

HARN LEN CORPORATION BHD

Registration No: 200001000001 (502606-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 AUGUST 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/08/2024 RM	31/08/2023 RM	31/08/2024 RM	31/08/2023 RM
Revenue	72,418,572	40,775,958	72,418,572	40,775,958
Cost of sales	(51,370,185)	(34,572,599)	(51,370,185)	(34,572,599)
Gross profit	21,048,387	6,203,359	21,048,387	6,203,359
Other income	49,758	86,042	49,758	86,042
Distribution expenses	(5,401,528)	(3,105,130)	(5,401,528)	(3,105,130)
Administrative expenses	(6,945,503)	(6,290,547)	(6,945,503)	(6,290,547)
Other expenses	(90,429)	-	(90,429)	-
Results from operating activities	8,660,685	(3,106,276)	8,660,685	(3,106,276)
Finance income	227,721	195,446	227,721	195,446
Finance costs	(1,191,845)	(1,391,890)	(1,191,845)	(1,391,890)
Profit/(loss) before tax	7,696,561	(4,302,720)	7,696,561	(4,302,720)
Income tax expense	(2,789,258)	(375,318)	(2,789,258)	(375,318)
Profit/(loss) for the period	4,907,303	(4,678,038)	4,907,303	(4,678,038)
Other comprehensive income, net of tax				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Gain on FVOCI investment	-	15,000	-	15,000
Total comprehensive income/(loss) for the period	4,907,303	(4,663,038)	4,907,303	(4,663,038)
Profit/(loss) attributable to: -				
Owners of the Company	4,868,440	(3,691,468)	4,868,440	(3,691,468)
Non-controlling interests	38,863	(986,570)	38,863	(986,570)
Profit/(loss) for the period	4,907,303	(4,678,038)	4,907,303	(4,678,038)
Total comprehensive income/(loss) attributable to: -				
Owners of the Company	4,868,440	(3,676,468)	4,868,440	(3,676,468)
Non-controlling interests	38,863	(986,570)	38,863	(986,570)
Total comprehensive income/(loss) for the period	4,907,303	(4,663,038)	4,907,303	(4,663,038)
Earnings/(Loss) per share attributable to owners of the Company: -				
Basic earnings/(loss) per share (sen)	0.86	(0.65)	0.86	(0.65)
Diluted earnings/(loss) per share (sen)	0.82	(0.65)	0.82	(0.65)
Weighted average number of shares	563,493,806	564,835,436	563,493,806	564,835,436
Notes:				

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 May 2024 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 AUGUST 2024**

	As at 31/08/2024 RM	As at 31/05/2024 RM (AUDITED)
ASSETS		
Non-current asset		
Property, plant and equipment	165,412,530	167,516,397
Right-of-use assets	140,000,203	140,772,362
Investment properties	73,066,385	103,019,935
Other receivables	12,963,462	12,757,974
Goodwill on consolidation	5,794,799	5,794,799
Total non-current assets	<u>397,237,379</u>	<u>429,861,467</u>
Current asset		
Biological assets	3,387,106	3,184,929
Inventories	5,711,681	4,903,457
Trade and other receivables	8,930,379	8,688,898
Other investments	1,178,318	1,286,571
Income tax recoverable	1,046,961	1,761,124
Cash and bank balances	11,999,068	10,600,262
	<u>32,253,513</u>	<u>30,425,241</u>
Asset classified as held for sale	29,626,820	-
Total current assets	<u>61,880,333</u>	<u>30,425,241</u>
Total assets	<u>459,117,712</u>	<u>460,286,708</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	235,891,397	235,891,397
Reserves	108,134,179	103,334,696
Equity attributable to owners of the Company	<u>344,025,576</u>	<u>339,226,093</u>
Non-controlling interests	(21,701,397)	(21,740,260)
Total equity	<u>322,324,179</u>	<u>317,485,833</u>
LIABILITIES		
Non-current liabilities		
Trade payables	12,963,462	12,757,974
Borrowings	12,595,639	12,986,352
Lease liabilities	28,220,579	28,018,415
Deferred tax liabilities	13,093,403	14,500,224
Total non-current liabilities	<u>66,873,083</u>	<u>68,262,965</u>
Current liabilities		
Trade and other payables	46,910,205	47,840,413
Borrowings	19,442,206	25,319,345
Lease liabilities	1,507,623	1,378,152
Income tax payable	941,970	-
Liabilities classified as held for sale	1,118,446	-
Total current liabilities	<u>69,920,450</u>	<u>74,537,910</u>
Total liabilities	<u>136,793,533</u>	<u>142,800,875</u>
Total equity and liabilities	<u>459,117,712</u>	<u>460,286,708</u>
Net assets per share (sen)	57.20	56.33

Notes:

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 May 2024 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 FIRST QUARTER ENDED 31 AUGUST 2024

	Attributable to Owners of the Company						Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share Option Reserve	Fair Value Reserve	Retained Earnings	Total		
	RM	RM	RM	RM	RM	RM		
Balance at 1 June 2024	235,891,397	(5,824,724)	656,250	-	108,503,170	339,226,093	(21,740,260)	317,485,833
Profit for the period	-	-	-	-	4,868,440	4,868,440	38,863	4,907,303
Share buy back	-	(68,957)	-	-	-	(68,957)	-	(68,957)
Balance at 31 August 2024	<u>235,891,397</u>	<u>(5,893,681)</u>	<u>656,250</u>	<u>-</u>	<u>113,371,610</u>	<u>344,025,576</u>	<u>(21,701,397)</u>	<u>322,324,179</u>
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	-	-	-	-	(3,691,468)	(3,691,468)	(986,570)	(4,678,038)
Other comprehensive income for the period	-	-	-	15,000	-	15,000	-	15,000
Reclassification	-	-	-	(140,000)	140,000	-	-	-
Balance at 31 August 2023	<u>235,891,397</u>	<u>(5,308,156)</u>	<u>656,250</u>	<u>-</u>	<u>108,393,747</u>	<u>339,633,238</u>	<u>(19,125,903)</u>	<u>320,507,335</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 2024 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 FIRST QUARTER ENDED 31 AUGUST 2024**

	Current Quarter	Preceding Year Corresponding Quarter
	31/8/2024	31/8/2023
	RM	RM
OPERATING ACTIVITIES		
Profit/(Loss) before tax	7,696,561	(4,302,720)
Adjustments for: -		
Depreciation	4,721,506	4,508,800
Finance cost	1,191,845	1,391,890
Finance income	(227,721)	(195,446)
Loss/(Gain) on investment in quoted shares	90,429	(83,817)
Changes in fair value of biological assets	81,389	1,137,287
Property, plant and equipment written off	8,595	-
Operating profit before working capital changes	13,562,604	2,455,994
Changes in working capital: -		
Inventories	(808,224)	(220,639)
Trade and other receivables	(331,854)	(22,496,070)
Trade and other payables	(2,904,955)	20,308,895
Cash from operations	9,517,571	48,180
Income tax refunded	12,086	2,965,185
Income tax paid	(1,433,586)	(357,332)
Net cash from operating activities	8,096,071	2,656,033
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(477,598)	(219,427)
Acquisition of biological asset	(283,566)	-
Deposit received from disposal of investment property	1,100,000	-
Proceeds from disposal of unquoted shares	-	4,100,000
Net investments of quoted shares	-	106,634
Interest received	37	18
Net cash from investing activities	338,873	3,987,225
FINANCING ACTIVITIES		
Repurchase of treasury shares	(68,957)	-
Repayment of borrowings	(6,590,316)	(4,674,434)
Repayment of lease liabilities	(99,120)	(113,540)
Interest paid	(299,941)	(490,884)
Net cash used in financing activities	(7,058,334)	(5,278,858)
Net cash inflow	1,376,610	1,364,400
Cash and cash equivalents at beginning of period	7,379,137	883,633
Cash and cash equivalents at end of period	8,755,747	2,248,033
Cash and cash equivalents consist of the following:		
Cash and bank balances	11,999,068	5,392,826
Less: Pledged deposits with licensed banks	(3,243,321)	(3,144,793)
	8,755,747	2,248,033

Notes:

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 May 2024 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 31/08/2024 RM'000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2023 RM'000	CURRENT YEAR TO DATE 31/08/2024 RM'000 (UNAUDITED)	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2023 RM'000	
1	Revenue	72,419	40,776	72,419	40,776
2	Profit/(loss) before taxation	7,697	(4,303)	7,697	(4,303)
3	Profit/(loss) for the period	4,907	(4,678)	4,907	(4,678)
4	Profit/(loss) attributable to ordinary equity holders of the parent	4,868	(3,691)	4,868	(3,691)
5	EPS – Basic (Sen)	0.86	(0.65)	0.86	(0.65)
6	EPS – Diluted (Sen)	0.82	(0.65)	0.82	(0.65)
7	Proposed/Declared Dividend per share (Sen)	-	-	-	-

	AS AT END OF CURRENT QUARTER 31/08/2024 (UNAUDITED)	AS AT END OF PRECEDING FINANCIAL YEAR END 31/05/2024 (AUDITED)	
8	Net assets per share attributable to ordinary shareholders of the parent (Sen)	57.20	56.33

Part A3 – ADDITIONAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>		
	CURRENT YEAR QUARTER 31/08/2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/08/2023 RM'000	CURRENT YEAR TO DATE 31/08/2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/08/2023 RM'000	
1	Gross interest income	228	195	228	195
2	Gross interest expenses	(1,192)	(1,392)	(1,192)	(1,392)

Notes:

The summary of key financial information should be read in conjunction with the audited financial statements for the year ended 31 May 2024 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 FIRST QUARTER ENDED 31 AUGUST 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 year ended 31 May 2024.

A2 Material Accounting Policies

Adoption of new or revised MFRS

The accounting policies, presentation and methods of computation adopted for the unaudited condensed interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 May 2024 except for the adoption of the following new MFRSs and amendments to published standards for the Group for the financial period beginning 1 June 2024:

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*

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

Standards 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. These standards are not expected to have a 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.

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2024

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 208,300 treasury shares.

As at 31 May 2024, the number of treasury shares held was 20,869,580 and outstanding unexercised number of warrants was 89,352,233.

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 in Pahang and Sarawak.

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 August 2024

	Plantation	Property & Others	Eliminations	Consolidation
	RM’000	RM’000	RM’000	RM’000
<u>Revenue</u>				
External revenue	71,523	896	-	72,419
Inter-segment revenue	-	210	(210)	-
Total revenue	71,523	1,106	(210)	72,419
<u>Results</u>				
Segment result	10,061	(1,790)	-	8,271
Unallocated expenses				(574)
Profit before tax				7,697

<u>Assets</u>				
Segment assets	318,974	114,441	-	433,415
Corporate assets				25,703
Consolidated total assets				459,118
<u>Liabilities</u>				
Segment liabilities	98,120	21,041	-	119,161
Corporate liabilities				17,633

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2024

Consolidated total liabilities				136,794
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A8 Operating segments (continued)**Segment information (continued)****Period ended 31 August 2023**

	Plantation	Property & Others	Eliminations	Consolidation
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
External revenue	39,898	878	-	40,776
Inter-segment revenue	-	210	(210)	-
Total revenue	39,898	1,088	(210)	40,776
<u>Results</u>				
Segment result	(391)	(1,277)	-	(1,668)
Unallocated expenses				(2,635)
Loss before tax				(4,303)

<u>Assets</u>				
Segment assets	323,052	118,936		441,988
Corporate assets				23,682
Consolidated total assets				465,670
<u>Liabilities</u>				
Segment liabilities	94,330	26,379		120,709
Corporate liabilities				24,454
Consolidated total liabilities				145,163

A9 Significant material events after financial period

On 24 September 2024, the Group entered into a Sale and Purchase Agreement via a subsidiary, Midwest Equity Sdn. Bhd. with an external party, Starsea Resources Sdn. Bhd. for the disposal of a freehold land held under H.S (D) 554637 PTB 24284 Bandar Johor Bahru, Johor for a total cash consideration of RM55,000,000 (“Proposed Disposal”). As at the date of this report, RM10,000,000 had been received as deposit and the proposed disposal is expected to be completed in the first quarter of the calendar year 2025.

A10 Changes in the composition of the Group

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

A11 Contingent liabilities and contingent assets

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

A12 Capital commitments

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

Property, plant and equipment:

	<u>RM'000</u>
Authorised but not contracted for	12,771
Contracted but not provided for	<u>2,818</u>

HARN LEN CORPORATION BHD (“the Company”)

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST
QUARTER ENDED 31 AUGUST 2024**

15,589

HARN LEN CORPORATION BHD (“the Company”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2024**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 31/08/2024 RM'000</u>	<u>Preceding quarter ended 31/08/2023 RM'000</u>	<u>Cumulative year to date 31/08/2024 RM'000</u>	<u>Cumulative preceding year to date 31/08/2023 RM'000</u>
<u>Affiliated companies:</u>					
Advance Pinnacle Sdn Bhd	Variable lease payment	13	1	13	1
Horn Len (Merakai) Sdn Bhd	Variable lease payment	101	21	101	21
Horn Len (Semada) Sdn Bhd	Variable lease payment	21	16	21	16
Horn Len (Jerok) Sdn Bhd	Variable lease payment	82	65	82	65
Horn Len (Kragan) Sdn Bhd	Variable lease payment	15	15	15	15

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 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 RM72.4 million. The Plantation operations contributed RM71.5 million or approximately 99% of the Group revenue, while Property and Other operations contributed RM0.9 million or approximately 1%.

The pre-tax profit from Plantation operation was primarily due to higher sales volume of FFB, CPO and PK coupled with improved selling price.

Plantation operations

The following are the production and sales for the period ended 31 August 2024:

	31/08/2024	31/08/2023
	<u>MT</u>	<u>MT</u>
FFB produced	37,630	23,463
FFB processed	72,349	44,174
CPO produced	13,823	8,899
PK produced	2,879	2,116
CPO sold	14,030	8,835
PK sold	2,924	2,067

The average selling price (per m/t) of FFB were RM851 (2023: RM689), CPO was RM3,844 (2023: RM3,634) and PK was RM2,252 (2023: RM1,755).

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. Losses arose from Property operation was due mainly due to low rental income from a commercial building which was not sufficient to cover the increasing operating and maintenance costs of the building. The occupancy rates of the offices and shops in the commercial building remained low for the period under review due to subdued demand for high-rise office spaces and shops in the surrounding vicinity.

HARN LEN CORPORATION BHD (“the Company”)

Registration No: 200001000001 (502606-H)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2024**B2 Comparison of results against preceding quarter**

	Quarter to 31/08/2024 <u>RM'000</u>	Quarter to 31/05/2024 <u>RM'000</u>	% change
Revenue	72,419	50,907	42%
Profit from operating activities	8,661	2,516	244%
	<u>MT</u>	<u>MT</u>	
FFB processed	72,349	48,720	48%
CPO produced	13,823	9,353	48%
PK produced	2,879	2,081	38%
CPO sold	14,030	9,033	55%
PK sold	2,924	2,029	44%
	<u>RM/MT</u>	<u>RM/MT</u>	
Average selling price			
CPO	3,844	3,942	-3%
PK	2,252	2,037	11%

The Group reported a surge in revenue of RM72.4 million and operating profit of RM8.7 million in the current reporting quarter mainly due to increase in sales volume of CPO and PK moving into peak crop season.

B3 Prospects

CPO price is currently hovering between RM3,900 to RM4,400 per m/t. The recent increase in India's import tax on CPO and the appreciation of the Ringgit Malaysia, have made CPO to become more expensive for potential buyers and causing a shift in demand towards alternative products, like soybean oil. However, with the expectations of reduced FFB production due to coming monsoon season, coupled with strong demand from India ahead of the Diwali festival and ongoing tension in Middle East Countries, CPO price is expected to be supported. The average CPO price for the year is forecasted remain 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”)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2024**B5 Taxation**

The taxation for the current financial period is as follows:

	Current quarter ended	Preceding quarter ended	Current year to date ended	Preceding year to date ended
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Income tax</u>				
Current year	3,077	820	3,077	820
<u>Deferred tax</u>				
Current year	(288)	(445)	(288)	(445)
Total	<u>2,789</u>	<u>375</u>	<u>2,789</u>	<u>375</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

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

	Current quarter ended	Preceding quarter ended	Current year to date ended	Preceding year to date ended
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Charges</u>				
Depreciation	4,722	4,509	4,722	4,509
Interest expense	1,192	1,392	1,192	1,392
Property, plant and equipment written off	9	-	9	-
Loss on investment in quoted shares	90	-	90	-
Loss on fair value of biological assets	81	1,137	81	1,137
<u>Credits</u>				
Interest income	(228)	(195)	(228)	(195)
Gain on investment in quoted shares	-	(84)	-	(84)

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

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 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.

Bursa Securities has on 26 September 2024 approved the following:

- (i) the listing and quotation of 47,222,222 Consideration Shares to be issued pursuant to the Proposed Acquisition; and
- (ii) the listing and quotation of 47,222,222 new ordinary shares in the Company to be issued pursuant to the conversion of the RCPS A.

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

- (i) the Company or its Principal Adviser, Malacca Securities Sdn Bhd (“Malacca Securities”) must observe and ensure full compliance with the 25% public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) in relation to the Proposed Acquisition;

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2024

B7 Status of corporate proposals (continued)

Proposed Acquisition (continued)

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

(ii) the Company and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;

(iii) Malacca Securities to inform Bursa Securities upon the completion of the Proposed Acquisition;

(iv) the Company and Malacca Securities to furnish Bursa Securities with a written confirmation of their compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Acquisition is completed;

(v) Malacca Securities to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the extraordinary general meeting for the Proposed Acquisition; and

(vi) Malacca Securities to furnish Bursa Securities with a letter of compliance in relation to the amended Constitution pursuant to Paragraph 2.12 of the Listing Requirements together with a copy of the duly executed Constitution.

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

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2024**B8 Group borrowings**

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

		As at 31/08/2024 <u>RM'000</u>	As at 31/05/2024 <u>RM'000</u>
Term loans payable			
Within 12 months	-secured	4,730	5,603
More than 12 months	-secured	<u>12,596</u>	<u>12,987</u>
Total		17,326	18,590
Bank overdrafts	-secured	11,434	16,458
Share margin financing	-secured	<u>3,278</u>	<u>3,258</u>
Total borrowings		<u><u>32,038</u></u>	<u><u>38,306</u></u>

B9 Lease liabilities

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

		As at 31/08/2024 <u>RM'000</u>	As at 31/05/2024 <u>RM'000</u>
Lease liabilities:			
Within 12 months	-secured	776	736
	-unsecured	<u>732</u>	<u>642</u>
		1,508	1,378
More than 12 months	-secured	1,603	1,567
	-unsecured	<u>26,617</u>	<u>26,452</u>
Total lease liabilities		<u><u>29,728</u></u>	<u><u>28,019</u></u>

The lease liabilities of the Group included hire purchase payables amounting to RM2,379,000 (31/05/2024: RM2,303,000).

B10 Material litigations

In 2016, a subsidiary of the 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.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 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) Notice of Motion has been fixed on 7 November 2024 to fix the hearing date.

Further on 7 October 2024, the claimant received the following Court's directions:

1. Parties to file Written Submission and Bundle of Authorities in respect of Notice of Motion on/before 22 May 2025;
2. The Hearing for Motion has been fixed on 20 June 2025;
3. The Case Management via e-review for Motion has been fixed on 23 May 2025;
4. The Case Management via e-review for Notice of Motion fixed on 7 November 2024 has been vacated; and
5. The Case Management via e-review for Appeal has been fixed on 24 June 2025

B11 Dividends

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

B12 Earnings per share

		Current quarter ended <u>31/08/2024</u>	Preceding quarter ended <u>31/08/2023</u>	Cumulative year to date <u>31/08/2024</u>	Cumulative preceding year to date <u>31/08/2023</u>
Profit/(Loss) attributable to the Owners of the Company	RM	4,868,440	(3,691,468)	4,868,440	(3,691,468)
Weighted average number of shares		563,493,806	564,835,436	563,493,806	564,835,436
Basic earnings/(loss) per share	Sen	0.86	(0.65)	0.86	(0.65)
Adjusted weighted average number of shares for diluted earnings per share		596,412,961	564,835,436	596,412,961	564,835,436

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST
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Diluted earnings/(loss) per share	Sen	0.82	(0.65)	0.82	(0.65)
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B13 Approval of interim financial report

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

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 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 authorised 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.

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

As at 31 August 2024, HLPB has planted 6,130 ha of the Land with all oil palm trees matured. Crop production for the year to date was 8,247 m/t of FFB (2024: 5,107 m/t).

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

	<u>31 August 2024</u>	<u>31 May 2024</u>
	RM’000	RM’000
Property, plant and equipment	66,747	67,959
Right-of-use assets	1,908	1,918
Inventory and other assets	<u>765</u>	<u>1,424</u>
Total cost	<u>69,420</u>	<u>71,301</u>

Material Litigations:

Refer to Part B10 of the explanatory notes.