

# Rofina Group Limited and Controlled Entities

ACN 635 120 517

## Annual Report

For the Year Ended 31 May 2023



## **Rofina Group Limited and Controlled Entities**

ACN 635 120 517

### **CORPORATE DIRECTORY**

#### **Directors**

Boon Chin Soo – Executive Chairman  
Wei Yin Soo – Executive Director  
Jacky Tran Cheung – Non-Executive Director  
Chor Keat Ewe – Non-Executive Director  
Su Hian Tan – Non-Executive Director

#### **Company Secretary**

Chen Chik Ong

#### **Registered Office**

Minerva Corporate Pty Ltd  
Level 8, 99 St Georges Terrace  
Perth, WA 6000

#### **Principal Place of Business**

Pine Valley Business Centre  
22 & 22A, Lebuhr Rambai 11  
11060 Paya Terubong, Penang, Malaysia

#### **Website**

<https://www.rofinagroup.com>

#### **Share Registry**

Boardroom Pty Ltd  
Level 8, 210 George Street  
Sydney, NSW 2000

#### **Auditors**

Moore Australia Audit (WA)  
Level 15, Exchange Tower  
2 The Esplanade  
Perth WA 6000

#### **Stock Exchange listing**

Rofina Group Limited shares are listed on the National Stock Exchange of Australia (NSX), code: 218

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Chairman's Statement  
31 May 2023

Ladies and Gentlemen,

I am delighted to present the 2023 Annual Report for Rofina Group Limited (Rofina) and its controlled entities (the Group).

Rofina is one of the largest specialty retailers of luggage, bags, winter apparel and travel accessories in Malaysia and constantly strives to provide customers with a wide range of products at affordable prices and with good after sales service.

The Group's strategy is to be one of the market leaders in the luggage, bags, winter wear and travel accessories industry and to gain international recognition by carrying a wide range of quality products through the sale and distribution of the innovative designs of its own brand names and distributorships of products of other third-party brand owners.

The Group currently has 15 retail stores, with a presence in three department stores across Malaysia, as well as its online platform.

The Group's immediate aim is to become a one stop-travel chain for customers' travel needs. Therefore, the Group's plan is to continue to expand and upgrade its own products and source for better material, products and brands to introduce to the market. The Group intends to actively cultivate internal growth within the organisation and enhance the professionalism of its frontline salespeople further to serve our customers and all our stakeholders better.

The Group is building its brands Rofina, Cosas United and Ragdoll and is emerging as a strong contender in each market it enters, with the objective to achieve sustainable growth to benefit all stakeholders.

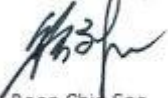
The Group is exploring other opportunities with the aim to be one of the top travel goods companies by 2025.

With the pandemic well and thoroughly behind us now, we are confident that we will be able to grow strongly from herein and work towards building a strong balance sheet and be in a position to reward our shareholders in the near future.

On behalf of the Board, I would like to thank our store and management team members, our customers, our suppliers, our shareholders and all our other stakeholders for their support throughout the year.

Thank you.

Yours sincerely,



Boon Chir Soo

Chairman

Malaysia, 30 August 2023

# Rofina Group Limited and its Controlled Entities

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## Directors' Report

31 May 2023

The Board of directors (Board) of Rofina Group Limited (Rofina, Company) presents the Financial Report on the Company and its controlled entities (Rofina Group, Group) for the year ended 31 May 2023.

### DIRECTORS AND SECRETARY

The following were the directors of the Company during the financial year, unless otherwise stated.

#### **Boon Chin Soo, Executive Chairman**

Boon Chin Soo, who is the Executive Chairman and founder of Rofina began his career in 1975, and has more than 40 years of experience in manufacturing and retailing. He provides leadership to the Board and oversees the Group's research and development team in developing new collections and design of the Group's own brands such as Rofina, Cosas United and Ragdoll. He is key to establishing strategic and mutually beneficial partnerships and strategic alliances and relationships with customers, suppliers and organisation leaders to effectively support key business initiatives of the Group.

#### **Wei Yin Soo, Executive Director, Chief Executive Officer**

Wei Yin Soo has a Diploma in Business Administration - INTI International College Penang. Much of the Group's success in obtaining a strong foothold in Peninsular Malaysia is due to the implementation of Mr. Soo's marketing strategies, which have boosted the Cosas United brand to become a well-known brand in Malaysia. Mr. Soo is responsible for managing the operations and resources of the Group.

#### **Jacky Tran Cheung, Non-Executive and Independent Director**

Jacky Tran Cheung holds a Bachelor of Commerce from the University of New South Wales, a Masters in Operations Management from the University of Technology Sydney, and a Diploma in Financial Planning from Traineeship Management Australia. He is a director of Capital Link Pty Ltd, and of Banc Group Pty Ltd. Mr. Cheung is a Justice of the Peace and a director of a financial advisory and property development company. He has worked with some of the largest financial institutions in Australia including NAB, Commonwealth Bank and Westpac.

#### **Chor Keat Ewe, Non-Executive and Independent Director**

Chor Keat Ewe has a Bachelor of Commerce (Accounting and Finance) from Deakin University. Mr. Ewe has been a member of the Malaysia Institute of Accountants for over 10 years. He began his career at Aljeffridean Chartered Accountants, and since then has progressed to Deloitte Malaysia. He is presently Partner in Sincere Commercial Service, an accounting firm in Penang.

#### **Su Hian Tan, Non-Executive and Independent Director and Company Secretary (resigned as Company Secretary on 17 August 2022)**

Ms. Tan works with ABBA Group in Sydney in business broking, mergers and acquisitions and was a Business Development Consultant for Ability Options, a Sydney not-for-profit organisation. She was the CEO for Hokay Fitness & Ice Sports Group of Companies in Beijing. She is a proven multi-lingual business development and change management professional with over 20 years of international experience working in the health, wellness, sports and recreation industries.

### MEETINGS OF DIRECTORS

The number of directors' meetings and number of meetings attended by each director during the financial year are set out in the table below:

Director	Meetings eligible to attend	Meetings attended
Boon Chin Soo	1	1
Wei Yin Soo	1	1
Jacky Tran Cheung	1	1
Chor Keat Ewe	1	1
Su Hian Tan	1	1

## Rofina Group Limited and its Controlled Entities

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### Directors' Report

31 May 2023

#### **PRINCIPAL ACTIVITY**

The Group markets and sells its own and other quality brands of travel goods and accessories through various sales channels including retail, business to business, e-commerce and wholesale, principally in Australia and Malaysia. During the year, the Group ventured into a new business of influencer marketing through the establishment of a portfolio of influencers in the Southeast Asia region to create a visual customer experience and deliver offerings to targeted audiences.

#### **OPERATING AND FINANCIAL REVIEW**

The consolidated profit after income tax for the year ended 31 May 2023 was \$955,031 (2022: loss of \$270,247). Profit before interest, tax, depreciation, amortisation, fixed assets written off and impairments was \$1,652,323 (2022: \$583,949).

The Group enjoyed a substantial increase in sales as the pandemic eased and uplift of tourism in Malaysia. Revenue for the year was \$5,395,088, compared to \$1,524,721 in the prior year, a jump of 254%. Gross profit margin was also up at 62% compared to 47% last year.

As at 31 May 2023, the net current liabilities of the Group were \$3,111,064 (2022: \$3,137,484). Net cash inflow from operating activities during the year was \$1,036,694 (2022: cash inflow of \$1,242,169). The Group has lifted its moratoriums with its major bankers during the year, and is back on track with making timely loan repayments. The sale proceeds received during the year from one of its investment properties was also used to pay off loans.

The Group is quite optimistic that business will continue to improve in the next couple of years with plenty of growth opportunities.

#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

In the directors' opinion, there have been no significant changes in the state of affairs of the Group during the financial year other than those noted in this annual report.

## Rofina Group Limited and its Controlled Entities

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### Directors' Report

31 May 2023

#### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF STRATEGIES AND BUSINESS OPERATIONS**

The growth plans of the Group can be summarised as follows:

##### **Grow e-commerce platform sales and enhance customer service**

The Group continues to grow its e-commerce platform through online communication, strategic advertisement and promotion via social media platforms and new channels such as TikTok and YouTube or other trending applications to promote brand awareness which can target specific groups of consumers in view of increasing the Group's e-commerce platform sales. The Group has a team dedicated to the development, implementation and to analyse its e-commerce platform strategy.

In tandem with growing the e-commerce platform sales, the Group is focusing on enhancing its customer service by improving the average response time to any queries online customers may have. The Group believes that by reducing the time taken to provide clarification, customers are less likely to get distracted and navigate away from the site. The Group intends for its market share in East Malaysia and Australia to grow organically through online platforms.

##### **Growth and upgrade of own brand products**

Although the Group currently has approximately 2,400 own brand products which it manufactures and sells, the Group is looking to continuously enhance its research and development to expand and upgrade its product design, range and quality. The Group will also focus on growing and developing its range of handbags, backpacks and luggage designs for domestic travel. In addition to regular customer satisfaction surveys carried out by the Group to understand the needs and wants of customers, the Group actively attends various international fashion events in order to interact with fashion designers to keep abreast with latest trends.

##### **Expanding the range of third-party products**

In addition to the Group's own brand products, the Group is continuously identifying and evaluating new suppliers and potential brands to expand the Group's product range. The Group is currently in discussion with several brands and is optimistic that arrangements will be entered into for the sale and distribution of products in Malaysia and Australia.

Additional comments on expected results of certain operations of the Group are included in this annual report under the Operating and Financial Review.

#### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### **DIVIDENDS PAID OR RECOMMENDED**

The directors have not recommended a dividend for the year ended 31 May 2023 at the date of this report.

#### **SHARE OPTIONS**

There are no unissued ordinary shares of Rofina Group Limited under options. No shares were issued, options granted by Rofina Group or any controlled entity and no options were exercised by any holder during the year ended 31 May 2023 or since that date.

#### **ENVIRONMENTAL REGULATIONS**

The Group's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

#### **INDEMNIFICATIONS AND INSURANCE OF OFFICERS AND AUDITORS**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of Rofina Group Limited. No insurance or indemnification was taken on behalf of or for the auditors.

## Rofina Group Limited and its Controlled Entities

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31 May 2023

#### **NON-AUDIT SERVICES**

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Company are important. The Board has considered the position and in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit service is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of the amounts paid or payable to the auditor for audit and non-audit services are detailed in Note 18.

#### **PROCEEDINGS ON BEHALF OF GROUP**

On 25 April 2023, a landlord filed a civil suit against a wholly owned subsidiary, Rofina Marketing (M) Sdn Bhd for rent arrears and late interest payment in relation to a rented premise amounting to approximately \$152,632 (RM 456,369). The outstanding rent and interest have been recognised in the Statement of Financial Position as at 31 May 2023.

This matter was concluded through an out of court settlement on 28 August 2023.

Apart from the above, no person has brought proceedings against or on behalf of the Group or to intervene in any significant proceedings to which any such entity is a party for the purpose of taking responsibility for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

#### **RISK MANAGEMENT**

The Group takes a proactive approach to risk management. Management, through the Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board on the Group's key risks and the extent to which it believes these risks are being managed. This is performed informally on a six-monthly basis or more frequently as required by the Board. The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.

The Group has identified the key risks which the Group believes to be inherent in the business and industry in which the Group operates. These include: financing adequacy of capital and liquidity risk, operational risk; environmental risk; reputation risk; legal, compliance and regulatory risk; market risk including the state of the global travel and tourism industry; pandemic risk; intellectual property risk; and, occupational health and safety risk. These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which we operate. This is not necessarily an exhaustive list.

The Board receives regular reports addressing the management of the key risks associated with the Group's business. The Board has the right to appoint external professional advisers to carry out investigations into control mechanisms and report their findings and recommendations in relation to control improvements, processes and procedures to the Board.



**CORPORATE GOVERNANCE**

The primary responsibility of the Board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Rofina Group Limited including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Rofina Group is committed to good corporate governance, which promotes the long-term interests of shareholders, strengthens Board and management accountability and helps build public trust. The Board is elected by the shareholders to oversee their interest in the long-term health and the overall success of the business and its financial strength. The Board serves as the ultimate decision-making body of the Group, except for those matters reserved to or shared with the shareholders. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Group.

The Board has assessed the Group's current practice against principles of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th edition (Guidelines). In compliance with the "if no why not" reporting regime, where the Group's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Group has adopted instead of those in the recommendation.

This statement was adopted by the board on 30 August 2023.

Recommendation	Complies?	Group compliance approach and activities
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
An entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> <li>• the respective roles and responsibilities of its board and management; and</li> <li>• those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes	<p>The Company has adopted a formal charter (Board Charter) clearly setting out the respective roles and responsibilities of the Board, the Chair, and Company Secretary.</p> <p>Responsibilities reserved to the Board include:</p> <ul style="list-style-type: none"> <li>• providing leadership and setting the strategic objectives of the Company;</li> <li>• appointing the chair;</li> <li>• appointing and when necessary replacing the CEO;</li> <li>• approving the appointment and when necessary replacement of other senior executives of the Company;</li> <li>• overseeing management's implementation of the Company's strategic objectives and its performance generally;</li> <li>• through the chair, overseeing the role of the Company Secretary;</li> <li>• approving operating budgets and major capital expenditure;</li> <li>• overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit;</li> <li>• overseeing the Group's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of Company's securities;</li> <li>• ensuring that the Group has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;</li> <li>• approving the Group's remuneration framework; and</li> <li>• monitoring the effectiveness of the Group's governance practices.</li> </ul> <p>A copy of the Board Charter is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</li> </ul>	Yes	<p>The Group has undertaken insolvency searches in relation to the Directors of the Company. All information relevant to a decision to elect or re-elect a Director will be provided to Shareholders in any notice of meeting pursuant to which a resolution to elect or re-elect a Director will be voted upon.</p>

Directors' Report  
31 May 2023

Recommendation	Complies?	Group compliance approach and activities
<ul style="list-style-type: none"> <li>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>		<p>In addition, the Group has established a Nomination and Remuneration Committee to identify and make recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise and the results of appropriate checks.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>The Group's Board Charter requires that the terms and conditions of appointment of a Director be confirmed in a formal letter of appointment or a service contract. Specifically:</p> <ul style="list-style-type: none"> <li>each non-executive Director has executed appointment letters with the Company setting out the terms and conditions of their appointment; and</li> <li>each executive Director and senior executive of the Group has executed employment letters with Rofina Marketing, setting out the terms and conditions of their employment.</li> </ul>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p> <p>The Group has adopted a formal Board Charter setting out the Company Secretary's responsibilities. Under the Board Charter, the Company Secretary is responsible for:</p> <ul style="list-style-type: none"> <li>advising the Board and its committees on governance matters;</li> <li>monitoring that Board and committee policy and procedures are followed;</li> <li>coordinating the timely completion and dispatch of Board and committee papers;</li> <li>ensuring the business at Board and committee meetings is accurately captured in the minutes; and</li> <li>helping to organise and facilitate the induction and professional development of Directors and the Company Secretary.</li> </ul>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a diversity policy;</li> <li>through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(i) the measurable objectives set for that period to achieve gender diversity;</li> <li>(ii) the entity's progress towards achieving those objectives; and</li> <li>(iii) either: <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in that Act.</li> </ul> </li> </ul> </li> </ul>	No	<p>The Group has adopted a diversity policy (Diversity Policy) which promotes diversity and inclusion regardless of employees' experiences, perspectives, professional skills, gender, gender identity, age, disabilities, sexual orientation, ethnicity, marital status, religious beliefs, socioeconomic backgrounds and cultural backgrounds.</p> <p>The Board considers that since the Group has only recently adopted the Diversity Policy it has not set measurable objectives or disclosed these as at today's date. The Group intends to disclose the measurable objectives for achieving diversity and the Group's progress in achieving these objectives.</p> <p>The Diversity Policy entrusts the Board with the responsibility for designing and overseeing the implementation of the Diversity Policy.</p> <p>Under the Diversity Policy, the Board is:</p> <ul style="list-style-type: none"> <li>required to develop initiatives that will promote and achieve diversity goals;</li> <li>responsible for reviewing this Diversity Policy and will assess the status of diversity within the Group and the effectiveness of this policy in achieving the measurable objectives which have been set to achieve diversity;</li> <li>responsible for assessing the need for specific and measurable gender diversity targets periodically, and if required, setting those targets; and</li> <li>responsible for assessing the effectiveness of the Group's diversity objectives each year.</li> </ul>

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

31 May 2023

Recommendation	Complies?	Group compliance approach and activities
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>• disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	Yes	<p>Under the Board Charter, each Director's performance is assessed when standing for re-election. Before each AGM, the Chair of the Board assesses the performance of any Director standing for re-election and the Board will determine their recommendation to Shareholders on the re-election of the Director (in the absence of the Director involved). The Board (excluding the Chairman) will conduct the review of the Chairman.</p> <p>In addition, the Nomination and Remuneration Committee is responsible for the development and implementation of a process for evaluating the performance and professional development needs of the Board.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>• disclose for each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</li> </ul>	Yes	<p>Under the Board Charter, senior executives' performance will be considered by the independent directors in a meeting separate to the Board meetings. The Chairman is responsible for ensuring independent Director meetings take place on a regular basis.</p>
<p><b>Principle 2 – Structure the board to be effective and add value</b></p> <p>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</p>		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>• if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Yes	<p>The Board has appointed a dedicated Nomination and Remuneration Committee, which will have authority and power to exercise the roles and responsibilities granted to it under a nomination and remuneration committee charter (Nomination and Remuneration Committee Charter), and any other resolutions of the Board from time to time.</p> <p>The committee is comprised of four Directors a majority of whom are independent and non-executive Directors.</p> <p>The chairperson is one of the independent, non-executive Directors.</p> <p>At Listing the members of the Nomination and Remuneration Committee are:</p> <ul style="list-style-type: none"> <li>• Chair: Jacky Tran Cheung;</li> <li>• Member: Chor Keat Ewe;</li> <li>• Member: Su Hian Tan;</li> <li>• Member: Boon Chin Soo; and</li> <li>• Member: Wei Yin Soo.</li> </ul> <p>The Nomination and Remuneration Committee Charter is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	<p>The Group has established charter rules for the Nomination and Remuneration Committee as a guide for Board deliberations. Together, the directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business.</p> <p>The Board intends to formalise a skills matrix.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p>	Yes	<p>The Board considers Jacky Tran Cheung (appointed in September 2019) to be an independent director.</p>

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## Directors' Report

31 May 2023

Recommendation	Complies?	Group compliance approach and activities
<ul style="list-style-type: none"> <li>the names of the directors considered by the board to be independent directors;</li> <li>if a director has an interest, position or relationship of the type described in Box 2.3 of the ASX CG Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</li> <li>the length of service of each director.</li> </ul>		<p>The Board also considers Chor Keat Ewe (appointed in September 2019) to be an independent director.</p> <p>The Board also considers Su Hian Tan (appointed in July 2019) to be an independent director.</p> <p>The Board notes the following Directors are deemed not independent:</p> <p>Boon Chin Soo (appointed in July 2019) – Boon Chin Soo is the Executive Chairman and substantial shareholder of the Company.</p> <p>Wei Yin Soo (appointed in July 2019) – Wei Yin Soo is the chief executive officer of the Group and substantial shareholder of the Company.</p> <p>The Board will regularly assess the independence of each director in light of the interests disclosed by them. That assessment will be made at least annually at, or around the time, that the Board considers candidates for election to the Board. Each independent director is required to provide the Board with all relevant information for this purpose. The outcome of the assessment will be reflected in the corporate governance section of the annual report.</p> <p>If the Board determines that a director's independent status has changed, that determination will be disclosed to the market.</p> <p>All directors' interests, position, relationships, and length of service have been disclosed in its Prospectus dated 1 July 2020 and will be disclosed by the Group to the market periodically.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	Yes	<p>The Company currently has five directors, of which three are independent non-executive Directors.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the Chief Executive Officer of the entity.</p>	No	<p>The Chairman, Boon Chin Soo is an Executive Director.</p> <p>The Group's chief executive officer, Wei Yin Soo, is not the same individual as the Chairman.</p> <p>The Board believes the non-independence of the Chairman does not impede oversight of the chief executive officer by the Chairman.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skill and knowledge needed to perform their role as directors effectively.</p>	Yes	<p>Under the Board Charter, the directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.</p> <p>The Company Secretary is responsible to organise and facilitate the induction and professional development of directors.</p>
<p><b>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</b></p> <p>A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</p>		
<p>Recommendation 3.1</p> <p>A listed entity should articulate and disclose its values.</p>	Yes	<p>The Group's Statement of Values is contained in the code of conduct (Code of Conduct).</p> <p>The Code of Conduct is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 3.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	Yes	<p>The Board has adopted a code of conduct (Code of Conduct) which sets out the values, commitments, ethical standards and policies of the Group and outlines the standards of conduct expected of the Group's business and people, taking into account the Group's legal and other obligations to its stakeholders.</p> <p>The Code of Conduct applies to all directors, as well as all officers, employees, contractors, consultants, other persons that act on behalf of the Group, and associates of the Group.</p>

Directors' Report

31 May 2023

Recommendation	Complies?	Group compliance approach and activities
		<p>The Code of Conduct covers; the Group's core values and commitments; conflicts of interest; opportunities, benefits and ownership of work; anti-bribery and gifts; dealings with politicians and government officials; confidentiality; privacy; fair dealing; discrimination, bullying, harassment and vilification; health and safety; protection and use of the Group's assets and property; compliance with laws and regulations; responsibility to Shareholders and the financial community; insider trading; and whistleblower protection.</p> <p>The Code of Conduct is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 3.3</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a whistleblower policy; and</li> <li>• ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	<p>Yes</p>	<p>The Whistleblower Policy. This policy encourages employees to raise any concerns and report instances of illegal, unacceptable, or undesirable conduct within the Group.</p> <p>The policy deals with (among other things):</p> <ul style="list-style-type: none"> <li>• how employees can make reports about any of the above behaviours anonymously and/or confidentially, securely, and outside of business hours;</li> <li>• the procedures following disclosure by an employee;</li> <li>• how investigations will be conducted by the Group;</li> <li>• reporting of the outcome of the investigation; and</li> <li>• communications to whistleblowers.</li> </ul> <p>The Whistleblower Policy is available on the Group's website <a href="http://www.rofinagroup.com">www.rofinagroup.com</a>.</p>
<p>Recommendation 3.4</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose an anti-bribery and corruption policy; and</li> <li>• ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ul>	<p>Yes</p>	<p>The Group has adopted an Anti-Bribery and Corruption Policy.</p> <p>This policy outlines the Group's stance in relation to bribes, corruption, and other improper payments or benefits received or given by the Group and its personnel and the damage to the Group's reputation and good standing in the community.</p> <p>The Anti-Bribery and Corruption Policy is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p><b>Principle 4 – Safeguard integrity in corporate reports</b></p> <p>A listed entity should have appropriate processes to verify the integrity of its corporate reports.</p>		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, who is not the chair of the board,</li> </ul> </li> <li>and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>• if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the</li> </ul>	<p>Yes</p>	<p>The Board has established an Audit and Risk Committee. This committee is responsible for, amongst other things, appointing the Group's external auditors and overseeing the integrity of the Group's internal and external financial reporting systems and financial statements.</p> <p>At listing, the members of the Audit and Risk Committee are:</p> <ul style="list-style-type: none"> <li>• Chair: Chor Keat Ewe;</li> <li>• Member: Jacky Tran Cheung; and</li> <li>• Member: Su Hian Tan,</li> </ul> <p>all of whom are non-executive and independent Directors. The chair is an independent director.</p> <p>The Group has also adopted an Audit and Risk Committee Charter which governs the responsibilities and powers of the Audit and Risk Committee which is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p> <p>The Group intends to disclose, at the relevant time, the number of times the Audit and Risk Committee has met, and the attendance at those meetings, at the end of each relevant reporting period.</p>

Directors' Report  
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Recommendation	Complies?	Group compliance approach and activities
appointment and removal of the external auditor and the rotation of the audit engagement partner.		
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>The Board has implemented a process to receive written assurances from its Chief Financial Officer and Chief Executive Officer that the declarations that will be provided under Section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting.</p> <p>The Board will seek these assurances prior to approving the annual financial statements for all half year and full year results that follow.</p>
<p>Recommendation 4.3</p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	Yes	<p>In addition to reviewing regulatory filings and decisions as they relate to the Group's financial statements, the Audit and Risk Committee will review any reports that are to be released to the market that are not audited or reviewed by an external auditor. In doing so, the Audit and Risk Committee will also disclose its process for verifying the integrity of any such report.</p> <p>Additionally, the Group has adopted a formal Disclosure and Communication Policy, where there is an express requirement that the external auditor will attend the AGM and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.</p>
<p><b>Principle 5 – Make timely and balanced disclosure</b></p> <p>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p>		
<p>Recommendation 5.1</p> <p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	Yes	<p>Consistent with the Board's commitment to improving its disclosure policy, the Board has adopted a Disclosure and Communication Policy, which sets out the Group's commitment to the objective of promoting investor confidence and the rights of Shareholders by: complying with the continuous disclosure obligations imposed by law; ensuring that company announcements are presented in an accurate, clear, objective and balanced way; ensuring that all Shareholders have equal and timely access to material information concerning the Group; and communicating effectively with Shareholders and making it easy for them to participate in general meetings.</p> <p>The Disclosure and Communication Policy is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a>.</p>
<p>Recommendation 5.2</p> <p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	Yes	<p>The Group has adopted a Disclosure and Communication Policy which specifically requires that all material market announcements be provided to the Board promptly after release to the market.</p>
<p>Recommendation 5.3</p> <p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the NSX Market Announcements Platform ahead of the presentation.</p>	Yes	<p>The Group has adopted a Disclosure and Communication Policy which specifically requires that all substantive investor or analyst presentations be released to the market prior to the relevant presentation.</p>

# Rofina Group Limited and its Controlled Entities

ACN 635 120 517

## Directors' Report

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Recommendation	Complies?	Group compliance approach and activities
<b>Principle 6 – Respect the rights of security holders</b>		
A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Group recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Group. Information concerning the Group and its governance practices is available on its website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a> .
Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	No	Prior to listing, the Group has not finalised this. Post listing, the Group intends to ensure that all shareholders are well informed of all major developments affecting the Company and that the full participation of shareholders at the AGM is facilitated. In addition, the Group communicates with its shareholders by making timely market announcements, posting relevant information on its website, inviting shareholders to make direct inquiries to the Group and through the use of general meetings.
Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	The Board encourages participation of shareholders at the AGM or any other shareholder meetings to ensure a high level of accountability and identification with the Group's strategy and goals.  Upon the dispatch of any notice of meeting to shareholders, the Company Secretary will send out materials with that notice stating that shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	No	The Company's Constitution provides the Company with the ability to decide any resolution, save for procedural resolutions, on a poll. Further, a poll may also be demanded by Shareholders.  Where possible, the Company will endeavour to decide all resolutions on a poll. The Company considers that these requirements adequately protect the interests of shareholders.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company's shareholders may elect to receive information from the Company and its registry electronically. Otherwise, the Company and its registry will communicate by post with shareholders who have not elected to receive information electronically.
<b>Principle 7 – Recognise and manage risk</b>		
A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
Recommendation 7.1 The board of a listed entity should: <ul style="list-style-type: none"> <li>• have a committee or committees to oversee risk, each of which:                             <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director;</li> </ul>                             disclose:                             <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>• if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	Yes	The Board has established an Audit and Risk Committee. This committee is responsible for, amongst other things, appointing the Group's external auditors and overseeing the integrity of the Group's financial reporting systems and financial statements.  At listing, the members of the Audit and Risk Committee are: <ul style="list-style-type: none"> <li>• Chair: Chor Keat Ewe;</li> <li>• Member: Jacky Tran Cheung; and</li> <li>• Member: Su Hian Tan,</li> </ul> all of whom are non-executive and independent directors. The chair is an independent director.  The relevant qualifications and experience of the members of the Audit and Risk Committee are disclosed in this financial report.  The Group has adopted an Audit and Risk Committee Charter which is available on the Group's website <a href="http://ir.rofinagroup.com">ir.rofinagroup.com</a> .

Directors' Report  
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Recommendation	Complies?	Group compliance approach and activities
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li>disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	No	<p>Under the Board Charter, the Board will ensure that the Group has in place an appropriate risk management framework and will set the risk appetite within which the Board expects management to operate.</p> <p>Further, the Audit and Risk Committee will, among other things, regularly review and update the risk profile and ensure that the Group has an effective risk management system.</p> <p>As part of this process, the Board will review, at least annually, the Group's risk management framework in order to satisfy itself that it continues to be sound.</p> <p>The Group intends to, at the relevant time, whether a review of the Group's risk management framework was undertaken during the relevant reporting period.</p> <p>The Audit and Risk Committee is newly formed and has not conducted an annual review to date. Audit and Risk Committee is expected to conduct their first review during half year review process.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	No	<p>The Group has an external auditor and the Audit and Risk Committee will monitor and evaluate material or systemic issues.</p> <p>Does not presently comply as the Board believes it and the Audit and Risk Committee have adequate oversight of the existing operations.</p> <p>The Group intends to formalise the appointment of an internal audit function in line with its Audit and Risk Committee Charter.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Group has disclosed all material risks facing the Group and how it intends to manage those risks in the Risk Management section of this Directors' Report.</p>
<p><b>Principle 8 – Remunerate fairly and responsibly</b></p> <p>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.</p>		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a remuneration committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director;</li> </ul> </li> <li>disclose: <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	Yes	<p>The Group has established a Nomination and Remuneration Committee. The committee is responsible for developing, reviewing and making recommendations on: the remuneration structure for directors; the remuneration packages to be awarded to senior executives; equity-based remuneration plans for senior executives and other employees; and superannuation arrangements for executive Directors, senior executives and other employees.</p> <p>As noted above, at listing the members of the Nomination and Remuneration Committee are:</p> <ul style="list-style-type: none"> <li>Chair: Jacky Tran Cheung;</li> <li>Member: Chor Keat Ewe;</li> <li>Member: Su Hian Tan;</li> <li>Member: Boon Chin Soo; and</li> <li>Member: Wei Yin Soo.</li> </ul> <p>The Group intends to disclose, at the relevant time, the number of times the committee has met, and the attendance at those meetings, at the end of each reporting period.</p> <p>The Group has adopted a Nomination and Remuneration Committee</p>



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### Directors' Report

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Recommendation	Complies?	Group compliance approach and activities
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>Each director and senior executive have entered into a separate agreement with either the Company or Rofina Marketing, respectively. The remuneration of directors and senior executives is to be reviewed annually. As noted above, a Nomination and Remuneration Committee Charter is in place and this committee is responsible for reviewing remuneration. The Nomination and Remuneration Committee is responsible for establishing a process for remuneration reviews and amending that process as it sees fit.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>• have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>• disclose that policy or a summary of it.</li> </ul>	Yes	<p>The Group's Securities Trading Policy is a code that is designed to minimise the potential for insider trading.</p> <p>The Securities Trading Policy is available on the Group's website <a href="http://www.rofinagroup.com">www.rofinagroup.com</a>.</p>
<b>Additional recommendations that apply only in certain cases</b>		
<p>Recommendation 9.1</p> <p>A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.</p>	Yes	<p>All members of the board speak English. The Chairman has a conversational/ intermediate level of English. For more complex documentations and discussions, the Board will engage the services of a translator, if required.</p>
<p>Recommendation 9.2</p> <p>A listed entity established outside of Australia should ensure that meetings of security holders are held at a reasonable place and time.</p>	Yes	<p>As the Group will have shareholders across Australia and Malaysia, the Group will ensure that meetings of security holders are held at a reasonable time and as per the Disclosure and Communication policy, the Group will consider using appropriate technology for encouraging shareholder participation.</p>
<p>Recommendation 9.3</p> <p>A listed entity established outside of Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>Under the Disclosure and Communication Policy, the Company will ensure that the external auditor attends the Group's AGM.</p>

The full content of the Group's Corporate Governance policies and charters will shortly be available on the Group's website (<https://rofinagroup.com/corporate-governance>).

# Rofina Group Limited and its Controlled Entities

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## Directors' Report

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### REMUNERATION REPORT (audited)

This report outlines the remuneration arrangements in place for directors and key management personnel of the Group for Financial Year 2023. The remuneration report is set out under the following main headings:

- A. Principles, policies and practices used to determine the nature and amount of remuneration;
- B. Details of remuneration;
- C. Service agreements;
- D. Shareholdings and share-based compensation; and
- E. Other information.

These disclosures have been audited, as required by section 308(3C) of the Corporations Act 2001.

#### Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its directors, executives and other key management personnel.

To prosper, the Group must attract, motivate and retain highly skilled Directors, Executives and other key management personnel. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high caliber executives;
- link executive rewards to shareholder value;
- ensure that a significant portion of executive remuneration is 'at risk', and therefore dependent on meeting pre-determined performance benchmarks; and
- establish appropriate performance hurdles in relation to variable executive remuneration.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Currently the Board has determined that directors and senior managers will be remunerated at fixed rates per month to enable the Group to have control of its costs and cash flows.

In addition, the Group has established a Nomination and Remuneration Committee to identify and make recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise and the results of appropriate checks. The Nomination and Remuneration Committee is responsible for the development and implementation of a process for evaluating the performance and professional development needs of the Board.

The directors will introduce remuneration policies which seeks to align director and executive objectives with those of shareholders by recognising the criticality of funds being utilised to achieve business development objectives.

The remuneration committee comprises: Boon Chin Soo (Executive Director), Wei Yin Soo (Executive Director), Jacky Tran Cheung (Non-Executive Chair); Chor Keat Ewe (Non-Executive Director) and Su Hian Tan (Non-Executive Director).

The Group designs its remuneration policies to align with shareholder and business objectives. The reward framework is designed to enhance shareholders' interest by using short-term component structure with fixed remuneration and attracting and retaining quality executives and directors. Directors are currently rewarded based on the following framework.

The following table shows the total revenue, net profit/(loss) and share price of the Company at the end of each respective financial year:

	31 May 2023	31 May 2022	31 May 2021	31 Aug 2020*
Company Performance	\$	\$	\$	\$
Total Revenue	5,553,806	2,127,320	3,507,421	9,596,353
Net Profit / (loss)	955,031	(270,247)	(3,221,994)	(2,305,269)
Share Price (\$)	0.17	0.17	0.17	0.15

\* - The Company's shares were officially listed on the National Stock Exchange (NSX) on 31 August 2020.

# Rofina Group Limited and its Controlled Entities

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## Directors' Report

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Name	Fixed Remuneration: Cash based %	Non-salary Incentives %	Shares and Options %	Total %
<b>Executive Chairman:</b>				
Boon Chin Soo	100	-	-	100
<b>Executive Director:</b>				
Wei Yin Soo	100	-	-	100
<b>Non-Executive Directors:</b>				
Jacky Tran Cheung	100	-	-	100
Chor Keat Ewe	100	-	-	100
Su Hian Tan	100	-	-	100

### Non-executive directors' remuneration

Non-executive director's remuneration is paid at market rates approved by shareholders for their commitment and responsibilities. Fees paid to non-executive directors are not linked to performance of the Group. Independent external advice is sought when required. Remuneration may include incentive bonuses and/or options which may be subjected to shareholder approval.

### Executive remuneration

The board determines the executive remuneration based on their qualification, experience and contribution to the Group. The remuneration amount is regularly compared in the external market by surveying industry and during recruitment activities. The Board may use external remuneration consultants if required to provide independent advice.

### Performance-based remuneration

The remuneration is linked to short-term based performance. As the Group expands in the future, remuneration practice and policies will be reassessed to realign with the business objectives and may offer specific long-term incentives based on key performances affecting the Group's financial results.

### Relationship between remuneration policy and Group performance

The maximum amount of remuneration of directors' fees is subject to the approval of shareholders at the Annual General Meeting and is not directly related to the performance of the Group.

### Details of Remuneration

The remuneration of the directors and other key management personnel of the Group are set out below. Key management personnel for the year ended 31 May 2023 and 2022 include the company's executive and non-executive directors and other senior management of the Group.

Details of the nature and amount of remuneration of key management personnel are as stated below:

2023	Salary / Fees	Bonus	Super Contribution	Shares and options	Total
<b>Directors</b>	\$	\$	\$	\$	\$
Boon Chin Soo	71,390	-	9,493	-	80,883
Wei Yin Soo <sup>1</sup>	74,287	-	6,831	-	81,118
Jacky Tran Cheung	7,200	-	-	-	7,200
Chor Keat Ewe	7,200	-	-	-	7,200
Su Hian Tan	7,200	-	-	-	7,200
<b>Other key management personnel</b>					
Yeng Fong Wong	64,433	-	8,698	-	73,131
Yi Yun Soo	24,018	-	4,155	-	28,173
	<b>255,728</b>	<b>-</b>	<b>29,177</b>	<b>-</b>	<b>284,905</b>

<sup>1</sup> – Paid through subsidiary

## Rofina Group Limited and its Controlled Entities

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### Directors' Report

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2022	Salary / Fees	Bonus	Super Contribution	Shares and options	Total
<b>Directors</b>	\$	\$	\$	\$	\$
Boon Chin Soo	32,911	-	4,093	-	37,004
Wei Yin Soo	-	-	-	-	-
Jacky Tran Cheung	7,200	-	-	-	7,200
Chor Keat Ewe	7,200	-	-	-	7,200
Su Hian Tan	7,200	-	-	-	7,200
<b>Other key management personnel</b>					
Yeng Fong Wong	38,445	-	4,895	-	43,340
Yi Yun Soo	19,174	-	2,548	-	21,722
	<b>112,130</b>	<b>-</b>	<b>11,536</b>	<b>-</b>	<b>123,666</b>

### Shareholdings and share based remuneration

Key management personnel shares in the company held during the financial year ending 31 May 2023 and 2022 are set out below:

2023	Balance at the start of the year	Received as part of remuneration	Additions/ (Disposals)	Balance at the end of the year
<b>Ordinary shares in units</b>				
Boon Chin Soo	36,422,168	-	-	36,422,168
Wei Yin Soo	14,568,868	-	(6,500,000)*	8,068,868
Jacky Tran Cheung	-	-	-	-
Chor Keat Ewe	-	-	-	-
Su Hian Tan	-	-	-	-
Yeng Fong Wong	14,568,867	-	-	14,568,867
Yi Yun Soo	7,284,433	-	6,500,000	13,784,433
	<b>72,844,336</b>	<b>-</b>	<b>-</b>	<b>72,844,336</b>

\* off-market transfer

2022	Balance at the start of the year	Received as part of remuneration	Additions/ (Disposals)	Balance at the end of the year
<b>Ordinary shares in units</b>				
Boon Chin Soo	36,422,168	-	-	36,422,168
Wei Yin Soo	14,568,868	-	-	14,568,868
Jacky Tran Cheung	-	-	-	-
Chor Keat Ewe	-	-	-	-
Su Hian Tan	-	-	-	-
Yeng Fong Wong	14,568,867	-	-	14,568,867
Yi Yun Soo	7,284,433	-	-	7,284,433
	<b>72,844,336</b>	<b>-</b>	<b>-</b>	<b>72,844,336</b>

### Other information

Key management personnel loans

Refer to Note 15.

End of remuneration report

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31 May 2023

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 31 May 2023 has been received and a copy can be found at page 19.

This director's report, incorporating the remuneration report, is made in accordance with a resolution of the Board of Directors.



Boon Chin Sob, Chairman

Malaysia

Dated this 30 August 2023

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the year ended 31 May 2023**

		2023	2022
	Note	\$	\$
Revenue	3	5,395,088	1,524,721
Cost of sales		(2,055,057)	(809,244)
Gross profit		<u>3,340,031</u>	<u>715,477</u>
Other income	3	158,718	602,599
General and administration		(433,695)	(147,641)
Occupancy		(256,729)	(148,508)
Depreciation and amortisation	8, 9, 10	(448,754)	(575,704)
Employee benefit expenses		(1,070,807)	(364,895)
Professional fees		(85,195)	(73,083)
Finance cost		(142,317)	(227,640)
Impairment loss		(25,538)	-
Fixed assets written off		(56,168)	(36,997)
Profit / (Loss) before income tax		<u>979,546</u>	<u>(256,392)</u>
Income tax expense	4	(24,515)	(13,855)
Profit / (Loss) for the year		955,031	(270,247)
Other comprehensive loss, net of income tax:			
Net movement in foreign currency translation reserve		(186,129)	(56,030)
<b>Total comprehensive income / (loss) for the year attributable to members of the parent entity</b>		<b><u>768,902</u></b>	<b><u>(326,277)</u></b>
<b>Earnings / (Loss) per share for loss attributable to members of the parent entity</b>			
Basic earnings / (loss) per share	5	0.006	(0.002)
Diluted earnings / (loss) per share	5	0.006	(0.002)

The accompanying notes form part of these Consolidated financial statements

**Consolidated Statement of Financial Position**  
**As at 31 May 2023**

		2023	2022
	Note	\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		228,019	13,263
Trade and other receivables	6	734,274	324,773
Inventories		559,739	247,990
Current tax assets		-	1,100
<b>Subtotal</b>		<b>1,522,032</b>	<b>587,126</b>
Non-current assets held for sale	7	-	331,730
<b>TOTAL CURRENT ASSETS</b>		<b>1,522,032</b>	<b>918,856</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	8	883,738	902,124
Right-of-use assets	9	935,476	137,892
Investment properties	10	359,619	351,526
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,178,833</b>	<b>1,391,542</b>
<b>TOTAL ASSETS</b>		<b>3,700,865</b>	<b>2,310,398</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	2,959,647	2,600,660
Borrowings	12	1,245,449	1,324,638
Lease liabilities	9	415,455	131,042
Current tax liabilities		12,545	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,633,096</b>	<b>4,056,340</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	11	-	122,967
Borrowings	12	1,085,779	1,438,749
Lease liabilities	9	536,450	15,704
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,622,229</b>	<b>1,577,420</b>
<b>TOTAL LIABILITIES</b>		<b>6,255,325</b>	<b>5,633,760</b>
<b>NET (LIABILITIES)</b>		<b>(2,554,460)</b>	<b>(3,323,362)</b>
<b>EQUITY</b>			
Issued capital	14	2,267,393	2,267,393
Accumulated Losses		(4,567,076)	(5,522,107)
Foreign Currency Translation Reserve		(254,777)	(68,648)
<b>TOTAL DEFICIENCY</b>		<b>(2,554,460)</b>	<b>(3,323,362)</b>

Rofina Group Limited and its Controlled Entities

ACN 635 120 517

**Consolidated Statement of Changes in Equity**

For the year ended 31 May 2023

2023	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 June 2022</b>	2,267,393	(5,522,107)	(68,648)	(3,323,362)
Profit for the year	-	955,031	-	955,031
Other comprehensive loss for the year	-	-	(186,129)	(186,129)
<b>Balance at 31 May 2023</b>	<b>2,267,393</b>	<b>(4,567,076)</b>	<b>(254,777)</b>	<b>(2,554,460)</b>
2022				
<b>Balance at 1 June 2021</b>	2,267,393	(5,251,860)	(12,618)	(2,997,085)
Loss for the year	-	(270,247)	-	(270,247)
Other comprehensive loss for the year	-	-	(56,030)	(56,030)
<b>Balance at 31 May 2022</b>	<b>2,267,393</b>	<b>(5,522,107)</b>	<b>(68,648)</b>	<b>(3,323,362)</b>

The accompanying notes form part of these Consolidated financial statements



**Consolidated Statement of Cashflows**  
For the year ended 31 May 2023

		2023	2022
	Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		5,144,306	2,218,759
Payments to suppliers and employees		(4,096,680)	(964,169)
Income tax paid		(10,932)	(12,421)
Net cash flows from operating activities	20	1,036,694	1,242,169
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(154,312)	(123,514)
Proceeds from disposal of assets held for sale		364,405	-
Net cash flows from / (used in) investing activities		210,093	(123,514)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of bank borrowings and other loans		(432,160)	(728,885)
Lease payments		(190,490)	(453,156)
Net cash flows used in financing activities		(622,650)	(1,182,041)
Increase / (Decrease) in cash and cash equivalents		624,137	(63,386)
Cash and cash equivalents at beginning of financial year		(479,048)	(372,184)
Foreign exchange movement		(224,739)	(43,478)
<b>Cash and cash equivalents at end of financial year</b>		<b>(79,650)</b>	<b>(479,048)</b>
<b>Reconciliation to statement of financial position:</b>			
Cash and cash equivalents		228,019	13,263
Bank overdrafts	12	(307,669)	(492,311)
		<b>(79 650)</b>	<b>(479,048)</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

### General Information

The consolidated financial report covers Rofina Group Limited and its controlled entities (the Group). Rofina Group Limited is a for-profit company limited by shares, incorporated and domiciled in Australia and its shares are traded on the National Stock Exchange in Australia.

Comparatives are consistent with prior years, except as stated above and unless otherwise stated.

The financial statements were authorised for issue on 30 August 2023 by the Board of Directors of the Group.

#### 1. Summary of Significant Accounting Policies

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Rofina Group Limited (Parent) and all of the subsidiaries. Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 16.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

##### b) Revenue and other income

*Revenue from contracts with customers* is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as prescribed by AASB 15: *Revenue from contracts with customers* as follows:

1. Identify contract – A contract is an agreement between two or more parties that creates enforceable rights and obligations.
2. Identify performance obligations – Each promise to transfer distinct goods and services is identified as a performance obligation and accounted for separately.
3. Determine transaction price – The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to the customer.
4. Allocate transaction price to performance obligations – The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good and service promised in the contract.
5. Recognise revenue – Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

The Company determines that the transfer of control of promised goods and services generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods and services is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

*Interest income* is recognised in profit and loss using the effective interest method.

*Rental income* is recognised in profit or loss on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

**c) Income tax**

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax assets are measured at the amounts expected to be recovered from the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

To the extent that uncertainty exists as it relates to the acceptability by a taxing authority of the company's tax treatments, the company estimates the probability of acceptance by the taxing authority and, where acceptance is not probable, recognises the expected value of the uncertainty in either income tax expense or other comprehensive income, as appropriate.

Rofina Group Limited has not formed a tax consolidated group.

**d) Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Accordingly, management has identified the Group as having two reportable segment, being the luggage retail business principally in Malaysia and social media marketing business.

**e) Cash and Cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts form part of cash equivalents for the purpose of the statement of cash flows and are reported within borrowings in current liabilities on the statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

**f) Financial instruments**

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

*Financial Assets.* On initial recognition, the Group classifies its financial assets as; those measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing the relevant asset. All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their classification.

Financial assets measured at amortised cost are those where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the amount outstanding. Financial assets measured at amortised cost comprise receivables and cash and cash equivalents. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. All changes in value, income and expenses, impairments, and gain/loss on derecognition are recognised in profit or loss.

*Impairment of financial assets.* Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. Impairments are determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. When estimating ECL, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis based on historical experience and informed credit assessment including forward looking information. The Group uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions outside of its the normal collection activities.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received, using a probability weighted approach. The estimates produced from this are applied to the balances due to estimate the expected credit loss provision. The amount is recorded in a separate allowance account with the loss being recognised in finance expense. Once a financial asset is determined to be uncollectable then the gross carrying amount is written off against the associated allowance. Where the Group renegotiates terms, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

*Financial liabilities.* The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "interest paid". Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. The Group's financial liabilities include trade and other payables, borrowings and lease liabilities, which are measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid in accordance with agreed terms with suppliers – refer note 11.

*Derecognition.* Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**g) Inventories**

Inventories are measured at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. The cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

**h) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Property, plant and equipment**

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amount is made when impairment indicators are present (refer to note 1(p) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Commercial shoplots	2%
Cargo lift	10%
Computer and software	10-33%
Electrical installation and renovation	10-33%
Furniture, fittings and office equipment	10-33%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**i) Investment property**

Investment property is property held (by the owner or the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 1(p).

Residential unit and commercial shoplot are depreciated on a straight-line basis over their estimated useful lives of 50 years.

**j) Leases**

**The Group as lessor**

The Group leases retail and commercial space to third parties.

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating leases.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component. The Company has not entered into any finance lease.

**The Group as lessee**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

In the 2020 reporting period, the Group elected to apply AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The application of the practical expedient has been extended to lease payments due on or before 30 June 2022 following the issue of AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021*.

The practical expedient applies only to leases where rent concessions were given as a direct consequence of COVID-19. The following conditions need to be met:

- The adjusted lease payments resulted in revised consideration that is substantially the same as, or less than, the consideration for the lease immediately preceding the adjustment;
- The adjustment in lease payments only applies to payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

In the application of the practical expedient, the Group recognised a variable lease payment of \$207,534 (2021: \$34,173) to reduce the lease payments recognised in profit and loss. The part of the lease liability that has been extinguished by the forgiveness of lease payments has been derecognised, which is consistent with the requirements of AASB 9.3.3.1.

### k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### l) Employee Benefits

##### Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

##### Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### Defined benefit obligations

The Group provides defined benefit superannuation entitlements or equivalent to select employees of the Group.

The difference, if any, between the Group's obligation for employees' defined benefit entitlements at the end of the reporting period and the fair value of plan assets attributable to the employees at the same date is presented as a net defined benefit liability (asset) in the statement of financial position. The Group's obligation for defined benefit entitlements, as well as the related current service cost and, where applicable, past service cost, is calculated at the end of each reporting period by an independent and suitably qualified actuary using the projected unit credit method. In determining the Group's obligation for defined benefits, the actuary discounts the present value of the estimated future cash flows attributable to providing the defined benefit entitlements at rates determined by reference to market yields at the end of the reporting period on Australian government bonds that have maturity dates that approximate the terms of the obligation.

Any net defined benefit asset recognised by the Group is limited to the present value of economic benefits available in the form of any future refunds from the employees' defined benefit plan or reductions in future contributions in respect of employees with defined benefit entitlements. In calculating the present value of any such potential economic benefits, consideration is given to any minimum funding requirements that apply with respect to the employees' defined benefit entitlements. An economic benefit is considered available to the Group if it is realisable during the period of the employees' membership of the plan or on settlement of all the employees' entitlements from plan assets.

The periodic cost of providing defined benefit entitlements is disaggregated and accounted for as follows:

- service cost (including current and past service costs and any gains or losses on settlements or curtailments) is recognised in profit or loss in the period in which it arises as part of employee benefits expense;
- interest on the net defined benefit liability (asset) is calculated by multiplying the average balance of the liability (asset) during the reporting period by the discount rate applied to the defined benefit obligation and is recognised in profit or loss in the period in which it arises as part of finance costs; and
- remeasurements of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets less amounts included in the net interest on the net defined benefit liability (asset), and any changes in the limit on a net defined benefit asset (excluding interest)) are recognised in other comprehensive income (retained earnings) in the periods in which they occur.

### Defined contribution superannuation benefits

All employees of the Group other than those who receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

### Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of:

- the date when the Group can no longer withdraw the offer for termination benefits; and
- when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

## m) Foreign currency Transactions and Balances

### Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the Parent Entity's functional currency.

Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

**n) Goods and service tax (GST) and Sales Service Tax (SST)**

Revenues, expenses and assets are recognised net of the amount of GST/SST, except where the amount of GST/SST incurred is not recoverable from the relevant Tax Office.

Receivables and payables are stated inclusive of the amount of GST/SST receivable or payable. The net amount of GST/SST recoverable from, or payable to, the Tax Office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST/SST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the Tax Office are presented as operating cash flows included in receipts from customers or payments to suppliers.

**o) Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**p) Impairment of assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**q) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**r) Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.



Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

**s) Trade and other payables**

Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability.

**t) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale and generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as “held for sale” occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

**u) New and Amended Accounting Policies Adopted by the Group**

**AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments**

The Group adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

**AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections**

The Group adopted AASB 2020-7a which makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022.

The adoption of these amendments did not have a material impact on the Group’s financial report.

**v) New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early adopt any of the new and amended pronouncements.

**2. Critical Accounting Estimates and Judgments**

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

**a) Going concern**

At 31 May 2023, the Group had consolidated cash and cash equivalents of \$228,019, net current liabilities of \$3,111,064 and the Group had total liabilities of \$6,255,325, of which \$4,633,096 is repayable within one year.

There is a material uncertainty in relation to the Group’s ability to realise its assets and settle its liabilities at the amounts stated in the financial information. Notwithstanding this, the Directors consider the Group will be able to meet its obligations as and when they fall due based on the following plans and actions, which the Directors consider reasonable;

- At 31 May 2023, the Directors of the Company had advanced \$622,994 to the Group on an unsecured, interest free basis and with no specific terms of repayment, and undertook to provide additional funding to support and maintain the cash flow needs of the Group;
- The Group’s operations are scalable and the option to reduce expenses should this be necessary. The Group will closely monitor the performance of each retail store and if the economic situation deteriorates, the Group will close underperforming stores and take measures to consolidate certain stores located in the same capital state in Malaysia upon expiry of their respective tenancies;
- As disclosed in Note 10, the Group has the ability to sell its investment property, which has an estimated fair value of \$550,000 to help fund its operations if required;
- The Group has three overdraft facilities with a total unutilised amount as at 31 May 2023 of \$343,379 to fund any shortfall where required;
- Boost in sales since re-opening of Malaysian borders as well as an additional income stream generated from its newly incorporated subsidiary, Cay Media Group Sdn Bhd; and
- The Group has resumed timely repayment of loan instalments owed to its major bankers and trade creditors as part of managing the Group’s cash flow and ongoing liquidity. The Group is focused on repaying its trade payables and borrowings in the near future.

Accordingly, these financial statements have been prepared on a going concern basis. No adjustments have been made to the financial

Notes to the Consolidated Financial Statements  
For the year ended 31 May 2023

information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

**b) Assessment of potential impairment of inventories, property plant & equipment and investment property**

Reviews are made periodically by management on inventories to identify excess inventories, obsolescence and decline in net realizable value below cost. These reviews involve judgments and estimation uncertainty in forming expectation about future sales and demands. Any changes in these accounting estimates will result in revisions to the inventory value.

Property, plant & equipment and investment property which is held at cost principally comprises buildings, store fixtures and fittings, computer equipment and motor vehicles. These are tested for impairment annually or when conditions dictate. Based on the Directors' review of the market value of similar properties in the same location, the Group's investment property has a market value which exceeds its cost. Therefore, the Group's investment property is not impaired.

**c) Assessment of Impairment of receivables**

The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involved judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivable.

**d) Assessment of timing of repayment of trade payables and borrowings**

**3. Revenue and other income**

	2023	2022
	\$	\$
Revenue from contract with customers		
Sale of goods	5,395,088	1,524,721
Other income		
Other revenue	13,205	114,548
Profit on disposal of assets held for sale	19,177	-
Rental income	126,336	467,868
Profit on sale of property, plant and equipment	-	20,183
	<b>158,718</b>	<b>602,599</b>

**4. Tax expense**

The major components of tax expense comprise:

*Current tax expense*

Malaysian income tax - current period	13,582	-
Malaysian income tax – prior year	-	8,516
Real property gain tax	10,933	5,339
Income tax expense	<b>24,515</b>	<b>13,855</b>
Reconciliation of income tax to accounting loss:		
Profit / (Loss) before income tax	979,545	(256,391)
Tax (benefit) at statutory rate 27.5% (Australia)	(33,470)	(32,373)
Tax expense / (benefit) at statutory rate 24.0% (Malaysia)	396,925	(36,406)
Current tax losses utilised / (not recognised)	-	68,779
Utilisation of carry forward tax losses	(363,455)	-
Tax under provided in prior year	24,515	13,855
Income tax expense	<b>24,515</b>	<b>13,855</b>

Rofina Marketing (M) Sdn Bhd has unrecognised available tax losses of \$6,453,965 (2022: \$6,582,309) and Parent company has unrecognised available tax losses of \$531,974 (2022: \$381,296) as at 31 May 2023. These tax losses have not been recognised as it is uncertain that future taxable profit will be available against which unused tax losses can be utilised.

Notes to the Consolidated Financial Statements  
For the year ended 31 May 2023

5. Earnings / loss per share	2023	2022
	\$	\$
Basic and diluted earnings / loss per share		
Basic earnings / loss per share	0.006	(0.002)
Diluted earnings / loss per share	0.006	(0.002)
Basic and diluted profit / (loss) attributable to the ordinary shareholders of the Company	955,031	(270,247)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	157,500,068	157,500,068

6. Trade and other receivables

	2023	2022
	\$	\$
Trade receivables	552,570	59,910
Loss allowing provision	(25,756)	-
Other receivables, deposits and prepayments	207,460	264,863
	<b>734,274</b>	<b>324,773</b>

The trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The amount is unsecured, non-interest bearing and is repayable upon demand.

The Group applied the simplified approach to providing for expected credit losses prescribed by AABS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 May 2023 is as follows:

- the expected credit losses also incorporate forward-looking information
- the amounts written off are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total
2023	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	13%	
Gross carrying amount	200,659	111,864	41,944	198,103	552,570
Loss allowing provision	-	-	-	(25,756)	(25,756)
	<b>200,659</b>	<b>111,864</b>	<b>41,944</b>	<b>172,347</b>	<b>526,814</b>

	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total
2022	\$	\$	\$	\$	\$
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	44,527	13,186	-	2,197	59,910
Loss allowing provision	-	-	-	-	-
	<b>44,527</b>	<b>13,186</b>	<b>-</b>	<b>2,197</b>	<b>59,910</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 May 2023

7. Non-current assets held for sale	2023	2022
	\$	\$
Commercial shoptot, at cost	331,730	-
Transfer from investment properties	-	339,242
FX movement	-	(7,512)
Disposal	(331,730)	-
	<b>-</b>	<b>331,730</b>

On 14 December 2021, the Company entered into a Sale and Purchase Agreement with Texcans General Merchandise (M) Sdn. Bhd. to dispose of the commercial shoptot for a total consideration of A\$331,730 (RM1,100,000). The disposal was completed in August 2022.

8. Property, plant & equipment

	Buildings	Plant and equipment	Furniture, fixtures and fittings	Computer equipment	Total
2023	\$	\$	\$	\$	\$
At cost	682,588	367,224	657,566	217,634	1,925,012
Accumulated depreciation	(92,149)	(242,970)	(548,921)	(157,234)	(1,041,274)
	<b>590,439</b>	<b>124,254</b>	<b>108,645</b>	<b>60,400</b>	<b>883,738</b>

2022					
At cost	870,169	267,707	552,144	196,479	1,886,499
Accumulated depreciation	(219,689)	(196,599)	(433,925)	(134,162)	(984,375)
	<b>650,480</b>	<b>71,108</b>	<b>118,219</b>	<b>62,317</b>	<b>902,124</b>

	Buildings	Plant and equipment	Furniture, fixtures and fittings	Computer equipment	Total
Movements	\$	\$	\$	\$	\$
Balance at 1 June 2022	650,480	71,108	118,219	62,317	902,124
Additions	-	73,259	22,970	14,822	111,051
Write-offs (net)	-	(24,312)	(29,838)	(2,498)	(56,648)
Depreciation expense	(13,536)	(35,416)	(50,395)	(17,183)	(116,530)
FX movement	(46,505)	39,615	47,689	2,942	43,741
Balance at 31 May 2023	<b>590,439</b>	<b>124,254</b>	<b>108,645</b>	<b>60,400</b>	<b>883,738</b>

	Buildings	Plant and equipment	Furniture, fixtures and fittings	Computer equipment	Total
Movements	\$	\$	\$	\$	\$
Balance at 1 June 2021	579,383	149,751	242,160	77,210	1,048,504
Disposals/write-offs	(6,866)	(5,241)	(24,890)	-	(36,997)
FX movement	114,677	(49,354)	(46,621)	1,587	20,289
Depreciation expense	(36,714)	(24,048)	(52,430)	(16,480)	(129,672)
Balance at 31 May 2022	<b>650,480</b>	<b>71,108</b>	<b>118,219</b>	<b>62,317</b>	<b>902,124</b>

Notes to the Consolidated Financial Statements  
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9. Leases	2023	2022
	\$	\$
Right of use assets		
At cost	1,150,874	780,997
Accumulated amortisation	(215,398)	(643,105)
Balance at the end of the year	<b>935,476</b>	<b>137,892</b>
Movement in carrying amounts:		
Retail outlets:		
Balance at the start of the year	137,892	477,575
Depreciation expense	(322,962)	(431,727)
Additions	1,181,363	84,586
FX movement	4,076	7,458
Derecognition on early termination of leases	(64,893)	-
Balance at the end of the year	<b>935,476</b>	<b>137,892</b>
Lease liabilities		
Future lease payments	1,011,782	150,000
Discounted at incremental borrowing rate	(59,877)	(3,254)
Balance at the end of the year	<b>951,905</b>	<b>146,746</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Represented by:</i>		
Current	415,455	131,042
Non-current	536,450	15,704
	<b>951,905</b>	<b>146,746</b>
Related amount recognised in the Statement of profit and loss		
Depreciation charge related to right-of-use assets	322,962	431,727
Interest expense on lease liabilities	22,852	18,859
Variable lease payment expense	207,534	34,173
Total cash outflows for leases	190,490	453,156

Notes to the Consolidated Financial Statements  
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<b>10. Investment properties</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
At cost	434,344	413,821
Accumulated depreciation	(74,725)	(62,295)
Balance at the end of the year	<b>359,619</b>	<b>351,526</b>
At cost		
Balance at the beginning of the financial year	413,821	799,077
Transfer to non-current assets held for sale	-	(406,916)
FX movement	20,523	21,660
Balance at the end of the financial year	<b>434,344</b>	<b>413,821</b>
Accumulated depreciation		
Balance at beginning of the financial year	(62,295)	(112,697)
Depreciation	(9,262)	(14,306)
Transfer to non-current assets held for sale	-	67,674
FX movement	(3,168)	(2,966)
Balance at the end of the financial year	<b>(74,725)</b>	<b>(62,295)</b>
Carrying value		
Balance at the end of the financial year	<b>359,619</b>	<b>351,526</b>

The investment property is pledged as security for banking facilities granted to the Group and has an expected fair value of \$550,000 (approximately). The investment property is held to earn rental income and for capital appreciation.

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
The following are the operating income and expenses in respect of the investment properties:		
Rental income	3,313	16,487
Direct operating expenses		
- Income generating	86	6,206
- Non-income generating	9,650	9,483

The assessed fair value of the investment properties are categorised at Level 3 of the fair value hierarchy.

The fair value of \$550,000 was arrived at based on the Directors' best estimate without the involvement of independent valuers based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities and adjusted for differences in key attributes such as property sizes. The most significant input into this estimate is price per square foot of comparable properties.

<b>11. Trade and other payables</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade payables	1,939,461	1,166,699
Other payables and accruals	1,020,186	1,433,961
	<b>2,959,647</b>	<b>2,600,660</b>
<b>NON-CURRENT</b>		
Other payables and accruals	-	122,967
	<b>-</b>	<b>122,967</b>

Notes to the Consolidated Financial Statements  
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<b>Financial liabilities at amortised cost classified as trade and other payables</b>	<b>2023</b>	<b>2022</b>
Trade and other payables:	\$	\$
Current	2,959,647	2,600,660
Non-current	-	122,967
	<b>2,959,647</b>	<b>2,723,627</b>

<b>12. Borrowings</b>	<b>2023</b>	<b>2022</b>
	\$	\$
<b>CURRENT</b>		
Bank borrowings and term loans	314,784	223,248
Bank overdrafts	307,669	492,311
Loan from Directors	622,996	609,079
	<b>1,245,449</b>	<b>1,324,638</b>
<b>NON-CURRENT</b>		
Bank borrowings and term loans	1,085,779	1,438,749
	<b>1,085,779</b>	<b>1,438,749</b>
<i>Analysis of bank borrowings and term loans:</i>		
Secured	1,400,563	1,661,997
Unsecured	-	-
	<b>1,400,563</b>	<b>1,661,997</b>

Bank borrowings and term loans are secured against certain property, plant and equipment and investment properties. The effective interest rates of loans and borrowings as at 31 May 2023 ranged from 3.4% - 18% (2022: 3.2% - 18%) per annum. All bank borrowings and term loans are within 5 years.

Several borrowings have covenants attached to them. There was no breach of loan covenants during the current financial year.

Bank overdrafts are secured and generally short-term in nature or repayable on demand and their carrying amounts approximate to the remaining contractual undiscounted cash flows.

The loan from Directors are unsecured, non-interest bearing and is repayable on demand.

<b>13. Financial risk management</b>	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	228,019	13,263
Trade and other receivables	734,274	324,773
	<b>962,293</b>	<b>338,036</b>
<b>Financial liabilities</b>		
Trade and other payables	2,959,647	2,723,627
Borrowings	2,331,228	2,763,387
Lease liabilities	951,905	146,746
	<b>6,242,780</b>	<b>5,633,760</b>

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are liquidity, credit and foreign currency risks. The Group's financial instruments consist of cash at bank, receivables, payables, borrowings and lease liabilities. The carrying amounts for each are as shown in the statement of financial position.

The Board of Directors has responsibility for the establishment of the Group's financial risk management framework. This includes the

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

development of policies covering areas such as foreign exchange risk, interest rate risk, liquidity risk and credit risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements. The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place. Mitigation strategies for specific risks faced are described below:

### **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FOC has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

### **Significant increase in credit risk for financial instruments**

The Group evaluates and compares the risk of a default on a financial instrument at the reporting date with the risk of a default on the financial instrument at the date of initial recognition. To support the evaluation process, the Group takes into consideration both quantitative and qualitative information that is reasonable and justifiable, including past experience and prospective information that is publicly available. Prospective information taken into consideration includes the future volatility of the industries in which the Group's debtors are in, obtained from industry expert reports, financial news report, governmental bodies, as well as taking into consideration multiple external sources of current and future economic information to which the Group's core operations may relate.

### **Credit risk exposures**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to Malaysia given the substantial operations in that region. Details with respect to credit risk of trade and other receivables are provided in Note 6.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 6.

Credit risk related to balances with banks and other financial institutions is managed by the FOC in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-

### **Liquidity risk**

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group is exposed to liquidity risk through its use of financial instruments. The principal categories of financial instruments used by the Group are cash, receivables, trade and other payables, loans and hire purchase liabilities.



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The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Due in 1 year		Due in 1 to 5 years		Total	
	2023	2022	2023	2022	2023	2022
Trade and other payables (i)	2,959,647	2,600,660	-	122,967	2,959,647	2,723,627
Loan from Directors	622,996	609,079	-	-	622,996	609,079
Bank facilities, terms loans and overdrafts	622,453	715,559	1,085,779	1,438,749	1,708,232	2,154,308
Lease liabilities	415,455	131,042	536,450	15,704	951,905	146,746
<b>Total</b>	<b>4,620,551</b>	<b>4,056,340</b>	<b>1,622,229</b>	<b>1,577,420</b>	<b>6,242,780</b>	<b>5,633,760</b>

(i) Trade and other payables of \$2,959,647 (2022: \$2,723,627) are in accordance with trading terms agreed with suppliers. They include agreed extended trading terms from the major creditors, which are not related parties.

#### Foreign currency risk

The movement of exchange rates may have a favourable or unfavourable impact on returns as the Group holds a majority of non-Australian dollar denominated investments and cash. Most finished goods for the Group's business are effectively purchased in USD and the Euro while sales are generated mainly in MYR. Any such fluctuations in the value of USD and the Euro against MYR could affect the margins and profitability of the Group. The foreign currency exposure of the Group is monitored by the designated employee of the Group on a daily basis and reported on to the management.

#### Interest rate risk

The financial instruments utilised that are subject to interest, and therefore interest rate risk, are cash and commercial bills. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the term for fixing interest rates.

An increase/(decrease) in the interest rate of 100 (2022: 100) basis points would result in an increase or decrease of profit of \$1,423 (2022: \$2,276).

#### 14. Issued Capital

	2023	2022
	\$	\$
157,500,068 (2022: 157,500,068) Ordinary shares	2,267,393	2,267,393
	<b>2,267,393</b>	<b>2,267,393</b>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of tax. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group may look to raise capital when an opportunity to invest in a business is seen as value adding.

## Notes to the Consolidated Financial Statements

For the year ended 31 May 2023

**15. Related Parties**

The Group's main related parties are key management personnel including close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	2023	2022
a) Payable to related parties at year-end	\$	\$
Loan from Directors (payable by the Group)	622,996	609,079
b) Transactions occurring during the year:		
<i>Key management personnel remuneration</i>		
Short-term employee benefits	255,728	112,130
Post-employment benefits	29,176	11,536
Total	<b>284,904</b>	<b>123,666</b>
<i>Related party transactions:</i>		
Income / (Expenses)		
With a Company in which the Directors have substantial financial interests		
Purchases	(223,544)	-
Duty, port and container charges	(1,059)	-
Insurance	(12)	-
Ocean freight charges	(239)	-
Transport, handling and permits charges	(135)	-
Purchase of property, plant and equipment	(16,564)	-
With sole proprietorships belonging to persons connected to the Directors		
Sales	6,344	422
Repairs of bags	13,127	4,649
Media service income	-	16,277

**16. Controlled entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in this financial report. All the groups subsidiaries which are consolidated, being: Rofina Global Pty Ltd (100% owned and incorporated in Australia) and Rofina Marketing (M) Sdn Bhd, Rofina Holdings Sdn Bhd (100% owned and incorporated / operate in Malaysia) and recently acquired Cays Media Group Sdn Bhd (100% owned and incorporated / operate in Malaysia).

Notes to the Consolidated Financial Statements  
For the year ended 31 May 2023

**17. Segment information**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Accordingly, management has identified the Group as having two reportable segments, being the luggage retail business principally in Malaysia and social media marketing business.

<b>Revenue by segment:</b>	<b>Retail</b>	<b>Media Platform</b>	<b>Unallocated</b>	<b>Total</b>
<b>30 June 2023</b>				
Revenue	4,878,252	516,836	-	5,395,088
Cost of sales	(2,017,559)	(37,498)	-	(2,055,057)
Other income	155,399	3,319	-	158,718
<b>Reconciliation to net profit:</b>				
General and administration (including occupancy, employee benefit expenses and professional fees)	(1,275,602)	(449,115)	(121,709)	(1,846,426)
Depreciation and amortisation	(446,995)	(1,759)	-	(448,754)
Finance cost	(142,317)	-	-	(142,317)
Impairment loss	-	(25,538)	-	(25,538)
Fixed assets written off	(56,168)	-	-	(56,168)
<b>Net profit / (loss) before tax</b>	<b>1,095,010</b>	<b>6,245</b>	<b>(121,709)</b>	<b>979,546</b>
Segment assets	3,006,818	690,531	3,516	3,700,865
Segment liabilities	(5,459,634)	(694,456)	(101,235)	(6,255,325)
<b>Net (liabilities)</b>	<b>(2,452,816)</b>	<b>(3,925)</b>	<b>(97,719)</b>	<b>(2,554,460)</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 May 2023

17. Segment information (continued)

Revenue by segment:	Retail	Unallocated	Total
<b>30 June 2022</b>			
Revenue	1,524,721	-	1,524,721
Cost of sales	(809,244)	-	(809,244)
Other income	601,148	1,451	602,599
<b>Reconciliation to net profit:</b>			
General and administration (including occupancy, employee benefit expenses and professional fees)	(614,122)	(120,005)	(734,127)
Depreciation and amortisation	(575,704)	-	(575,704)
Finance cost	(227,640)	-	(227,640)
Fixed assets written off	(36,997)	-	(36,997)
<b>Net (loss) before tax</b>	<b>(137,838)</b>	<b>(118,554)</b>	<b>(256,392)</b>
<hr/>			
Segment assets	2,307,762	2,636	2,310,398
Segment liabilities	(5,516,082)	(117,678)	(5,633,760)
<b>Net (liabilities)</b>	<b>(3,208,320)</b>	<b>(115,042)</b>	<b>(3,323,362)</b>

	2023	2022
Revenue by geographical region	\$	\$
Revenue attributable to external customers is disclosed below, based on location of the external customers:		
Malaysia	5,395,088	1,524,721
Australia	-	-
Total revenue	<b>5,395,088</b>	<b>1,524,721</b>
<b>Assets by geographical region</b>		
Malaysia	3,697,349	2,059,771
Australia	3,516	250,627
Total assets	<b>3,700,865</b>	<b>2,310,398</b>

18. Auditor's remuneration

The following remuneration was received or is receivable by the auditor of the Group, Moore Australia Audit (WA) in respect of:

	2023	2022
	\$	\$
Audit and half year review of the financial statements of the Group (excluding GST)	38,000	35,000
	<b>38,000</b>	<b>35,000</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 May 2023

**19. Contingencies and commitments**

As at 31 May 2023 and 2022, the Group did not have any contingencies.

There are no operating lease commitments as at 31 May 2023 and 2022 due to the adoption of AASB 16 where operating leases were capitalised in the balance sheet.

**20. Cash flow information**

<b>(a) Reconciliation of Cash Flows from operations with Profit / (loss) after income tax</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit / (loss) before taxation	955,031	(270,247)
Depreciation and amortisation	448,754	575,704
Property, plant and equipment written off	56,168	36,997
Profit on disposal of assets held for sale	(19,177)	-
Bad debt written off	-	1,302
Impairment	25,538	-
Lease finance costs	22,852	18,859
Others	19,005	2,871
(Increase) in tax assets	-	(1,435)
Increase in tax liabilities	13,753	-
(Increase) / decrease in trade and other receivables	(409,500)	90,136
(Increase) / decrease in inventory	(311,749)	415,899
(Decrease) in trade and other payables	236,019	372,083
Net cash flows generated by operating activities	<b>1,036,694</b>	<b>1,242,169</b>

**21. Events after balance sheet date**

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Consolidated Financial Statements  
For the year ended 31 May 2023

**22. Parent entity information**

	2023	2022
	\$	\$
Current assets	637,156	768,721
Non-current assets	817,393	817,393
<b>TOTAL ASSETS</b>	<b>1,454,549</b>	<b>1,586,114</b>
Current liabilities	101,235	113,054
Non-current liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>101,235</b>	<b>113,054</b>
Issued shares	2,267,393	2,267,393
Accumulated loss	(914,079)	(794,333)
<b>TOTAL EQUITY</b>	<b>1,353,314</b>	<b>1,473,060</b>
Loss for the year	(119,746)	(117,721)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(119,746)</b>	<b>(117,721)</b>

**Contractual Commitments**

As at 31 May 2023, the parent entity did not have any contractual commitments for the acquisition of property, plant and equipment (2022: nil)

**Guarantees and Contingent Liabilities**

As at 31 May 2023, the parent entity did not have any guarantees or contingent liabilities (2022: nil).

## Rofina Group Limited and its Controlled Entities

ACN 635 120 517

### Directors' Declaration

31 May 2023

The directors of the Company declare that:

- a. The financial statements and notes for the year ended 31 May 2023 are in accordance with the *Corporations Act 2001* and:
  - i. comply with Australian Accounting Standards, which, as stated in note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - ii. give a true and fair view of the financial position as at 31 May 2023 and of the performance for the year ended on that date of the Consolidated Group;
- b. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- c. the directors have been given the declarations required by s295A of the *Corporations Act 2001*.
- d. the remuneration disclosures contained in the Remuneration Report comply with s300A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



Boon Chin Soo, Chairman

Malaysia

Dated this 30 August 2023

#### NSX Additional Information

Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 23 August 2023.

#### Substantial shareholders

The number of shares held either directly or indirectly by substantial shareholders listed in the holding company's register on 23 August 2023 was:

Shareholders	%
Boon Chin Soo	23.13
Yeng Fong Wong	9.25
Yi Yun Soo	8.75
Wei Yin Soo	5.12

#### Voting rights - Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder. There no other classes of equity securities.

#### Distribution of holders of quoted ordinary share as at 23 August 2023

Size of holding (Range)	Holders	Units	Percentage
1,000 – 5,000	21	87,000	0.06%
5,001 - 10,000	9	85,000	0.05%
10,001 – 100,000	22	1,119,066	0.71%
100,001 and over	64	156,209,002	99.18%
	<b>116</b>	<b>157,500,068</b>	<b>100%</b>

#### Twenty Largest Shareholders as at 23 August 2023

	Ordinary shares	
	Number held	% of Issued shares
Boon Chin Soo	36,422,168	23.13%
Yeng Fong Wong	14,568,868	9.25%
Yi Yun Soo	13,784,867	8.75%
Wei Yin Soo	8,068,868	5.12%
Choon Heng Ong	7,000,000	4.44%
Ms Tean Beng Lim	7,000,000	4.44%
Chun Wah Lee	7,000,000	4.44%
Bee Leh Tan	5,360,000	3.40%
Siew Jiun Khor	3,640,000	2.31%
Hui Oon Yeoh	3,297,000	2.09%
Soon Peng Lim	2,400,000	1.52%
Kah Wei Lee	2,300,000	1.46%
Boon Leng Wooi	2,116,000	1.34%
Wai Fong Foong	2,027,000	1.29%
Lian Qiang Zheng	2,000,000	1.27%
Mrs Hui Oon Yeoh	2,000,000	1.27%
Mrs Bee Leh Tan	2,000,000	1.27%
See Tee Ooi	1,993,000	1.27%
Huck Leng Lim	1,645,000	1.04%
Say Chai Chua	1,645,000	1.04%
Say Hand Chua	1,645,000	1.04%
Total top twenty shareholders	<b>127,849,336</b>	<b>81.17%</b>
Total Shares on issue	<b>157,500,068</b>	<b>100.00%</b>

Securities exchange

The Group is listed on the National Stock Exchange of Australia.