

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Interim Financial Report
For The First Quarter Ended 31 March 2024

30 May 2024

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statements of Financial Position

As at 31 March 2024

	Note	Unaudited As at 31.3.2024 RM	Audited As at 31.12.2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment		252,508,573	248,233,148
Right-of-use assets		97,718,853	104,972,146
Intangible assets		113,696	120,402
Deferred tax assets		7,448,432	7,511,566
Other receivables		23,300,484	26,260,711
Total non-current assets		381,090,038	387,097,973
Current assets			
Inventories		284,257,512	271,428,838
Other investments		6,585,486	17,427,928
Trade and other receivables		104,538,513	114,290,643
Current tax assets		22,806,048	23,622,412
Cash and cash equivalents		110,887,048	87,401,350
Total current assets		529,074,607	514,171,171
TOTAL ASSETS		910,164,645	901,269,144
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		427,867,671	427,867,671
Reserves		122,057,439	115,830,338
Total equity		549,925,110	543,698,009
Non-current liabilities			
Lease liabilities		61,179,398	65,175,262
Deferred tax liabilities		7,703	7,703
Provision for restoration costs		6,923,130	6,692,948
Contract liabilities		38,613,181	41,081,267
Total non-current liabilities		106,723,412	112,957,180
Current liabilities			
Trade and other payables		101,017,387	103,281,454
Lease liabilities		25,123,762	25,577,867
Provision for restoration cost		1,003,122	1,333,228
Contract liabilities		48,930,707	42,399,524
Borrowings	23	76,800,000	71,500,000
Current tax liabilities		641,145	521,882
Total current liabilities		253,516,123	244,613,955
Total liabilities		360,239,535	357,571,135
TOTAL EQUITY AND LIABILITIES		910,164,645	901,269,144
Net assets per share (sen)		36.66	36.25

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income For The Period Ended 31 March 2024

	Note	Individual Quarter		Cumulative Quarter	
		31.3.2024 RM	31.3.2023 RM	31.3.2024 RM	31.3.2023 RM
Revenue		322,022,009	318,446,120	322,022,009	318,446,120
Cost of sales		(254,493,502)	(250,141,661)	(254,493,502)	(250,141,661)
Gross profit		<u>67,528,507</u>	<u>68,304,459</u>	<u>67,528,507</u>	<u>68,304,459</u>
Other operating income		4,147,025	3,036,427	4,147,025	3,036,427
Operating and administrative expenses		(63,458,397)	(62,899,439)	(63,458,397)	(62,899,439)
Interest income		1,058,375	900,948	1,058,375	900,948
Finance costs		(1,462,395)	(1,062,400)	(1,462,395)	(1,062,400)
Profit before tax		<u>7,813,115</u>	<u>8,279,995</u>	<u>7,813,115</u>	<u>8,279,995</u>
Tax expense	22	(1,586,014)	(2,058,341)	(1,586,014)	(2,058,341)
Profit for the financial period attributable to the owners of the Company		<u>6,227,101</u>	<u>6,221,654</u>	<u>6,227,101</u>	<u>6,221,654</u>
Other comprehensive (loss)/income attributable to the owners of the Company		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income attributable to the owners of the Company		<u>6,227,101</u>	<u>6,221,654</u>	<u>6,227,101</u>	<u>6,221,654</u>
Basic/Diluted earnings per ordinary share (sen)	26	<u>0.42</u>	<u>0.41</u>	<u>0.42</u>	<u>0.41</u>

The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

SENHENG

SENHENG NEW RETAIL BERHAD
Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statements of Changes in Equity For The Period Ended 31 March 2024

	Non-Distributable				Distributable	Total equity RM
	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings RM	
Balance as at 1 January 2024	427,867,671	(165,206,168)	88,668	-	280,947,838	543,698,009
Profit for the financial period	-	-	-	-	6,227,101	6,227,101
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	6,227,101	6,227,101
Balance as at 31 March 2024	427,867,671	(165,206,168)	88,668	-	287,174,939	549,925,110
Balance as at 1 January 2023	427,867,671	(165,206,168)	2,104,433	-	264,355,905	529,121,841
Profit for the financial period	-	-	-	-	6,221,654	6,221,654
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	6,221,654	6,221,654
Balance as at 31 March 2023	427,867,671	(165,206,168)	2,104,433	-	270,577,559	535,343,495

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 March 2024

	Cumulative Quarter	
	31.3.2024	31.3.2023
	RM	RM
Cash Flows From Operating Activities		
Profit before tax	7,813,115	8,279,995
Adjustments for:		
Gain on disposal of other investments	(1,148,470)	-
Depreciation of property, plant and equipment	5,232,196	4,253,204
Interest expense	1,462,395	1,062,400
Interest income	(1,058,375)	(900,948)
Depreciation of right-of-use assets	7,212,219	7,872,747
Other non-cash items	(1,835,820)	561,394
Operating profit before changes in working capital	17,677,260	21,128,792
Changes in working capital:		
Inventories	(11,605,865)	(54,718,140)
Trade and other receivables	12,761,852	11,793,730
Trade and other payables	(2,483,104)	13,258,001
Contract liabilities	4,063,097	535,697
Cash generated from operations	20,413,241	(8,001,920)
Interest paid	(580,193)	(111,998)
Tax paid	(587,253)	(6,787,544)
Net cash from/(used in) operating activities	19,245,795	(14,901,462)
Cash Flows From Investing Activities		
Proceeds from disposal of other investments	11,472,602	841,861
Proceeds from disposal of property, plant and equipment	489,967	-
Purchase of property, plant and equipment	(6,333,013)	(5,971,510)
Dividend received	-	6,268
Interest received	1,058,375	900,948
Placement of fixed deposits with licensed banks	(20,000,000)	-
Net cash used in investing activities	(13,312,069)	(4,222,433)
Cash Flows From Financing Activities		
Drawdown of bankers' acceptances	32,000,000	26,325,000
Repayments of bankers' acceptances	(25,500,000)	(24,000,000)
Repayments of revolving credit	(1,200,000)	-
Payments of lease liabilities	(7,750,629)	(8,381,464)
Net cash used in financing activities	(2,450,629)	(6,056,464)
Net increase/(decrease) in cash and cash equivalents	3,483,097	(25,180,359)
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents brought forward	77,865,180	105,491,750
Cash and cash equivalents carried forward	81,348,277	80,311,391
Cash and cash equivalents comprises of the following:		
Cash and bank balances	81,348,277	80,311,391
Deposits placed with licensed banks	29,538,771	50,000,000
	110,887,048	130,311,391
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(29,538,771)	(50,000,000)
	81,348,277	80,311,391

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

Notes to The Financial Report For The Period Ended 31 March 2024**1. Basis of preparation**

The interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") (including MFRS 134 Interim Financial Reporting) and Paragraph 9.22 and 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

2. Basis of accounting

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2023 except for the adoption of the following new accounting standards, amendments and interpretation:

MFRSs interpretations and amendments effective for annual periods beginning on or after 1 January 2024:

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 4 <i>Extension of the Temporary Exemption from Applying MFRS 9</i>	Effective immediately

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

MFRS interpretations and amendments effective for annual periods beginning on or after 1 January 2025:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

MFRS interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed:

Title	Effective Date
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

3. Auditors' report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2023.

4. Seasonal or cyclical factors

The business operations of the Group typically experience higher customer traffic, transaction value and sales during weekends, public holidays, school holidays and festive periods.

5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

Notes to The Financial Report For The Period Ended 31 March 2024**6. Material changes in estimates**

There were no changes in estimates of amounts reported that have a material effect in the current quarter and financial period under review.

7. Debts and equity securities

During the quarter under review, the Company did not purchase any ordinary shares from the open market. Aside from the above, there were no new debts and equity securities issued during the quarter.

8. Dividend

On 05 April 2024, the Board of Directors declared an interim single tier dividend of RM0.0051 per ordinary share amounting to RM7,650,000 for the financial year ended 31 December 2023, which is to be paid on 05 June 2024 to shareholders of the Company whose names appeared in the Record of Depositors on 15 May 2024.

9. Segmental information

The Group is principally engaged in the retailing of electrical appliances.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of the products and services. The reportable segments are summarised as follows:

- (i) Trading division - Trading of the Group's products
- (ii) Warranty division - Provision of warranty services in relation to replacement, repair and maintenance of products sold

The segmental information for the financial period ended 31 March 2024 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	304,442,975	17,579,034	-	322,022,009
Inter-segment sales	6,810,211	4,705,557	-	11,515,768
Total revenue	311,253,186	22,284,591	-	333,537,777
Segment profits	3,391,395	2,574,450	261,256	6,227,101
Segment assets*	663,790,041	49,321,364	166,798,760	879,910,165
Segment liabilities**	334,762,738	24,563,990	263,959	359,590,687

The segmental information for the financial period ended 31 March 2023 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	309,106,341	9,339,779	-	318,446,120
Inter-segment sales	11,921,429	4,686,233	-	16,607,662
Total revenue	321,027,770	14,026,012	-	335,053,782
Segment profits/(losses)	4,969,065	1,949,277	(696,688)	6,221,654
Segment assets*	626,577,967	48,596,921	166,910,998	842,085,886
Segment liabilities**	314,570,731	23,590,199	243,455	338,404,385

The business activities of the Group are all located in Malaysia and as such segmental reporting by geographical location is not presented.

*Segment assets excluded deferred tax assets and current tax assets.

**Segment liabilities excluded deferred tax liabilities and current tax liabilities.

Notes to The Financial Report For The Period Ended 31 March 2024**10. Property, plant and equipment****(i) Acquisitions and disposals**

There were no material acquisitions and disposals of property, plant and equipment during the current quarter and financial period under review.

(ii) Valuation

There was no valuation of property, plant and equipment in the current quarter and financial period under review as the Group does not adopt a revaluation policy on its property, plant and equipment.

11. Capital commitments

The Group's capital expenditure in respect of purchase of property, plant and equipment are as follows:

	As at 31.3.2024	As at 31.12.2023
	RM	RM
Approved but not contracted for	9,603,000	-
Contracted but not provided for	<u>9,252,063</u>	<u>9,252,063</u>

12. Material events subsequent to the end of the financial period

There were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in this interim financial report.

13. Changes in the composition of the group

There were no material changes in the composition of the Group during the current quarter and financial period under review.

14. Changes in contingent liability

There was no material contingent liability as at the end of the current financial period and up to the date of this interim financial report.

15. Significant related party transactions

The significant related party transactions of the Group are as follows:

	Individual Quarter		Cumulative Quarter	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM	RM	RM	RM
Related parties: (Companies in which certain Directors have financial interests)				
Administration and marketing fee receivable	352,858	433,479	352,858	433,479
Administration and marketing fee payable	(53,414)	(82,160)	(53,414)	(82,160)
Commission payable	(4,947,883)	(5,477,584)	(4,947,883)	(5,477,584)
Insurance premium collected on behalf of third-party insurance companies	(6,608,012)	(6,842,007)	(6,608,012)	(6,842,007)
Marketing expenses	(6,903,995)	(6,306,291)	(6,903,995)	(6,306,291)
Purchases of goods	(2,899,087)	(2,600,632)	(2,899,087)	(2,600,632)
Rental income	43,100	31,100	43,100	31,100
Rental payable	(286,427)	(271,049)	(286,427)	(271,049)
Sales of goods	5,805	39,660	5,805	39,660
Sales of motor vehicle	290,000	-	290,000	-
Service rendered	<u>(1,430,147)</u>	<u>(1,505,681)</u>	<u>(1,430,147)</u>	<u>(1,505,681)</u>

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

Notes to The Financial Report For The Period Ended 31 March 2024**16. Fair value of financial liabilities**

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

17. Performance review**(i) 3 months ended 31 March 2024 ("Q1 2024")****(a) Comparison with preceding year's corresponding quarter (3 months ended 31 March 2023 ("Q1 2023"))**

Group revenue increased by 1.1% or RM3.6 million to RM322.0 million in Q1 2024 (Q1 2023: RM318.4 million), indicative of a gradual improvement in consumer sentiment within the consumer electronics segment.

Group GP decreased by 1.1% or RM0.8 million to RM67.5 million in Q1 2024 (Q1 2023: RM68.3 million) due to changes in product mix. Group PBT decreased by 5.6% or RM0.5 million to RM7.8 million in Q1 2024 (Q1 2023: RM8.3 million), mainly due to higher operating and administrative expenses, in line with the Group's store expansions.

(b) Comparison with immediate preceding quarter (3 months ended 31 December 2023 ("Q4 2023"))

The Group reported revenue of RM322.0 million and PBT of RM7.8 million in Q1 2024 (Q4 2023 revenue: RM358.6 million, PBT: RM10.3 million). The variance is mainly due to absence of seasonal factors in Q1 2024 that typically boost Q4 sales, such as year-end festive seasons (e.g. Christmas and New Year), and major online sales campaigns (e.g. 11.11 and 12.12).

18. Prospects

The Malaysian retail sector is projected to experience moderate growth of 3.5% in 2024 according to Retail Group Malaysia. However, persistent inflationary pressures and cautious consumer sentiment may continue to impact purchasing decisions, particularly for big-ticket items.

Despite these market conditions, Senheng remains cautiously optimistic of driving growth and market share. In 2024, the Group is focusing on enhancing its online presence, e-commerce platforms, and social media engagement, while optimizing its Online-Merge-Offline retail strategy. These initiatives aim to provide seamless shopping experiences and expand its customer base.

Additionally, Senheng continues to refine its omnichannel retail model and is intensifying its online and social media marketing campaigns to enhance sales and brand awareness. These efforts aim to boost traffic, increase customer footfall both online and in physical stores, and enhance PlusOne membership engagement.

Concurrently, the Group continues to execute its Territory Champion store expansion and upgrading program to elevate the customer experience and drive per-store sales growth.

19. Variance of actual profit from profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

20. Status of corporate proposals

There were no corporate proposals for the current quarter and financial period under review.

Notes to The Financial Report For The Period Ended 31 March 2024

21. Profit before tax

Profit before tax for the current quarter and financial period under review is arrived at after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM	RM	RM	RM
Interest expenses	1,462,395	1,062,400	1,462,395	1,062,400
Gain on disposal of other investments	(1,148,470)	-	(1,148,470)	-
Fair value loss/(gain) on other investments	85,038	(576,655)	85,038	(576,655)
Depreciation of property, plant and equipment	5,232,196	4,253,204	5,232,196	4,253,204
Depreciation of right-of-use assets	7,212,219	7,872,747	7,212,219	7,872,747
Amortisation of intangible assets	6,706	1,137	6,706	1,137
Impairment loss on trade and other receivables	52,096	-	52,096	-
Interest income	(1,058,375)	(900,948)	(1,058,375)	(900,948)
Realised gain on foreign exchange	-	(16,218)	-	(16,218)
Unrealised loss/(gain) on foreign exchange	131,309	(200,348)	131,309	(200,348)

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

22. Tax expense

	Individual Quarter		Cumulative Quarter	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM	RM	RM	RM
Current tax expense:				
- Current period	1,522,880	1,825,783	1,522,880	1,825,783
Deferred tax:				
- Relating to origination and reversal of temporary differences	63,134	232,558	63,134	232,558
Total tax expense	1,586,014	2,058,341	1,586,014	2,058,341
Effective tax rate (%)	20.3 *	24.9 ^	20.3 *	24.9 ^
Effective tax rate (%)	24.0	24.0	24.0	24.0

* The effective tax rate of the Group for the financial period under review was lower than the statutory tax rate mainly due to certain income which are not taxable and lower applicable tax rate of 3% for profit derived from our reinsurance activities in Labuan.

^ The effective tax rate of the Group for the financial period under review was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

23. Borrowings

	As at 31.3.2024		As at 31.12.2023	
	Current	Total	Current	Total
	RM	RM	RM	RM
Secured				
Bankers' acceptances	32,000,000	32,000,000	25,500,000	25,500,000
Revolving credit	44,800,000	44,800,000	46,000,000	46,000,000
	76,800,000	76,800,000	71,500,000	71,500,000

The above borrowings are denominated in Ringgit Malaysia.

Notes to The Financial Report For The Period Ended 31 March 2024**24. Derivatives**

There were no derivatives in the current quarter and financial period under review.

25. Material litigation

There is no material litigation for the current financial period to date.

26. Earnings per share ("EPS")

	Individual Quarter		Cumulative Quarter	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit attributable to owners of the Company	6,227,101	6,221,654	6,227,101	6,221,654
Weighted average number of ordinary shares in issue ('000)	1,500,000	1,500,000	1,500,000	1,500,000
Basic EPS [^] (sen)	0.42	0.41	0.42	0.41
Diluted EPS ^{**} (sen)	0.42	0.41	0.42	0.41

[^] Basic and diluted EPS is computed based on profit after tax attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the period under review.

^{**} Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.

The diluted earnings per ordinary share equal basic earnings per ordinary share because there was no potential dilutive ordinary shares as at the end of the reporting period.

27. Utilisation of proceeds from the public issue

The status of the utilisation of proceeds from the Initial Public Offering and listing as at 31 March 2024 are summarized as follows:

Details of use of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Re-allocation RM'000	Balance unutilised RM'000	Estimated timeframe for use from the date of our Listing
(i) Enhance customer experience via upgrading and expanding the Group's chain of retail stores*	160,500	(64,949)	(30,000)	65,551	Within 36 months
(ii) Repayment of bank borrowings	46,000	(46,000)	-	-	Within 6 months
(iii) Develop new brand distribution business	22,000	(22,000)	-	-	Within 36 months
(iv) Expand and upgrade the Group's warehouse and logistics network	20,000	(20,122)	122	-	Within 36 months
(v) Boost the Group's digital infrastructure	9,700	(7,651)	-	2,049	Within 36 months
(vi) Estimated listing expenses	9,300	(9,178)	(122)	-	Within 3 months
(vii) Acquisition of warehouse*	-	(30,000)	30,000	-	Within 3 months
Total	267,500	(199,900)	-	67,600	

Save as disclosed above, there were no other corporate proposal announced as at the date of issue of this quarterly report.

* The unutilized balance of RM30 million earmarked for upgrading and expanding the Group's chain of retail stores has been re-allocated to the acquisition of warehouse during the last financial year.