

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
31.3.2022					
Revenue					
External revenue	42,920	199,532	-	-	242,452
Inter-segment revenue	495	2,015	1,395	(3,905)	-
	43,415	201,547	1,395	(3,905)	242,452
Results					
(Loss)/Profit before taxation	(2,373)	15,004	323	-	12,954
Taxation	(42)	(4,014)	(365)	-	(4,421)
(Loss)/Profit after taxation	(2,415)	10,990	(42)	-	8,533
31.3.2021 - Restated					
Revenue					
External revenue	65,319	167,159	-	-	232,478
Inter-segment revenue	434	6,047	1,350	(7,831)	-
	65,753	173,206	1,350	(7,831)	232,478
Results					
Profit before taxation	1,530	18,125	273	-	19,928
Taxation	(54)	(3,350)	(102)	-	(3,506)
Profit after taxation	1,476	14,775	171	-	16,422

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 31.3.2022 RM'000	As at 31.3.2021 RM'000
<u>Contingent Liabilities</u>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries - utilised	<u>65,129</u>	<u>63,459</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

	Individual quarter		Changes (Amount/ RM'000/%)
	Current Year Quarter	Preceding Year Quarter	
	31.3.2022 RM'000	31.3.2021 RM'000	
Revenue	83,772	66,934	16,838 25%
Operating Profit	9,028	10,821	(1,793) -17%
Profit Before Interest and Taxation	5,849	8,344	(2,495) -30%
Profit Before Taxation	5,080	7,600	(2,520) -33%
Profit After Taxation	3,049	6,178	(3,129) -51%
Profit attributable to Owners of the Company	2,903	5,986	(3,083) -52%

The Group recorded revenue of RM84 million and profit before taxation of RM5 million for the period ended 31 March 2022 as compared to revenue of RM67 million and profit before taxation of RM8 million respectively in the preceding year corresponding period.

Revenue was recorded at RM17 million higher for current quarter as the result of increased in demand for tropical wood in processing and trading of wood segment.

Despite the increase in revenue, profit before taxation was recorded lower at RM5 million. The lower operating result was mainly due to lower products margin during the quarter in order to increase sales volume.

B1. Financial review for current quarter (Continued)

	Individual quarter		Changes (Amount/ %)
	Current Year Quarter	Immediate Preceding Quarter	
	31.3.2022	31.12.2021	
	RM'000	RM'000	RM'000/%
Revenue	83,772	80,719	3,053 4%
Operating Profit	9,028	8,441	587 7%
Profit Before Interest and Taxation	5,849	5,906	(57) -1%
Profit Before Taxation	5,080	5,261	(181) -3%
Profit After Taxation	3,049	4,016	(967) -24%
Profit attributable to Owners of the Company	2,903	3,613	(710) -20%

Financial review for current quarter compared with immediate preceding quarter

Both revenue and profit before taxation for current quarter under review remain the same as compared to immediate preceding quarter ended 31 December 2021

B2. Prospects

The economic condition is expected to improve as Malaysia took a giant step towards COVID-19 endemicity with a raft of new rules since 1st May 2022. Moving forward, the Group remains vigilant and cautious on the ongoing disruptions to supply chains and rising commodity prices.

The Group continues to place emphasis on the well-being, health and safety of the employees and their families with stringent SOPs in place notwithstanding with the easing of the COVID-19 restrictions.

Despite the challenges, the Board is of the opinion that the prospects for the financial year ending 30 June 2022 would be 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		
- Current year	1,445	3,835
- Under provision in prior years	586	586
	<u>2,031</u>	<u>4,421</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 31 March 2022 are as follows:

As at 31.3.2022	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	44,914	44,914
Bank Overdrafts	-	3,082	3,082
Term Loans	13,076	4,057	17,133
Total	13,076	52,053	65,129
As at 31.3.2021			
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	33,596	33,596
Bank Overdrafts	-	14,293	14,293
Term Loans	13,715	1,855	15,570
Total	13,715	49,744	63,459

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 March 2022 are as follows:-

	Individual quarter		Cumulative quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
Profit attributable to owners of the Company (RM'000)	2,903	5,986	7,901	16,049
Weighted average number of ordinary shares in issue ('000)	833,736	784,925	821,316	778,705
Effect of conversion of warrants ('000)	203,900	235,633	197,405	231,431
Adjusted weighted average number of ordinary share in issue ('000)	1,037,636	1,020,558	1,018,721	1,010,136
Basic earnings per ordinary share (Sen)	0.35	0.76	0.96	2.06
Diluted earnings per ordinary share (Sen)	0.28	0.59	0.78	1.59

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
	31.3.2022	31.3.2022
	RM'000	RM'000
After Charging:-		
Interest expenses	769	2,048
Depreciation	1,402	4,123
Realised loss on foreign exchange	124	155
Loss on disposal of property, plant and equipment	3	3
After Crediting:-		
Interest income	3	10
Rental income	351	986
Realised gain on foreign exchange	29	194
Gain on disposal of property, plant and equipment	-	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 23 May 2022 by the Board of Directors.

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