

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED
31 MARCH 2023

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

B1 Group Performance Review

Results for current quarter and financial year-to-date

	<u>Individual Quarter</u>				<u>Cumulative Quarter</u>			
	Unaudited Current Year Quarter 31.03.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2022 RM'000	Changes		Unaudited Current Year To Date 31.03.2023 RM'000	Unaudited Preceding Year Corresponding Year To Date 31.03.2022 RM'000	Changes	
		RM'000	RM'000	%			RM'000	%
Revenue	16,161	25,701	(9,540)	(37.12)	16,161	25,701	(9,540)	(37.12)
Profit before tax	1,440	4,881	(3,441)	(70.50)	1,440	4,881	(3,441)	(70.50)

The Group's revenue for the current financial quarter and financial period ended 31 March 2023 decreased by approximately RM9.54 million or 37.12% to approximately RM16.16 million as compared to RM25.70 million in the preceding year corresponding quarter and financial period ended 31 March 2022. The decrease was mainly due to lower sales volume as a result of weaker market demand.

The Group's profit before tax for the current financial quarter and financial period ended 31 March 2023 decreased by approximately RM3.44 million or 70.50% from RM4.88 million in the preceding year corresponding quarter and financial period ended 31 March 2022 to RM1.44 million. The decrease in profit before tax was mainly attributable to the lower revenue contribution.

B2 Comparison with Immediate Preceding Quarter Results

	<u>Individual Quarter</u>		<u>Changes</u>	
	Unaudited Current Quarter 31.03.2023 RM'000	Unaudited Preceding Quarter 31.12.2022 RM'000	RM'000	%
Revenue	16,161	15,442	719	4.66
Profit before tax	1,440	1,408	32	2.27

The Group's revenue for the current financial quarter ended 31 March 2023 increased by approximately RM0.72 million or 4.66% to approximately RM16.16 million as compared to RM15.44 million in the preceding financial quarter ended 31 December 2022. The increase was mainly due to higher sales volume.

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The Group's profit before tax for the current financial quarter ended 31 March 2023 increased by approximately RM0.03 million or 2.27% to RM1.44 million as compared to RM1.41 million in the preceding financial quarter ended 31 December 2022. The slight increase in profit before tax was mainly attributable to the higher revenue contribution.

B3 Prospects

The Group expects to face the challenges of global economic uncertainties, global inflationary pressure and increased wages in the following quarters. The relatively strong USD against RM is expected to partially 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 marketing efforts to expand customer base and export markets, design and development efforts to expand range of home furniture, as well as maintaining a stable supply chain and efficient manufacturing operations. The Group will take necessary measures to meet the challenges ahead, and monitor the business and financial performance closely.

Barring any unforeseen circumstances, the Group expects the financial performance for the financial year 2023 to be satisfactory.

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 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000
Current tax expense:				
Current financial period	362	1,098	362	1,098
	<u>362</u>	<u>1,098</u>	<u>362</u>	<u>1,098</u>
Deferred tax expense:				
Underprovision in previous financial year	-	300	-	300
Total tax expense	<u>362</u>	<u>1,398</u>	<u>362</u>	<u>1,398</u>
Effective tax rate ⁽¹⁾	25.14%	28.64%	25.14%	28.64%

Note:

(1) The Group's effective tax rate for the current financial quarter and financial year-to-date are slightly higher than the statutory tax rate of 24%.