

# **SENHENG**

**SENHENG NEW RETAIL BERHAD**

Registration No. 202101019079 (1419379-T)

Interim Financial Report  
For The Third Quarter Ended 30 September 2023

30 November 2023

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Financial Position As at 30 September 2023

	Note	Unaudited As at 30.9.2023 RM	Audited As at 31.12.2022 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		166,336,088	155,346,086
Right-of-use assets		104,457,568	115,977,283
Intangible assets		16,825	15,818
Deferred tax assets		11,024,010	11,975,766
Other receivables		26,738,073	27,453,389
<b>Total non-current assets</b>		<b>308,572,564</b>	<b>310,768,342</b>
<b>Current assets</b>			
Inventories		298,154,828	250,055,392
Other investments		25,516,745	26,433,045
Trade and other receivables		102,239,256	92,117,285
Current tax assets		22,084,972	15,573,657
Cash and cash equivalents		113,381,900	155,491,750
<b>Total current assets</b>		<b>561,377,701</b>	<b>539,671,129</b>
<b>TOTAL ASSETS</b>		<b>869,950,265</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		108,661,181	101,254,170
<b>Total equity</b>		<b>536,528,852</b>	<b>529,121,841</b>
<b>Non-current liabilities</b>			
Lease liabilities		62,960,204	72,948,956
Deferred tax liabilities		24,705	24,705
Provision for restoration costs		6,958,268	5,789,149
Contract liabilities		40,394,376	42,762,109
<b>Total non-current liabilities</b>		<b>110,337,553</b>	<b>121,524,919</b>
<b>Current liabilities</b>			
Trade and other payables		105,365,295	101,733,753
Lease liabilities		26,542,164	28,091,495
Provision for restoration cost		899,427	884,630
Contract liabilities		46,059,177	44,490,906
Borrowings	23	43,525,000	24,000,000
Current tax liabilities		692,797	591,927
<b>Total current liabilities</b>		<b>223,083,860</b>	<b>199,792,711</b>
<b>Total liabilities</b>		<b>333,421,413</b>	<b>321,317,630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>869,950,265</b>	<b>850,439,471</b>
<b>Net assets per share (sen)</b>		<b>35.77</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

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 2023

	Note	Individual Quarter		Cumulative Quarter	
		30.9.2023	30.9.2022	30.9.2023	30.9.2022
		RM	RM	RM	RM
<b>Revenue</b>		312,833,540	354,104,161	956,530,626	1,119,126,326
Cost of sales		(245,562,688)	(272,170,448)	(751,268,816)	(871,852,181)
<b>Gross profit</b>		<u>67,270,852</u>	<u>81,933,713</u>	<u>205,261,810</u>	<u>247,274,145</u>
Other operating income		3,663,238	2,460,316	9,077,178	12,822,395
Operating and administrative expenses		(64,337,955)	(63,920,245)	(191,006,678)	(204,528,597)
Interest income		1,292,144	866,236	3,649,242	1,744,984
Finance costs		(1,015,038)	(989,855)	(3,078,791)	(3,424,436)
<b>Profit before tax</b>		<u>6,873,241</u>	<u>20,350,165</u>	<u>23,902,761</u>	<u>53,888,491</u>
Tax expense	22	(1,717,694)	(5,802,591)	(5,995,750)	(14,348,632)
<b>Profit for the financial period attributable to the owners of the Company</b>		<u>5,155,547</u>	<u>14,547,574</u>	<u>17,907,011</u>	<u>39,539,859</u>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit or loss in subsequent period</b>					
Foreign currency translations		-	(817,192)	-	-
<b>Items that will not be reclassified to profit or loss in subsequent period</b>					
Fair value gain of other investments at fair value through other comprehensive income		-	-	-	288,574
<b>Other comprehensive income attributable to the owners of the Company</b>		<u>-</u>	<u>(817,192)</u>	<u>-</u>	<u>288,574</u>
<b>Total comprehensive income attributable to the owners of the Company</b>		<u>5,155,547</u>	<u>13,730,382</u>	<u>17,907,011</u>	<u>39,828,433</u>
<b>Basic/Diluted earnings per ordinary share (sen)</b>	26	<u>0.34</u>	<u>0.97</u>	<u>1.19</u>	<u>2.64</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 30 September 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>264,355,905</b>	<b>529,121,841</b>
Profit for the financial period	-	-	-	-	17,907,011	17,907,011
<b>Total comprehensive income</b>	-	-	-	-	<b>17,907,011</b>	<b>17,907,011</b>
<b>Transaction with owners:</b>						
Dividend (Note 8)	-	-	-	-	(10,500,000)	(10,500,000)
<b>Balance as at 30 September 2023</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,104,433</b>	-	<b>271,762,916</b>	<b>536,528,852</b>
<b>Balance as at 31 December 2022</b>	<b>166,206,171</b>	<b>(165,206,168)</b>	<b>1,830,861</b>	<b>(290,507)</b>	<b>231,123,946</b>	<b>233,664,303</b>
Changes of functional currency	-	-	-	290,507	(290,507)	-
Profit for the financial period	-	-	-	-	39,539,859	39,539,859
Other comprehensive income, net of tax	-	-	288,574	-	-	288,574
<b>Total comprehensive income</b>	-	-	<b>288,574</b>	-	<b>39,539,859</b>	<b>39,828,433</b>
<b>Transactions with owners:</b>						
Issuance of shares	267,500,000	-	-	-	-	267,500,000
Listing expenses attributable to the Public Issue	(5,838,500)	-	-	-	-	(5,838,500)
Dividends	-	-	-	-	(27,000,000)	(27,000,000)
<b>Balance as at 30 September 2022</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,119,435</b>	-	<b>243,373,298</b>	<b>508,154,236</b>

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

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Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 30 September 2023

	Cumulative Quarter	
	30.9.2023	30.9.2022
	RM	RM
<b>Cash Flows From Operating Activities</b>		
Profit before tax	23,902,761	53,888,491
<b>Adjustment for:</b>		
Amortisation of intangible assets	3,643	2,949
Depreciation of property, plant and equipment	13,498,324	10,083,962
Interest expense	3,078,791	3,424,436
Interest income	(3,649,242)	(1,744,984)
Depreciation of right-of-use assets	23,897,785	22,350,526
Other non-cash items	617,945	4,181,185
<b>Operating profit before changes in working capital</b>	<b>61,350,007</b>	<b>92,186,565</b>
<b>Changes in working capital:</b>		
Inventories	(48,962,930)	(31,343,021)
Receivables	(9,406,655)	(15,282,975)
Payables	3,604,846	(52,601,759)
Contract liabilities	(799,462)	(14,867,811)
<b>Cash generated from/(used in) operations</b>	<b>5,785,806</b>	<b>(21,909,001)</b>
Interest paid	(313,205)	(850,593)
Tax paid	(11,454,439)	(18,273,971)
<b>Net cash used in operating activities</b>	<b>(5,981,838)</b>	<b>(41,033,565)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of other investments	1,310,881	277,462,802
Proceeds from disposal of property, plant and equipment	21,720	407,334
Purchase of other investments and intangible assets	(4,650)	(267,308,229)
Purchase of property, plant and equipment	(24,488,326)	(53,205,941)
Dividend received	22,859	1,516,616
Interest received	3,649,242	1,744,984
Withdraw of fixed deposits with licensed banks	50,000,000	-
<b>Net cash generated from/(used in) investing activities</b>	<b>30,511,726</b>	<b>(39,382,434)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of share capital	-	267,500,000
Payments of share issuance expenses	-	(5,838,500)
Dividend paid	(10,500,000)	(19,500,000)
Drawdown of bankers' acceptances	138,000,000	172,327,145
Repayments of bankers' acceptances	(118,475,000)	(163,885,987)
Repayments of term loans	-	(45,438,018)
Payments of lease liabilities	(25,664,738)	(23,865,156)
<b>Net cash (used in)/generated from financing activities</b>	<b>(16,639,738)</b>	<b>181,299,484</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,890,150</b>	<b>100,883,485</b>
Effects of exchange rate changes on cash and cash equivalents	-	37,221
<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>113,381,900</b>	<b>148,702,892</b>
<b>Cash and cash equivalents comprises of the following:</b>		
Cash and bank balances	113,381,900	148,702,892
Deposits placed with licensed banks	-	3,960,050
	113,381,900	152,662,942
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	-	(3,960,050)
	<b>113,381,900</b>	<b>148,702,892</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 30 September 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 30 September 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 was 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 products sold

The segmental information for the financial period ended 30 September 2023 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	928,235,689	28,294,937	-	956,530,626
Inter-segment sales	18,801,697	14,413,233	-	33,214,930
<b>Total revenue</b>	<b>947,037,386</b>	<b>42,708,170</b>	<b>-</b>	<b>989,745,556</b>
<b>Segment profit/(loss)</b>	<b>16,096,466</b>	<b>4,431,878</b>	<b>(2,621,333)</b>	<b>17,907,011</b>
<b>Segment assets*</b>	<b>620,779,284</b>	<b>49,514,550</b>	<b>166,547,449</b>	<b>836,841,283</b>
<b>Segment liabilities**</b>	<b>309,708,166</b>	<b>22,475,219</b>	<b>520,526</b>	<b>332,703,911</b>

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
<b>Total revenue</b>	<b>1,067,685,404</b>	<b>69,775,969</b>	<b>-</b>	<b>1,137,461,373</b>
<b>Segment profit/(loss)</b>	<b>30,188,564</b>	<b>12,675,854</b>	<b>(3,324,559)</b>	<b>39,539,859</b>
<b>Segment assets*</b>	<b>656,705,421</b>	<b>49,831,921</b>	<b>167,065,068</b>	<b>873,602,410</b>
<b>Segment liabilities**</b>	<b>380,826,428</b>	<b>4,982,024</b>	<b>8,001,450</b>	<b>393,809,902</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 30 September 2023****10. Property, plant and equipment****(i) Acquisitions and disposals**

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

**(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.

**11. Capital commitments**

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

	As at 30.9.2023	As at 31.12.2022
	RM	RM
Contracted but not provided for	78,274,673	4,401,688

**12. 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.

**13. 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.

**14. 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.

**15. Significant related party transactions**

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

	Individual Quarter		Cumulative Quarter	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM	RM	RM	RM
Related parties: (Companies in which certain Directors have financial interests)				
Administration and marketing fee receivable	239,818	460,532	1,348,821	1,610,665
Administration and marketing fee payable	(47,104)	(78,363)	(203,752)	(266,520)
Commission payable	(4,729,494)	(4,694,161)	(15,495,774)	(13,691,684)
Insurance premium collected on behalf of third-party insurance companies	(6,463,180)	(9,620,030)	(20,717,924)	(26,293,994)
Marketing expenses	(4,378,524)	(7,004,496)	(16,107,042)	(25,279,915)
Purchases of goods	(2,211,038)	(1,901,334)	(7,432,446)	(7,028,432)
Rental income	33,900	34,100	95,700	96,500
Rental payable	(286,427)	(281,427)	(834,926)	(878,281)
Sales of goods	43,318	33,202	114,465	70,031
Sales of property	-	250,000	-	250,000
Sales of motor vehicle	-	-	-	140,000
Service rendered	(823,302)	(993,932)	(3,960,122)	(3,406,605)

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



**Notes to The Financial Report For The Period Ended 30 September 2023****16. 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.

**17. Performance review****(i) 9 months ended 30 September 2023 ("FPE 2023")**

Group revenue decreased by 14.5% or RM162.6 million to RM956.5 million in FPE 2023 (FPE 2022: RM1.1 billion), attributed to lower sales as consumer sentiment was dampened by inflation and interest rate hike.

Group gross profit ("GP") declined by 17.0% or RM42.0 million to RM205.3 million (GP margin: 21.5%) for FPE 2023 from RM247.3 million (GP margin: 22.1%) for FPE 2022, as a result of decreased revenue and changes in product mix.

Group profit before tax ("PBT") decreased by 55.6% or RM30.0 million to RM23.9 million (FPE 2022: RM53.9 million), due to the lower revenue and reduced other income.

**(ii) 3 months ended 30 September 2023 ("Q3 2023")****(a) Comparison with preceding year's corresponding quarter (3 months ended 30 September 2022 ("Q3 2022"))**

Group revenue decreased by 11.7% or RM41.3 million to RM312.8 million in Q3 2023 (Q3 2022: RM354.1 million), attributed to lower sales on weaker consumer sentiment.

Group GP decreased by 17.9% or RM14.7 million to RM67.3 million in Q3 2023 (Q3 2022: RM81.9 million), in line with the revenue performance. GP margin declined 1.6 pts to 21.5% in Q3 2023 (Q3 2022: 23.1%) attributed to changes in product mix.

Group PBT decreased by 66.2% or RM13.5 million to RM6.9 million in Q3 2023 (Q3 2022: RM20.4 million), due to the lower revenue and an increase in operating and administrative expenses, which aligns with the expansion plan.

**(b) Comparison with immediate preceding quarter (3 months ended 30 June 2023 ("Q2 2023"))**

The Group reported revenue of RM312.8 million and PBT of RM6.9 million in Q3 2023 (Q2 2023 revenue: RM325.3 million, PBT: RM8.7 million). The Group's Q2 2023 performance reflects a typical seasonal high, driven by festivities such as Hari Raya Aidilfitri festive season scheduled during the second quarter.

**18. Prospects**

The subdued sentiment in the retail sector and continued downtrend in Malaysia's Consumer Sentiment Index in the first three quarters of 2023 pose challenges to the Group's ability to achieve growth. In September 2023, Retail Group Malaysia lowered its 2023 growth forecast for the retail sector from 4.8% to 2.7%, citing reduced optimism about consumer spending in the third quarter. These factors may lead to weaker financial performance in 2023.

In response, the Group is pursuing more initiatives to boost customer traffic and capitalize on the year-end festive season, as well as implementing strategies to increase customer footfall and enhance PlusOne membership engagement. The Group will also leverage its AI-enabled platform to launch more online marketing campaigns, as well as introduce more rewards and promotions.

Simultaneously, the Group is refining its omnichannel retail model to elevate the overall shopping experience. As part of a three-year growth initiative spanning 2022-2024, the Group is executing its Territory Champion store expansion and upgrading program, aimed at enhancing in-store experiences nationwide and boosting per-store sales.

Furthermore, the Group is expanding its new retail channel, Senheng Mobile, by opening additional stores to cater to the increasing demand for mobile phones and digital gadgets.

**19. 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.

**20. 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 30 September 2023

### 21. 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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM	RM	RM	RM
Directors' remuneration	835,643	829,770	2,493,689	2,828,160
Interest expenses	1,015,038	989,855	3,078,791	3,424,436
Fair value loss on other investments	924,090	1,188,038	167,310	4,717,370
Share of profit paid as part of incentive programme	3,728,424	6,481,903	13,973,812	20,885,772
Depreciation of property, plant and equipment	4,788,776	3,712,666	13,498,324	10,083,962
Depreciation of right-of-use assets	8,052,089	7,657,692	23,897,785	22,350,526
Amortisation of intangible assets	1,369	1,005	3,643	2,949
Impairment loss/(reversal) of impairment loss on trade and other receivables	28,874	(862,578)	28,874	191,395
Interest income	(1,292,144)	(866,236)	(3,649,242)	(1,744,984)
Realised (gain)/loss on foreign exchange	(104)	454,383	(20,443)	(21,904)
Unrealised loss/(gain) on foreign exchange	38,320	(2,430,159)	(501,606)	(150,871)

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.

### 22. Tax expense

	Individual Quarter		Cumulative Quarter	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM	RM	RM	RM
Current tax expense:				
- Current period	1,737,045	4,213,108	5,542,543	10,181,292
- Prior years	(549,200)	264,296	(549,200)	264,296
	<u>1,187,845</u>	<u>4,477,404</u>	<u>4,993,343</u>	<u>10,445,588</u>
Deferred tax:				
- Relating to origination and reversal of temporary differences	529,849	1,325,187	1,002,407	3,903,044
<b>Total tax expense</b>	<u><b>1,717,694</b></u>	<u><b>5,802,591</b></u>	<u><b>5,995,750</b></u>	<u><b>14,348,632</b></u>
Effective tax rate (%)	25.0 <sup>^</sup>	28.5 <sup>^</sup>	25.1 <sup>^</sup>	26.6 <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.

### 23. Borrowings

Secured	As at 30.9.2023		As at 31.12.2022	
	Current	Total	Current	Total
	RM	RM	RM	RM
Bankers' acceptances	<u>43,525,000</u>	<u>43,525,000</u>	<u>24,000,000</u>	<u>24,000,000</u>

The above borrowings are denominated in Ringgit Malaysia.

**Notes to The Financial Report For The Period Ended 30 September 2023****24. Derivatives**

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

**25. Material litigation**

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

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

	Individual Quarter		Cumulative Quarter	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Profit attributable to owners of the Company	5,155,547	14,547,574	17,907,011	39,539,859
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)	0.34	0.97	1.19	2.64
Diluted EPS <sup>^**</sup> (sen)	0.34	0.97	1.19	2.64

<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.

**27. 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 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	(49,635)	(30,000)	80,865	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	(4,923)	-	4,777	Within 36 months
(vi) Estimated listing expenses <sup>^</sup>	9,300	(9,178)	(122)	-	Within 3 months
(vii) Acquisition of warehouse*	-	(10,639)	30,000	19,361	Within 3 months
<b>Total</b>	<b>267,500</b>	<b>(162,496)</b>	<b>-</b>	<b>105,003</b>	

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

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

\* The unutilized balance of RM30 million earmarked for upgrading and expanding the Group's chain of retail stores has been re-allocated to the acquisition of warehouse during the financial period.