

**A. EXPLANATORY NOTES**

**A1. Basis of Preparation**

The interim financial statements of the Group are unaudited and have been prepared under the same accounting policies and methods of computation as those used in the preparation of the most recent audited financial statements and comply with MFRS 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 June 2020.

**A2. Accounting Policies**

The accounting policies and presentation adopted for this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2020 except for the adoption of the following standards effective for the financial periods beginning on or after 1 January 2020:

<u>Title</u>	<u>Effective Date</u>
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 16 <i>COVID-19 Related Rent Concessions</i>	1 June 2020

The adoption of the above standards does not have any material impact on the financial statements of the Group.

**Changes in accounting policies:**

The accounting policies and presentation adopted for this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2020 except as follows:

The Group re-assessed its accounting policy for property, plant and equipment (“PPE”), right-of-use asset (“ROU asset”) and investment property (“IP”) with respect to measurement of certain classes of PPE, ROU asset and IP after initial recognition. The Group has previously measured all the PPE, ROU asset and IP using the cost model whereby, after the initial recognition of the PPE, ROU asset and IP were carried at cost less accumulated depreciation and accumulated impairment losses.

During the financial year, the Group elected to change the method of accounting for land and building classified under the PPE, ROU asset and IP, as the Group believes that the fair value model more effectively demonstrates the carrying value of the land and building. Therefore, the Group has appointed an independent professional valuer to value the land and building and arrive the fair valuation of the said land and building.

(a) Revaluation of land and building classified under PPE and ROU asset

PPE and ROU asset are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

A revaluation surplus is recognised in other comprehensive income and accumulated in equity under revaluation surplus, except to the extent it reverses a valuation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in statement of profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation surplus. In which case the decrease is recognised in other comprehensive income and it reduces the amount accumulated in equity under revaluation surplus. On disposal of revalued asset, amount in revaluation surplus relating to that asset is transferred to retained profits.

**A2. Accounting Policies (Continued)**

The impact and reconciliation of the financial year due to recognition of land and building classified under PPE and ROU asset is as detailed below:

PPE - Land and building only	(RM'000)
Balance as at 1.7.2020, as previously reported	40,058
Movements during the year:	
- Reclassification	60
- Reclassification to IP	(6,923)
- Additions	2,592
- Depreciation	(1,263)
- Impairment loss	(1,648)
Revaluation surplus	47,315
Revaluation impairment	(1,605)
Balance as at 30.6.2021	78,586

ROU asset - Leasehold land only	(RM'000)
Balance as at 1.7.2020, as previously reported	8,227
Movements during the year:	
- Depreciation	(264)
Revaluation surplus	13,540
Balance as at 30.6.2021	21,503

(b) Revaluation of land and building classified under investment property ("IP")

IP is stated at fair value, which was based on valuation by registered independent valuer with appropriate recognised professional qualification and have recent experience in the location and categories of the IP being revalued. Gain or losses arising from changes in fair value of IP is included in profit or loss in the period in which they arise, including corresponding tax effect.

The Group has applied the valuation model retrospectively in accordance with MFRS 108.19(b) requirements. Consequently, the Group adjusted the opening balance of each affected component of the Group and the other comparative amounts as if the new accounting policy had always been applied. The financial impact of change in accounting policy in Condensed Consolidated Statement of Financial Position as at 1 July 2020 are as below:

Opening Balance as at 1.7.2020	As previously reported (RM'000)	Reclassification from PPE ^ (RM'000)	MFRS 140 adjustment (RM'000)	Restated (RM'000)
IP	2,269	6,923	11,238	20,430
Deferred tax liabilities	1,120	-	2,216	3,336
Retained profits	44,116	-	9,022	53,138

^ A property of the Group has been rented out to third party at the beginning of the financial year. Consequently, it has been reclassified from PPE to IP and applied retrospective approach for its fair value adoption as well.

**A2. Accounting Policies (Continued)**

The reconciliation on movements of IP during the financial year as summarised below:

IP	(RM'000)
Balance as at 1.7.2020, as restated	20,430
Movements during the year:	
- Fair value gain recognised in Quarter 1, net of tax	3,060 #
- Reversal of gain in fair value recognised in Quarter 4, net of tax	(3,060) #
- Fair value gain recognised in Quarter 4	100
Balance as at 30.6.2021	20,530

# During the current financial quarter, following the reassessment of the fair value of the Group's IP (Located at Lot 9247, District of Muar), the Group determined that upon retrospective application as at 1 July 2020 as measurement date, for its IP opted for Level 2 fair value instead of Level 3 fair value in accordance with MFRS 13 requirements in relation highest and best use reassessment.

Consequently, the fair value gain was recognised in retained profits instead of current year's result. There is no change in its carrying value of this particular property previously disclosed in Quarter 1's announcement that its fair value as at 30.9.2020 reported as RM7,400,000

The disposal of this property was completed subsequent to the current financial period for a total consideration of RM7,500,000 and the fair value was reclassified from Level 2 fair value to Level 1. The reclassification has resulted fair value gain of RM100,000.

**A3. Auditors' Report on the Most Recent Audited Financial Statements**

The auditors' report on the most recent audited financial statements was not subject to any qualification.

**A4. Seasonality or Cyclicity Factors**

The performance of the Group is generally not affected by any seasonal or cyclical factors.

**A5. Unusual Items**

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

**A6. Changes in Estimates**

There were no major changes in estimates that had a material effect in the current quarter.

**A7. Issuance, Cancellations, Repurchase, Resale and Repayment of Debt and Equity Securities**

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations and sale of treasury for the financial period under review.

**A8. Dividend**

There was no dividend paid for the financial period under review.

**A9. Segmental and Geographical Reporting**

Geographical segment has not been presented as the Group operates wholly in Malaysia.

Business Segment	Manufacturing and Trading of Furniture RM'000	Processing and Trading of Wood RM'000	Investment Holding RM'000	Inter-Company Elimination RM'000	Total RM'000
<b>30.6.2021</b>					
<b>Revenue</b>					
External revenue	82,755	241,944	-	-	324,699
Inter-segment revenue	492	6,917	38,800	(46,209)	-
	<u>83,247</u>	<u>248,861</u>	<u>38,800</u>	<u>(46,209)</u>	<u>324,699</u>
<b>Results</b>					
Profit before taxation	44	24,425	266	-	24,735
Taxation	(75)	(6,560)	(186)	-	(6,821)
Profit after taxation	<u>(31)</u>	<u>17,865</u>	<u>80</u>	<u>-</u>	<u>17,914</u>
<b>30.6.2020 - Restated</b>					
<b>Revenue</b>					
External revenue	70,098	229,992	-	-	300,090
Inter-segment revenue	26	4,604	1,272	(5,902)	-
	<u>70,124</u>	<u>234,596</u>	<u>1,272</u>	<u>(5,902)</u>	<u>300,090</u>
<b>Results</b>					
Profit before taxation	(646)	23,058	155	-	22,567
Taxation	63	(5,724)	(37)	-	(5,698)
Profit after taxation	<u>(583)</u>	<u>17,334</u>	<u>118</u>	<u>-</u>	<u>16,869</u>

**A10. Valuation of Property, Plant and Equipment, Right-of use Assets and Investment Property**

The Group has carried out a valuation exercise on its land and building classified under Property, Plant and Equipment (“PPE”), Right-of-use (“ROU”) asset and Investment Property (“IP”) respectively during the financial year. The revaluation is performed by an independent professional valuer, Messrs HASB Consultants Sdn. Bhd., using the market value as the basis of valuation. In arriving at the market value, the main approach is Comparison Method (for land valuation) in addition with Cost Method (for building valuation). The revaluation was carried out to ascertain the current market value of the land and building classified under PPE, ROU assets and IP for accounting purposes.

The impact of the revaluation is disclosed in Note A2 of this financial statements.

**A11. Material Subsequent Events**

There were no material events subsequent to the end of the current financial period that have not been reflected in this interim financial statements.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group in the financial period under review.

**A13. Contingent Liabilities**

Since the last annual statement of financial position as at 30 June 2020, there were no material changes in contingent liabilities for the Group as at the date of this report. The changes in contingent liabilities of the Company are as follows:

	As at 30.6.2021 RM'000	As at 30.6.2020 RM'000
<b><u>Contingent Liabilities</u></b>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries - utilised	<u>64,255</u>	<u>70,308</u>

**A14. Capital commitments**

The Group has the following capital commitments as at 30 June 2021:

	As at 30.6.2021 RM'000	As at 30.6.2020 RM'000
<b><u>Capital expenditure contracted but not provided for:-</u></b>		
Purchase of property, plant and equipment	<u>1,575</u>	<u>-</u>

**B. SELECTED EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Financial review for current quarter**

	Current Year Quarter	Preceding Year Quarter <i>Restated</i>	Changes (Amount/ %)
	30.6.2021	30.6.2020	
	RM'000	RM'000	RM'000/%
Revenue	92,221	77,823	14,398 19%
Operating Profit	9,040	8,976	64 1%
Profit Before Interest and Taxation	5,511	5,301	210 4%
Reversal of Gain in Fair Value of IP	(3,060)	-	(3,060) -100%
Profit Before Taxation	1,747	4,344	(2,597) -60%
(Loss)/Profit After Taxation	(1,568)	1,246	(2,814) -226%
(Loss)/Profit attributable to Owners of the Company	(1,548)	1,633	(3,181) -195%

Financial review for current quarter compared with preceding year quarter

In the fourth quarter ended 30 June 2021, the Group recorded revenue of RM92 million compared to revenue of RM78 million recorded in the prior year corresponding quarter ended 30 June 2020. The revenue increased by 19% as the result of increased in demand for products across all segments within the Group.

Profit before interest and taxation for the Group was recorded at RM6 million as compared to profit before taxation of RM5 million recorded in prior year corresponding quarter. The improved result was despite temporarily shut down of operations following the implementation of Full Movement Control Order ("FMCO") and the subsequent National Recovery Plan ("NRP") implemented since 1 June 2021. Higher profit before interest and taxation was in line with the increase in revenue and improvement in production efficiency across all segments.

**B1. Financial review for current quarter (Continued)**

	Current Year Quarter	Immediate Preceding Quarter	Changes (Amount/%)
	30.6.2021	31.3.2021	
	RM'000	RM'000	RM'000/%
Revenue	92,221	66,934	25,287 38%
Operating Profit	9,040	10,821	(1,781) -16%
Profit Before Interest and Taxation	5,511	8,344	(2,833) -34%
Reversal of Gain in Fair Value of IP	(3,060)	-	(3,060) -100%
Profit Before Taxation	1,747	7,600	(5,853) -77%
(Loss)/Profit After Taxation	(1,568)	6,178	(7,746) -125%
(Loss)/Profit attributable to Owners of the Company	(1,548)	5,986	(7,534) -126%

Financial review for current quarter compared with immediate preceding quarter

Revenue was recorded at RM25 million higher for current quarter under review as compared to revenue of RM67 million recorded in the immediate preceding quarter ended 31 March 2021. Higher revenue was recorded due to increased in demand for products across all segments within the Group.

Despite the increase in revenue, profit before interest and taxation was recorded lower at RM6 million as compared to profit before interest and taxation of RM8 million recorded in the immediate preceding quarter ended 31 March 2021. The operating result was mainly due to lower products margin during the quarter in order to increase sales volume as compared to immediate preceding quarter ended 31 March 2021.

**B2. Prospects**

The COVID-19 pandemic remains a threat despite availability of vaccines worldwide. Uncertainties persist about the future course of the pandemic and its further economic and social consequences arising thereafter.

In response to the COVID-19 pandemic, the Group has implemented various precautionary measures at its factories and offices and to ensure compliance with the standard operating procedures (SOPs) imposed by the authorities.

The Group will continue to strengthen its fundamentals which includes reengineering and simplifying processes, optimising resources and reviewing cost structure. The Group is also leveraging on technology and digitalisation to improve processes and operations in order to sharpen the market execution and gain competitive advantage.

The Board is of the opinion that the prospects for the coming financial year ending 30 June 2022 would be challenging but positive to the Group.

**B3. Profit Forecast**

There is no profit forecast for the current financial period under review.

**B4. Taxation**

The tax charges comprise:-

	Current Quarter (RM'000)	Current Year-to-Date (RM'000)
Income Tax	2,849	6,355
Deferred Tax	466	466
	<u>3,315</u>	<u>6,821</u>

**B5. Status of Corporate Proposals**

There were no corporate proposals announced for the current quarter.

**B6. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2021 are as follows:

As at 30.6.2021	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
<b>Secured</b>			
Banker Acceptances	-	39,402	39,402
Bank Overdrafts	-	10,008	10,008
Term Loans	13,278	1,567	14,845
<b>Total</b>	<b>13,278</b>	<b>50,977</b>	<b>64,255</b>
<b>As at 30.6.2020</b>	<b>Long term</b>	<b>Short term</b>	<b>Total borrowing</b>
<b>RM'000</b>	<b>RM denomination</b>	<b>RM denomination</b>	<b>RM denomination</b>
<b>Secured</b>			
Banker Acceptances	-	38,698	38,698
Bank Overdrafts	-	8,212	8,212
Term Loans	14,516	8,882	23,398
<b>Total</b>	<b>14,516</b>	<b>55,792</b>	<b>70,308</b>

**B7. Material Litigation**

The Group did not engage in any material litigation for the current financial period to date.

**B8. Dividend payable**

There is no final dividend proposed for the financial period under review.



**B9. Earnings per Share**

The earnings per share for the current quarter and financial period ended 30 June 2021 are as follows:-

	Individual quarter		Cumulative quarter	
	Current Year Quarter	Preceding Year Quarter <i>Restated</i>	Current Year-To- Date	Preceding Year-To- Date <i>Restated</i>
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
(Loss)/Profit attributable to owners of the Company (RM'000)	(1,548)	1,633	17,561	17,144
Weighted average number of ordinary shares in issue ('000)	788,933	764,720	781,403	748,289
Effect of conversion of warrants ('000)	233,801	189,811	238,531	171,834
Adjusted weighted average number of ordinary share in issue ('000)	1,022,734	954,531	1,019,934	920,123
Basic (loss)/earnings per ordinary share (Sen)	(0.20)	0.21	2.25	2.29
Diluted (loss)/earnings per ordinary share (Sen)	(0.15)	0.17	1.72	1.86

**B10. Notes to the Statement of Profit or Loss**

The following items have been included in the Statement of Profit or Loss:-

	Individual Quarter Ended	Year to date Ended
	30.6.2021	30.6.2021
	RM'000	RM'000
<b>After Charging:-</b>		
Interest expenses	704	3,223
Depreciation	1,116	4,598
Realised loss on foreign exchange	35	771
Property, plant and equipment written off	1,380	1,648
<b>After Crediting:-</b>		
Interest income	8	10
Rental income	331	1,490
Realised gain on foreign exchange	27	93
Gain on disposal of property, plant and equipment	14	66
Net fair value gain on investment property	76	76

**B11. Significant Related Party Transactions**

There were no significant related party transactions during the financial quarter under review.

**B12. Authorised for Issue**

The interim financial statements were authorised for issue on 27 September 2021 by the Board of Directors.

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