

# **SENHENG**

**SENHENG NEW RETAIL BERHAD**

Registration No. 202101019079 (1419379-T)

Interim Financial Report  
For The Second Quarter Ended 30 June 2023

28 August 2023

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Financial Position As at 30 June 2023

	Note	Unaudited As at 30.6.2023 RM	Audited As at 31.12.2022 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		165,806,445	155,346,086
Right-of-use assets		114,117,535	115,977,283
Intangible assets		13,544	15,818
Deferred tax assets		11,503,210	11,975,766
Other receivables		27,157,086	27,453,389
<b>Total non-current assets</b>		<b>318,597,820</b>	<b>310,768,342</b>
<b>Current assets</b>			
Inventories		280,040,309	250,055,392
Other investments		26,349,726	26,433,045
Trade and other receivables		80,248,993	92,117,285
Current tax assets		22,691,826	15,573,657
Cash and cash equivalents		130,031,660	155,491,750
<b>Total current assets</b>		<b>539,362,514</b>	<b>539,671,129</b>
<b>TOTAL ASSETS</b>		<b>857,960,334</b>	<b>850,439,471</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		427,867,671	427,867,671
Reserves		103,505,634	101,254,170
<b>Total equity</b>		<b>531,373,305</b>	<b>529,121,841</b>
<b>Non-current liabilities</b>			
Lease liabilities		70,356,533	72,948,956
Deferred tax liabilities		24,705	24,705
Provision for restoration costs		6,608,583	5,789,149
Contract liabilities		41,524,947	42,762,109
<b>Total non-current liabilities</b>		<b>118,514,768</b>	<b>121,524,919</b>
<b>Current liabilities</b>			
Trade and other payables		93,493,574	101,733,753
Lease liabilities		28,792,013	28,091,495
Provision for restoration cost		1,179,509	884,630
Contract liabilities		46,181,261	44,490,906
Borrowings	24	37,750,000	24,000,000
Current tax liabilities		675,904	591,927
<b>Total current liabilities</b>		<b>208,072,261</b>	<b>199,792,711</b>
<b>Total liabilities</b>		<b>326,587,029</b>	<b>321,317,630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>857,960,334</b>	<b>850,439,471</b>
<b>Net assets per share (sen)</b>		<b>35.42</b>	<b>35.27</b>

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 2022 and the accompanying explanatory notes attached to this interim financial report.

# SENHENG

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Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income For The Period Ended 30 June 2023

	Note	Individual Quarter		Cumulative Quarter	
		30.6.2023 RM	30.6.2022 RM	30.6.2023 RM	30.6.2022 RM
<b>Revenue</b>		325,250,966	397,708,154	643,697,086	765,022,165
Cost of sales		(255,564,467)	(309,951,184)	(505,706,128)	(599,681,733)
<b>Gross profit</b>		69,686,499	87,756,970	137,990,958	165,340,432
Other operating income		2,377,513	5,599,094	5,413,940	10,362,079
Operating and administrative expenses		(63,769,284)	(71,062,830)	(126,668,723)	(140,608,352)
Interest income		1,456,150	522,012	2,357,098	878,748
Finance costs		(1,001,353)	(1,139,896)	(2,063,753)	(2,434,581)
<b>Profit before tax</b>		<b>8,749,525</b>	<b>21,675,350</b>	<b>17,029,520</b>	<b>33,538,326</b>
Tax expense	23	(2,219,715)	(5,578,529)	(4,278,056)	(8,546,041)
<b>Profit for the financial period attributable to the owners of the Company</b>		<b>6,529,810</b>	<b>16,096,821</b>	<b>12,751,464</b>	<b>24,992,285</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit or loss in subsequent period</b>					
Foreign currency translations		-	697,099	-	817,192
<b>Items that will not be reclassified to profit or loss in subsequent period</b>					
Fair value gain of other investments at fair value through other comprehensive income		-	288,574	-	288,574
<b>Other comprehensive income attributable to the owners of the Company</b>		<b>-</b>	<b>985,673</b>	<b>-</b>	<b>1,105,766</b>
<b>Total comprehensive income attributable to the owners of the Company</b>		<b>6,529,810</b>	<b>17,082,494</b>	<b>12,751,464</b>	<b>26,098,051</b>
<b>Basic/Diluted earnings per ordinary share (sen)</b>	27	<b>0.44</b>	<b>1.07</b>	<b>0.85</b>	<b>1.67</b>

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 2022 and the accompanying explanatory notes attached to this interim financial report.

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## Unaudited Condensed Consolidated Statements of Changes in Equity For The Period Ended 30 June 2023

	Non-Distributable				Distributable	
	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
<b>Balance as at 1 January 2023</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,104,433</b>	-	<b>264,355,905</b>	<b>529,121,841</b>
Profit for the financial period	-	-	-	-	12,751,464	12,751,464
<b>Total comprehensive income</b>	-	-	-	-	<b>12,751,464</b>	<b>12,751,464</b>
<b>Transactions with owners:</b>						
Dividend (Note 8)	-	-	-	-	(10,500,000)	(10,500,000)
<b>Balance as at 30 June 2023</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,104,433</b>	-	<b>266,607,369</b>	<b>531,373,305</b>
<b>Balance as at 1 January 2022</b>	<b>166,206,171</b>	<b>(165,206,168)</b>	<b>1,830,861</b>	<b>(290,507)</b>	<b>231,123,946</b>	<b>233,664,303</b>
Profit for the financial period	-	-	-	-	24,992,285	24,992,285
Other comprehensive income, net of tax	-	-	288,574	817,192	-	1,105,766
<b>Total comprehensive income</b>	-	-	<b>288,574</b>	<b>817,192</b>	<b>24,992,285</b>	<b>26,098,051</b>
<b>Transactions with owners:</b>						
Issuance of shares	267,500,000	-	-	-	-	267,500,000
Listing expenses attributable to the Public Issue	(5,838,500)	-	-	-	-	(5,838,500)
Dividend	-	-	-	-	(19,500,000)	(19,500,000)
<b>Balance as at 30 June 2022</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,119,435</b>	<b>526,685</b>	<b>236,616,231</b>	<b>501,923,854</b>

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 2022 and the accompanying explanatory notes attached to this interim financial report.

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Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 June 2023

	Cumulative Quarter	
	30.6.2023	30.6.2022
	RM	RM
<b>Cash Flows From Operating Activities</b>		
Profit before tax	17,029,520	33,538,326
<b>Adjustment for:</b>		
Amortisation of intangible assets	2,274	1,944
Depreciation of property, plant and equipment	8,709,548	6,371,296
Interest expense	2,063,753	2,434,581
Interest income	(2,357,098)	(878,748)
Depreciation of right-of-use assets	15,845,696	14,692,834
Other non-cash items	(604,786)	5,230,223
<b>Operating profit before changes in working capital</b>	<b>40,688,907</b>	<b>61,390,456</b>
<b>Changes in working capital:</b>		
Inventories	(30,171,124)	(25,599,343)
Receivables	12,164,595	(6,650,838)
Payables	(8,057,913)	(39,032,841)
Contract liabilities	453,193	(445,920)
<b>Cash generated from/(used in) operations</b>	<b>15,077,658</b>	<b>(10,338,486)</b>
Interest paid	(181,150)	(753,786)
Tax paid	(10,839,692)	(10,154,792)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,056,816</b>	<b>(21,247,064)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of other investments	991,184	195,269,595
Proceeds from disposal of property, plant and equipment	15,000	384,834
Purchase of other investments and intangible assets	-	(267,141,808)
Purchase of property, plant and equipment	(19,169,907)	(37,143,317)
Dividend received	18,682	1,347,572
Interest received	2,357,098	878,748
<b>Net cash used in investing activities</b>	<b>(15,787,943)</b>	<b>(106,404,376)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of share capital	-	267,500,000
Payments of share issuance expenses	-	(5,838,500)
Dividend paid	(10,500,000)	(19,500,000)
Drawdown of bankers' acceptances	84,475,000	142,827,145
Repayments of bankers' acceptances	(70,725,000)	(144,885,987)
Repayments of term loans	-	(36,094,541)
Payments of lease liabilities	(16,978,963)	(15,741,394)
<b>Net cash (used in)/generated from financing activities</b>	<b>(13,728,963)</b>	<b>188,266,723</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,460,090)</b>	<b>60,615,283</b>
Effects of exchange rate changes on cash and cash equivalents	-	(46,846)
<b>Cash and cash equivalents brought forward</b>	<b>105,491,750</b>	<b>47,782,186</b>
<b>Cash and cash equivalents carried forward</b>	<b>80,031,660</b>	<b>108,350,623</b>
<b>Cash and cash equivalents comprises of the following:</b>		
Cash and bank balances	80,031,660	108,350,623
Deposits placed with licensed banks	50,000,000	3,960,050
	130,031,660	112,310,673
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(50,000,000)	(3,960,050)
	<b>80,031,660</b>	<b>108,350,623</b>

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 2022 and the accompanying explanatory notes attached to this interim financial report.

**Notes to The Financial Report For The Period Ended 30 June 2023****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 2022 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 2022 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 2023:

<b>Title</b>	<b>Effective Date</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i> ( <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> )	1 January 2023
Amendments to MFRS 101 <i>Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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

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

<b>Title</b>	<b>Effective Date</b>
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

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

<b>Title</b>	<b>Effective Date</b>
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 2022.

**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 30 June 2023****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 10 April 2023, the Board of Directors declared a second interim single tier dividend of RM0.007 per ordinary share amounting to RM10,500,000 for the financial year ended 31 December 2022, which was paid on 16 June 2023 to shareholders of the Company whose names appeared in the Record of Depositors on 29 May 2023.

**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 The Group's profit af products sold

The segmental information for the financial period ended 30 June 2023 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	624,807,672	18,889,414	-	643,697,086
Inter-segment sales	13,964,015	9,583,228	-	23,547,243
<b>Total revenue</b>	<b>638,771,687</b>	<b>28,472,642</b>	<b>-</b>	<b>667,244,329</b>
<b>Segment profit/(loss)</b>	<b>10,545,222</b>	<b>3,825,025</b>	<b>(1,618,783)</b>	<b>12,751,464</b>
<b>Segment assets*</b>	<b>607,569,598</b>	<b>49,575,067</b>	<b>166,620,633</b>	<b>823,765,298</b>
<b>Segment liabilities**</b>	<b>302,169,686</b>	<b>23,310,060</b>	<b>406,674</b>	<b>325,886,420</b>

The segmental information for the financial period ended 30 June 2022 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	734,751,926	30,270,239	-	765,022,165
Inter-segment sales	3,838,849	9,522,870	-	13,361,719
<b>Total revenue</b>	<b>738,590,775</b>	<b>39,793,109</b>	<b>-</b>	<b>778,383,884</b>
<b>Segment profit/(loss)</b>	<b>23,742,756</b>	<b>3,867,830</b>	<b>(2,618,301)</b>	<b>24,992,285</b>
<b>Segment assets*</b>	<b>668,876,780</b>	<b>48,857,234</b>	<b>167,076,516</b>	<b>884,810,530</b>
<b>Segment liabilities**</b>	<b>404,323,069</b>	<b>4,231,649</b>	<b>378,426</b>	<b>408,933,144</b>

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 30 June 2023****10. Revenue**

The breakdown of the Group's revenue by retail channels is as follows:

	Individual Quarter ended				Cumulative Quarter ended			
	30.6.2023		30.6.2022		30.6.2023		30.6.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Physical stores	301,461	92.7	366,019	92.0	590,820	91.8	701,270	91.7
Online stores	19,200	5.9	23,148	5.8	35,253	5.5	44,542	5.8
Others <sup>^</sup>	4,590	1.4	8,541	2.1	17,624	2.8	19,210	2.5
<b>Total</b>	<b>325,251</b>	<b>100.0</b>	<b>397,708</b>	<b>100.0</b>	<b>643,697</b>	<b>100.0</b>	<b>765,022</b>	<b>100.0</b>

<sup>^</sup> Others comprise of sales of products and vouchers to corporate clients.

The breakdown of the Group's average monthly sales per store is as follows:

**Financial period ended 30 June 2023**

	Total sales	Cumulative operating months <sup>^^</sup>	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	84,163	133	633
"senQ" digital stations	214,675	137	1,567
"Grand Senheng" stores	256,442	263	975
"Grand Senheng Elite" store	13,331	12	1,111
"Grand senQ" digital stations	19,162	13	1,474

**Financial period ended 30 June 2022**

	Total sales	Cumulative operating months <sup>^^</sup>	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	141,760	199	712
"senQ" digital stations	273,318	172	1,589
"Grand Senheng" stores	269,880	251	1,075
"Grand Senheng Elite" store	8,631	6	1,439
"Grand senQ" digital stations	7,681	6	1,280

<sup>^^</sup> Being the total number of operating months of each of our physical stores. The new store concept in operation for less than 12 months is excluded from the breakdown.

**11. 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.

**Notes to The Financial Report For The Period Ended 30 June 2023****12. Capital commitments**

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

	<b>As at 30.6.2023 RM</b>	<b>As at 31.12.2022 RM</b>
Contracted but not provided for	<u>1,072,673</u>	<u>4,401,688</u>

**13. 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.

**14. 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.

**15. 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.

**16. Significant related party transactions**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.6.2023 RM</b>	<b>30.6.2022 RM</b>	<b>30.6.2023 RM</b>	<b>30.6.2022 RM</b>
Related parties: (Companies in which certain Directors have financial interests)				
Administration and marketing fee receivable	675,524	527,466	1,109,003	1,150,133
Administration and marketing fee payable	(74,489)	(92,458)	(156,648)	(188,157)
Commission payable	(5,288,696)	(5,083,773)	(10,766,281)	(8,997,523)
Insurance premium collected on behalf of third-party insurance companies	(7,412,737)	(8,390,361)	(14,254,744)	(16,673,964)
Marketing expenses	(5,422,227)	(7,349,974)	(11,728,517)	(18,275,419)
Purchases of goods	(2,620,776)	(2,703,664)	(5,221,408)	(5,127,098)
Rental income	30,700	32,700	61,800	62,400
Rental payable	(277,451)	(298,427)	(548,499)	(596,854)
Sales of goods	31,487	35,450	71,147	36,829
Sales of motor vehicle	-	140,000	-	140,000
Service rendered	(1,631,139)	(938,708)	(3,136,820)	(2,412,673)

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.

**17. 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.

**Notes to The Financial Report For The Period Ended 30 June 2023****18. Performance review****(i) 6 months ended 30 June 2023 ("FPE 2023")**

Group revenue decreased by 15.9% or RM121.3 million to RM643.7 million in FPE 2023 (FPE 2022: RM765.0 million), attributed to lower sales as consumer sentiment was dampened by inflation and interest rate hike.

Group gross profit ("GP") declined by 16.5% or RM27.3 million to RM138.0 million (GP margin: 21.4%) for FPE 2023 from RM165.3 million (GP margin: 21.6%) for FPE 2022, as a result of decreased revenue and changes in product mix.

Group profit before tax ("PBT") decreased by 49.2% or RM16.5 million to RM17.0 million (FPE 2022: RM33.5 million), due to the lower revenue and reduced other income.

**(ii) 3 months ended 30 June 2023 ("Q2 2023")****(a) Comparison with preceding year's corresponding quarter (3 months ended 30 June 2022 ("Q2 2022"))**

Group revenue decreased by 18.2% or RM72.5 million to RM325.3 million in Q2 2023 (Q2 2022: RM397.7 million), attributed to lower sales on weaker consumer sentiment.

Gross GP decreased by 20.6% or RM18.1 million to RM69.7 million in Q2 2023 (Q2 2022: RM87.8 million), in line with the revenue performance. GP margin declined 0.7 pts to 21.4% in Q2 2023 (Q2 2022: 22.1%) attributed to changes in product mix.

PBT decreased by 59.6% or RM12.9 million to RM8.7 million in Q2 2023 (Q2 2022: RM21.7 million), due to the lower revenue and reduced other income.

**(b) Comparison with immediate preceding quarter (3 months ended 31 March 2023 ("Q1 2023"))**

The Group reported revenue of RM325.3 million and PBT of RM8.7 million in Q2 2023 (Q1 2023 revenue: RM318.4 million, PBT: RM8.3 million). The better Q2 performance was supported by marketing campaigns such as Member Month and 6.6 Fiesta Campaign, as well as Hari Raya Aidilfitri festive season.

**19. Prospects**

The weak sentiment in the retail sector, in addition to projected lower economic growth for 2023, highlighted by Malaysia's GDP growth rate declining to 2.9% year-on-year in Q2 2023 from 5.6% in Q1 2023, poses challenges to the Group's ability to achieve growth. These factors could lead to weaker financial performance in the second half of 2023 compared to the same period last year.

The ongoing initiative involves establishing up to 61 new or upgraded stores from 2022 to 2024, aimed at enhancing in-store experiences and boosting per-store sales. Furthermore, the Group is expanding its new retail channel, Senheng Mobile, by opening additional stores to cater to the increasing demand for mobile phones and digital gadgets.

To deepen customer engagement, the Group will leverage its AI-enabled platform to launch more online marketing campaigns, and introduce more rewards and promotions. Simultaneously, the Group is refining its omnichannel retail model to elevate the overall shopping experience.

In tandem with the growth initiatives, the Group is actively implementing strategies to increase customer footfall and enhance PlusOne membership renewals and engagement. Additionally, the anticipated Government's cash aid initiative is expected to help spur demand within the retail sector.

**20. 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.

**21. 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 30 June 2023****22. 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	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM	RM	RM	RM
Directors' remuneration	847,303	836,520	1,658,046	1,998,390
Interest expenses	1,001,353	1,139,896	2,063,753	2,434,581
Fair value (gain)/loss on other investments	(180,125)	1,458,787	(756,780)	3,529,332
Share of profit paid as part of incentive programme	4,099,031	7,038,198	10,245,388	14,403,869
Depreciation of property, plant and equipment	4,456,344	3,328,247	8,709,548	6,371,296
Depreciation of right-of-use assets	7,972,949	7,564,818	15,845,696	14,692,834
Amortisation of intangible assets	1,137	1,005	2,274	1,944
Impairment loss on trade and other receivables	-	613,632	-	1,053,973
Interest income	(900,948)	(522,012)	(2,357,098)	(878,748)
Realised gain on foreign exchange	(4,121)	(449,453)	(20,339)	(476,287)
Unrealised (gain)/loss on foreign exchange	(339,578)	2,257,660	(539,926)	1,858,393

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.

**23. Tax expense**

	Individual Quarter		Cumulative Quarter	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM	RM	RM	RM
Current tax expense:				
- Current period	1,979,715	5,578,959	3,805,498	5,968,184
Deferred tax:				
- Relating to origination and reversal of temporary differences	240,000	(430)	472,558	2,577,857
<b>Total tax expense</b>	<b>2,219,715</b>	<b>5,578,529</b>	<b>4,278,056</b>	<b>8,546,041</b>
Effective tax rate (%)	25.4 <sup>^</sup>	25.7 <sup>^</sup>	25.1 <sup>^</sup>	25.5 <sup>^</sup>
Effective tax rate (%)	24.0	24.0	24.0	24.0

<sup>^</sup> 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 on the Group's deferred tax asset.

**24. Borrowings**

Secured	As at 30.6.2023		As at 31.12.2022	
	Current	Total	Current	Total
	RM	RM	RM	RM
Bankers' acceptances	37,750,000	37,750,000	24,000,000	24,000,000

The above borrowings are denominated in Ringgit Malaysia.

**Notes to The Financial Report For The Period Ended 30 June 2023****25. Derivatives**

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

**26. Material litigation**

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

**27. Earnings per share ("EPS")**

	Individual Quarter		Cumulative Quarter	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Profit attributable to owners of the Company	6,529,810	16,096,821	12,751,464	24,992,285
Weighted average number of ordinary shares in issue ('000)	1,500,000	1,500,000	1,500,000	1,500,000
Basic EPS <sup>^</sup> (sen)	0.44	1.07	0.85	1.67
Diluted EPS <sup>^**</sup> (sen)	0.44	1.07	0.85	1.67

<sup>^</sup> 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.

<sup>\*\*</sup> 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 period 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.

**28. Utilisation of proceeds from the public issue**

The status of the utilisation of proceeds from the Initial Public Offering and listing as at 30 June 2023 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	(42,812)	-	117,688	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 <sup>^</sup>	20,000	(20,122)	122	-	Within 36 months
(v) Boost the Group's digital infrastructure	9,700	(4,308)	-	5,392	Within 36 months
(vi) Estimated listing expenses <sup>^</sup>	9,300	(9,178)	(122)	-	Within 3 months
<b>Total</b>	<b>267,500</b>	<b>(144,420)</b>	<b>-</b>	<b>123,080</b>	

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

<sup>^</sup> The unutilised balance of RM122,000 allocated for estimated listing expenses for IPO and Listing had been re-allocated to expand and upgrade the Group's warehouse and logistics during the financial period.