

The figures have not been audited.

## NOTES TO THE INTERIM FINANCIAL REPORT

### PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS 134’)

#### A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022.

The accounting policies adopted by the Group and the Company are consistent with those of the audited financial statements for the financial year ended 30 June 2022 except for the following adoption of new standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- *MFRS 17, Insurance Contracts*
- *Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9- Comparative Information.*
- *Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and disclosures of Accounting Policies .*
- *Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- *Amendments to MFRS 112, Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 30 June 2022 was not subject to any qualification.

#### A3. SEASONAL OR CYCLICAL FACTORS

The operations of the Group, other than the retailing division, are not subject to any seasonal or cyclical changes. The retail segment will benefit from higher consumer spending during festivals, school holidays and carnival sales.

#### A4. EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

#### A5. CHANGES IN ESTIMATES OF AMOUNT REPORTED PREVIOUSLY

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial year-to-date.

## A6. DEBTS AND EQUITY SECURITIES

For the current quarter ended 31 December 2022, the changes in debts and equity securities are as follow :

	Allotment Date	No. of Shares '000
Issued and Paid-up Capital As at 01 July 2022		112,792
Issued during the year via exercise of Warrants	July 2022 – December 2022	30,253
As at 31 December 2022		143,045

### **Warrants 2017/2022**

On 2 January 2018, the Company issued 40,950,000 free Warrants to all the entitled shareholders of the Company on the basis of one (1) free Warrant for every two (2) existing ordinary shares held in the Company. The Warrants can only be exercised commencing on and including the date from the second anniversary date of the first issue of the Warrants, i.e. 2 January 2020 to 30 December 2022 at an exercise price of RM0.30 per ordinary shares . The exercise rights of the Warrants had been expired at 5.00 p.m on 30 December 2022.

## A7. DIVIDENDS PAID

There were no dividends paid during the year .

## A8. SEGMENTAL INFORMATION

	Individual Quarter		Cumulative Quarters	
	31/12/22 RM'000	31/12/21 RM'000	31/12/22 RM'000	31/12/21 RM'000
<b>Segment Revenue</b>				
- Investment Holding	22	4	51	15
- Waste Recycling	2,335	3,160	4,640	5,088
- Retailing	53,491	58,995	88,471	68,355
<b>Total Revenue</b>	<b>55,848</b>	<b>62,159</b>	<b>93,162</b>	<b>73,458</b>

<b>Segment Revenue</b>				
- Investment Holding	-	-	-	-
- Waste Recycling	-	-	-	-
- Retailing	(585)	(237)	(2,152)	(264)
<b>Inter-Segment Revenue</b>	<b>(585)</b>	<b>(237)</b>	<b>(2,152)</b>	<b>(264)</b>

<b>Segment Revenue</b>				
- Investment Holding	22	4	51	15
- Waste Recycling	2,335	3,160	4,640	5,088
- Retailing	52,906	58,758	86,319	68,091
<b>External Revenue</b>	<b>55,263</b>	<b>61,922</b>	<b>91,010</b>	<b>73,194</b>

<b>Segment profit/(Loss)</b>				
- Investment Holding	(995)	(309)	(1,218)	(422)
- Waste Recycling	157	240	345	676
- Retailing	7,802	10,560	8,312	7,365
	6,964	10,491	7,439	7,619
Finance costs	(61)	(151)	(161)	(308)
<b>Consolidated profit/(loss) before taxation</b>	<b>6,903</b>	<b>10,340</b>	<b>7,278</b>	<b>7,311</b>

	As at 31/12/22 RM'000	As at 31/12/21 RM'000
<b>Segment assets (i)</b>		
- Investment Holding	14,805	5,768
- Waste Recycling	3,178	2,645
- Retailing	158,027	141,607
	<b>176,010</b>	<b>150,020</b>

(i) Segment assets - The total of segment assets is measured based on all assets (including goodwill, deferred tax asset and current tax assets) of a segment.

## Reconciliations of reportable segment profit or loss and assets

	<--- 6 Months Ended 31 December 2022--->				<--6 Months Ended 31 December 2021-->			
	Retailing	Investment Holding	Waste Recycling	Total	Retailing	Investment Holding	Waste Recycling	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Profit or loss</u></b>								
Total profit/(loss) for reportable segments	8,312	(1,218)	345	7,439	7,365	(422)	676	7,619
Finance costs	(161)	-	-	(161)	(308)	-	-	(308)
Consolidated profit/(loss) before tax	8,151	(1,218)	345	7,278	7,057	(422)	676	7,311

	<--- 6 Months Ended 31 December 2022--->				<--6 Months Ended 31 December 2021-->			
	Retailing	Investment Holding	Waste Recycling	Total	Retailing	Investment Holding	Waste Recycling	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Assets</u></b>								
Total assets for reporting segments	158,027	14,805	3,178	176,010	141,607	5,768	2,645	150,020
Elimination of inter-segment balances	-	-	-	-	-	-	-	-
Consolidated total assets	158,027	14,805	3,178	176,010	141,607	5,768	2,645	150,020

### A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuation of land and buildings had been brought forward without amendment from the previous annual audited report.

### A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the financial period ended 31 December 2022.

### A11. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial period ended 31 December 2022.

### A12. CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2022.

### A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 31 December 2022 are as follows:

<b>Transaction parties</b>	<b>Nature of transaction</b>	<b>Current Quarter 31/12/2022 RM'000</b>	<b>Cumulative Year to Date 31/12/2022 RM'000</b>
Expert Resource Management Sdn Bhd	Trading of plastic, scrap and scrap ferrous metal	745	1,341
Earthwise Resources Sdn Bhd	Trading of wastepaper, plastic scrap and scrap ferrous metal	148	371
Sing Foong Niap Engineering Sdn Bhd	Rental of factory & lorry	131	263
Primahir Recycle Sdn Bhd	Commission	33	75
Ria Insan Sdn Bhd	Transportation	3	4

The above transactions have been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties.

NOTES TO THE INTERIM FINANCIAL REPORT

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

	Individual Quarter		Cumulative Quarters	
	31/12/22	31/12/21	31/12/22	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
- Investment Holding	22	4	51	15
- Waste Recycling	2,335	3,160	4,640	5,088
- Retailing	52,906	58,758	86,319	68,091
	<u>55,263</u>	<u>61,922</u>	<u>91,010</u>	<u>73,194</u>
<b>Segment profit/(Loss)</b>				
- Investment Holding	(995)	(309)	(1,218)	(422)
- Waste Recycling	157	240	345	676
- Retailing	7,802	10,560	8,312	7,365
	<u>6,964</u>	<u>10,491</u>	<u>7,439</u>	<u>7,619</u>

a) **Current quarter against the preceding year's corresponding quarter**

For the 2<sup>nd</sup> quarter under review, the Group recorded a revenue of RM55.26 million, representing a decrease of 10.75% as compared to the previous year's corresponding quarter of RM61.92 million. The Group reported a profit before taxation of RM6.90 million compared to RM10.34 million recorded in the previous year's corresponding quarter.

**Retail Segment**

Retail segment reported a revenue of RM52.91 million for the current quarter, representing a decrease of 9.96% compared to RM58.76 million recorded in the previous year's corresponding quarter. The decrease in revenue was mainly caused by the rising cost of living and increase in interest rate resulted consumers spending cautiously particularly on non essential items.

As result of lower revenue, the retail segment profit decreased by 26.12% to RM7.80 million as compared to RM10.56 million recorded in the previous year's corresponding quarter.

**Waste Recycling Segment**

The Waste Recycling Segment reported lower revenue of RM 2.34 million as compared to RM 3.16 million recorded in the same quarter of last year. Lower sales contribution and higher operation cost resulted current quarter reporting lower profit of RM0.16 million as compared to RM0.24 million recorded in the previous year's corresponding quarter.

**Investment Holding Segment**

The Investment Holding Segment reported a loss of RM1.0 million for the quarter under review as compared to loss of RM0.31 million recorded in previous year's corresponding quarter due to corporate advisory expenses incurred in this quarter.

## b) Current period against preceding year's corresponding period

Profit before taxation for the financial period ended 31 December 2022 was RM7.28 million as compared to RM7.31 million for the same period of previous year . There is no improvement on profit before taxation as higher sales contribution was offset by higher operating expenses .

### Retail Segment

For the financial year to date, the Retail segment reported revenue of RM86.32 million, an increase of 26.77% compared to RM68.09 million reported in last year. The increase of revenue was due to low base effect of 1<sup>st</sup> quarter of previous year in which the performance was impacted by Covid -19 Movement Control Order. Despite higher sales, the profit was only increased by RM0.95 million to RM8.31 million due to higher operation cost.

### Waste Recycling Segment

The Waste Recycling segment reported lower revenue of RM4.64 million as compared to RM5.09 million recorded in the previous year's corresponding period. The decrease in revenue was caused by lower sales volume reported in the 2<sup>nd</sup> quarter of the year. Consequently, the segment profit was decreased by RM0.33 million to RM0.35 million.

### Investment Holding Segment

The Investment Holding segment reported higher losses of RM1.22 million as compared to RM0.42 million recorded in the previous year's corresponding period due to the corporate advisory expenses incurred in the period.

## B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 31/12/22 RM'000	Immediate Preceding Quarter 30/09/22 RM'000	Changes	
			RM'000	%
Revenue	55,262	35,748	19,514	54.59%
Profit/(Loss) from Operations before Interest and Tax	6,964	475	6,489	1366.11%
Profit/(Loss) before tax	6,902	375	6,527	1740.53%
Profit/(Loss) after tax	4,607	(62)	4,669	-7530.65%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,607	(62)	4,669	-7530.65%

The Group's revenue increased by 54.59% from RM35.75 million in the immediate preceding quarter to RM55.26 million in the current quarter. The increase in revenue was due to Christmas festival holiday sales recorded in current quarter .

As result of significant improvement of sales , the Group reported higher profit before taxation of RM6.90 million as compared to RM0.38 million recorded In previous quarter .

## B3. COMMENTARY ON PROSPECTS

The rising cost of living, higher interest rate and fluctuation of currency has increased the risk of retailing sector and caused more challenging and uncertainty particularly to the non essential retailer .

The Board is looking forward on the realization of part of investment in retailing and invest in waste recycling business for better prospect of the Group.

#### B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

#### B5. TAXATION

The taxation charge for the period as below: :

	Current Quarter RM'000	Year-To-Date RM'000
Current period income tax	<u>2,295</u>	<u>2,732</u>

*The Group's effective tax rate for the financial period was higher than the statutory tax rate of 24% mainly due to unable offset the profit with losses of the companies within the group and under provision of taxation for the financial year ended 30.06.2022.*

#### B6. CORPORATE PROPOSALS

Save as disclosed below ,there were no outstanding corporate proposals announced but not completed within 7 days from the date of issue of this report.

On 22 September 2022 , the Company had entered into following agreements :-

- (i) a conditional share sale agreement for the proposed disposals of the entire equity interests in Active Fit Sdn Bhd and MESB Capital & Development Sdn Bhd as well as 45% equity interest in Miroza Leather (M) Sdn Bhd to Trend Navigator Sdn Bhd for a total cash consideration of RM 46,000,000 ; and
- (ii) a conditional share purchase agreement for the proposed acquisitions of the entire equity interests in N.U Recycle Sdn Bhd ,Formidex Sdn Bhd and Waier Trading Sdn Bhd from Lotus Essential Sdn Bhd ,Datuk Wong Sak Kuan and Lee Wai Fun for a total cash consideration of RM 51,000,000 .

#### B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 December 2022 as follow:-

	RM'000
Short Term	
Banker's acceptance	1,745
Term loans	728
	<u>2,473</u>
Long Term	
Term loans	265
	<u>2,738</u>
Total	<u>2,738</u>

#### B8. CHANGES IN MATERIAL LITIGATIONS

The Group is not engaged in any material litigation at the end of reporting period .

#### B9. DIVIDEND

No dividend has been declared nor recommended for financial period ended 31 December 2022.



## B10. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue as follows :-

	Current Quarter	Year-To- Date
Net profit attributable to ordinary equity holders of the Company (RM'000)	4,607	4,545
Weighted average number of ordinary shares (in thousand)	126,630	121,495
Basic earnings per share (sen)	3.64	3.74

## B11. PROFIT FOR THE PERIOD

	Current Quarter	Cumulative Year
	31/12/22	to Date
	RM'000	31/12/22
		RM'000

This is arrived after(charging)/crediting :-

Interest Income	222	463
Write back/(written off) of inventories	179	694
Finance costs	-61	-161
Depreciation and amortisation	350	713
Net unrealised loss/(gain)on foreign exchange	-1,056	-94
	<u>-366</u>	<u>1,615</u>

## B12. AUTHORISATION FOR ISSUE

The Interim Financial Statement and the accompanying notes were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors .