



Harvest Miracle Capital Berhad

HARVEST MIRACLE CAPITAL BERHAD

**Company No. 199601010679 (383028-D)
(Incorporated in Malaysia)**

Year 2024

Quarterly Announcement

For The Quarter Ended 30 June 2023

HARVEST MIRACLE CAPITAL BERHAD
Company No. 199601010679 (383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2023

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30 June 2023 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30 June 2022 (Unaudited) RM'000	Current Year To-date 30 June 2023 (Unaudited) RM'000	Preceding Year Corresponding Period 30 June 2022 (Unaudited) RM'000
Revenue	23,123	36,875	23,123	36,875
Cost of sales	(19,870)	(32,583)	(19,870)	(32,583)
Gross profit	<u>3,253</u>	<u>4,292</u>	<u>3,253</u>	<u>4,292</u>
Other income	159	163	159	163
	<u>3,412</u>	<u>4,455</u>	<u>3,412</u>	<u>4,455</u>
Operating expenses	(18,533)	(4,818)	(18,533)	(4,818)
Finance costs	(171)	(70)	(171)	(70)
Loss before taxation	<u>(15,292)</u>	<u>(433)</u>	<u>(15,292)</u>	<u>(433)</u>
Tax expense	(90)	(62)	(90)	(62)
Loss after taxation/ Total comprehensive expenses	<u>(15,382)</u>	<u>(495)</u>	<u>(15,382)</u>	<u>(495)</u>
Loss after taxation attributable to:-				
Owners of the Company	(15,385)	(496)	(15,385)	(496)
Non-controlling interests	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>
	<u>(15,382)</u>	<u>(495)</u>	<u>(15,382)</u>	<u>(495)</u>
Total comprehensive expenses attributable to:-				
Owners of the Company	(15,385)	(496)	(15,385)	(496)
Non-controlling interests	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>
	<u>(15,382)</u>	<u>(495)</u>	<u>(15,382)</u>	<u>(495)</u>
Loss per share "LPS" (in sen)				
Basic LPS	(1.26)	(0.05)	(1.26)	(0.05)
Diluted LPS	(1.26)	(0.05)	(1.26)	(0.05)

(The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD
Company No. 199601010679 (383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 JUNE 2023

	(UNAUDITED)	(AUDITED)
	As at	As at
	30 June 2023	31 March 2023
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property and equipment	4,652	4,746
Investment properties	106,791	93,592
Right-of-use assets	36,376	36,974
Other investment	284	284
Goodwill on consolidation	10	10
	148,113	135,606
Current Assets		
Inventories	15,336	16,117
Property development costs	-	175,547
Trade and other receivables	60,083	18,281
Current tax assets	2,630	3,069
Short-term investments	31,433	31,155
Cash and bank balances	38,676	32,249
	148,158	276,418
TOTAL ASSETS	296,271	412,024
EQUITY AND LIABILITIES		
EQUITY		
Share capital	285,403	285,291
Reserves	(14,368)	1,129
Equity attributable to owners of the Company	271,035	286,420
Non-controlling interests	(13)	503
TOTAL EQUITY	271,022	286,923
Non-Current Liabilities		
Lease liabilities	5,845	6,308
Deferred tax liabilities	136	5,078
	5,981	11,386
Current Liabilities		
Trade and other payables	17,508	102,753
Lease liabilities	1,755	1,704
Contract liability	-	8,790
Current tax liabilities	5	468
	19,268	113,715
TOTAL LIABILITIES	25,249	125,101
TOTAL EQUITY AND LIABILITIES	296,271	412,024
Net assets per share (sen)	22.13	23.39

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD
Company No. 199601010679 (383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE (3) MONTHS ENDED 30 JUNE 2023

	Share Capital	Irredeemable Convertible Preference Shares ("ICPS")	Non-Distributable Warrants Reserve	Distributable Accumulated Losses	Attributable To Owners of the Company	Non- Controlling Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2022	261,958	3,413	26,182	(15,069)	276,484	529	277,013
Contribution by owners of the Company:							
- Conversion of ICPS	451	(451)	-	-	-	-	-
- Exercise of Warrants C	6,740	-	(2,745)	-	3,995	-	3,995
Total transaction with owners	7,191	(451)	(2,745)	-	3,995	-	3,995
Loss for the period	-	-	-	(496)	(496)	1	(495)
Balance as at 30 June 2022	269,149	2,962	23,437	(15,565)	279,983	530	280,513
Balance as at 1 April 2023	285,291	2,890	21,607	(23,368)	286,420	503	286,923
Contributions by owners of the Company:							
- Conversion of ICPS	112	(112)	-	-	-	-	-
Total transactions with owners	112	(112)	-	-	-	-	-
Changes in ownership interest	-	-	-	-	-	(519)	(519)
Loss for the period	-	-	-	(15,385)	(15,385)	3	(15,382)
Balance as at 30 June 2023	285,403	2,778	21,607	(38,753)	271,035	(13)	271,022

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD
Company No. 199601010679 (383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE THREE (3) MONTHS ENDED 30 JUNE 2023

	(UNAUDITED)	(UNAUDITED)
	CURRENT	CORRESPONDING
	PERIOD-TO-DATE	PERIOD-TO-DATE
	3 MONTHS	3 MONTHS
	ENDED	ENDED
	30 June 2023	30 June 2022
Note	RM'000	RM'000
CASH FLOW FROM/(FOR) OPERATING ACTIVITIES		
Loss before taxation	(15,292)	(433)
Adjustments for:		
Depreciation of property and equipment	142	207
Depreciation of right-of-use assets	598	632
Depreciation of investment properties	14	40
Interest expense on lease liabilities	169	70
Loss on disposal of subsidiary	15,545	-
Interest income	(417)	(123)
Realisation of fair value arising from the acquisition of a subsidiary	-	81
Reversal of realisation of fair value arising from the acquisition of a subsidiary	153,424	-
Operating profit before changes in working capital	154,183	474
Net change in inventories	916	1,564
Net change in trade & other receivables	(31,645)	(18,633)
Net change in contract liability	(8,790)	945
Net change in trade & other payables	(83,696)	2,334
Cash flow for operations	30,968	(13,316)
Net income tax paid	(95)	(450)
Interest received	417	111
Net cash from/(for) operating activities	31,290	(13,655)
CASH FLOW FROM/(FOR) INVESTING ACTIVITIES		
Interest income received	-	12
Disposal of a subsidiary, net of cash and cash equivalent disposed of	(1,968)	-
Purchase of equipment	(63)	(247)
Development costs paid	-	(3,402)
Acquisition of investment property	(23,449)	-
Proceeds from disposal of subsidiary	1,500	-
Net cash from/(for) investing activities	(23,980)	(3,637)
CASH FLOW (FOR)/FROM FINANCING ACTIVITIES		
Proceeds from exercise of Warrants C	-	3,995
Proceeds from conversion of ICPS	-	-
Net repayment of lease liabilities	(605)	(599)
Net cash (for)/from financing activities	(605)	3,396
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,705	(13,896)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	63,404	62,433
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1 <u>70,109</u>	<u>48,537</u>
Note 1		30 June 2023
Cash and Cash Equivalents at End of the Financial Period comprised:		RM'000
Short-term investments		31,433
Cash and bank balances		38,676
		<u>70,109</u>

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.)

HARVEST MIRACLE CAPITAL BERHAD (“HMCB” or “the Company”)

Company No. 199601010679 (383028-D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting

A1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 March 2023. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2023.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2023 except for the adoption of the following:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- MFRS 17, Insurance contracts and Amendments to MFRS 17, Insurance contracts
- Amendment to MFRS 17, Initial Application of MFRS 17 and MFRS 9—Comparative Information
- Amendments to MFRS 101, Disclosure of Accounting Policies
- Amendments to MFRS 108, Definition of Accounting Policies
- Amendments to MFRS 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A2. Changes in Accounting Policies (Cont’d)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by MASB but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- 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
- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Presentation of Financial Statements -Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial year ended 31 March 2023 was not qualified.

A4. Seasonality or Cyclicity of Operations

The Group’s operations are not materially affected by any seasonal or cyclical factors.

A5. Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review that were unusual because of their nature, size or incidence.

A6. Material Changes in Estimates

There were no material changes in estimates during the current financial period under review.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A7. Issuances, Repurchases, and Repayments of Debt and Equity Securities

Pursuant to the rights issue of 60,988,578 new ordinary shares on the basis of 1 new ordinary share for every 5 existing shares held on the entitlement date, together with 60,988,578 free detachable Warrants B (“Warrant(s) B”) on the basis of 1 Warrant B for every 1 new ordinary share subscribed for (“Rights Issue of Shares with Warrants B”), the Company has issued 60,988,578 new ordinary shares together with 60,988,578 Warrants B. The new ordinary shares and Warrants B have been listed on the ACE Market of Bursa Securities on 15 May 2019.

Pursuant to the rights issue of 914,828,754 new irredeemable convertible preference shares (“ICPS”) on the basis of 3 ICPS for every 1 existing share held on the entitlement date (“Rights Issue of ICPS”), the Company has issued 914,828,754 ICPS. The ICPS have been listed on the ACE Market of Bursa Securities on 15 May 2019.

Following the consolidation of every 4 existing ordinary shares in HMCB (“HMCB Shares”) into 1 HMCB Share which was completed on 4 February 2021, the numbers of ICPS and Warrants B as at the entitlement date of 68,251,151 and 59,053,778, respectively, have been adjusted to 17,062,777 and 14,763,424, respectively, effective from 4 February 2021.

Pursuant to the rights issue of 332,657,376 new HMCB Shares on the basis of 1 new HMCB Share for every 1 existing HMCB Share held on the entitlement date, together with 266,121,872 free detachable Warrants C (“Warrant(s) C”) on the basis of 4 Warrants C for every 5 new HMCB Shares subscribed for (“Rights Issue of Shares with Warrants C”), the Company has issued 332,657,376 new HMCB Shares together with 266,121,872 Warrants C. The new HMCB Shares and Warrants C have been listed on the ACE Market of Bursa Securities on 28 April 2021.

Additional ICPS of 4,238,295 and additional Warrants B of 3,667,077 which were adjusted following the Rights Issue of Shares with Warrants C were listed on the ACE Market of Bursa Securities on 28 April 2021.

During the quarter under review, the following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of conversion of ICPS. No Warrant B and Warrant C were exercised during the quarter under review.

	No. of shares issued resulting from
Listing Date	Conversion of ICPS
2 June 2023	233,900
Total	233,900

As at 30 June 2023, the ICPS, Warrants B and Warrants C of the Company was 17,328,674, 18,430,501 and 125,946,372 respectively. The Company does not have any other existing convertible securities.

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period under review.

A8. Dividends Paid

There were no dividends paid during the current financial period under review.

A9. Operating Segments Information

The Group business segments comprise the following:-

- (i) Information Technology (“IT”) and Information Communication Technology (“ICT”) division - involved in trading in IT and ICT related products (hardware, software and accessories), software development and support services and others (“IT and ICT Division”);
- (ii) Property construction and its related business (“Construction Division”);
- (iii) Investment properties (“Property Investment Division”);
- (iv) Property development (“Property Development Division”);
- (v) Moneylending business (“Moneylending Business Division”);
- (vi) Plantation business (“Plantation Business Division”); and
- (vii) Investment holding (“Investment Holding Division”).

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A9. Operating Segment Information (Cont’d)

Segmental information is provided based on business segments, as follows:

	IT and ICT Division RM'000	Construction Division RM'000	Property Investment Division RM'000	Property Development Division RM'000	Moneylending Business Division RM'000	Plantation Division RM'000	Investment Holding Division RM'000	The Group RM'000
Current quarter ended 30 June 2023								
Revenue								
External revenue	21,664	-	29	-	326	687	417	23,123
	<u>21,664</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>326</u>	<u>687</u>	<u>417</u>	<u>23,123</u>
Consolidation adjustment								-
Consolidated revenue								<u>23,123</u>
Results								
Segment results	671	*	18	*	71	217	191	1,168
Interest income	4	-	-	-	5	-	-	9
Loss on disposal of subsidiary	-	-	-	-	-	-	(15,545)	(15,545)
Depreciation of property and equipment	(59)	-	(2)	-	(70)	(9)	(2)	(142)
Depreciation of right-of-use assets	(484)	-	-	-	(5)	(110)	-	(598)
Depreciation of investment properties	-	-	(14)	-	-	-	-	(14)
Interest expense	(2)	-	-	-	-	-	-	(2)
Interest expense on lease liabilities	(168)	-	-	-	(1)	-	-	(169)
Consolidated (loss)/profit before taxation	<u>(37)</u>	<u>*</u>	<u>2</u>	<u>*</u>	<u>*</u>	<u>99</u>	<u>(15,356)</u>	<u>(15,292)</u>
Tax expense	(64)	*	(6)	*	(20)	-	-	(89)
Consolidated (loss)/profit after taxation	<u>(100)</u>	<u>*</u>	<u>(4)</u>	<u>*</u>	<u>(20)</u>	<u>99</u>	<u>(15,356)</u>	<u>(15,381)</u>
Assets								
Segment assets/Consolidated total assets	31,719	139	107,041	69	14,462	33,885	108,955	<u>296,271</u>
Liabilities								
Segment liabilities/Consolidated total liabilities	24,283	6	74	4	67	227	587	<u>25,249</u>

*- Amount less than RM1,000

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A9. Operating Segment Information (Cont’d)

	IT and ICT Division RM'000	Construction Division RM'000	Property Investment Division RM'000	Property Development Division RM'000	Moneylending Business Division RM'000	Plantation Division RM'000	Investment Holding Division RM'000	The Group RM'000
Current quarter ended								
30 June 2022								
Revenue								
External revenue	34,845	-	70	237	686	926	111	36,875
Inter-segment revenue	-	-	-	-	-	-	-	-
	<u>34,845</u>	<u>-</u>	<u>70</u>	<u>237</u>	<u>686</u>	<u>926</u>	<u>111</u>	<u>36,875</u>
Consolidation adjustment								-
Consolidated revenue								<u>36,875</u>
Results								
Segment results	140	(89)	33	(32)	242	747	(456)	585
Interest income	1	-	-	2	9	-	-	12
Realisation of fair value arising from the acquisition of a subsidiary	-	-	-	(81)	-	-	-	(81)
Depreciation of property and equipment	(110)	-	(2)	(7)	(69)	(4)	(15)	(207)
Depreciation of right-of-use assets	(509)	-	-	-	-	(110)	(13)	(632)
Depreciation of investment properties	-	-	(40)	-	-	-	-	(40)
Interest expense on lease liabilities	(70)	-	-	-	-	-	-	(70)
	<u>(548)</u>	<u>(89)</u>	<u>(9)</u>	<u>(118)</u>	<u>182</u>	<u>633</u>	<u>(484)</u>	<u>(433)</u>
Consolidated (loss)/profit before taxation	(548)	(89)	(9)	(118)	182	633	(484)	(433)
Tax expense	-	-	(6)	7	(63)	-	-*	(62)
Consolidated (loss)/profit after taxation	<u>(548)</u>	<u>(89)</u>	<u>(15)</u>	<u>(111)</u>	<u>119</u>	<u>633</u>	<u>(484)</u>	<u>(495)</u>
Assets								
Segment assets/Consolidated total assets	45,804	314	10,794	168,680	54,578	34,025	64,207	<u>378,402</u>
Liabilities								
Segment liabilities/Consolidated total liabilities	26,222	21	95	70,655	53	673	170	<u>97,889</u>

The Group operates principally in Malaysia.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter up to 22 August 2023, being the latest practicable date not earlier than seven (7) days from the date of the issue of this report that are expected to have an operational or financial impact.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period under review:-

A12. Changes in Contingent Liabilities and Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 22 August 2023 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

A13. Capital Commitments

There were no capital commitments as at 22 August 2023 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) except as follows:

	RM'000
Approved and contracted for:	
- Investment properties under construction	121,336

A14. Related Party Transactions

The Group's related party transactions are as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30 June 2023 RM'000	Preceding Year Corresponding Quarter 30 June 2022 RM'000	Current Year To-date 30 June 2023 RM'000	Preceding Year Corresponding Period 30 June 2022 RM'000
Professional services charged by a related party	13	11	13	11
Key management personnel:-				
- salaries and allowances	166	395	166	395
- defined contribution plans	20	47	20	47
- others	1	1	1	1
- fee	72	80	72	80

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A15. Changes in Fair Value of Financial Assets and Financial Liabilities, Transfers and Classifications

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group’s financial assets and financial liabilities in the current financial period under review.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements

B1. Detailed Analysis of Overall Performance

	Individual Quarter			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year Corresponding Quarter	Changes
	30.06.2023 RM'000	30.06.2022 RM'000	%	30.06.2023 RM'000	30.06.2022 RM'000	%
Revenue by Division:-						
IT and ICT	21,664	34,845	(37.8)	21,664	34,845	(37.8)
Construction	-	-	0.0	-	-	0.0
Property Investment	29	70	(58.6)	29	70	(58.6)
Property Development	-	237	(100.0)	-	237	(100.0)
Moneylending Business	326	686	(52.5)	326	686	(52.5)
Plantation	687	926	(25.8)	687	926	(25.8)
Investment Holding	417	111	275.7	417	111	275.7
	23,123	36,875	(37.3)	23,123	36,875	(37.3)
Loss before taxation ("LBT") by Division:-						
IT and ICT	(37)	(548)	93.2	(37)	(548)	93.2
Construction	*	(89)	100.0	*	(89)	100.0
Property Investment	2	(9)	122.2	2	(9)	122.2
Property Development	*	(118)	100.0	*	(118)	100.0
Moneylending Business	*	182	(100.0)	*	182	(100.0)
Plantation	99	633	(84.4)	99	633	(84.4)
Investment Holding	(15,356)	(484)	(3,072.7)	(15,356)	(484)	(3,072.7)
	(15,292)	(433)	3,431.6	(15,292)	(433)	3,431.6
* - Amount less than RM1,000						

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B1. Detailed Analysis of Overall Performance (Cont'd)

Overall Performance

The Group's revenue for the current quarter as compared to the preceding year's corresponding quarter has decreased by RM13.2 million (37.8%). The main contributor of the unpleasant result is from IT and ICT Division with significant drop in revenue from Do-It-Yourself ("DIY") products.

The Group reported a loss before tax of RM15.3 million, a drop of RM 14.9 million due to loss on disposal of subsidiaries during the quarter under review.

IT and ICT Division

Decline of revenue is explained above. Lower LBT for the quarter under review was due to efficiency of selling and distribution cost controlled by the management.

Construction Division

The division remained dormant for both comparing quarter.

Property Investment Division

Reduction of revenue as the result of investment properties disposed prior to the reporting quarter.

Property Development Division

With the disposal of Paris Dynasty Land Sdn Bhd completed on 19 June 2023, this division will remain dormant.

Moneylending Business Division

The relatively low revenue generated in current quarter under review was mainly due to settlement of borrowing by a major customer.

Management is able to manage the cost effectively to present a breakeven position with significantly lower revenue compare to preceding year's corresponding quarter.

Plantation Division

Principal activities of the division is engaged in trading of Fresh Fruit Bunch ("FFB"). Declining in revenue caused by fluctuation of CPO price which resulted in average FFB price drop from RM1,363 per metric ton to RM791 per metric ton in current reporting quarter.

Investment Holding Division

Revenue increased due to interest income generated from short term investment and bank balances with higher interest rate.

The division reported LBT of RM15.3 million due to loss on disposal of subsidiaries.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B2. Comments on Material Changes in the Loss Before Taxation for the Quarter Reported as Compared with the Immediate Preceding Quarter**

	Current Quarter	Immediate Preceding Quarter	Changes
	30.6.2023	31.3.2023	
	RM'000	RM'000	%
Revenue by Division:-			
IT and ICT	21,664	26,024	(16.8)
Construction	-	-	0.0
Property Investment	29	37	(21.6)
Property Development	-	(1,846)	100.0
Moneylending Business	326	365	(10.7)
Plantation	687	656	4.7
Investment Holding	417	350	19.1
	23,123	25,586	(9.6)
(LBT)/PBT by Division:-			
IT and ICT	(37)	(533)	93.1
Construction	*	(3)	100.0
Property Investment	2	216	(99.1)
Property Development	*	(5,795)	100.0
Moneylending Business	*	(832)	100.0
Plantation	99	151	(34.4)
Investment Holding	(15,356)	(4,980)	(208.4)
	(15,292)	(11,776)	(29.9)

*- Amount less than RM1,000

Overall Performance

Revenue for the current quarter is lower to the immediate preceding quarter by RM2.5 million mainly due to drop in IT & ICT revenue and mitigate by recognition of LAD in property development division which net off against revenue for the presentation in immediate preceding quarter.

LBT of RM15.3 million recorded in the current quarter, higher by RM3.6 million as compared to the immediate preceding quarter was mainly driven by loss on disposal of subsidiaries.

IT and ICT Division

Fluctuation of revenue for the quarter under review as compared to immediate preceding quarter is mainly due to soft demand of DIY products.

Lower LBT for the quarter under review was due to efficiency of selling and distribution cost controlled by the management.

Construction Division

The division remained dormant for both comparing quarter.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B2. Comments on Material Changes in the Loss Before Taxation for the Quarter Reported as Compared with the Immediate Preceding Quarter (Cont'd)

Property Investment Division

The rental income earned was fairly consistent for both quarters. Fluctuation of PBT was due to absent of gain on disposal of investment property in immediate preceding quarter.

Property Development Division

With the disposal of Paris Dynasty Land Sdn Bhd completed on 19 June 2023, this division will remain dormant.

Moneylending Business Division

The revenue for both quarters under review was fairly consistent. Improvement on bottom line was due to absent of impairment of on trade receivable from immediate preceding quarter.

Plantation Division

Revenue and PAT for both quarter under review was fairly consistent.

Investment Holding Division

Revenue for the division is comparable for both quarter under review.

The division reported LBT of RM15.3 million, a drop of RM10.4 million due to loss on disposal of subsidiaries in the reporting quarter.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B3. Commentary on Prospects

Despite the easing of inflation rate in May 2023, Bank Negara Malaysia resumed monetary tightening by increasing the overnight policy rate by 25 basis points to 3%. This will negatively impact current market sentiment. The demand on consumer products continues to slow and this weakening buying trend may continue for the next few quarters.

The Board will take a cautious risk-adjusted approach towards the deployment of funds to existing portfolios while continuing to seek more opportunities and assessing all factors and angles before deciding to undertake any such possibilities.

B4. Variance between Actual Profit and Forecast Profit or Profit Guarantee

There were no profit forecast or profit guarantee made public for the current financial period under review.

B5. Tax Expense

The tax expense is as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2023 RM'000	Preceding Corresponding Quarter 30.06.2022 RM'000	Current Year To-date 30.06.2023 RM'000	Preceding Year Corresponding Period 30.06.2022 RM'000
Current tax expense:				
- For the current financial period	(90)	(69)	(90)	(69)
Deferred tax expense:				
- For the current financial period	-	7	-	7
	<u>(90)</u>	<u>(62)</u>	<u>(90)</u>	<u>(62)</u>

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B6. Status of Corporate Proposals

There were no corporate proposals as at 22 August 2023 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

B7. Utilisation of Proceeds

Private Placement I

On 29 March 2022, the Company has completed a private placement of 306,524,700 new HMCB Shares at an issue price of RM0.065 each following the listing of 306,524,700 new HMCB Shares in the ACE Market of Bursa Securities.

On 27 October 2022, the shareholders of the Company had approved the variation to utilisation of proceeds raised from Private Placement I.

At 30 June 2023, the status of the utilisation of proceeds raised from Private Placement I is as follows:-

Utilisation of proceeds	Utilisation of proceeds after the variation (RM'000)	Amount utilised at 30 June 2023 (RM'000)	Balance of proceeds (RM'000)	Timeframe for utilisation*
	(A)	(B)	(A-B)	
Working capital for 'The Louvre' project	5,579	(5,579)	-	Within 12 months*
Expenses in relation to the corporate exercise	228 [#]	(228)	-	Within 1 month
Part finance the acquisition	14,117 [^]	(14,117)	-	Within 6 month [@]
TOTAL	19,924	(19,924)	-	

Notes:

* From 29 March 2022 (being the date of completion of the Private Placement I).

@ From 27 October 2022 (being the date of obtaining approval from shareholders of the Company for a variation to the utilisation of proceeds at a general meeting).

As the actual expenses for the corporate exercise were lower than the estimated expenses for the said corporate exercise, hence the surplus (i.e approximately RM12,000) has been re-allocated to the working capital for 'The Louvre' project.

^ After variation of the utilisation of proceeds of RM 14.1 million (as announced by the Company on 27 October 2022) from the proposed working capital for "The Louvre" project to part finance the acquisition.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B7. Utilisation of Proceeds (Cont'd)**Private Placement II

On 7 March 2023, the Company has completed a private placement II of 111,309,500 new HMCB shares at an issue price of RM0.105 each following the listing of 111,309,500 new HMCB Shares in the ACE Market of Bursa Securities.

At 30 June 2023, the status of utilisation of proceeds raised from Private Placement II is as follows:-

Utilisation of proceeds	Utilisation of proceeds after the variation (RM'000)	Amount utilised at 30 June 2023 (RM'000)	Balance of proceeds (RM'000)	Timeframe for utilisation*
	(A)	(B)	(A-B)	
Working capital for moneylending business	11,575*	(300)	11,275	Within 12 months*
Expenses in relation to the corporate exercise	112#	(112)	-	Within 1 month
TOTAL	11,687	(412)	11,275	

* From 7 March 2023 (being the date of completion of the Private Placement II).

As the actual expenses for the corporate exercise were lower than the estimated expenses for the said corporate exercise, hence the surplus (i.e approximately RM48,000) has been re-allocated to the working capital for moneylending business.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B8. Details of Group Borrowings and Debt Securities**

The Group's interest-bearing borrowings as at the end of the reporting period are as follows:

	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Current		
Lease liabilities	1,755	2,212
Non-current		
Lease liabilities	5,845	777
	7,600	2,989

B9. Gains and Losses arising from Fair Value Changes of Financial Liabilities

No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review.

B10. Changes in Material Litigation

The Directors were not aware of any material litigation, which, if enforced, may have a material impact on the profit or net asset value of the Group.

B11. Dividends

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

B12. Loss per Share

The basic loss per share was calculated by dividing the loss after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue in the respective period as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022	Current Year To-date 30.06.2023	Preceding Year Corresponding Period 30.06.2022
Loss after taxation attributable to the owners of the Company (RM'000)	(15,385)	(496)	(15,385)	(496)
Weighted average number of ordinary shares in issue	1,224,479,224	1,085,715,093	1,224,479,224	1,085,715,093
Basic loss per share (sen)	(1.26)	(0.05)	(1.26)	(0.05)
Diluted loss per share (sen)	(1.26)	(0.05)	(1.26)	(0.05)

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B13. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year To-date 30.06.2023 RM'000	Preceding Year Corresponding Period 30.06.2022 RM'000
Interest income	417	123	417	123
Interest expense	-	-	-	-
Interest expense on lease liabilities	169	70	169	70
Loss on disposal of subsidiary	15,545	-	15,545	-
Depreciation on property and equipment	142	207	142	207
Depreciation on right-of-use assets	598	632	598	632
Depreciation on investment properties	14	40	14	40
Net realisation of fair value arising from the acquisition of a subsidiary	-	81	-	81

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 29 August 2023.