                 |
| <b>Cash generated from operations</b>                     | 25,051,169              | -                 |
| Income tax refunded                                       | (4,638,959)             | -                 |
| Income tax paid                                           | 2,965,257               | -                 |
| <b>Net cash generated from operating activities</b>       | <u>23,377,467</u>       | <u>-</u>          |
| <b>INVESTING ACTIVITIES</b>                               |                         |                   |
| Acquisition of property, plant and equipment              | (2,569,295)             | -                 |
| 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   | 16,000                  | -                 |
| Interest received                                         | 54                      | -                 |
| <b>Net cash used in investing activities</b>              | <u>(4,593,745)</u>      | <u>-</u>          |
| <b>FINANCING ACTIVITIES</b>                               |                         |                   |
| Repurchase of treasury shares                             | (516,568)               | -                 |
| Repayment of loan and borrowings                          | (8,783,199)             | -                 |
| Repayment of lease liabilities                            | (540,344)               | -                 |
| Interest paid                                             | (2,448,107)             | -                 |
| <b>Net cash used in financing activities</b>              | <u>(12,288,218)</u>     | <u>-</u>          |
| Net cash inflow                                           | 6,495,504               | -                 |
| Cash and cash equivalents at beginning of period          | 883,633                 | -                 |
| Cash and cash equivalents at end of period                | <u><u>7,379,137</u></u> | <u><u>-</u></u>   |
| Cash and cash equivalents consist of the following:       |                         |                   |
| Cash and bank balances                                    | 10,600,262              | -                 |
| Less: Pledged deposits with licensed banks                | (3,221,125)             | -                 |
|                                                           | <u><u>7,379,137</u></u> | <u><u>-</u></u>   |

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<br>YEAR<br>QUARTER<br><u>31/05/2024</u><br>RM'000<br>(UNAUDITED)       | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br><u>31/05/2023</u>     | CURRENT<br>YEAR TO DATE<br><u>31/05/2024</u><br>RM'000<br>(UNAUDITED)                | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br><u>31/05/2023</u> |   |
| 1 | Revenue                                                                        | 50,907                                                                 | -                                                                                    | 192,648                                                           | - |
| 2 | Profit/(loss) before taxation                                                  | 1,737                                                                  | -                                                                                    | (1,021)                                                           | - |
| 3 | Profit/(loss) for the period                                                   | 788                                                                    | -                                                                                    | (7,185)                                                           | - |
| 4 | Profit/(loss) attributable to ordinary equity holders of the parent            | 1,529                                                                  | -                                                                                    | (3,585)                                                           | - |
| 5 | EPS – Basic (Sen)                                                              | 0.27                                                                   | -                                                                                    | (0.63)                                                            | - |
| 6 | EPS – Diluted (Sen)                                                            | 0.25                                                                   | -                                                                                    | (0.63)                                                            | - |
| 7 | Proposed/Declared Dividend per share (Sen)                                     | -                                                                      | -                                                                                    | -                                                                 | - |
|   |                                                                                | AS AT END OF<br>CURRENT<br>QUARTER<br><u>31/05/2024</u><br>(UNAUDITED) | AS AT END OF<br>PRECEDING<br>FINANCIAL YEAR<br>END<br><u>31/05/2023</u><br>(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<br>YEAR<br>QUARTER<br><u>31/05/2024</u><br>RM'000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br><u>31/05/2023</u> | CURRENT<br>YEAR TO DATE<br><u>31/05/2024</u><br>RM'000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br><u>31/05/2023</u> |   |
| 1 | Gross interest income                                     | 222                                                                | -                                                      | 871                                                               | - |
| 2 | Gross interest expenses                                   | (1,001)                                                            | -                                                      | (4,878)                                                           | - |

### 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 31 MAY 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:

## HARN LEN CORPORATION BHD (“the Company”)

Registration No: 200001000001 (502606-H)

### EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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) Effective for financial period beginning on or after 1 January 2027

- MFRS 18 Presentation and Disclosure in Financial Statements

(iv) 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 1,260,600 treasury shares.

As at 31 May 2024, the number of treasury shares held was 20,661,280 and outstanding unexercised number of warrants was 89,352,233.

**HARN LEN CORPORATION BHD (“the Company”)**

Registration No: 200001000001 (502606-H)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 31 May 2024**

|                       | Plantation | Property & Others | Eliminations | Consolidation |
|-----------------------|------------|-------------------|--------------|---------------|
|                       | RM’000     | RM’000            | RM’000       | RM’000        |
| External revenue      | 189,163    | 3,485             | -            | 192,648       |
| Inter-segment revenue | -          | 840               | (840)        | -             |
| Total revenue         | 189,163    | 4,325             | (840)        | 192,648       |
| Segment result        | 6,272      | (8,051)           | -            | (1,779)       |
| Unallocated income    |            |                   |              | 758           |
| Loss before tax       |            |                   |              | (1,021)       |

|                                |         |         |   |         |
|--------------------------------|---------|---------|---|---------|
| <u>Assets</u>                  |         |         |   |         |
| Segment assets                 | 320,927 | 114,808 | - | 435,735 |
| Corporate assets               |         |         |   | 24,552  |
| Consolidated total assets      |         |         |   | 460,287 |
| <u>Liabilities</u>             |         |         |   |         |
| Segment liabilities            | 103,008 | 18,233  | - | 121,241 |
| Corporate liabilities          |         |         |   | 21,560  |
| Consolidated total liabilities |         |         |   | 142,801 |



**HARN LEN CORPORATION BHD (“the Company”)**

Registration No: 200001000001 (502606-H)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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**

On 1 June 2023, 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 | 11,898        |
| Contracted but not provided for   | <u>689</u>    |
|                                   | <u>12,587</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<br/>quarter ended</u> | <u>Preceding<br/>quarter ended</u> | <u>Cumulative<br/>year to date</u> | <u>Cumulative<br/>preceding<br/>year to date</u> |
|------------------------------|-------------------------------|----------------------------------|------------------------------------|------------------------------------|--------------------------------------------------|
|                              |                               | <u>31/05/2024</u>                | <u>31/05/2023</u>                  | <u>31/05/2024</u>                  | <u>31/05/2023</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        | (92)                             | -                                  | (124)                              | -                                                |
| Horn Len (Merakai) Sdn Bhd   | Variable lease payment        | (43)                             | -                                  | 21                                 | -                                                |
| Horn Len (Semada) Sdn Bhd    | Variable lease payment        | 18                               | -                                  | 73                                 | -                                                |
| Horn Len (Jerok) Sdn Bhd     | Variable lease payment        | (26)                             | -                                  | 39                                 | -                                                |
| Horn Len (Krangan) Sdn Bhd   | Variable lease payment        | 10                               | -                                  | 45                                 | -                                                |

## HARN LEN CORPORATION BHD (“the Company”)

Registration No: 200001000001 (502606-H)

### EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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 RM192.6million. The plantation operations contributed RM189.1 million or 98%. The property and other operations contributed RM3.5 million or 2%.

The loss before tax was primarily due to lower average selling price of CPO, PK and FFB. 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 May 2024:

|               | 31/05/2024 | 31/05/2023 |
|---------------|------------|------------|
|               | <u>MT</u>  | <u>MT</u>  |
| FFB produced  | 121,526    | -          |
| FFB processed | 192,544    | -          |
| CPO produced  | 38,156     | -          |
| PK produced   | 9,040      | -          |
| CPO sold      | 38,052     | -          |
| PK sold       | 8,998      | -          |

The average selling prices of FFB were RM808 per m/t, CPO was RM3,714 per m/t, and PK was RM1,825 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 31 MAY 2024.****B2 Comparison of results against preceding quarter**

|                                         | Quarter to<br>31/05/2024<br><u>RM'000</u> | Quarter to<br>29/02/2024<br><u>RM'000</u> | % change |
|-----------------------------------------|-------------------------------------------|-------------------------------------------|----------|
| Revenue                                 | 50,907                                    | 41,650                                    | 22%      |
| Profit/(Loss) from operating activities | 2,516                                     | (71)                                      | -3444%   |
|                                         | <u>MT</u>                                 | <u>MT</u>                                 |          |
| FFB processed                           | 48,720                                    | 39,300                                    | 24%      |
| CPO produced                            | 9,353                                     | 7,818                                     | 20%      |
| PK produced                             | 2,081                                     | 1,904                                     | 9%       |
| CPO sold                                | 9,033                                     | 8,173                                     | 10%      |
| PK sold                                 | 2,029                                     | 2,011                                     | 1%       |
|                                         | <u>RM/MT</u>                              | <u>RM/MT</u>                              |          |
| Average selling price                   |                                           |                                           |          |
| CPO                                     | 3,942                                     | 3,679                                     | 7%       |
| PK                                      | 2,037                                     | 1,756                                     | 16%      |

The Group reported revenues of RM50.9 million in the current quarter. Higher profit from operations was mainly due to increase in sales volume and selling price of CPO.

**B3 Prospects**

CPO price is currently hovering between RM3,900 to RM4,000 per m/t. With the expectation of seasonal production recovery, the palm oil stock is expected to increase gradually, and a more notable rise expected from August to October. However, export momentum is likely to sustain in near-term and weaken due to the absence festive-driven demand. We believe that CPO could be traded between the range of RM3,800 and RM4,150 in the coming period.

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 31 MAY 2024.****B5 Taxation**

The taxation for the current financial period is as follows:

|                            | Current<br>quarter<br>ended | Preceding<br>quarter<br>ended | Current<br>year to date<br>ended | Preceding<br>year to date<br>ended |
|----------------------------|-----------------------------|-------------------------------|----------------------------------|------------------------------------|
|                            | 31/05/2024                  | 31/05/2023                    | 31/05/2024                       | 31/05/2023                         |
|                            | <u>RM'000</u>               | <u>RM'000</u>                 | <u>RM'000</u>                    | <u>RM'000</u>                      |
| <b><u>Income tax</u></b>   |                             |                               |                                  |                                    |
| Current year               | 1,198                       | -                             | 4,920                            | -                                  |
| Prior year                 | -                           | -                             | 1,767                            | -                                  |
| <b><u>Deferred tax</u></b> |                             |                               |                                  |                                    |
| Current year               | (250)                       | -                             | (1,002)                          | -                                  |
| Prior year                 | -                           | -                             | 479                              | -                                  |
| <b>Total</b>               | <b>948</b>                  | <b>-</b>                      | <b>6,164</b>                     | <b>-</b>                           |

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**

Profit/(Loss) before tax has been arrived at after charging and crediting the following:

|                                                   | Current<br>quarter<br>ended | Preceding<br>quarter<br>ended | Current<br>year to date<br>ended | Preceding<br>year to date<br>ended |
|---------------------------------------------------|-----------------------------|-------------------------------|----------------------------------|------------------------------------|
|                                                   | 31/05/2024                  | 31/05/2023                    | 31/05/2024                       | 31/05/2023                         |
|                                                   | <u>RM'000</u>               | <u>RM'000</u>                 | <u>RM'000</u>                    | <u>RM'000</u>                      |
| <b><u>Charges</u></b>                             |                             |                               |                                  |                                    |
| Depreciation                                      | (4,688)                     | -                             | (18,451)                         | -                                  |
| Interest expense                                  | (799)                       | -                             | (4,088)                          | -                                  |
| Impairment loss on inventory                      | (86)                        | -                             | (86)                             | -                                  |
| Impairment loss on property, plant and equipment  | (16)                        | -                             | (16)                             | -                                  |
| Loss on fair value of biological assets           | -                           | -                             | (553)                            | -                                  |
| Property, plant and equipment written off         | (23)                        | -                             | (23)                             | -                                  |
| <b><u>Credits</u></b>                             |                             |                               |                                  |                                    |
| Interest income                                   | 222                         | -                             | 871                              | -                                  |
| Gain on fair value of biological assets           | 1,185                       | -                             | -                                | -                                  |
| Gain on investment in quoted shares               | 284                         | -                             | 441                              | -                                  |
| Gain on disposal of property, plant and equipment | 4                           | -                             | 16                               | -                                  |
| Reversal of expected credit losses on receivables | 18                          | -                             | 18                               | -                                  |

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”)

Registration No: 200001000001 (502606-H)

### EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 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.

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 and further extension of time until 31 July 2024 was granted on 29 April 2024.

On 27 May 2024, the Company and Datuk Nizam had entered into a supplemental agreement to vary certain terms and conditions of the SSA dated 29 December 2023 (“Supplemental Agreement I”). The proposed amendments to the terms and conditions of the SSA is intended to align Datuk Nizam’s interest in the Company as his equity interest in the Company will increase from 5.5% as at 24 May 2024, being the latest practicable date prior to this Announcement (“LPD”), to 12.9% after the Proposed Acquisition and thereafter to 19.1% assuming the full conversion of all the RCPS-I A. In addition, Datuk Nizam will provide a profit guarantee pursuant to the Supplemental Agreement to further strengthen his commitment to the Company. In the event the profit guarantee is not met, a significant portion of the Consideration Shares and the new RCPS-i A will be refunded to the Company.

On 5 July 2024, the Company and Datuk Nizam had entered into a supplemental agreement to further vary certain terms and conditions of the SSA and Supplemental Agreement I (“Supplemental Agreement II”). After taking into consideration that the process of finalising the terms of the RCPS-i A has protracted for 6 months, the Company and Datuk Nizam have decided to alter the issuance of the RCPS-i A to conventional redeemable convertible preference shares (“RCPS A”) to facilitate the progress of the Proposed Acquisition. Accordingly, the proposed amendments to the terms and conditions of the SSA are intended to facilitate changes in the mode of settlement of the Purchase Consideration for the Proposed Acquisition. The terms and conditions of the RCPS A have been substituted as stated in Section 3.3 of Supplemental Agreement II. The extended conditions precedent period (“Extended CP Period”) as contemplated in the Supplemental Agreement I shall be extended for an additional 5 months immediately following the expiry of the Extended CP Period, i.e. from 29 July 2024 to 31 December 2024.

The proposed TASB acquisition is expected to be completed in the 4<sup>th</sup> quarter of calendar year 2024. Upon completion of the proposed TASB acquisition, TASB will become a wholly-owned subsidiary of the Group.

**HARN LEN CORPORATION BHD (“the Company”)**

Registration No: 200001000001 (502606-H)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2024.****B8 Group borrowings**

The borrowings by the Group as at 31 May 2024 are as follows:

|                        |          | As at<br>31/05/2024<br><u>RM'000</u> | As at<br>31/05/2023<br><u>RM'000</u> |
|------------------------|----------|--------------------------------------|--------------------------------------|
| Term loans payable     |          |                                      |                                      |
| Within 12 months       | -secured | 5,603                                | 8,673                                |
| More than 12 months    | -secured | <u>12,987</u>                        | <u>16,543</u>                        |
| Total                  |          | 18,590                               | 25,216                               |
| Bank overdrafts        | -secured | 16,458                               | 17,359                               |
| Share margin financing | -secured | <u>3,258</u>                         | <u>3,240</u>                         |
| Total borrowings       |          | <u>38,306</u>                        | <u>45,815</u>                        |

**B9 Lease liabilities**

The lease liabilities of the Group as at 31 May 2024 are as follows:

|                         |            | As at<br>31/05/2024<br><u>RM'000</u> | As at<br>31/05/2023<br><u>RM'000</u> |
|-------------------------|------------|--------------------------------------|--------------------------------------|
| Lease liabilities:      |            |                                      |                                      |
| Within 12 months        | -secured   | 736                                  | 433                                  |
|                         | -unsecured | <u>642</u>                           | <u>-</u>                             |
|                         |            | 1,378                                | 433                                  |
| More than 12 months     | -secured   | 1,567                                | 912                                  |
|                         | -unsecured | <u>26,452</u>                        | <u>17,642</u>                        |
| Total lease liabilities |            | <u>28,019</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 31 MAY 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 Benganan 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 and have appealed to Court of Appeal for the whole of the Decision/Judgement after Trial for assessment of damages proceedings at High Court. The Case Management (e-review) has been fixed on 15 July 2024 and subsequently rescheduled to 7 October 2024. The Notice of Motion has been fixed on 19 August 2024.

#### B11 Dividends

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

#### B12 Earnings per share

|                                                                           |     | Current<br>quarter ended<br><u>31/05/2024</u> | Preceding quarter<br>ended<br><u>31/05/2023</u> | Cumulative<br>year to date<br><u>31/05/2024</u> | Cumulative<br>preceding year<br>to date<br><u>31/05/2023</u> |
|---------------------------------------------------------------------------|-----|-----------------------------------------------|-------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------|
| Profit/(Loss) attributable to the Owners of the Company                   | RM  | 1,529,172                                     | -                                               | (3,584,541)                                     | -                                                            |
| Weighted average number of shares                                         |     | 563,794,695                                   | -                                               | 564,513,326                                     | -                                                            |
| Basic earnings/(loss) per share                                           | Sen | 0.27                                          | -                                               | (0.63)                                          | -                                                            |
| Adjusted weighted average number of shares for diluted earnings per share |     | 601,813,316                                   | -                                               | 564,513,326                                     | -                                                            |
| Diluted earnings/(loss) per share                                         | Sen | 0.25                                          | -                                               | (0.63)                                          | -                                                            |

#### B13 Approval of interim financial report

The interim financial report as set out above was approved by the Board of Directors on 29 July 2024.

## HARN LEN CORPORATION BHD (“the Company”)

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### EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2024.

#### Additional Information required by Bursa Malaysia’s Listing Requirements Chapter 10 Appendix 10A 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 LCDA Holdings Sdn Bhd (formerly known as Pelita Holdings Sdn Bhd) (“LCDA”). 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) LCDA as Trustees for NCR Owners | 30                     |
| iii) LCDA Holdings Sdn Bhd          | <u>10</u>              |
| Total                               | <u>100</u>             |

As at 31 May 2024, HLPB has planted 6,130 ha of the Land with all oil palm trees matured. Crop production for the year to date was 23,347 m/t of FFB (2023: 18,577 m/t).

The development expenditure and other assets as at 31 May 2024 were as follows:

|                               | <u>31 May 2024</u> | <u>31 May 2023</u> |
|-------------------------------|--------------------|--------------------|
|                               | RM’000             | RM’000             |
| Property, plant and equipment | 67,959             | 72,029             |
| Right-of-use assets           | 1,918              | 1,960              |
| Inventory and other assets    | <u>1,424</u>       | <u>1,211</u>       |
| Total cost                    | <u>71,301</u>      | <u>75,200</u>      |

##### Material Litigations:

Refer to Part B10 of the explanatory notes.