

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2022

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

## B1 Group Performance Review

## (a) Results for current quarter and financial year-to-date

	<u>Individual Quarter</u>				<u>Cumulative Quarter</u>			
	Unaudited Current Year Quarter 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2021 RM'000	Changes		Unaudited Current Year To Date 30.06.2022 RM'000	Unaudited Preceding Year Corresponding Year To Date 30.06.2021 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	25,790	14,737	11,053	75.00	51,491	40,663	10,828	26.63
Profit before tax	5,692	2,166	3,526	162.79	10,573	5,905	4,668	79.05

The Group's revenue for the current financial quarter ended 30 June 2022 increased by approximately RM11.05 million or 75.00% to approximately RM25.79 million as compared to RM14.74 million in the preceding year corresponding quarter ended 30 June 2021. The increase was mainly due to the absence of disruption to the Group's manufacturing activities in the current financial quarter ended 30 June 2022 as compared to the preceding year corresponding quarter ended 30 June 2021 where the Group's manufacturing activities were temporarily suspended as a result of COVID-19 infection of Mobilia International Sdn Bhd's employees, a wholly-owned subsidiary of Mobilia as well as the implementation of various stages of Movement Control Order by the Malaysian government.

The Group's profit before tax for the current financial quarter ended 30 June 2022 increased by approximately RM3.53 million or 162.79% from RM2.17 million in the preceding financial corresponding quarter ended 30 June 2021 to RM5.69 million. The increase in profit before tax was mainly attributable to the higher sales volume and strengthening of the USD against the RM whereby a majority of the Group's sales are denominated in USD.

## B2 Comparison with Immediate Preceding Quarter Results

	<u>Individual Quarter</u>		<u>Changes</u>	
	Unaudited Current Quarter 30.06.2022 RM'000	Unaudited Preceding Quarter 31.03.2022 RM'000	RM'000	%
Revenue	25,790	25,701	89	0.35
Profit before tax	5,692	4,881	811	16.62

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The Group's revenue for the current financial quarter ended 30 June 2022 increased slightly by approximately RM0.09 million or 0.35% to approximately RM25.79 million as compared to RM25.70 million in the preceding financial quarter ended 31 March 2022.

The Group's profit before tax for the current financial quarter ended 30 June 2022 increased by approximately RM0.81 million or 16.62% to RM5.69 million as compared to RM4.88 million in the preceding financial quarter ended 31 March 2022. The increase in profit before tax was mainly attributable to the strengthening of the USD against the RM which contributed to the increase in realised gain in foreign exchange during the current financial quarter under review.

**B3 Prospect for the Current Financial Year**

The Group operates within the furniture manufacturing industry in Malaysia and derives more than half of its revenue overseas. As such, the Group is exposed to risks such as disruptions to supply chains and foreign exchange fluctuations as majority of the Group's revenue are denominated in USD.

In view of the above, the Group will continue to place efforts on monitoring its business and financial performance closely. Operationally, the Group will endeavor to maintain a stable supply chain as well ensuring the safety and health of its employees so as to ensure smooth manufacturing operations.

The Group will also continue its marketing efforts to expand customer base and export markets, design and development efforts to expand range of home furniture. The Group had completed the construction of its factory Block B and C (Phase 2) which are expected to increase the Group's production capacity upon full operation. The construction of office and showroom (Phase 1B) allows the Group to set up showroom and designed D&D centre upon completion. The Group has also placed orders for new machineries which are expected to support business growth and expansion in the long term.

Taking the above into consideration, the Board is cautiously optimistic of its prospects for the financial year ending 31 December 2022.

**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.

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**B5 Tax Expense**

	Individual Quarter		Cumulative Quarter	
	Unaudited 30.06.2022 RM'000	Unaudited 30.06.2021 RM'000	Unaudited 30.06.2022 RM'000	Unaudited 30.06.2021 RM'000
Current tax expense:				
Current financial period	1,460	565	2,558	1,398
(Over)/Under provision in previous financial year	-	-	-	-
	<u>1,460</u>	<u>565</u>	<u>2,558</u>	<u>1,398</u>
Deferred tax expense:				
Origination of temporary differences	-	-	-	-
Under provision in previous financial year	-	-	300	-
<u>Acquisition of a subsidiary</u>				
Impact of deferred tax arising from the acquisition	79	-	79	-
Total tax expense	<u>1,539</u>	<u>565</u>	<u>2,937</u>	<u>1,398</u>
Effective tax rate <sup>(1)</sup>	<u>27.04%</u>	<u>26.08%</u>	<u>27.78%</u>	<u>23.67%</u>

Note:

- (1) The Group's effective tax rate for the current financial quarter and financial year-to-date are higher than the statutory tax rate of 24% primarily due to provision of deferred tax arising from the acquisition of a subsidiary and under provision of deferred tax expenses in previous financial year, respectively.

**B6 Status of Corporate Proposals**

Save as disclosed below, there is no other corporate proposal announced but not implemented as at the date of this report:

- (a) On 18 March 2022, the Company had entered into a conditional Sale of Shares Agreement with Tay Ah Hwa, Samin Bin Laham and Tay Khee Siah for the acquisition of the entire equity interest of H & S Usaha Jati Sdn. Bhd. for a total cash consideration of RM9.25 million ("**Acquisition**"). The Acquisition will enable the Group to secure a piece of freehold land held under GRN 90003, Lot 1145, Mukim Parit Bakar, Muar, Johor measuring approximately 4.4894 hectares which is located within 0.7km from the Group's existing manufacturing plant in Muar, Johor. The Acquisition was completed on 20 June 2022.
- (b) On 27 May 2022, Hong Leong Investment Bank Berhad ("**HLIB**") had announced on behalf of Mobilia that the Company proposes to undertake the proposed transfer of the listing and quotation of the entire issued share capital and the outstanding warrants of Mobilia from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad. ("**Bursa Securities**") ("**Proposed Transfer Listing**")