

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 2022. 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 2022.

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 2022, 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 2022, the Group adopted the following Standard and Amendments to the Standards that are mandatory for annual financial periods beginning on or after 1 January 2022:

<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

Adoption of the above standards and Amendments 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 2023:

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>
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
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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 Standard and Amendments, 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 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	Investment Holding RM'000	Inter-Company Elimination RM'000	Total RM'000
		RM'000			
<u>30-Sep-22</u>					
Revenue					
External revenue	16,801	95,233	-	-	112,034
Inter-segment revenue	113	1,136	495	(1,744)	-
	16,914	96,369	495	(1,744)	112,034
Results					
(Loss)/Profit before taxation	(1,572)	4,651	122	-	3,201
Taxation	(11)	(1,093)	(55)	-	(1,159)
(Loss)/Profit after taxation	(1,583)	3,558	67	-	2,042
<u>30-Sep-21</u>					
Revenue					
External revenue	3,861	74,100	-	-	77,961
Inter-segment revenue	63	209	450	(722)	-
	3,924	74,309	450	(722)	77,961
Results					
(Loss)/Profit before taxation	(3,204)	5,701	116	-	2,613
Taxation	(17)	(1,096)	(32)	-	(1,145)
(Loss)/Profit after taxation	(3,221)	4,605	84	-	1,468

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 2022.

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 2022, 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-Sep-22 RM'000	As at 30-Sep-21 RM'000
<u>Contingent Liabilities</u>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries - utilised	<u>60,526</u>	<u>55,231</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. Review of Performance

Financial review for current quarter compared with preceding year corresponding quarter

	Individual quarter		Changes (Amount/ %)
	Current Year Quarter	Preceding Year Quarter	
	30-Sep-22 RM'000	30-Sep-21 RM'000	
Revenue	112,034	77,961	34,073 44%
Operating Profit	6,753	5,786	967 17%
Profit Before Interest and Taxation	3,939	3,247	692 21%
Profit Before Taxation	3,201	2,613	588 23%
Profit After Taxation	2,042	1,468	574 39%
Profit attributable to Owners of the Company	2,036	1,385	651 47%

The Group recorded revenue of RM112 million and profit before taxation of RM3 million for the period ended 30 September 2022 as compared to revenue of RM78 million and profit before taxation of RM2.6 million respectively in the preceding year corresponding period.

Revenue was recorded at RM34 million higher for current quarter as the result of increased in revenue in manufacturing and trading of furniture segment and increased in demand for tropical wood in processing and trading of wood segment

Revenue for the manufacturing and trading of furniture segment was recorded lower at RM4 million in the preceding year corresponding period due to temporarily shutdown of operations for the manufacturing activities since the beginning of the corresponding period. As the result of surge in number of COVID-19 cases in Malaysia and globally, the government has decided to implement Full Movement Control Order ("FMCO") and the subsequent National Recovery Plan ("NRP") where businesses or factories were not permitted to operate other than approved essential sectors.

B1. Review of Performance - Continued

Revenue decreased significantly despite the segment was permitted by Majlis Keselamatan Negara (“MKN”) to deliver finished goods and receiving cargo for the purpose of export to and import from overseas during the shutdown period. The operations resumed towards end of the corresponding period after 80% of workforce for the segment was fully vaccinated.

Profit before taxation was recorded higher due to lower loss before taxation recorded in manufacturing and trading of furniture segment. Loss before taxation was recorded at RM1.6 million for the quarter under review as compared to loss before taxation of RM3.2 million being recorded in the preceding year corresponding quarter.

Financial review for current quarter compared with immediate preceding quarter

	Individual quarter		Changes (Amount/ %)
	Current Year Quarter	Immediate Preceding Quarter	
	30-Sep-22	30-Jun-22	
	RM'000	RM'000	RM'000/%
Revenue	112,034	95,815	16,219 17%
Operating Profit	6,753	6,457	296 5%
Profit Before Interest and Taxation	3,939	3,761	178 5%
Profit Before Taxation	3,201	3,011	190 6%
Profit After Taxation	2,042	1,294	748 58%
Profit attributable to Owners of the Company	2,036	1,313	723 55%

Revenue was recorded at RM16 million higher for current quarter under review as compared to revenue of RM96 million recorded in the immediate preceding quarter ended 30 June 2022. Higher revenue recorded was due to the increase in demand for tropical wood in processing and trading of wood segment.

Profit before taxation for the current quarter under review was recorded the same at RM3 million as compared to immediate preceding quarter ended 30 June 2022. The operating result was due to lower products margin during the quarter under review in order to increase sales volume.

B2. Prospects

The business environment is expected to become more challenging as the Group enters into new financial year with multiple headwinds, including a worsened global economic outlook, lingering geopolitical tensions, aggressive interest rate hikes by major central banks to combat inflationary pressures and as the new wave of COVID-19 sweeps the nation.

The Group continues to explore opportunities and build new capabilities in order to strengthen the Group’s business and be more resilient to face future uncertainties.

Despite the challenges, the Board is of the opinion that the prospects for the financial year ending 30 June 2023 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	1,159	1,159

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 September 2022 are as follows:

As at 30-Sep-22	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	42,103	42,103
Bank Overdrafts	-	3,954	3,954
Term Loans	12,039	2,430	14,469
Total	12,039	48,487	60,526
As at 30-Sep-21			
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	35,006	35,006
Bank Overdrafts	-	3,414	3,414
Term Loans	14,547	2,264	16,811
Total	14,547	40,684	55,231

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 September 2022 are as follows:-

	Individual quarter		Cumulative quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year-To-	Year-To-
	Quarter	Quarter	Date	Date
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Profit attributable to owners of the Company (RM'000)	2,036	1,385	2,036	1,385
Weighted average number of ordinary shares in issue ('000)	1,448,372	798,621	1,448,372	798,621
Effect of conversion of warrants ('000)	168,536	193,171	168,536	193,171
Adjusted weighted average number of ordinary share in issue ('000)	1,616,908	991,792	1,616,908	991,792
Basic earnings per ordinary share (Sen)	0.14	0.17	0.14	0.17
Diluted earnings per ordinary share (Sen)	0.13	0.14	0.13	0.14

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-Sep-22	30-Sep-22
	RM'000	RM'000
After Charging:-		
Interest expenses	738	738
Depreciation	1,422	1,422
Property, plant and equipment written off	1	1
After Crediting:-		
Interest income	22	22
Rental income	262	262
Realised gain on foreign exchange	146	146
Gain on disposal of property, plant and equipment	270	270

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 November 2022 by the Board of Directors.

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