

# **SENHENG**

**SENHENG NEW RETAIL BERHAD**

Registration No. 202101019079 (1419379-T)

INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

27 MAY 2022

**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income<sup>(1)</sup>**  
**For The Quarter Ended 31 March 2022**

**Current quarter to date**

	Note	Individual Quarter		Cumulative Quarter	
		31/3/2022	31/3/2021	31/3/2022	31/3/2021
		RM	RM	RM	RM
Revenue		367,314,011	374,556,249	367,314,011	374,556,249
Cost of sales		(289,730,549)	(297,800,603)	(289,730,549)	(297,800,603)
<b>Gross profit</b>		<b>77,583,462</b>	<b>76,755,646</b>	<b>77,583,462</b>	<b>76,755,646</b>
Other operating income		4,762,985	3,890,473	4,762,985	3,890,473
Operating and administrative expenses		(69,545,522)	(64,062,442)	(69,545,522)	(64,062,442)
Interest income		356,736	294,158	356,736	294,158
Finance costs		(1,294,685)	(1,248,021)	(1,294,685)	(1,248,021)
<b>Profit before tax</b>		<b>11,862,976</b>	<b>15,629,814</b>	<b>11,862,976</b>	<b>15,629,814</b>
Tax expense	23	(2,967,512)	(3,572,163)	(2,967,512)	(3,572,163)
<b>Profit after tax attributable to the owners of the Company</b>		<b>8,895,464</b>	<b>12,057,651</b>	<b>8,895,464</b>	<b>12,057,651</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Gain on foreign currency translations		120,093	362,669	120,093	362,669
<b>Other comprehensive income, net of tax</b>		<b>120,093</b>	<b>362,669</b>	<b>120,093</b>	<b>362,669</b>
<b>Total comprehensive income attributable to the owners of the Company</b>		<b>9,015,557</b>	<b>12,420,320</b>	<b>9,015,557</b>	<b>12,420,320</b>
<b>Basic/Diluted earnings per share<sup>(2)</sup> (sen)</b>	27	<b>0.59</b>	<b>0.80</b>	<b>0.59</b>	<b>0.80</b>

**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income<sup>(1)</sup>**  
**For The Quarter Ended 31 March 2022 (continued)**

Notes:-

- (1) 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 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) For illustration, computed based on profit after tax attributable to the owners of the Company divided by the number of ordinary shares outstanding after the completion of listing exercise of 1,500,000,000 on 25 January 2022.

**Unaudited Condensed Consolidated Statements of Financial Position<sup>(1)</sup>  
As at 31 March 2022**

	Note	Unaudited As at 31/3/2022 RM	Audited As at 31/12/2021 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		110,598,293	108,351,158
Right-of-use assets		105,968,057	87,444,013
Intangible assets		16,238	15,177
Other investments		2,921,311	2,921,311
Deferred tax assets		22,098,807	24,675,260
Other receivables		48,216,380	47,720,743
		289,819,086	271,127,662
<b>Current assets</b>			
Inventories		263,710,157	253,940,687
Other investments		300,927,558	37,277,432
Trade and other receivables		95,495,423	88,776,952
Current tax assets		5,476,813	32,200
Cash and bank balances		25,433,556	51,742,236
		691,043,507	431,769,507
<b>TOTAL ASSETS</b>		<b>980,862,593</b>	<b>702,897,169</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		427,867,671	166,206,171
Reserves		56,894,946	67,458,132
<b>TOTAL EQUITY</b>		<b>484,762,617</b>	<b>233,664,303</b>

**Unaudited Condensed Consolidated Statements of Financial Position<sup>(1)</sup>  
As at 31 March 2022 (continued)**

	Note	Unaudited As at 31/3/2022 RM	Audited As at 31/12/2021 RM
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		71,901,026	55,809,057
Deferred tax liabilities		3,634	1,800
Borrowings	24	38,996,880	40,052,841
Provision for restoration costs		5,575,916	5,054,468
Contract liabilities		91,488,363	91,130,938
		207,965,819	192,049,104
<b>Current liabilities</b>			
Trade and other payables		154,209,060	170,465,611
Lease liabilities		26,915,821	24,649,887
Provision for restoration cost		1,021,451	1,284,860
Contract liabilities		61,285,122	63,571,442
Borrowings	24	44,328,874	16,944,019
Current tax liabilities		373,829	267,943
		288,134,157	277,183,762
<b>TOTAL LIABILITIES</b>		<b>496,099,976</b>	<b>469,232,866</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>980,862,593</b>	<b>702,897,169</b>
<b>Net assets per share attributable to owners of the Company (sen)<sup>(2)</sup></b>		<b>32.32</b>	<b>15.58</b>

**Notes:-**

- (1) 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 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) For illustration, computed based on total equity divided by the number of ordinary shares outstanding after the completion of listing exercise of 1,500,000,000.

**Unaudited Condensed Consolidated Statement of Changes in Equity<sup>(1)</sup>**  
**As at 31 March 2022**

	← Non-distributable →				Distributable	
	Share capital RM	Merger reserve RM	Fair value reserves RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2022	166,206,171	(165,206,168)	1,830,861	(290,507)	231,123,946	233,664,303
Profit for the financial period	-	-	-	-	8,895,464	8,895,464
Other comprehensive income, net of tax	-	-	-	120,093	-	120,093
Total comprehensive income	-	-	-	120,093	8,895,464	9,015,557
Transactions with owners:						
Issuance of shares	267,500,000	-	-	-	-	267,500,000
Listing expenses attributable to the Public Issue	(5,838,500)	-	-	-	-	(5,838,500)
Dividend payable (Note 8)	-	-	-	-	(19,578,743)	(19,578,743)
Balance as at 31 March 2022	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>1,830,861</b>	<b>(170,414)</b>	<b>220,440,667</b>	<b>484,762,617</b>

**Unaudited Condensed Consolidated Statement of Changes in Equity<sup>(1)</sup>**  
**As at 31 March 2022 (continued)**

	← Non-distributable →				Distributable	
	Share capital RM	Merger reserve RM	Fair value reserves RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2021	1,000,003	-	-	(661,301)	165,867,469	166,206,171
Profit for the financial period	-	-	-	-	12,057,651	12,057,651
Other comprehensive income, net of tax	-	-	-	362,669	-	362,669
Total comprehensive income	-	-	-	362,669	12,057,651	12,420,320
Balance as at 31 March 2021	<b>1,000,003</b>	-	-	<b>(298,632)</b>	<b>177,925,120</b>	<b>178,626,491</b>

**Notes:-**

- (1) 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 2021 and the accompanying explanatory notes attached to this interim financial report.

**Unaudited Condensed Consolidated Statement of Cash Flows<sup>(1)</sup>  
As at 31 March 2022**

	<b>Cumulative Quarter</b>	
	<b>31/3/2022</b>	<b>31/3/2021</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	11,862,976	15,629,814
Adjustments for:		
Amortisation of intangible assets	939	170
Depreciation of property, plant and equipment	3,043,049	2,322,339
Interest expense	1,294,685	1,248,021
Interest income	(356,736)	(294,158)
Depreciation of right-of-use assets	7,128,016	7,249,384
Other non-cash items	1,513,048	4,006,636
Operating profit before changes in working capital	<u>24,485,977</u>	<u>30,162,206</u>
Changes in working capital:		
Inventories	(10,088,916)	(35,382,818)
Receivables	(7,644,591)	(14,666,019)
Payables	(35,656,502)	8,184,641
Contract liabilities	(1,928,895)	5,257,889
Cash used in operations	<u>(30,832,927)</u>	<u>(6,444,101)</u>
Interest paid	(491,609)	(422,242)
Tax paid	(5,727,952)	(5,703,178)
Net cash used in operating activities	<u>(37,052,488)</u>	<u>(12,569,521)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of other investments	1,000,051	1,199,492
Proceeds from disposal of property, plant and equipment	175,200	-
Purchase of other investments and intangible assets	(266,839,755)	(2,262,762)
Purchase of property, plant and equipment	(5,290,184)	(3,943,529)
Dividend received	794,627	98,301
Interest received	356,736	294,158
Placement of fixed deposits with licensed banks	-	(71,931)
Net cash used in investing activities	<u>(269,803,325)</u>	<u>(4,686,271)</u>
<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	-	(12,000,000)
Drawdown of bankers' acceptances	96,327,145	38,000,000
Repayments of bankers' acceptances	(68,764,182)	(33,000,000)
Repayments of term loans	(1,234,069)	(1,109,562)
Payments of lease liabilities	(7,662,192)	(7,579,479)
Net cash generated from/(used in) financing activities	<u>280,328,202</u>	<u>(15,689,041)</u>



**Unaudited Condensed Consolidated Statement of Cash Flows  
As at 31 March 2022 (continued)**

	<b>Cumulative Quarter</b>	
	<b>31/3/2022</b>	<b>31/3/2021</b>
	<b>RM</b>	<b>RM</b>
Net decrease in cash and cash equivalents	(26,527,611)	(32,944,833)
Effects of exchange rate changes on cash and cash equivalents	218,931	153,176
Cash and cash equivalents brought forward	47,782,186	64,867,148
Cash and cash equivalents carried forward	<u>21,473,506</u>	<u>32,075,491</u>
	<b>31/3/2022</b>	<b>31/3/2021</b>
	<b>RM</b>	<b>RM</b>
Cash and cash equivalents at the end of the financial period comprise of:		
Cash and bank balances	21,473,506	32,075,491
Deposits with licensed banks	<u>3,960,050</u>	<u>3,960,050</u>
	25,433,556	36,035,541
Less: Deposits pledged with licensed banks	<u>(3,960,050)</u>	<u>(3,960,050)</u>
	<u><b>21,473,506</b></u>	<u><b>32,075,491</b></u>

**Note:-**

- (1) 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 2021 and the accompanying explanatory notes attached to this interim financial report.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022****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 2021 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 2021 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 2022:

<b>Title</b>	<b>Effective Date</b>
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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 2023:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****2. BASIS OF ACCOUNTING (continued)**

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 2021.

**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.

**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 current financial period under review, the Company undertook a public issue of 250,000,000 new ordinary shares at an issue price of RM1.07 per share, resulting in an entire enlarged issued share capital of the Company comprising of 1,500,000,000 ordinary shares.

**8. DIVIDEND**

On 28 February 2022, the Board of Directors declared an interim single tier dividend of RM0.013 per ordinary share amounting to RM19,578,743 for the financial year ended 31 December 2021, which was paid on 29 April 2022 to shareholders of the Company whose names appeared in the Record of Depositors on 12 April 2022.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (continued)****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 2022 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	350,865,872	16,448,139	-	367,314,011
Inter-segment sales	2,111,020	4,479,287	-	6,590,307
<b>Total revenue</b>	<b>352,976,892</b>	<b>20,927,426</b>	<b>-</b>	<b>373,904,318</b>
<b>Segment profits</b>	<b>6,873,078</b>	<b>3,061,679</b>	<b>(1,039,293)</b>	<b>8,895,464</b>
<b>Segment assets*</b>	<b>449,637,923</b>	<b>56,779,524</b>	<b>446,869,526</b>	<b>953,286,973</b>
<b>Segment liabilities**</b>	<b>473,342,227</b>	<b>2,383,277</b>	<b>19,997,009</b>	<b>495,722,513</b>

The segmental information for the financial period ended 31 March 2021 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	354,327,122	20,229,127	-	374,556,249
Inter-segment sales	1,224,055	4,950,125	-	6,174,180
<b>Total revenue</b>	<b>355,551,177</b>	<b>25,179,252</b>	<b>-</b>	<b>380,730,429</b>
<b>Segment profits</b>	<b>9,784,817</b>	<b>2,272,834</b>	<b>-</b>	<b>12,057,651</b>
<b>Segment assets*</b>	<b>605,148,297</b>	<b>49,511,374</b>	<b>3</b>	<b>654,659,674</b>
<b>Segment liabilities**</b>	<b>499,695,193</b>	<b>1,926,907</b>	<b>-</b>	<b>501,622,100</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 INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (continued)****10. REVENUE**

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

	Individual Quarter ended				Cumulative Quarter ended			
	31/3/2022		31/3/2021		31/3/2022		31/3/2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Physical stores	335,251	91.3	346,908	92.6	335,251	91.3	346,908	92.6
Online stores	21,394	5.8	21,769	5.8	21,394	5.8	21,769	5.8
Others <sup>(1)</sup>	10,669	2.9	5,879	1.6	10,669	2.9	5,879	1.6
<b>Total</b>	<b>367,314</b>	<b>100.0</b>	<b>374,556</b>	<b>100.0</b>	<b>367,314</b>	<b>100.0</b>	<b>374,556</b>	<b>100.0</b>

Note:-

(1) 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 31 March 2022**

	Total sales	Cumulative operating months <sup>(1)</sup>	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	71,073	100	711
"senQ" digital stations	127,449	87	1,465
"Grand Senheng" stores	129,249	122	1,059
"Grand Senheng Elite" store	4,561	3	1,520
"Grand senQ" digital stations	2,919	3	973
	<b>335,251</b>	<b>315</b>	

**Financial period ended 31 March 2021**

	Total sales	Cumulative operating months <sup>(1)</sup>	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	108,388	132	821
"senQ" digital stations	141,763	90	1,575
"Grand Senheng" stores	96,757	89	1,087
	<b>346,908</b>	<b>311</b>	

Note:-

(1) Being the total number of operating months of each of our physical stores, including the periods when our physical stores were closed pursuant to the imposition of any lockdown periods imposed by the Government.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****11. PROPERTY, PLANT AND EQUIPMENT****(i) Acquisitions and disposals**

On 31 March 2022, the Group entered into a Sale and Purchase Agreement (“SPA”) to acquire a freehold industrial land for a purchase consideration of RM25,282,272. A total cash deposit of RM505,645 was paid and the balance of the purchase consideration shall be paid upon completion of the acquisition. The acquisition is expected to be completed within three (3) months from the date of the SPA or one (1) month from the Economic Planning Unit’s Consent being obtained by the Group or the Group’s Solicitors, whichever is later.

Save as disclosed above, 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.

**12. CAPITAL COMMITMENTS**

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

	<b>As at 31/3/2022 RM</b>	<b>As at 31/12/2021 RM</b>
Contracted but not provided for	<u>25,454,670</u>	<u>3,240,750</u>

**13. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

On 25 May 2022, the Group entered into a SPA to acquire a leasehold land and building for a purchase consideration of RM8,280,000. A total cash deposit of RM828,000 was paid and the balance of the purchase consideration shall be paid upon completion of the acquisition. The acquisition is expected to be completed within three (3) months from the date of the SPA or one (1) month from the Economic Planning Unit’s Consent being obtained by the Group or the Group’s Solicitors, whichever is later.

Saved as disclosed above, 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.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****14. CHANGES IN THE COMPOSITION OF THE GROUP**

Save as disclosed in Note 21 "Status of Corporate Proposals", 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:

	Individual Quarter		Cumulative Quarter	
	31/3/2022	31/3/2021	31/3/2022	31/3/2021
	RM	RM	RM	RM
Related parties: (Companies in which certain Directors have financial interests)				
- Administration and marketing fee receivable	622,667	486,532	622,667	486,532
- Administration and marketing fee payable	(95,699)	(94,494)	(95,699)	(94,494)
- Concession income receivable	-	1,409	-	1,409
- Commission payable	(3,913,750)	-	(3,913,750)	-
- Insurance premium collected on behalf of third-party insurance companies	(8,283,603)	(7,574,329)	(8,283,603)	(7,574,329)
- Marketing expenses	(10,925,445)	-	(10,925,445)	-
- Purchases of goods	(2,423,434)	(2,172,620)	(2,423,434)	(2,172,620)
- Rental income	29,700	3,950	29,700	3,950
- Rental payable	(298,427)	(298,427)	(298,427)	(298,427)
- Sales of goods	1,379	15,954	1,379	15,954
- Service rendered	(1,473,965)	(2,077,285)	(1,473,965)	(2,077,285)

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 INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (continued)****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.

**18. PERFORMANCE REVIEW  
3 months ended 31 March 2022 ("Q1 2022")****a) Comparison with preceding year's corresponding quarter (3 months ended 31 March 2021 ("Q1 2021"))**

The Group reported a marginal decline in revenue by 1.9% or RM7.2 million to RM367.3 million in Q1 2022 (Q1 2021: RM374.5 million). In comparison, the Group registered exceptionally strong sales in Q1 2021, due to surge in demand for certain digital gadgets categories, such as mobile phone and computer laptops, amid work-from-home and study-from-home trends in 2021.

Notwithstanding the revenue performance, the Group's gross profit ("GP") increased by a marginal 1.1% or RM0.8 million to RM77.6 million in Q1 2022 (Q1 2021: RM76.8 million). GP margin improved 0.6 pts to 21.1% in Q1 2022 (Q1 2021: 20.5%) attributed to changes in product mix.

Other operating income rose 22.4% or RM0.9 million to RM4.8 million in Q1 2022 (Q1 2021: RM3.9 million) due to insurance payout and dividend income.

Meanwhile, the Group's profit before tax ("PBT") reduced by 24.1% or RM3.8 million to RM11.8 million in Q1 2022 (Q1 2021: RM15.6 million) due to higher operating and administrative expenses, which included expenses for listing on the Main Market of Bursa Malaysia stock exchange.

**b) Comparison with immediate preceding quarter (3 months ended 31 December 2021 ("Q4 2021"))**

The Group reported revenue of RM367.3 million and PBT of RM11.9 million in Q1 2022 (Q4 2021 revenue: RM456.4 million, PBT: RM40.3 million). The better revenue and PBT in Q4 2021 was due to year end marketing campaign, Members' Day sale, 11.11 sale, 12.12 sale and Christmas season.

**19. PROSPECTS**

The Malaysian economy continued to recover as the country transitions into COVID-19 endemicity, with gross domestic product expanding 5% in Q1 2022 as economic restrictions eased. With the recovering economy, the Group is optimistic of prospects for the retail industry.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****19. PROSPECTS (continued)**

The Group is undertaking strategy to upgrade and expand our chain of physical stores to build Territory Champions – leaders by floor space and product range within a 5-kilometre radius of each store. The ongoing upgrading and expansion initiative, involving up to 61 new and existing stores from 2022 to 2024, will enrich in-store experience and generate higher per-store sales. The Group is expecting to launch 6 new/upgraded stores in Q2 2022.

Additionally, following the launch of the Group's new "Senheng App" in November 2021, our members can access a new lifestyle ecosystem with various 3<sup>rd</sup> party merchants offering a host of services and convenience. The Group will continue to launch more services in 2022 to cater to our members' growing demands.

Furthermore, the Government had in Q1 2022 announced a special withdrawal of up to RM10,000 for Employee Provident Fund ("EPF") members under the age of 55, to be credited in stages from April 2022. The anticipated increase in consumer spending from the funds disbursement is expected to contribute positively to the retail industry.

Given the ongoing growth strategies and recovery trend in the broader economy, the Group expects to register healthy performance in the coming quarters.

**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**

In conjunction with and as an integral part of the Company's listing on the Main Market of Bursa Securities ("Listing"), the following listing scheme was undertaken by the Company:

**Listing exercise**

On 29 December 2021, the Company issued its Prospectus and undertook an initial public offering ("IPO") comprising a public issue of 250,000,000 new ordinary shares in the Company ("Public Issue") and an offer for sale of 139,500,000 existing ordinary shares in the Company ("Offer for Sale"), representing 16.67% and 9.30% of the Company's enlarged total number of Shares respectively, at an indicative IPO price of RM1.07. The Company's entire enlarged issued share capital was listed on the Main Market of Bursa Securities on 25 January 2022.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****22. PROFIT BEFORE TAX**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31/3/2022</b>	<b>31/3/2021</b>	<b>31/3/2022</b>	<b>31/3/2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Directors' remuneration	1,161,870	1,048,716	1,161,870	1,048,716
Interest expenses	1,294,685	1,248,021	1,294,685	1,248,021
Fair value loss on other investments	2,070,545	17,243	2,070,545	17,243
Share of profit paid as part of incentive programme	7,365,671	9,672,198	7,365,671	9,672,198
Depreciation of property, plant and equipment	3,043,049	2,322,339	3,043,049	2,322,339
Depreciation of right-of-use assets	7,128,016	7,249,384	7,128,016	7,249,384
Amortisation of intangible assets	939	170	939	170
Impairment loss on trade and other receivables	440,341	772,095	440,341	772,095
Unrealised loss on foreign exchange	420,895	1,253,150	420,895	1,253,150
Interest income	(356,736)	(294,158)	(356,736)	(294,158)
Income from rent concession	-	(10,952)	-	(10,952)
Realized gain on foreign exchange	(26,834)	(468,377)	(26,834)	(468,377)
Unrealised gain on foreign exchange	(399,267)	(250,359)	(399,267)	(250,359)

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.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****23. TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	31/3/2022	31/3/2021	31/3/2022	31/3/2021
	RM	RM	RM	RM
Current tax expense				
- Current period	389,225	4,253,619	389,225	4,253,619
- Under provision in prior years	-	391,607	-	391,607
	<u>389,225</u>	<u>4,645,226</u>	<u>389,225</u>	<u>4,645,226</u>
Deferred tax:				
- Relating to origination and reversal of temporary differences	2,578,287	(329,263)	2,578,287	(329,263)
- Over provision in prior years	-	(743,800)	-	(743,800)
	<u>2,578,287</u>	<u>(1,073,063)</u>	<u>2,578,287</u>	<u>(1,073,063)</u>
<b>Total tax expense</b>	<u>2,967,512</u>	<u>3,572,163</u>	<u>2,967,512</u>	<u>3,572,163</u>
Effective tax rate (%)	25.0 <sup>(1)</sup>	22.9 <sup>(2)</sup>	25.0 <sup>(1)</sup>	22.9 <sup>(2)</sup>
Statutory tax rate (%)	24.0	24.0	24.0	24.0

**Notes:-**

- (1) The effective tax rate of the Group for the current quarter under review was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes and offset by the lower applicable tax rate of 3% for profit derived from our reinsurance activities in Labuan.
- (2) The effective tax rate of the Group for the financial period under review was slightly 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.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****24. BORROWINGS**

	<b>As at 31/3/2022 RM</b>	<b>As at 31/12/2021 RM</b>
<b>Current liabilities</b>		
<b>Secured</b>		
Bankers' acceptances	39,121,805	11,558,842
Term loans	5,207,069	5,385,177
	<u>44,328,874</u>	<u>16,944,019</u>
<b>Non-current liabilities</b>		
<b>Secured</b>		
Term loans	<u>38,996,880</u>	<u>40,052,841</u>
<b>Total borrowings</b>		
<b>Secured</b>		
Bankers' acceptances	39,121,805	11,558,842
Term loans	44,203,949	45,438,018
	<u>83,325,754</u>	<u>56,996,860</u>

The above borrowings are denominated in Ringgit Malaysia.

**25. DERIVATIVES**

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

**26. MATERIAL LITIGATION**

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022 (continued)****27. EARNINGS PER SHARE (“EPS”)**

	Individual Quarter		Cumulative Quarter	
	31/3/2022	31/3/2021	31/3/2022	31/3/2021
Profit attributable to owners of the Company	8,895,464	12,057,651	8,895,464	12,057,651
Weighted average number of ordinary shares in issue ('000) <sup>(1)</sup>	1,500,000	1,500,000	1,500,000	1,500,000
Basic EPS <sup>(2)</sup> (sen)	0.59	0.80	0.59	0.80
Diluted EPS <sup>(2)(3)</sup> (sen)	0.59	0.80	0.59	0.80

**Notes:-**

- (1) Based on the number of ordinary shares outstanding after the completion of the listing exercise of 1,500,000,000.
- (2) Basic and diluted EPS is computed based on PAT attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the period under review.
- (3) 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.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2022****28. UTILISATION OF PROCEEDS FROM THE PUBLIC ISSUE**

The status of the utilisation of proceeds from the IPO and listing as at 31 March 2022 are summarized as follows:

<b>Details of use of proceeds</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Estimated timeframe for use from the date of our Listing</b>
(i) Enhance customer experience via upgrading and expanding the Group's chain of retail stores	160,500	1,887	158,613	Within 36 months
(ii) Repayment of bank borrowings	46,000	-	46,000	Within 6 months
(iii) Develop new brand distribution business	22,000	2,836	19,164	Within 36 months
(iv) Expand and upgrade the Group's warehouse and logistics network	20,000	3,808	16,192	Within 36 months
(v) Boost the Group's digital infrastructure	9,700	996	8,704	Within 36 months
(vi) Estimated listing expenses	9,300	9,178	122	Within 3 months
<b>Total</b>	<b>267,500</b>	<b>18,705</b>	<b>248,795</b>	

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