

# **SENHENG**

**SENHENG NEW RETAIL BERHAD**

Registration No. 202101019079 (1419379-T)

Interim Financial Report  
For The Fourth Quarter Ended 31 December 2023

29 February 2024

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statements of Financial Position

As at 31 December 2023

	Note	Unaudited As at 31.12.2023 RM	Audited As at 31.12.2022 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		243,885,713	155,346,086
Right-of-use assets		110,252,534	115,977,283
Intangible assets		120,402	15,818
Deferred tax assets		7,508,247	11,975,766
Other receivables		26,949,438	27,453,389
<b>Total non-current assets</b>		<b>388,716,334</b>	<b>310,768,342</b>
<b>Current assets</b>			
Inventories		269,584,896	250,055,392
Other investments		17,427,928	26,433,045
Trade and other receivables		111,109,877	92,117,285
Current tax assets		23,543,118	15,573,657
Cash and cash equivalents		87,368,474	155,491,750
<b>Total current assets</b>		<b>509,034,293</b>	<b>539,671,129</b>
<b>TOTAL ASSETS</b>		<b>897,750,627</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		116,213,910	101,254,170
<b>Total equity</b>		<b>544,081,581</b>	<b>529,121,841</b>
<b>Non-current liabilities</b>			
Lease liabilities		59,449,936	72,948,956
Deferred tax liabilities		82,368	24,705
Provision for restoration costs		6,495,486	5,789,149
Contract liabilities		41,081,267	42,762,109
<b>Total non-current liabilities</b>		<b>107,109,057</b>	<b>121,524,919</b>
<b>Current liabilities</b>			
Trade and other payables		95,920,087	101,733,753
Lease liabilities		30,832,419	28,091,495
Provision for restoration cost		1,278,598	884,630
Contract liabilities		46,507,003	44,490,906
Borrowings	22	71,500,000	24,000,000
Current tax liabilities		521,882	591,927
<b>Total current liabilities</b>		<b>246,559,989</b>	<b>199,792,711</b>
<b>Total liabilities</b>		<b>353,669,046</b>	<b>321,317,630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>897,750,627</b>	<b>850,439,471</b>
<b>Net assets per share (sen)</b>		<b>36.27</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 Year Ended 31 December 2023

	Note	Individual Quarter		Cumulative Quarter	
		31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
<b>Revenue</b>		358,560,042	443,092,318	1,315,090,668	1,562,218,644
Cost of sales		(286,773,323)	(349,572,799)	(1,038,042,139)	(1,221,424,980)
<b>Gross profit</b>		<u>71,786,719</u>	<u>93,519,519</u>	<u>277,048,529</u>	<u>340,793,664</u>
Other operating income		4,684,932	4,138,652	13,762,110	16,961,047
Operating and administrative expenses		(66,227,304)	(66,470,537)	(257,233,982)	(270,999,134)
Interest income		984,909	1,372,802	4,634,151	3,117,786
Finance costs		(908,658)	(1,188,079)	(3,987,449)	(4,612,515)
<b>Profit before tax</b>		<u>10,320,598</u>	<u>31,372,357</u>	<u>34,223,359</u>	<u>85,260,848</u>
Tax expense	21	(2,767,869)	(10,389,750)	(8,763,619)	(24,738,382)
<b>Profit for the financial year attributable to the owners of the Company</b>		<u>7,552,729</u>	<u>20,982,607</u>	<u>25,459,740</u>	<u>60,522,466</u>
<b>Other comprehensive (loss)/income</b>					
<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		-	(15,002)	-	273,572
<b>Other comprehensive (loss)/income attributable to the owners of the Company</b>		<u>-</u>	<u>(15,002)</u>	<u>-</u>	<u>273,572</u>
<b>Total comprehensive income attributable to the owners of the Company</b>		<u>7,552,729</u>	<u>20,967,605</u>	<u>25,459,740</u>	<u>60,796,038</u>
<b>Basic/Diluted earnings per ordinary share (sen)</b>	25	<u>0.50</u>	<u>1.40</u>	<u>1.70</u>	<u>4.03</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 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 Year Ended 31 December 2023

	← Non-Distributable →				Distributable	Total equity RM
	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings 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 year	-	-	-	-	25,459,740	25,459,740
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(2,015,765)	-	2,015,765	-
<b>Total comprehensive income</b>	-	-	<b>(2,015,765)</b>	-	<b>27,475,505</b>	<b>25,459,740</b>
<b>Transaction with owners:</b>						
Dividend	-	-	-	-	(10,500,000)	(10,500,000)
<b>Balance as at 31 December 2023</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>88,668</b>	-	<b>281,331,410</b>	<b>544,081,581</b>
<b>Balance as at 31 December 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>
Changes of functional currency	-	-	-	290,507	(290,507)	-
Profit for the financial year	-	-	-	-	60,522,466	60,522,466
Other comprehensive income, net of tax	-	-	273,572	-	-	273,572
<b>Total comprehensive income</b>	-	-	<b>273,572</b>	-	<b>60,522,466</b>	<b>60,796,038</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)
Dividends	-	-	-	-	(27,000,000)	(27,000,000)
<b>Balance as at 31 December 2022</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>

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 Year Ended 31 December 2023

	Cumulative Quarter	
	31.12.2023	31.12.2022
	RM	RM
<b>Cash Flows From Operating Activities</b>		
Profit before tax	34,223,359	85,260,848
<b>Adjustments for:</b>		
Amortisation of intangible assets	6,791	3,998
Depreciation of property, plant and equipment	18,445,276	14,224,660
Interest expense	3,987,449	4,612,515
Interest income	(4,634,151)	(3,117,786)
Depreciation of right-of-use assets	31,864,729	29,978,095
Other non-cash items	913,643	2,496,492
<b>Operating profit before changes in working capital</b>	<b>84,807,096</b>	<b>133,458,822</b>
<b>Changes in working capital:</b>		
Inventories	(21,382,568)	2,480,718
Trade and other receivables	(18,593,891)	16,707,186
Trade and other payables	(16,819,251)	(68,764,428)
Contract liabilities	335,255	(67,449,365)
<b>Cash generated from operations</b>	<b>28,346,641</b>	<b>16,432,933</b>
Interest paid	(340,408)	(1,158,868)
Tax paid	(12,277,943)	(27,234,786)
<b>Net cash from/(used in) operating activities</b>	<b>15,728,290</b>	<b>(11,960,721)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of other investments	9,457,669	277,840,501
Proceeds from disposal of property, plant and equipment	772,510	350,585
Proceeds from disposal of right-of-use assets	-	306,749
Purchase of other investments and intangible assets	(111,375)	(267,310,867)
Purchase of property, plant and equipment	(60,984,903)	(61,238,115)
Purchase of right-of-use assets	-	(8,595,200)
Dividend received	22,859	1,522,671
Interest received	4,634,151	3,117,786
Withdrawal/(Placement) of fixed deposits with licensed banks	40,463,830	(46,039,950)
<b>Net cash used in investing activities</b>	<b>(5,745,259)</b>	<b>(100,045,840)</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)	(27,000,000)
Drawdown of bankers' acceptances	163,500,000	231,327,145
Repayments of bankers' acceptances	(162,000,000)	(218,885,987)
Repayments of term loans	-	(45,438,018)
Payments of lease liabilities	(28,642,477)	(31,964,492)
<b>Net cash (used in)/from financing activities</b>	<b>(37,642,477)</b>	<b>169,700,148</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(27,659,446)</b>	<b>57,693,587</b>
Effects of exchange rate changes on cash and cash equivalents	-	15,977
<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>77,832,304</b>	<b>105,491,750</b>
<b>Cash and cash equivalents comprises of the following:</b>		
Cash and bank balances	42,332,304	105,491,750
Deposits placed with licensed banks	45,036,170	50,000,000
	87,368,474	155,491,750
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(9,536,170)	(50,000,000)
	<b>77,832,304</b>	<b>105,491,750</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 Year Ended 31 December 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
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchange ability</i>	1 January 2025
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer Paragraph 98M of MFRS 112

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 year under review.

**Notes to The Financial Report For The Year Ended 31 December 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 year 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. 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 year ended 31 December 2023 is as follows:

	<b>Trading RM</b>	<b>Warranty RM</b>	<b>Others RM</b>	<b>Total RM</b>
Sales to external customers	1,240,188,918	74,901,750	-	1,315,090,668
Inter-segment sales	25,314,200	19,211,372	-	44,525,572
<b>Total revenue</b>	<b>1,265,503,118</b>	<b>94,113,122</b>	<b>-</b>	<b>1,359,616,240</b>
<b>Segment profits/(losses)</b>	<b>14,457,669</b>	<b>14,391,488</b>	<b>(3,389,417)</b>	<b>25,459,740</b>
<b>Segment assets*</b>	<b>653,762,900</b>	<b>46,306,704</b>	<b>166,629,658</b>	<b>866,699,262</b>
<b>Segment liabilities**</b>	<b>327,981,178</b>	<b>24,348,241</b>	<b>735,377</b>	<b>353,064,796</b>

The segmental information for the financial year ended 31 December 2022 is as follows:

	<b>Trading RM</b>	<b>Warranty RM</b>	<b>Others RM</b>	<b>Total RM</b>
Sales to external customers	1,418,651,855	143,566,789	-	1,562,218,644
Inter-segment sales	-	18,283,397	-	18,283,397
<b>Total revenue</b>	<b>1,418,651,855</b>	<b>161,850,186</b>	<b>-</b>	<b>1,580,502,041</b>
<b>Segment profits/(losses)</b>	<b>40,695,748</b>	<b>26,890,267</b>	<b>(7,063,549)</b>	<b>60,522,466</b>
<b>Segment assets*</b>	<b>608,289,332</b>	<b>47,212,749</b>	<b>167,387,967</b>	<b>822,890,048</b>
<b>Segment liabilities**</b>	<b>317,076,715</b>	<b>3,027,917</b>	<b>596,366</b>	<b>320,700,998</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 Year Ended 31 December 2023****9. Property, plant and equipment****(i) Acquisitions and disposals**

Senheng Electric (KL) Sdn Bhd ("Senheng KL" or the "Purchaser"), a wholly-owned subsidiary of Senheng, had on 25 September 2023 entered into a sale and purchase agreement with SDM Assets III Sdn Bhd ("SDM Assets III" or the "Vendor") to acquire all that piece of freehold industrial land located in Klang, Selangor together with a single storey warehouse facility with three storey office space inclusive of ancillary buildings and external structure erected thereon, which is currently being rented by Senheng KL from the Vendor and used as the central distribution centre for Senheng and its subsidiaries, for a purchase consideration of RM75.8 million to be satisfied entirely in cash.

Refer to the Company's announcement dated 25 September 2023 in relation to the Corporate Exercises, the Acquisition had been completed on 22 December 2023 in accordance with the terms of the SPA.

**(ii) Valuation**

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

**10. Capital commitments**

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

	As at 31.12.2023	As at 31.12.2022
	RM	RM
Contracted but not provided for	<u>9,252,063</u>	<u>4,401,688</u>

**11. Material events subsequent to the end of the financial year**

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

**12. Changes in the composition of the group**

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

**13. Changes in contingent liability**

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

**14. Significant related party transactions**

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

	Individual Quarter		Cumulative Quarter	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Related parties: (Companies in which certain Directors have financial interests)				
Administration and marketing fee receivable	194,860	376,895	1,543,681	1,987,561
Administration and marketing fee payable	(111,277)	(86,022)	(315,029)	(352,542)
Commission payable	(5,072,824)	(5,370,333)	(20,568,598)	(19,062,017)
Insurance premium collected on behalf of third-party insurance companies	(5,894,526)	(8,001,088)	(26,612,450)	(34,295,081)
Marketing expenses	(6,076,985)	(6,509,961)	(22,184,027)	(31,789,877)
Purchases of goods	(2,790,558)	(1,749,914)	(10,223,004)	(8,778,346)
Rental income	37,300	33,300	133,000	129,800
Rental payable	(286,427)	(256,147)	(1,121,352)	(1,134,428)
Sales of goods	17,258	67,225	131,723	137,259
Sales of property	-	-	-	250,000
Sales of motor vehicle	-	-	-	140,000
Service rendered	(671,316)	(834,194)	(4,631,437)	(4,240,799)

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 Year Ended 31 December 2023****15. 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 year under review.

**16. Performance review****(i) 12 months ended 31 December 2023 ("FPE 2023")**

Group revenue decreased by 15.8% or RM247.1 million to RM1.3 billion in FPE 2023 (FPE 2022: RM1.6 billion), attributed to lower sales as consumer sentiment was dampened by inflation and interest rate hike.

Group gross profit ("GP") declined by 18.7% or RM63.7 million to RM277.0 million (GP margin: 21.1%) for FPE 2023 from RM340.8 million (GP margin: 21.8%) for FPE 2022, as a result of decreased revenue and changes in product mix.

Group profit before tax ("PBT") decreased by 59.9% or RM51.0 million to RM34.2 million (FPE 2022: RM85.3 million), due to the lower revenue and reduced other income.

**(ii) 3 months ended 31 December 2023 ("Q4 2023")****(a) Comparison with preceding year's corresponding quarter (3 months ended 31 December 2022 ("Q4 2022"))**

Group revenue decreased by 19.1% or RM84.5 million to RM358.6 million in Q4 2023 (Q4 2022: RM443.1 million), attributed to lower sales on weaker consumer sentiment.

Group GP decreased by 23.2% or RM21.7 million to RM71.8 million in Q4 2023 (Q4 2022: RM93.5 million), in line with the revenue performance. GP margin declined 1.1 pts to 20.0% in Q4 2023 (Q3 2022: 21.1%) attributed to changes in product mix.

Group PBT decreased by 67.1% or RM21.0 million to RM10.3 million in Q4 2023 (Q4 2022: RM31.4 million), due to the lower revenue and an increase in operating and administrative expenses, which aligns with the expansion plan.

**(b) Comparison with immediate preceding quarter (3 months ended 30 September 2023 ("Q3 2023"))**

The Group reported revenue of RM358.6 million and PBT of RM10.3 million in Q4 2023 (Q3 2023 revenue: RM312.8 million, PBT: RM6.9 million). The higher revenue in Q4 2023 was due to year end festive seasons such as Christmas and New Year holidays as well as 11.11 and 12.12 campaigns that fall within the quarter.

**17. Prospects**

The persistent weak consumer sentiment and subdued retail sector continue to pose a challenge to the Group's growth prospects. Retail Group Malaysia projected a moderate improvement in retail sector growth to 3.5% in 2024, compared to 2.8% in 2023. However, significant challenges persist, including reduced consumer spending and deferred purchases of higher ticket items due to increased cost of living.

In response, the Group is intensifying its online and social media marketing campaigns, as well as rewards and promotions to drive sales. These efforts aim to boost traffic, increase customer footfall, and enhance PlusOne membership engagement.

Concurrently, the Group is refining its omnichannel retail model to enhance the overall shopping experience. In 2024, the Group is heightening its focus on improving online presence, e-commerce, and social media channels, alongside its integrated Offline-Merge-Offline retail strategy, to provide seamless shopping experiences in line with latest retail trends.

Additionally, the Group is executing its Territory Champion store expansion and upgrading program to enhance in-store experiences nationwide and boost per-store sales.

**18. 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.

**19. Status of corporate proposals**

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

## Notes to The Financial Report For The Year Ended 31 December 2023

### 20. Profit before tax

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

	Individual Quarter		Cumulative Quarter	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Directors' remuneration	849,475	774,270	3,343,164	3,602,430
Interest expenses	908,658	1,188,079	3,987,449	4,612,515
Fair value (gain)/loss on other investments	(289,447)	(330,366)	(122,137)	4,387,004
Share of profit paid as part of incentive programme	6,638,715	8,086,848	20,612,527	28,972,620
Depreciation of property, plant and equipment	4,946,952	4,140,698	18,445,276	14,224,660
Depreciation of right-of-use assets	7,966,944	7,627,569	31,864,729	29,978,095
Amortisation of intangible assets	3,148	1,049	6,791	3,998
(Reversal of impairment loss)/Impairment loss on trade and other receivables	(134,124)	28,440	(105,250)	219,835
Interest income	(984,909)	(1,372,802)	(4,634,151)	(3,117,786)
Realised loss/(gain) on foreign exchange	-	23,338	(20,443)	1,434
Unrealised gain on foreign exchange	(202,368)	(131,133)	(703,974)	(702,899)

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.

### 21. Tax expense

	Individual Quarter		Cumulative Quarter	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Current tax expense:				
- Current period	2,243,224	1,542,213	7,785,767	11,723,505
- Prior years	(2,998,130)	28,182	(3,547,330)	292,478
	(754,906)	1,570,395	4,238,437	12,015,983
Deferred tax:				
- Relating to origination and reversal of temporary differences	(1,075,414)	7,057,756	(73,007)	10,960,800
- Prior years	4,598,189	1,761,599	4,598,189	1,761,599
	3,522,775	8,819,355	4,525,182	12,722,399
<b>Total tax expense</b>	<b>2,767,869</b>	<b>10,389,750</b>	<b>8,763,619</b>	<b>24,738,382</b>
Effective tax rate (%)	26.8 <sup>^</sup>	33.1 <sup>^</sup>	25.6 <sup>^</sup>	29.0 <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 year 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.

### 22. Borrowings

Secured	As at 31.12.2023		As at 31.12.2022	
	Current RM	Total RM	Current RM	Total RM
Bankers' acceptances	25,500,000	25,500,000	24,000,000	24,000,000
Revolving credit	46,000,000	46,000,000	-	-
	<b>71,500,000</b>	<b>71,500,000</b>	<b>24,000,000</b>	<b>24,000,000</b>

The above borrowings are denominated in Ringgit Malaysia.

**Notes to The Financial Report For The Year Ended 31 December 2023****23. Derivatives**

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

**24. Material litigation**

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

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

	Individual Quarter		Cumulative Quarter	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to owners of the Company	7,552,729	20,982,607	25,459,740	60,522,466
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)	0.50	1.40	1.70	4.03
Diluted EPS <sup>^**</sup> (sen)	0.50	1.40	1.70	4.03

<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 year 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.

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

The status of the utilisation of proceeds from the Initial Public Offering and listing as at 31 December 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	(59,321)	(30,000)	71,179	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	(6,357)	-	3,343	Within 36 months
(vi) Estimated listing expenses <sup>^</sup>	9,300	(9,178)	(122)	-	Within 3 months
(vii) Acquisition of warehouse*	-	(30,000)	30,000	-	Within 3 months
<b>Total</b>	<b>267,500</b>	<b>(192,978)</b>	<b>-</b>	<b>74,522</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 last financial year.

\* 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 financial year.