

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Interim Financial Report
For The Third Quarter Ended 30 September 2022

24 November 2022

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statements of Financial Position As at 30 September 2022

	Note	Unaudited As at 30.09.2022 RM	Audited As at 31.12.2021 RM
ASSETS			
Non-current assets			
Property, plant and equipment		151,420,330	108,351,158
Right-of-use assets		107,796,860	87,444,013
Intangible assets		14,228	15,177
Other investments		-	2,921,311
Deferred tax assets		20,773,275	24,675,260
Other receivables		44,534,430	47,720,743
Total non-current assets		324,539,123	271,127,662
Current assets			
Inventories		283,542,095	253,940,687
Other investments		26,568,519	37,277,432
Trade and other receivables		107,063,006	88,776,952
Current tax assets		8,600,032	32,200
Cash and cash equivalents		152,662,942	51,742,236
Total current assets		578,436,594	431,769,507
TOTAL ASSETS		902,975,717	702,897,169
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital		427,867,671	166,206,171
Reserves		80,286,565	67,458,132
Total equity		508,154,236	233,664,303
Non-current liabilities			
Lease liabilities		73,640,322	55,809,057
Deferred tax liabilities		2,857	1,800
Borrowings	24	-	40,052,841
Provision for restoration costs		5,833,313	5,054,468
Contract liabilities		82,046,560	91,130,938
Total non-current liabilities		161,523,052	192,049,104
Current liabilities			
Trade and other payables		126,146,913	170,465,611
Lease liabilities		27,620,086	24,649,887
Provision for restoration cost		734,699	1,284,860
Contract liabilities		57,788,009	63,571,442
Borrowings	24	20,000,000	16,944,019
Current tax liabilities		1,008,722	267,943
Total current liabilities		233,298,429	277,183,762
Total liabilities		394,821,481	469,232,866
TOTAL EQUITY AND LIABILITIES		902,975,717	702,897,169
Net assets per share[^] (sen)		33.88	15.58

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.

[^] 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 on 25 January 2022.

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income For The Period Ended 30 September 2022

	Note	Individual Quarter		Cumulative Quarter	
		30.09.2022 RM	30.09.2021 RM	30.09.2022 RM	30.09.2021 RM
Revenue		354,104,161	313,811,179	1,119,126,326	987,722,098
Cost of sales		(272,170,448)	(246,625,806)	(871,852,181)	(781,400,751)
Gross profit		<u>81,933,713</u>	<u>67,185,373</u>	<u>247,274,145</u>	<u>206,321,347</u>
Other operating income		2,460,316	3,437,664	12,822,395	10,516,332
Operating and administrative expenses		(63,920,245)	(55,184,253)	(204,528,597)	(169,897,811)
Interest income		866,236	638,626	1,744,984	1,262,309
Finance costs		(989,855)	(1,413,231)	(3,424,436)	(3,941,917)
Profit before tax		<u>20,350,165</u>	<u>14,664,179</u>	<u>53,888,491</u>	<u>44,260,260</u>
Tax expense	23	(5,802,591)	(3,925,311)	(14,348,632)	(10,209,289)
Profit for the financial period attributable to the owners of the Company		<u>14,547,574</u>	<u>10,738,868</u>	<u>39,539,859</u>	<u>34,050,971</u>
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss in subsequent period					
Foreign currency translations		(817,192)	96,923	-	467,676
Items that will not be reclassified to profit or loss in subsequent period					
Fair value gain of other investments at fair value through other comprehensive income		-	-	288,574	-
Other comprehensive (loss)/income attributable to the owners of the Company		<u>(817,192)</u>	<u>96,923</u>	<u>288,574</u>	<u>467,676</u>
Total comprehensive income attributable to the owners of the Company		<u>13,730,382</u>	<u>10,835,791</u>	<u>39,828,433</u>	<u>34,518,647</u>
Basic/Diluted earnings per ordinary share[^] (sen)	27	<u>0.97</u>	<u>0.72</u>	<u>2.64</u>	<u>2.27</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 2021 and the accompanying explanatory notes attached to this interim financial report.

[^] 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.

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statements of Changes in Equity For The Period Ended 30 September 2022

	Non-Distributable				Distributable	
	Share capital RM	Merger reserve RM	Fair value reserve 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
Changes of functional currency	-	-	-	290,507	(290,507)	-
Profit for the financial period	-	-	-	-	39,539,859	39,539,859
Other comprehensive income, net of tax	-	-	288,574	-	-	288,574
Total comprehensive income	-	-	288,574	-	39,539,859	39,828,433
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)
Dividends (Note 8)	-	-	-	-	(27,000,000)	(27,000,000)
Balance as at 30 September 2022	427,867,671	(165,206,168)	2,119,435	-	243,373,298	508,154,236
Balance as at 1 January 2021	1,000,003	-	-	(661,301)	165,867,469	166,206,171
Profit for the financial period	-	-	-	-	34,050,971	34,050,971
Other comprehensive income, net of tax	-	-	-	467,676	-	467,676
Total comprehensive income	-	-	-	467,676	34,050,971	34,518,647
Balance as at 30 September 2021	1,000,003	-	-	(193,625)	199,918,440	200,724,818

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.

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 September 2022

	Cumulative Quarter	
	30.09.2022 RM	30.09.2021 RM
Cash Flows From Operating Activities		
Profit before tax	53,888,491	44,260,260
Adjustment for:		
Amortisation of intangible assets	2,949	765
Depreciation of property, plant and equipment	10,083,962	7,842,315
Interest expense	3,424,436	3,941,917
Interest income	(1,744,984)	(1,262,309)
Depreciation of right-of-use assets	22,350,526	21,657,249
Other non-cash items	4,181,185	2,158,667
Operating profit before changes in working capital	92,186,565	78,598,864
Changes in working capital:		
Inventories	(31,343,021)	(25,482,367)
Receivables	(15,282,975)	(14,637,728)
Payables	(52,601,759)	(5,463,724)
Contract liabilities	(14,867,811)	(3,998,892)
Cash (used in)/generated from operations	(21,909,001)	29,016,153
Interest paid	(850,593)	(1,497,640)
Tax paid	(18,273,971)	(11,636,530)
Net cash (used in)/generated from operating activities	(41,033,565)	15,881,983
Cash Flows From Investing Activities		
Proceeds from disposal of other investments	277,462,802	4,649,508
Proceeds from disposal of property, plant and equipment	407,334	-
Purchase of other investments and intangible assets	(267,308,229)	(6,141,871)
Purchase of property, plant and equipment	(53,205,941)	(17,161,750)
Dividend received	1,516,616	129,912
Interest received	1,744,984	762,261
Placement of fixed deposits with licensed banks	-	(76,346)
Net cash used in investing activities	(39,382,434)	(17,838,286)
Cash Flows From Financing Activities		
Proceeds from issuance of share capital	267,500,000	-
Payments of share issuance expenses	(5,838,500)	-
Dividend paid	(19,500,000)	(12,000,000)
Drawdown of bankers' acceptances	172,327,145	198,687,696
Drawdown of term loans	-	5,527,051
Repayments of bankers' acceptances	(163,885,987)	(181,022,682)
Repayments of term loans	(45,438,018)	(4,626,207)
Payments of lease liabilities	(23,865,156)	(21,792,038)
Net cash generated from/(used in) financing activities	181,299,484	(15,226,180)
Net increase/(decrease) in cash and cash equivalents	100,883,485	(17,182,483)
Effects of exchange rate changes on cash and cash equivalents	37,221	69,914
Cash and cash equivalents brought forward	47,782,186	64,867,148
Cash and cash equivalents carried forward	148,702,892	47,754,579
Cash and cash equivalents comprises of the following:		
Cash and bank balances	148,702,892	47,754,579
Deposits placed with licensed banks	3,960,050	3,964,465
	152,662,942	51,719,044
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(3,960,050)	(3,964,465)
	148,702,892	47,754,579

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 Period Ended 30 September 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:

Title	Effective Date
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:

Title	Effective Date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</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 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

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

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

3. Auditors' report

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

Notes to The Interim Financial Report For The Period Ended 30 September 2022**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 28 February 2022, the Board of Directors declared an interim single tier dividend of RM0.013 per ordinary share amounting to RM19,500,000 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.

On 26 August 2022, the Board of Directors declared an interim single tier dividend of RM0.005 per ordinary share amounting to RM7,500,000 for the financial year ending 31 December 2022, which was paid on 14 October 2022 to shareholders of the Company whose names appeared in the Record of Depositors on 27 September 2022.

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 30 September 2022 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	1,062,965,450	56,160,876	-	1,119,126,326
Inter-segment sales	4,719,954	13,615,093	-	18,335,047
Total revenue	1,067,685,404	69,775,969	-	1,137,461,373
Segment profits	30,188,564	12,675,854	(3,324,559)	39,539,859
Segment assets*	656,705,421	49,831,921	167,065,068	873,602,410
Segment liabilities**	380,826,428	4,982,024	8,001,450	393,809,902

The segmental information for the financial period ended 30 September 2021 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	934,441,718	53,280,380	-	987,722,098
Inter-segment sales	-	16,808,847	-	16,808,847
Total revenue	934,441,718	70,089,227	-	1,004,530,945
Segment profits	23,065,405	11,172,364	(186,798)	34,050,971
Segment assets*	636,974,566	54,124,827	4,958	691,104,351
Segment liabilities**	486,675,986	3,542,995	160,552	490,379,533

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 Period Ended 30 September 2022**10. Revenue**

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

	Individual Quarter ended				Cumulative Quarter ended			
	30.09.2022		30.09.2021		30.09.2022		30.09.2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Physical stores	318,172	89.9	274,856	87.6	1,019,441	91.1	888,734	90.0
Online stores	20,760	5.9	31,332	10.0	65,301	5.8	81,057	8.2
Others [^]	15,172	4.2	7,623	2.4	34,384	3.1	17,931	1.8
Total	354,104	100.0	313,811	100.0	1,119,126	100.0	987,722	100.0

[^] 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 September 2022

	Total sales	Cumulative operating months ^{^^}	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	197,087	293	673
"senQ" digital stations	398,079	258	1,543
"Grand Senheng" stores	398,801	388	1,028
"Grand Senheng Elite" store	12,547	9	1,394
"Grand senQ" digital stations	12,927	10	1,293
	1,019,441	958	

Financial period ended 30 September 2021

	Total sales	Cumulative operating months ^{^^}	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	268,335	370	725
"senQ" digital stations	349,407	270	1,294
"Grand Senheng" stores	267,596	288	929
"Grand Senheng Elite" store	3,396	5	679
	888,734	933	

^{^^} 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.

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 Interim Financial Report For The Period Ended 30 September 2022**12. Capital commitments**

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

	As at 30.09.2022 RM	As at 31.12.2021 RM
Contracted but not provided for	<u>5,833,063</u>	<u>3,240,750</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:

	Individual Quarter		Cumulative Quarter	
	30.09.2022 RM	30.09.2021 RM	30.09.2022 RM	30.09.2021 RM
Related parties: (Companies in which certain Directors have financial interests)				
Administration and marketing fee receivable	460,532	493,792	1,610,665	1,373,112
Administration and marketing fee payable	(78,363)	(70,522)	(266,520)	(238,829)
Concession income receivable	-	-	-	4,499
Commission payable	(4,694,161)	(1,249,395)	(13,691,684)	(1,279,986)
Insurance premium collected on behalf of third-party insurance companies	(9,620,030)	(4,872,699)	(26,293,994)	(23,730,340)
Marketing expenses	(7,004,496)	(10,310,740)	(25,279,915)	(11,474,447)
Purchases of goods	(1,901,334)	(2,124,017)	(7,028,432)	(6,043,016)
Rental income	34,100	22,264	96,500	31,641
Rental payable	(281,427)	(194,735)	(878,281)	(741,851)
Sales of goods	33,202	-	70,031	15,954
Sales of property	250,000	-	250,000	-
Sales of motor vehicle	-	-	140,000	-
Service rendered	<u>(993,932)</u>	<u>(1,335,476)</u>	<u>(3,406,605)</u>	<u>(4,791,833)</u>

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

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 Interim Financial Report For The Period Ended 30 September 2022**18. Performance review****(i) 9 months ended 30 September 2022 ("FPE 2022")**

The group reported revenue growth of 13.3% or RM131.4 million to RM1.1 billion in FPE 2022 (FPE 2021: RM987.7 million). The growth in the Group's revenue was mainly due to the following key factors:

- a) Our on-going store expansion strategy whereby the Group is upgrading and expanding its chain of physical stores to build "Territory Champions" within every 5-kilometre radius of each store. The Group aims to be the largest in terms of floor space & range of products which it believes is crucial in enriching the in-store customer experience that ultimately leads to higher customer spending.

To that end, the Group saw an increase in the average monthly sales generated by its senQ, Grand Senheng, Grand Senheng Elite and Grand senQ stores;

- b) The continued use of the Group's automated digital marketing solutions integrated with its Customer Data Platform, for personalized and targeted marketing supported by AI-driven consumer insights. The Group has seen positive outcome in terms of better customer engagement and sales conversions.

- c) The continued use of the Group's in house telemarketing app to promote new product launching and other promotional campaigns.

The Group's gross profit ("GP") increased by 19.8% or RM41.0 million to RM247.3 million (GP margin: 22.1%) for the FPE 2022 from RM206.3 million (GP margin: 20.9%) for the FPE 2021. This increase in GP was mainly attributable to the increase in revenue for the period and product mix.

The Group's profit before tax ("PBT") increased by 21.7% or RM9.6 million to RM53.9 million (FPE 2021: RM44.3 million), mainly due to the higher sales achieved for the financial period.

(ii) 3 months ended 30 September 2022 ("Q3 2022")**(a) Comparison with preceding year's corresponding quarter (3 months ended 30 September 2021 ("Q3 2021"))**

The Group reported revenue growth of 12.8% or RM40.3 million to RM354.1 million in Q3 2022 (Q3 2021: RM313.8 million). The strong growth was attributed to higher demand for consumer electronics and improved retail sector activity on economic recovery.

The Group's GP increased by 22.0% or RM14.7 million to RM81.9 million in Q3 2022 (Q3 2021: RM67.2 million), while GP margin improved 1.7 points to 23.1% in Q3 2022 (Q3 2021: 21.4%) due to product mix.

Other operating income decreased by 28.4% or RM0.9 million to RM2.5 million in Q3 2022 (Q3 2021: RM3.4 million) as the Group received rent concession income during Q3 2021.

The Group's PBT rose 38.8% or RM5.7 million to RM20.4 million in Q3 2022 (Q3 2021: RM14.7 million) on higher revenue generated and improved gross margins from product mix changes.

(b) Comparison with immediate preceding quarter (3 months ended 30 June 2022 ("Q2 2022"))

The Group reported revenue of RM354.1 million and PBT of RM20.3 million in Q3 2022 (Q2 2022 revenue: RM397.7 million, PBT: RM21.7 million). The higher revenue in Q2 was due to Hari Raya festive season and the government incentives programs such as "Bantuan Prihatin Rakyat".

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Notes to The Interim Financial Report For The Period Ended 30 September 2022**19. Prospects**

Malaysia's economy advanced 14.2% in Q3 of 2022 supported by strong domestic demand and a further improvement in the labour market. The group is optimistic of the prospects for the retail industry with the recovering economy.

The Group continues to strengthen our digital marketing infrastructure and will be launching our new "First-Party Data Acquisition Project" to enhance customer engagement and insights. The project involves more innovative and robust data collection across our various online channels and physical stores. The data include product and lifestyle preferences, transactions as well as on-site shopping behaviour, which allows us to generate more personalized and engaging contents for our customers, leading to better customer experience and sales conversion.

The Group had also recently launched a 'More for Less' campaign for our existing PlusOne Loyalty Program in November. The campaign provides our members the opportunity to enjoy extra membership period. The Group foresees to achieve a better membership growth rate as well as attain longer-term relationships with our members.

The Group also aims to grow our online presence and enhance the shopping experience across our online channels. We plan to replicate our valued in-store customer service experience for online customers, through providing omnichannel sales engagement and after sales services. Our online enhancement initiative will be complemented by our first-party data strategy to gain better consumer insights and deliver more personalised marketing.

Besides that, the Group will further expand our retail channels to include "Senheng Mobile" to gain more market share within the digital gadgets sector. The new retail channel will contribute positively to our future performance.

Furthermore, the Group continues 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 observed increased productivity among the new/upgraded stores opened in the first nine months of 2022 and is expecting to launch 5 new/upgraded stores in Q4 2022.

Given the ongoing growth strategies and recovery trend in the 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

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Notes to The Interim Financial Report For The Period Ended 30 September 2022

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM	RM	RM	RM
Directors' remuneration	829,770	750,073	2,828,160	2,509,838
Interest expenses	989,855	1,413,231	3,424,436	3,941,917
Fair value loss/(gain) on other investments	1,188,038	(76,893)	4,717,370	(688,828)
Share of profit paid as part of incentive programme	6,481,903	3,247,093	20,885,772	17,850,008
Depreciation of property, plant and equipment	3,712,666	2,788,394	10,083,962	7,842,315
Depreciation of right-of-use assets	7,657,692	7,174,761	22,350,526	21,657,249
Amortisation of intangible assets	1,005	255	2,949	765
(Reversal)/Impairment loss on trade and other receivables	(862,578)	252,824	191,395	1,475,340
Interest income	(866,236)	(638,626)	(1,744,984)	(1,262,309)
Income from rent concession	-	(868,718)	-	(1,241,818)
Realised loss/(gain) on foreign exchange	454,383	52,395	(21,904)	234,291
Unrealised (gain)/loss on foreign exchange	(2,430,159)	498,322	(150,871)	1,668,581

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM	RM	RM	RM
Current tax expense:				
- Current period	4,213,108	2,245,017	10,181,292	8,776,700
- Prior years	264,296	-	264,296	392,644
	4,477,404	2,245,017	10,445,588	9,169,344
Deferred tax:				
- Relating to origination and reversal of temporary differences	1,325,187	1,680,294	3,903,044	1,782,447
- Prior years	-	-	-	(742,502)
	1,325,187	1,680,294	3,903,044	1,039,945
Total tax expense	5,802,591	3,925,311	14,348,632	10,209,289
Effective tax rate (%)	28.5 [^]	26.8 [^]	26.6 [^]	23.1 [*]
Effective tax rate (%)	24.0	24.0	24.0	24.0

[^] The effective tax rate of the Group for the financial period under review was 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.

^{*} 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.

24. Borrowings

Secured	As at 30.09.2022		As at 31.12.2021		
	Current RM	Total RM	Current RM	Non-current RM	Total RM
Bankers' acceptances	20,000,000	20,000,000	11,558,842	-	11,558,842
Term loans	-	-	5,385,177	40,052,841	45,438,018
	20,000,000	20,000,000	16,944,019	40,052,841	56,996,860

The above borrowings are denominated in Ringgit Malaysia.

Notes to The Interim Financial Report For The Period Ended 30 September 2022**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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit attributable to owners of the Company	14,547,574	10,738,868	39,539,859	34,050,971
Weighted average number of ordinary shares in issue* ('000)	1,500,000	1,500,000	1,500,000	1,500,000
Basic EPS [^] (sen)	0.97	0.72	2.64	2.27
Diluted EPS ^{^**} (sen)	0.97	0.72	2.64	2.27

* Based on the number of ordinary shares outstanding after the completion of the listing exercise of 1,500,000,000.

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

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

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

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 September 2022 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	(25,678)	-	134,822	Within 36 months
(ii) Repayment of bank borrowings	46,000	(46,000)	-	-	Within 6 months
(iii) Develop new brand distribution business	22,000	(14,979)	-	7,021	Within 36 months
(iv) Expand and upgrade the Group's warehouse and logistics network [^]	20,000	(20,122)	122	-	Within 36 months
(v) Boost the Group's digital infrastructure	9,700	(1,519)	-	8,181	Within 36 months
(vi) Estimated listing expenses [^]	9,300	(9,178)	(122)	-	Within 3 months
Total	267,500	(117,476)	-	150,024	

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

[^] 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.