

The figures have not been audited.

NOTES TO THE INTERIM FINANCIAL REPORT

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

A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

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

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2023.

The accounting policies adopted by the Group and the Company are consistent with those of the audited financial statements for the financial year ended 30 June 2023 except for the following adoption of new standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- *Amendments to MFRS 16, Lease Liability in a Sale and Leaseback*
- *Amendments to MFRS 101, Classification of Liabilities as Current or Non-current*
- *Amendments to MFRS 101, Non-current Liabilities with Covenants*
- *Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements*
- *Amendments to MFRS 121, Lack of Exchangeability*

A2. AUDIT REPORT QUALIFICATION

The audit report on the financial statements for the financial year ended 30 June 2023 was not subject to any qualification.

A3. SEASONAL OR CYCLICAL FACTORS

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

A4. EXCEPTIONAL OR EXTRAORDINARY ITEMS

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

A5. CHANGES IN ESTIMATES OF AMOUNT REPORTED PREVIOUSLY

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

A6. DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the financial period under review.

A7. DIVIDENDS PAID

There were no dividends paid during the year .

A8. SEGMENTAL INFORMATION

	Individual Quarter		Cumulative Quarters	
	31/12/23 RM'000	31/12/22 RM'000	31/12/23 RM'000	31/12/22 RM'000
Segment Revenue				
- Investment Holding	-	-	-	-
- Waste Recycling	11,804	2,335	21,374	4,640
- Retailing	37,140	43,268	61,138	71,913
Total Revenue	48,944	45,603	82,512	76,553
Segment Revenue				
- Investment Holding	-	-	-	-
- Waste Recycling	(51)	-	(105)	-
- Retailing	-	(530)	-	(2,014)
Inter-Segment Revenue	(51)	(530)	(105)	(2,014)
Segment Revenue				
- Investment Holding	-	-	-	-
- Waste Recycling	11,753	2,335	21,269	4,640
- Retailing	37,140	42,738	61,138	69,899
External Revenue	48,893	45,073	82,407	74,539
Segment profit/(Loss)				
- Investment Holding	(212)	(998)	(453)	(1,231)
- Waste Recycling	2,338	158	3,895	346
- Retailing	3,692	6,850	3,066	8,873
	5,818	6,010	6,508	7,988
Finance costs	(93)	(52)	(176)	(135)
Consolidated profit/(loss) before taxation	5,725	5,958	6,332	7,853

	As at	As at
	31/12/23	31/12/22
	RM'000	RM'000

Segment assets

- Investment Holding	54,726	12,288
- Waste Recycling	17,683	3,178
- Retailing	122,346	117,536
	<u>194,755</u>	<u>133,002</u>

Remark :

1. On June 16,2023 ,the First Tranche of Share Sale Agreement was completed, for comparison purpose , the corresponding quarter and period was excluding the disposal subsidiaries.

Reconciliations of reportable segment profit or loss and assets

	<--- 6 Months Ended 31 December 2023--->				<--- 6 Months Ended 31 December 2022--->			
	Investment Holding RM'000	Waste Recycling RM'000	Retailing RM'000	Total RM'000	Investment Holding RM'000	Waste Recycling RM'000	Retailing RM'000	Total RM'000
Profit or loss								
Total profit/(loss) for reportale segments	(453)	3,895	3,066	6,508	(1,231)	346	8,873	7,988
Finance costs	-	(38)	(138)	(176)	-	-	(135)	(135)
Consolidated profit/(loss) before tax	<u>(453)</u>	<u>3,857</u>	<u>2,928</u>	<u>6,332</u>	<u>(1,231)</u>	<u>346</u>	<u>8,738</u>	<u>7,853</u>

	<--- 6 Months Ended 31 December 2023--->				<--- 6 Months Ended 31 December 2022--->			
	Investment Holding RM'000	Waste Recycling RM'000	Retailing RM'000	Total RM'000	Investment Holding RM'000	Waste Recycling RM'000	Retailing RM'000	Total RM'000
Assets								
Total assets for reporting segments	54,726	17,689	122,346	194,761	12,288	3,178	117,536	133,002
Elimination of inter-segment balances	-	(6)	-	(6)	-	-	-	-
Consolidated total assets	<u>54,726</u>	<u>17,683</u>	<u>122,346</u>	<u>194,755</u>	<u>12,288</u>	<u>3,178</u>	<u>117,536</u>	<u>133,002</u>

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

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

There were no material events subsequent to the financial period ended 31 December 2023.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were material changes in the composition of the Group during the financial period ended 31 December 2023 .

A12. CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2023 .

A13. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of the Group for the financial period ended 31 December 2023 are as follows:

Transaction parties	Nature of transaction	Current Quarter 31/12/2023 RM'000	Cumulative Year to Date 31/12/2023 RM'000
Expert Resource Management Sdn Bhd	Trading of plastic,scrap and scrap ferrous metal	1,313	2,694
Earthwise Resources Sdn Bhd	Trading of wastepaper, plastic scrap and scrap ferrous metal	217	484
Primahir Recycle Sdn Bhd	Commission	64	64
Sing Foong Niap Engineering Sdn Bhd	Rental of factory & provision of sludge waste disposal	1,502	2,554
Ria Insan Sdn Bhd	Transportation	319	564
Asia KG Fibre Supplier Sdn Bhd	Trading of wastepaper,plastic scrap and scrap ferrous metal	251	307
Future Recycle Sdn Bhd	Trading of wastepaper,plastic scrap and scrap ferrous metal	16	19

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

NOTES TO THE INTERIM FINANCIAL REPORT

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

B1. PERFORMANCE REVIEW

(i) Continuing operations

	Individual Quarter		Cumulative Quarters	
	31/12/23 RM'000	31/12/22 RM'000	31/12/23 RM'000	31/12/22 RM'000
Segment Revenue				
- Investment Holding	0	0	0	0
- Waste Recycling	11,753	2,335	21,269	4,640
- Retailing	37,140	43,268	61,138	71,913
-Sales to disposed subsidiaries	0	(530)	0	(2,014)
	<u>48,893</u>	<u>45,073</u>	<u>82,407</u>	<u>74,539</u>
Segment profit/(Loss)				
- Investment Holding	(212)	(998)	(453)	(1,231)
- Waste Recycling	2,338	158	3,895	346
- Retailing	3,692	6,850	3,066	8,873
	<u>5,818</u>	<u>6,010</u>	<u>6,508</u>	<u>7,988</u>

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

For the quarter under review, the Group reported a revenue of RM48.89 million, marking an 8.48% increase compared to RM45.07 million reported in the corresponding quarter of the previous year. Despite this uptick in revenue, the Group reported a decrease in profit before taxation to RM5.73 million compared to RM5.96 million recorded in the same quarter of the previous year, primarily due to a reduced contribution from the Retailing segment.

Retail Segment

The Retail segment reported a revenue of RM37.14 million, reflecting a 14.16% decrease compared to the RM43.27 million recorded in the corresponding quarter of the prior year. The high cost of living, driven by inflation and interest rates, led to consumers allocating less of their budget to Christmas festive holiday sales. Consequently, sales plummeted, causing the profit of the retail segment to decline in line with the decrease in sales, shifting from a profit of RM6.85 million to RM3.69 million.

Waste Recycling Segment

The performance of the Waste Recycling segment was significantly enhanced by the three acquired companies during this quarter. In a quarter-to-quarter comparison, revenue increased by 503.33%, escalating from RM2.34 million to RM11.75 million. Corresponding to this remarkable revenue improvement, the segment's profit increased by 1479%, from RM0.16 million to RM2.34 million

Investment Holding Segment

The Investment Holding Segment recorded a loss of RM0.21 million for the current quarter under review, significantly lower than the loss of RM1.0 million reported in the corresponding quarter of the previous year. The higher losses reported in the corresponding quarter of the previous year were primarily attributed to corporate advisory expenses incurred during that quarter.

b) Current period against preceding year's corresponding period

The profit before taxation for the financial period ended 31 December 2023 was RM4.28 million, compared to RM5.12 million recorded in the same period of the previous year. The decrease in profit was attributed to lower sales contribution from the Retailing segment during this period.

Retail Segment

For the financial period under review, the Retail Segment reported revenue of RM61.14 million, marking a decrease of 14.98% compared to RM71.92 million reported in the previous year. The decline in revenue was primarily caused by an increase in the cost of living, which led consumers to allocate less budget to non-essential products. Consequently, the segment's profit decreased by RM5.81 million to RM3.07 million.

Waste Recycling Segment

The Waste Recycling segment reported higher revenue of RM21.27 million compared to RM4.64 million in the previous year's corresponding period. The segment's profit increased in line with sales improvement, rising from RM0.35 million to RM3.90 million. This improvement in performance was primarily driven by additional contributions from the three acquired companies.

Investment Holding Segment

The Investment Holding Segment incurred a loss of RM0.45 million, compared to a loss of RM1.23 million reported in the corresponding period of the previous year. The higher losses reported in the same period last year were due to corporate advisory expenses incurred.

(ii) Discontinued operations

	QUARTER ENDED 31/12/2022 RM'000	FOR THE PERIOD ENDED 31/12/2022 RM'000
Revenue	10,244	16,608
Operating Expenses	(9,260)	(16,929)
Other Income	46	94
Profit/(loss) from Operations	1,030	(227)
Finance costs	(9)	(26)
Profit/(loss) before tax	1,021	(253)
Taxation	0	0
Profit/(loss) after taxation from continuing operations	1,021	(253)

No comparison for current quarter and period as the First Tranche of Share Sale Agreement was completed on June 16,2023.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 31/12/23 RM'000	Immediate Preceding Quarter 30/09/23 RM'000	Changes RM'000	%
Revenue	48,893	33,514	15,379	45.89%
Profit/(Loss) from Operations before Interest and Tax	5,818	690	5,128	743.19%
Profit/(Loss) before tax	5,725	607	5,118	843.16%
Profit/(Loss) after tax	3,996	283	3,713	1312.01%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,899	593	2,306	388.87%

The Group's revenue increased significantly by 45.89%, rising from RM33.51 million in the immediate preceding quarter to RM48.89 million in the current quarter. The heightened sales in the current quarter were attributed to the inclusion of Christmas festive holiday sales. Consequently, the profit before taxation reflected the improvement in sales, rising from RM0.61 million to RM5.73 million

B3. COMMENTARY ON PROSPECTS

The Board exudes optimism regarding the long-term potential of the recycling business segment, bolstered by the recent acquisition of three waste recycling companies. This strategic is poised to enhance efficiency and yield synergistic benefits. Conversely, the retailing segment faces persistent challenges in its operating landscape. The Board persists in prioritizing the optimization of operational efficiency and the effective management of working capital.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group.

B5. TAXATION

The taxation (including discontinued operations) charge for the period as below :

	Current Quarter RM'000	Year-To-Date RM'000
Current period income tax	1,730	2,053

The Group's effective tax rate for the financial period was higher than the statutory tax rate of 24% mainly due to under provision of tax of previous year.

B6. CORPORATE PROPOSALS

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

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

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

On 16 June 2023, the proposed acquisitions and the disposals of the First Tranche Sale Shares has been completed.

(i) Utilisation of the proceeds from the Proposed Disposal

Purpose	Proposed Utilisation RM'000	Intended time frame for utilisation from 16 June 2023 RM'000	Actual proceeds raised RM'000	Actual utilisation up to 31 December 2023 RM'000	Balance available RM'000
(i) Part settlement of the purchase consideration for the Purchase Consideration	44,700	24 months	42,700	42,700	Nil
(ii) Estimated expenses	1,300	Upon completion of the Proposal	1,300	1,300	Nil

* Outstanding of RM2,000,000 pending completion transfer of the remaining 20% of Active Fit Sdn Bhd shares .

B7. BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 December 2023 as follow:-

	RM'000
Short Term	
Banker's acceptance	4,013
Term loans	264
Hire purchase	250
	<hr/>
	4,527
Long Term	
Hire purchase	289
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Total	4,816

B8. CHANGES IN MATERIAL LITIGATIONS

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

B9. DIVIDEND

No dividend has been declared nor recommended for financial period ended 31 December 2023.

B10. EARNINGS PER SHARE

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

	Current Quarter	Year-To- Date
Net profit attributable to ordinary equity holders of the Company (RM'000)	2,899	3,491
Weighted average number of ordinary shares (in thousand)	144,294	144,294
Basic earnings per share (sen)	2.01	2.42

B11. PROFIT FOR THE PERIOD

	Current Quarter 31/12/23 RM'000	Cumulative Year to Date 31/12/23 RM'000
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This is arrived after(charging)/crediting :-

Interest Income	269	567
Write back/(written off) of inventories	220	263
Finance costs	(93)	(176)
Depreciation and amortisation	(618)	(1,135)
	<u>(222)</u>	<u>(481)</u>

B12. AUTHORISATION FOR ISSUE

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