

**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
<b>30.6.2022</b>					
<b>Revenue</b>					
External revenue	58,467	279,800	-	-	338,267
Inter-segment revenue	744	2,858	1,890	(5,492)	-
	59,211	282,658	1,890	(5,492)	338,267
<b>Results</b>					
(Loss)/Profit before taxation	(4,409)	19,887	487	-	15,965
Taxation	(53)	(5,633)	(452)	-	(6,138)
(Loss)/Profit after taxation	(4,462)	14,254	35	-	9,827
<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)	-
	83,247	248,861	38,800	(46,209)	324,699
<b>Results</b>					
Profit before taxation	44	24,425	266	-	24,735
Taxation	(75)	(6,560)	(186)	-	(6,821)
(Loss)/Profit after taxation	(31)	17,865	80	-	17,914

**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 30.6.2022 RM'000	As at 30.6.2021 RM'000
<b><u>Contingent Liabilities</u></b>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries - utilised	<u>67,991</u>	<u>64,255</u>

**A14. Capital commitments**

The Group has the following capital commitments as at 30 June 2022:

	As at 30.6.2022 RM'000	As at 30.6.2021 RM'000
<b><u>Capital expenditure contracted but not provided for:-</u></b>		
Purchase of property, plant and equipment	<u>142</u>	<u>1,575</u>

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

**B1. Financial review for current quarter**

	Individual quarter		Changes (Amount/ %)
	Current Year Quarter	Preceding Year Quarter <i>Restated</i>	
	30.6.2022	30.6.2021	
	RM'000	RM'000	RM'000/%
Revenue	95,815	92,221	3,594 4%
Operating Profit	6,457	9,040	(2,583) -29%
Profit Before Interest and Taxation	3,761	5,511	(1,750) -32%
Profit Before Taxation	3,011	4,807	(1,796) -37%
Profit After Taxation	1,294	1,492	(198) -13%
Profit attributable to Owners of the Company	1,313	1,512	(199) -13%

The Group recorded revenue of RM96 million and profit before taxation of RM3 million for the period ended 30 June 2022 as compared to revenue of RM92 million and profit before taxation of RM5 million respectively in the preceding year corresponding period.

Revenue was recorded at RM4 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 at RM2 million lower. 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	
	31.6.2022	31.3.2022	
	RM'000	RM'000	
Revenue	95,815	83,772	12,043 14%
Operating Profit	6,457	9,028	(2,571) -28%
Profit Before Interest and Taxation	3,761	5,849	(2,088) -36%
Profit Before Taxation	3,011	5,080	(2,069) -41%
Profit After Taxation	1,294	3,049	(1,755) -58%
Profit attributable to Owners of the Company	1,313	2,903	(1,590) -55%

Financial review for current quarter compared with immediate preceding quarter

Revenue was recorded at RM12 million higher for current quarter under review as compared to revenue of RM84 million recorded in the immediate preceding quarter ended 31 March 2022. Higher revenue was recorded due to the increase in demand for tropical wood in processing and trading of wood segment.

Despite the increase in revenue, profit before taxation was recorded lower at RM3 million as compared to profit before taxation of RM5 million recorded in the immediate preceding quarter ended 31 March 2022. 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 2022.

**B2. Prospects**

2022 was indeed the most challenging time for the Group where once again we encountered disruption due to the pandemic.

Despite the prevailing disruption, the Group remains optimistic on the long-term business prospects and will continue to actively pursue various business strategies to increase revenue, focus on improving efficiency, automation across operations and to implement cost control measures.

**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	1,374	5,209
- Under provision in prior years	-	586
Deferred Tax - Over provision in prior years	(94)	(94)
Real Property Gain Tax	437	437
	1,717	6,138

**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 2022 are as follows:

As at 30.6.2022	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
<b>Secured</b>			
Banker Acceptances	-	49,975	49,975
Bank Overdrafts	-	2,031	2,031
Term Loans	12,490	3,495	15,985
<b>Total</b>	12,490	55,501	67,991
<b>As at 30.6.2021</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	-	39,402	39,402
Bank Overdrafts	-	10,008	10,008
Term Loans	13,278	1,567	14,845
<b>Total</b>	13,278	50,977	64,255

**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 30 June 2022 are as follows:-

	Individual quarter		Cumulative quarter	
	Current Year Quarter	Preceding Year Quarter <i>Restated</i>	Current Year-To- Date	Preceding Year-To- Date
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Profit attributable to owners of the Company (RM'000)	1,313	1,512	9,241	17,561
Weighted average number of ordinary shares in issue ('000)	837,321	789,542	825,309	781,403
Effect of conversion of warrants ('000)	192,378	229,674	188,783	228,368
Adjusted weighted average number of ordinary share in issue ('000)	1,029,699	1,019,216	1,014,092	1,009,771
Basic earnings per ordinary share (Sen)	0.16	0.19	1.12	2.25
Diluted earnings per ordinary share (Sen)	0.13	0.15	0.91	1.74

**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
	30.6.2022	30.6.2022
	RM'000	RM'000
<b>After Charging:-</b>		
Interest expenses	750	2,798
Depreciation	1,389	5,512
Realised loss on foreign exchange	2	130
Loss on disposal of property, plant and equipment	-	3
Property, plant and equipment written off	2	2
Impairment loss on trade receivables	100	100
Provision for slow moving inventories	400	400
<b>After Crediting:-</b>		
Interest income	34	44
Rental income	262	1,248
Realised gain on foreign exchange	409	602
Gain on disposal of property, plant and equipment	25	47

**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 25 August 2022 by the Board of Directors.

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