

# **SENHENG**

**SENHENG NEW RETAIL BERHAD**

Registration No. 202101019079 (1419379-T)

Interim Financial Report  
For The First Quarter Ended 31 March 2023

26 May 2023

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Financial Position As at 31 March 2023

	Note	Unaudited As at 31.3.2023 RM	Audited As at 31.12.2022 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		157,064,392	155,346,086
Right-of-use assets		116,974,327	115,977,283
Intangible assets		14,681	15,818
Deferred tax assets		11,743,210	11,975,766
Other receivables		27,222,845	27,453,389
<b>Total non-current assets</b>		<b>313,019,455</b>	<b>310,768,342</b>
<b>Current assets</b>			
Inventories		303,684,950	250,055,392
Other investments		26,259,201	26,433,045
Trade and other receivables		80,554,099	92,117,285
Current tax assets		20,502,867	15,573,657
Cash and cash equivalents		130,311,391	155,491,750
<b>Total current assets</b>		<b>561,312,508</b>	<b>539,671,129</b>
<b>TOTAL ASSETS</b>		<b>874,331,963</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		107,475,824	101,254,170
<b>Total equity</b>		<b>535,343,495</b>	<b>529,121,841</b>
<b>Non-current liabilities</b>			
Lease liabilities		76,148,364	72,948,956
Deferred tax liabilities		24,705	24,705
Provision for restoration costs		6,259,074	5,789,149
Contract liabilities		42,021,012	42,762,109
<b>Total non-current liabilities</b>		<b>124,453,155</b>	<b>121,524,919</b>
<b>Current liabilities</b>			
Trade and other payables		114,749,765	101,733,753
Lease liabilities		25,945,333	28,091,495
Provision for restoration cost		1,188,137	884,630
Contract liabilities		45,767,700	44,490,906
Borrowings	24	26,325,000	24,000,000
Current tax liabilities		559,378	591,927
<b>Total current liabilities</b>		<b>214,535,313</b>	<b>199,792,711</b>
<b>Total liabilities</b>		<b>338,988,468</b>	<b>321,317,630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>874,331,963</b>	<b>850,439,471</b>
<b>Net assets per share (sen)</b>		<b>35.69</b>	<b>35.27</b>

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

# SENHENG

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Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income For The Period Ended 31 March 2023

	Note	Individual Quarter		Cumulative Quarter	
		31.3.2023 RM	31.3.2022 RM	31.3.2023 RM	31.3.2022 RM
<b>Revenue</b>		318,446,120	367,314,011	318,446,120	367,314,011
Cost of sales		(250,141,661)	(289,730,549)	(250,141,661)	(289,730,549)
<b>Gross profit</b>		<u>68,304,459</u>	<u>77,583,462</u>	<u>68,304,459</u>	<u>77,583,462</u>
Other operating income		3,036,427	4,762,985	3,036,427	4,762,985
Operating and administrative expenses		(62,899,439)	(69,545,522)	(62,899,439)	(69,545,522)
Interest income		900,948	356,736	900,948	356,736
Finance costs		(1,062,400)	(1,294,685)	(1,062,400)	(1,294,685)
<b>Profit before tax</b>		<u><b>8,279,995</b></u>	<u><b>11,862,976</b></u>	<u><b>8,279,995</b></u>	<u><b>11,862,976</b></u>
Tax expense	23	(2,058,341)	(2,967,512)	(2,058,341)	(2,967,512)
<b>Profit for the financial period attributable to the owners of the Company</b>		<u><b>6,221,654</b></u>	<u><b>8,895,464</b></u>	<u><b>6,221,654</b></u>	<u><b>8,895,464</b></u>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit or loss in subsequent period</b>					
Foreign currency translations		-	120,093	-	120,093
<b>Other comprehensive income attributable to the owners of the Company</b>		<u>-</u>	<u>120,093</u>	<u>-</u>	<u>120,093</u>
<b>Total comprehensive income attributable to the owners of the Company</b>		<u><b>6,221,654</b></u>	<u><b>9,015,557</b></u>	<u><b>6,221,654</b></u>	<u><b>9,015,557</b></u>
<b>Basic/Diluted earnings per ordinary share (sen)</b>	27	<u><b>0.41</b></u>	<u><b>0.59</b></u>	<u><b>0.41</b></u>	<u><b>0.59</b></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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Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Changes in Equity For The Period Ended 31 March 2023

	← Non-Distributable →				Distributable	
	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
<b>Balance as at 1 January 2023</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,104,433</b>	<b>-</b>	<b>264,355,905</b>	<b>529,121,841</b>
Profit for the financial period	-	-	-	-	6,221,654	6,221,654
<b>Balance as at 31 March 2023</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,104,433</b>	<b>-</b>	<b>270,577,559</b>	<b>535,343,495</b>
<b>Balance as at 1 January 2022</b>	<b>166,206,171</b>	<b>(165,206,168)</b>	<b>1,830,861</b>	<b>(290,507)</b>	<b>231,123,946</b>	<b>233,664,303</b>
Profit for the financial period	-	-	-	-	8,895,464	8,895,464
Other comprehensive income, net of tax	-	-	-	120,093	-	120,093
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,093</b>	<b>8,895,464</b>	<b>9,015,557</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	-	-	-	-	(19,578,743)	(19,578,743)
<b>Balance as at 31 March 2022</b>	<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>

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.

# SENHENG

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Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 March 2023

	Cumulative Quarter	
	31.3.2023 RM	31.3.2022 RM
<b>Cash Flows From Operating Activities</b>		
Profit before tax	8,279,995	11,862,976
<b>Adjustment for:</b>		
Amortisation of intangible assets	1,137	939
Depreciation of property, plant and equipment	4,253,204	3,043,049
Interest expense	1,062,400	1,294,685
Interest income	(900,948)	(356,736)
Depreciation of right-of-use assets	7,872,747	7,128,016
Other non-cash items	560,257	1,513,048
<b>Operating profit before changes in working capital</b>	<b>21,128,792</b>	<b>24,485,977</b>
<b>Changes in working capital:</b>		
Inventories	(54,718,140)	(10,088,916)
Receivables	11,793,730	(7,644,591)
Payables	13,258,001	(35,656,502)
Contract liabilities	535,697	(1,928,895)
<b>Cash used in operations</b>	<b>(8,001,920)</b>	<b>(30,832,927)</b>
Interest paid	(111,998)	(491,609)
Tax paid	(6,787,544)	(5,727,952)
<b>Net cash used in operating activities</b>	<b>(14,901,462)</b>	<b>(37,052,488)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of other investments	841,861	1,000,051
Proceeds from disposal of property, plant and equipment	-	175,200
Purchase of other investments and intangible assets	-	(266,839,755)
Purchase of property, plant and equipment	(5,971,510)	(5,290,184)
Dividend received	6,268	794,627
Interest received	900,948	356,736
<b>Net cash used in investing activities</b>	<b>(4,222,433)</b>	<b>(269,803,325)</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)
Drawdown of bankers' acceptances	26,325,000	96,327,145
Repayments of bankers' acceptances	(24,000,000)	(68,764,182)
Repayments of term loans	-	(1,234,069)
Payments of lease liabilities	(8,381,464)	(7,662,192)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,056,464)</b>	<b>280,328,202</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(25,180,359)</b>	<b>(26,527,611)</b>
Effects of exchange rate changes on cash and cash equivalents	-	218,931
<b>Cash and cash equivalents brought forward</b>	<b>105,491,750</b>	<b>47,782,186</b>
<b>Cash and cash equivalents carried forward</b>	<b>80,311,391</b>	<b>21,473,506</b>
<b>Cash and cash equivalents comprises of the following:</b>		
Cash and bank balances	80,311,391	21,473,506
Deposits placed with licensed banks	50,000,000	3,960,050
	130,311,391	25,433,556
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(50,000,000)	(3,960,050)
	<b>80,311,391</b>	<b>21,473,506</b>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

**Notes to The Financial Report For The Period Ended 31 March 2023****1. Basis of preparation**

The interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") (including MFRS 134 Interim Financial Reporting) and Paragraph 9.22 and 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

**2. Basis of accounting**

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2022 except for the adoption of the following new accounting standards, amendments and interpretation:

MFRSs interpretations and amendments effective for annual periods beginning on or after 1 January 2023:

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

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

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

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024

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

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

**3. Auditors' report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

**4. Seasonal or cyclical factors**

The business operations of the Group typically experience higher customer traffic, transaction value and sales during weekends, public holidays, school holidays and festive periods.

**5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

**Notes to The Financial Report For The Period Ended 31 March 2023****6. Material changes in estimates**

There were no changes in estimates of amounts reported that have a material effect in the current quarter and financial period under review.

**7. Debts and equity securities**

During the quarter under review, the Company did not purchase any ordinary shares from the open market. Aside from the above, there were no new debts and equity securities issued during the quarter.

**8. Dividend**

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

**9. Segmental information**

The Group is principally engaged in the retailing of electrical appliances.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of the products and services. The reportable segments are summarised as follows:

- (i) Trading division - Trading of the Group's products
- (ii) Warranty division - Provision of warranty services in relation to replacement, repair and maintenance of The Group's profit af products sold

The segmental information for the financial period ended 31 March 2023 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	309,106,341	9,339,779	-	318,446,120
Inter-segment sales	11,921,429	4,686,233	-	16,607,662
<b>Total revenue</b>	<b>321,027,770</b>	<b>14,026,012</b>	<b>-</b>	<b>335,053,782</b>
<b>Segment profit/(loss)</b>	<b>4,969,065</b>	<b>1,949,277</b>	<b>(696,688)</b>	<b>6,221,654</b>
<b>Segment assets*</b>	<b>626,577,967</b>	<b>48,596,921</b>	<b>166,910,998</b>	<b>842,085,886</b>
<b>Segment liabilities**</b>	<b>314,570,731</b>	<b>23,590,199</b>	<b>243,455</b>	<b>338,404,385</b>

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 profit/(loss)</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 business activities of the Group are all located in Malaysia and as such segmental reporting by geographical location is not presented.

\*Segment assets excluded deferred tax assets and current tax assets.

\*\*Segment liabilities excluded deferred tax liabilities and current tax liabilities.

**Notes to The Financial Report For The Period Ended 31 March 2023****10. Revenue**

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

	Individual Quarter ended				Cumulative Quarter ended			
	31.3.2023		31.3.2022		31.3.2023		31.3.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Physical stores	289,360	90.9	335,251	91.3	289,360	90.9	335,251	91.3
Online stores	16,053	5.0	21,394	5.8	16,053	5.0	21,394	5.8
Others <sup>^</sup>	13,033	4.1	10,669	2.9	13,033	4.2	10,669	2.9
<b>Total</b>	<b>318,446</b>	<b>100.0</b>	<b>367,314</b>	<b>100.0</b>	<b>318,446</b>	<b>100.0</b>	<b>367,314</b>	<b>100.0</b>

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

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

**Financial period ended 31 March 2023**

	Total sales	Cumulative operating months <sup>^^</sup>	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	41,687	81	515
"senQ" digital stations	107,717	84	1,282
"Grand Senheng" stores	124,576	154	809
"Grand Senheng Elite" store	5,654	6	942
"Grand senQ" digital stations	8,976	6	1,496

**Financial period ended 31 March 2022**

	Total sales	Cumulative operating months <sup>^^</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

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

**11. Property, plant and equipment****(i) Acquisitions and disposals**

There were no material acquisitions and disposals of property, plant and equipment during the current quarter and financial period under review.

**(ii) Valuation**

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



**Notes to The Financial Report For The Period Ended 31 March 2023****12. Capital commitments**

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

	<b>As at 31.3.2023 RM</b>	<b>As at 31.12.2022 RM</b>
Contracted but not provided for	<u>3,097,673</u>	<u>4,401,688</u>

**13. Material events subsequent to the end of the financial period**

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

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

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

**15. Changes in contingent liability**

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

**16. Significant related party transactions**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.3.2023 RM</b>	<b>31.3.2022 RM</b>	<b>31.3.2023 RM</b>	<b>31.3.2022 RM</b>
Related parties: (Companies in which certain Directors have financial interests)				
Administration and marketing fee receivable	433,479	622,667	433,479	622,667
Administration and marketing fee payable	(82,160)	(95,699)	(82,160)	(95,699)
Commission payable	(5,477,584)	(3,913,750)	(5,477,584)	(3,913,750)
Insurance premium collected on behalf of third-party insurance companies	(6,842,007)	(8,283,603)	(6,842,007)	(8,283,603)
Marketing expenses	(6,306,291)	(10,925,445)	(6,306,291)	(10,925,445)
Purchases of goods	(2,600,632)	(2,423,434)	(2,600,632)	(2,423,434)
Rental income	31,100	29,700	31,100	29,700
Rental payable	(271,049)	(298,427)	(271,049)	(298,427)
Sales of goods	39,660	1,379	39,660	1,379
Service rendered	<u>(1,505,681)</u>	<u>(1,473,965)</u>	<u>(1,505,681)</u>	<u>(1,473,965)</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 Financial Report For The Period Ended 31 March 2023****18. Performance review****(i) 3 months ended 31 March 2023 ("Q1 2023")****(a) Comparison with preceding year's corresponding quarter (3 months ended 31 March 2022 ("Q1 2022"))**

The Group reported a decrease in revenue by 13.3% or RM48.9 million to RM318.4 million in Q1 2023 (Q1 2022: RM367.3 million). The lower revenue was attributed to weaker consumer sentiment due to inflation and interest rate hike.

Gross profit ("GP") decreased by 12.0% or RM9.3 million to RM68.3 million in Q1 2023 (Q1 2022: RM77.6 million), in line with the revenue performance. GP margin improved 0.3 pts to 21.4% in Q1 2023 (Q1 2022: 21.1%) attributed to changes in product mix.

Profit before tax ("PBT") decreased by 30.2% or RM3.6 million to RM8.3 million in Q1 2023 (Q1 2022: RM11.9 million), due to the lower revenue, higher operating expenses attributed to the Group's expansions, and reduced other operating income.

**(b) Comparison with immediate preceding quarter (3 months ended 31 December 2022 ("Q4 2022"))**

The Group reported revenue of RM318.4 million and PBT of RM8.3 million in Q1 2023 (Q4 2022 revenue: RM444.2 million, PBT: RM31.4 million). The Group's Q4 2022 performance reflects a typical seasonal high, driven by year-end festivities such as Christmas and New Year holidays, and major promotional activities including 11.11, 12.12, and Member's Day campaigns scheduled during the fourth quarter.

**19. Prospects**

Despite weaker consumer sentiment due to inflation and interest rate hikes, the Group's performance in 1Q 2023 reflected resilient demand for consumer electronics, consistent with pre-Covid levels.

The Group remains confident in its prospects and its Territory Champions growth strategy to expand and upgrade its nationwide chain of physical stores. The ongoing initiative, involving up to 61 new/upgraded stores from 2022 to 2024, aims to enrich in-store experiences and boost per-store sales.

In 2023, the Group plans to launch 26 new/upgraded Senheng and senQ store formats, up from the 16 launches in 2022. The Group also aims to open 40 new Senheng Mobile stores in 2023, its new retail channel catering to the increasing demand for mobile phones and digital gadgets.

To further engage customers, the Group will leverage its AI-enabled platform to launch more online marketing campaigns, as well as introduce more rewards and promotional activities. Simultaneously, the Group is also upgrading its omnichannel retail model to enhance the overall shopping experience.

In recent months, the Group saw a gradual improvement in customer purchases and an increase in new PlusOne membership registrations and renewals. This positive trend aligns with rising confidence among Malaysian consumers and expectations of easing inflationary pressures and improvements in unemployment rates.

Supported by these improving macroeconomic indicators, the Group maintains a cautiously optimistic outlook for resilient performance in 2H 2023.

**20. Variance of actual profit from profit forecast or profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

**21. Status of corporate proposals**

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

**Notes to The Financial Report For The Period Ended 31 March 2023****22. Profit before tax**

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

	Individual Quarter		Cumulative Quarter	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM	RM	RM	RM
Directors' remuneration	810,743	1,161,870	810,743	1,161,870
Interest expenses	1,062,400	1,294,685	1,062,400	1,294,685
Fair value (gain)/loss on other investments	(576,655)	2,070,545	(576,655)	2,070,545
Share of profit paid as part of incentive programme	6,146,357	7,365,671	6,146,357	7,365,671
Depreciation of property, plant and equipment	4,253,204	3,043,049	4,253,204	3,043,049
Depreciation of right-of-use assets	7,872,747	7,128,016	7,872,747	7,128,016
Amortisation of intangible assets	1,137	939	1,137	939
Impairment loss on trade and other receivables	-	440,341	-	440,341
Interest income	(900,948)	(356,736)	(900,948)	(356,736)
Realised gain on foreign exchange	(16,218)	(26,834)	(16,218)	(26,834)
Unrealised gain on foreign exchange	(200,348)	(399,267)	(200,348)	(399,267)

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	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM	RM	RM	RM
Current tax expense:				
- Current period	1,825,783	389,225	1,825,783	389,225
Deferred tax:				
- Relating to origination and reversal of temporary differences	232,558	2,578,287	232,558	2,578,287
<b>Total tax expense</b>	<b>2,058,341</b>	<b>2,967,512</b>	<b>2,058,341</b>	<b>2,967,512</b>
Effective tax rate (%)	24.9 <sup>^</sup>	25.0 <sup>^</sup>	24.9 <sup>^</sup>	25.0 <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 period under review was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes on the Group's deferred tax asset.

**24. Borrowings**

Secured	As at 31.3.2023		As at 31.12.2022	
	Current	Total	Current	Total
	RM	RM	RM	RM
Bankers' acceptances	26,325,000	26,325,000	24,000,000	24,000,000

The above borrowings are denominated in Ringgit Malaysia.

**Notes to The Financial Report For The Period Ended 31 March 2023****25. Derivatives**

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

**26. Material litigation**

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

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

	Individual Quarter		Cumulative Quarter	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit attributable to owners of the Company	6,221,654	8,895,464	6,221,654	8,895,464
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)	0.41	0.59	0.41	0.59
Diluted EPS <sup>^**</sup> (sen)	0.41	0.59	0.41	0.59

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

<sup>\*\*</sup> Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period period review.

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

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

The status of the utilisation of proceeds from the Initial Public Offering and listing as at 31 March 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	(37,963)	-	122,537	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	(3,243)	-	6,457	Within 36 months
(vi) Estimated listing expenses <sup>^</sup>	9,300	(9,178)	(122)	-	Within 3 months
<b>Total</b>	<b>267,500</b>	<b>(138,506)</b>	<b>-</b>	<b>128,994</b>	

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

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