

**A. EXPLANATORY NOTES**

**A1. Basis of Preparation**

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021. 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 2021.

**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 2021, except for the adoption of the following new MFRS, Amendments to MFRSs and Annual Improvement to MFRS.

**a) New MFRS adopted during the financial year**

On 1 July 2021, the Group adopted the following Amendments to the Standards that are mandatory for annual financial periods beginning on or after 1 January 2021:

<u>Title</u>	<u>Effective Date</u>
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

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

**b) New MFRSs that have been issued, but only effective for annual financial periods beginning on or after 1 January 2022:**

The following are Standards of the MFRS Framework that have been issue by the MASB but have not been early adopted by the Group:

<u>Title</u>	<u>Effective Date</u>
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i> )	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable in future financial years.

- 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 Cyclical 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
<u>31.12.2021</u>					
<b>Revenue</b>					
External revenue	22,882	135,798	-	-	158,680
Inter-segment revenue	114	1,287	900	(2,301)	-
	22,996	137,085	900	(2,301)	158,680
<b>Results</b>					
(Loss)/Profit before taxation	(2,934)	10,603	205	-	7,874
Taxation	(31)	(2,295)	(64)	-	(2,390)
(Loss)/Profit after taxation	(2,965)	8,308	141	-	5,484
<u>31.12.2020 - Restated</u>					
<b>Revenue</b>					
External revenue	45,705	119,839	-	-	165,544
Inter-segment revenue	207	4,595	37,900	(42,702)	-
	45,912	124,434	37,900	(42,702)	165,544
<b>Results</b>					
Profit before taxation	1,304	10,876	148	-	12,328
Taxation	(43)	(2,013)	(28)	-	(2,084)
Profit after taxation	1,261	8,863	120	-	10,244

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

The valuations have been brought forward without amendment from the audited financial statements for the financial year ended 30 June 2021.

**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 2021, 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 31.12.2021 RM'000	As at 31.12.2020 RM'000
<b><u>Contingent Liabilities</u></b>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries - utilised	<u>66,777</u>	<u>61,746</u>

**A14. Capital commitments**

There were no material capital commitments for the Group at the end of the current financial quarter.

**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	Changes (Amount/ RM'000/%)
	31.12.2021	31.12.2020	
	RM'000	RM'000	
Revenue	80,719	84,877	(4,158) -5%
Operating Profit	8,441	10,597	(2,156) -20%
Profit Before Interest and Taxation	5,906	7,975	(2,069) -26%
Profit Before Taxation	5,261	7,124	(1,863) -26%
Profit After Taxation	4,016	6,085	(2,069) -34%
Profit attributable to Owners of the Company	3,613	5,974	(2,361) -40%

The Group recorded revenue of RM81 million and profit before taxation of RM5 million for the period ended 31 December 2021 as compared to revenue of RM85 million and profit before taxation of RM7 million respectively in the preceding year corresponding period.

The operating results were mainly due to lower revenue and profit before taxation recorded in the processing and trading of wood segment as the result of lower demand for tropical wood.

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

	Individual quarter		Changes (Amount/ %)
	Current Year Quarter	Immediate Preceding Quarter	
	31.12.2021	30.9.2021	
	RM'000	RM'000	RM'000/%
Revenue	80,719	77,961	2,758 4%
Operating Profit	8,441	5,786	2,655 46%
Profit Before Interest and Taxation	5,906	3,247	2,659 82%
Profit Before Taxation	5,261	2,613	2,648 101%
Profit After Taxation	4,016	1,468	2,548 174%
Profit attributable to Owners of the Company	3,613	1,385	2,228 161%

Financial review for current quarter compared with immediate preceding quarter

Revenue was recorded at RM3 million higher for current quarter under review as compared to revenue of RM78 million in the immediate preceding quarter ended 30 September 2021. Higher revenue for current quarter as compared to immediate preceding quarter was mainly due to full resumption of operations for the manufacturing and trading of furniture segment. In the immediate preceding quarter, the operations resumed towards end of the financial quarter.

The manufacturing and trading of furniture segment has made a turnaround from loss before taxation of RM3 million to profit before taxation of RM270,000 for the current quarter under review. Profit before taxation for the Group was recorded higher as the result of the turnaround in the current quarter.

**B2. Prospects**

The COVID-19 Pandemic is expected to prevail into 2022 with new variants emerging. Nevertheless, with the rising vaccination rates and gradual reopening of economies, the business outlook is expected to improve.

The Group will continue to explore opportunities and build new capabilities to strengthen the Group's businesses and be more resilient to face future challenges.

The Board believes that the performance of the Group for the financial year ending 30 June 2022 will remain positive.

**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	1,245	2,390

**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 31 December 2021 are as follows:

As at 31.12.2021	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
<b>Secured</b>			
Banker Acceptances	-	43,136	43,136
Bank Overdrafts	-	6,067	6,067
Term Loans	13,534	4,040	17,574
<b>Total</b>	<b>13,534</b>	<b>53,243</b>	<b>66,777</b>
<b>As at 31.12.2020</b>			
RM'000	RM denomination	RM denomination	RM denomination
<b>Secured</b>			
Banker Acceptances	-	34,116	34,116
Bank Overdrafts	-	9,602	9,602
Term Loans	14,369	3,659	18,028
<b>Total</b>	<b>14,369</b>	<b>47,377</b>	<b>61,746</b>

**B7. Material Litigation**

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

**B8. Dividend Paid**

No dividends were paid during the financial period under review.

**B9. Earnings per Share**

The earnings per share for the current quarter and financial period ended 31 December 2021 are as follows:-

	Individual quarter		Cumulative quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	3,613	5,974	4,998	10,063
Weighted average number of ordinary shares in issue ('000)	831,545	778,817	815,164	775,670
Effect of conversion of warrants ('000)	197,461	235,724	194,310	234,898
Adjusted weighted average number of ordinary share in issue ('000)	1,029,006	1,014,541	1,009,474	1,010,568
Basic earnings per ordinary share (Sen)	0.43	0.77	0.61	1.30
Diluted earnings per ordinary share (Sen)	0.35	0.59	0.50	1.00

**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
	31.12.2021	31.12.2021
	RM'000	RM'000
<b>After Charging:-</b>		
Interest expenses	645	1,279
Depreciation	1,384	2,721
Realised loss on foreign exchange	31	31
<b>After Crediting:-</b>		
Interest income	-	7
Rental income	352	635
Realised gain on foreign exchange	45	165
Gain on disposal of property, plant and equipment	22	22

**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 24 February 2022 by the Board of Directors.

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