

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED
30 SEPTEMBER 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 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2021 RM'000	Changes		Unaudited Current Year To Date 30.09.2022 RM'000	Unaudited Preceding Year Corresponding Year To Date 30.09.2021 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	18,018	1,315	16,703	1,270.19	69,509	41,978	27,531	65.58
Profit/(loss) before tax	3,956	(1,155)	5,111	442.51	14,529	4,750	9,779	205.87

The Group's revenue for the current financial quarter ended 30 September 2022 increased by approximately RM16.70 million to approximately RM18.02 million as compared to RM1.32 million in the preceding year corresponding quarter ended 30 September 2021. The increase was mainly due to the absence of disruption to the Group's manufacturing activities in the current financial quarter ended 30 September 2022 as compared to the preceding year corresponding quarter ended 30 September 2021 where the Group's manufacturing activities were temporarily suspended as a result of 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 September 2022 increased by approximately RM5.11 million from a loss of approximately RM1.16 million in the preceding financial corresponding quarter ended 30 September 2021 to a profit of approximately RM3.96 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 30.09.2022 RM'000	Unaudited Preceding Quarter 30.06.2022 RM'000	RM'000	%
Revenue	18,018	25,790	(7,772)	(30.14)
Profit before tax	3,956	5,692	(1,736)	(30.50)

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The Group's revenue for the current financial quarter ended 30 September 2022 decreased by approximately RM7.77 million or 30.14% to approximately RM18.02 million as compared to RM25.79 million in the preceding financial quarter ended 30 June 2022. The decrease was mainly due to lower revenue contribution from America.

The Group's profit before tax for the current financial quarter ended 30 September 2022 decreased by approximately RM1.74 million or 30.50% to RM3.96 million as compared to RM5.69 million in the preceding financial quarter ended 30 June 2022. The reduction in profit before tax was mainly attributable to the lower revenue contribution in 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 uncertainties and risks such as global inflationary issues and global economic outlook. These uncertainties coupled with increased wages will continue to challenge the Group's operations and business performance. Notwithstanding this, the strengthening of USD against RM is expected to cushion the negative impact 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 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.