

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2021

PART B – EXPLNATORY NOTES PERSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Performance Review

(a) Results for current quarter

The Group recorded a revenue of approximately RM14.74 million and profit before tax of approximately RM2.17 million for the current financial quarter ended 30 June 2021.

The Group's revenue mainly derived from the design, manufacture and sales of home furniture and furniture parts. The Group's manufacturing operations have been disrupted in current financial quarter due to the ongoing COVID-19 pandemic.

A wholly-owned subsidiary of Mobilia Holdings Berhad, Mobilia International Sdn. Bhd. ("MI") has temporarily suspended its manufacturing activities from 26 April to 9 May 2021, as some of its employees were tested positive for COVID-19 from the voluntary screening test.

The Group's manufacturing activities was further disrupted with the imposition of various movement control measures. During Third Movement Control Order ("MCO 3.0"), which took effect from 12 May 2021, the Group was required to reduce its workplace presence limit to 60% of its manpower. Subsequently with FMCO effective from 1 June 2021 and followed by Phase One of NRP, the Group's manufacturing activities were temporarily suspended again for the entire month of June 2021. The Group's manufacturing activities are operating in full capacity since 20 September 2021, after fulfilment of the vaccination requirement.

(b) Results for financial year-to-date

The Group recorded a revenue of approximately RM40.66 million and profit before tax of approximately RM5.91 million for the current financial period ended 30 June 2021.

North America remains as our largest revenue contributor which contributed 46.14% of the total cumulative revenue for the current financial period ended 30 June 2021.

This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 30 June 2021 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

B2 Comparison with Immediate Preceding Quarter Results

	Individual Quarter		Changes	
	Unaudited Current Quarter 30.06.2021 RM'000	Unaudited Preceding Quarter 31.03.2021 RM'000	RM'000	%
Revenue	14,737	25,926	(11,189)	(43.16)
PBT	2,166	3,739	(1,573)	(42.07)

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The Group's revenue for the current financial quarter ended 30 June 2021 decreased by approximately RM11.19 million or 43.16% to approximately RM14.74 million compared to RM25.93 million in the preceding financial quarter ended 31 March 2021. The revenue reduction was mainly due to the disruptions in manufacturing operations as explained in Note B1(a).

The Group's PBT for the current financial quarter ended 30 June 2021 decreased by approximately of RM1.57 million or 42.07% from RM3.74 million in the preceding financial quarter ended 31 March 2021 to RM2.17 million. The reduction in PBT was in tandem with the lower revenue contribution in the current financial quarter under review as explained in Note B1(a).

B3 Prospect for the Current Financial Year

The Group operates within the furniture manufacturing industry in Malaysia. Many sectors of the economy including the furniture manufacturing industry have been adversely affected by the ongoing Covid-19 pandemic and the imposition of various movement control orders. In view of the above, structuring an optimized and efficient production environment shall be the key focus of the Group when it resumes its operations.

The Group will also continue its effort to expand its market reach and presence especially in online segment of the business in view of the accelerating growth of the online businesses globally. The growth of online businesses is expected to create more demand and opportunities for businesses within the industry.

With reference to the statistic published by Malaysia Timber Council ("MTC"), Malaysia exported RM3.76 billion of wooden furniture to Americas from January 2021 to June 2021, representing approximately 67.84% of the total export of wooden furniture. The lucrative opportunities coupled with the stable demand for home furniture in the North American market, North America will likely remain as the Group's main market segment.

Year 2021 is expected to remain challenging in view of the ongoing COVID-19 pandemic and the unforeseen circumstances arising from it. To ensure the Group remains competitive within the industry, the Group will continue its effort on design and development to expand its range of home furniture, as well as the marketing efforts to expand its customer base and export markets.

B4 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5 Tax Expense

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.06.2021 RM'000	Unaudited 30.06.2020 ⁽¹⁾ RM'000	Unaudited 30.06.2021 RM'000	Unaudited 30.06.2020 ⁽¹⁾ RM'000
Income tax expense	565	N/A	1,398	N/A