



**RHONG KHEN INTERNATIONAL BERHAD**  
(Registration No.: 199401017151 (302829-W))

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE 2023**

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 30.06.2023 RM'000	Preceding year corresponding quarter 30.06.2022 RM'000	Current year quarter 30.06.2023 RM'000	Preceding year corresponding quarter 30.06.2022 RM'000
Revenue	130,972	240,194	649,423	756,324
Cost of sales	(111,355)	(195,376)	(571,177)	(650,787)
<b>Gross profit</b>	<b>19,617</b>	<b>44,818</b>	<b>78,246</b>	<b>105,537</b>
Other income	2,431	1,288	7,025	5,959
Selling and distribution expenses	(4,915)	(7,634)	(19,097)	(21,788)
Administrative expenses	(2,772)	(6,572)	(26,841)	(29,254)
Other expenses	(5,541)	(5,900)	(8,245)	(9,037)
<b>Operating profit</b>	<b>8,820</b>	<b>26,000</b>	<b>31,088</b>	<b>51,417</b>
Finance costs	(585)	(822)	(3,232)	(2,605)
<b>Profit before taxation</b>	<b>8,235</b>	<b>25,178</b>	<b>27,856</b>	<b>48,812</b>
Taxation	613	(7,725)	(6,001)	(13,288)
<b>Profit for the period</b>	<b>8,848</b>	<b>17,453</b>	<b>21,855</b>	<b>35,524</b>
Attributable to :				
Owners of the parent	9,204	17,453	22,587	35,524
Non-controlling interest	(356)	-	(732)	-
<b>Profit for the period</b>	<b>8,848</b>	<b>17,453</b>	<b>21,855</b>	<b>35,524</b>
<b>Earnings per share (sen) :</b>				
(a) Basic	4.74	8.98	11.63	18.28
(b) Diluted	4.74	8.98	11.63	18.28
Weighted average number of ordinary shares ('000)	194,150.8	194,310.0	194,150.8	194,310.0
Profit for the period	8,848	17,453	21,855	35,524
Other comprehensive income:				
Foreign currency translation	18,493	13,933	19,776	17,268
<b>Total comprehensive income for the period</b>	<b>27,341</b>	<b>31,386</b>	<b>41,631</b>	<b>52,792</b>
Total comprehensive income attributable to :				
Owners of the parent	27,697	31,386	42,363	52,792
Non-controlling interest	(356)	-	(732)	-
<b>Total comprehensive income for the period</b>	<b>27,341</b>	<b>31,386</b>	<b>41,631</b>	<b>52,792</b>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**RHONG KHEN INTERNATIONAL BERHAD**  
(Registration No.: 199401017151 (302829-W))

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 30 JUNE 2023**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	267,840	255,520
Investment properties	52,724	51,233
Right-of-use assets	33,194	32,691
Other investments	81	81
Deferred tax assets	843	1,057
	<u>354,682</u>	<u>340,582</u>
<b>Current assets</b>		
Inventories	151,433	253,411
Trade and other receivables	43,195	82,457
Prepayments	3,553	4,192
Tax recoverable	1,482	171
Cash and bank balances	194,934	182,374
Investment securities	63,438	85,012
	<u>458,035</u>	<u>607,617</u>
<b>TOTAL ASSETS</b>	<u><u>812,717</u></u>	<u><u>948,199</u></u>



**RHONG KHEN INTERNATIONAL BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 30 JUNE 2023 (CONT'D)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	98,433	98,433
Treasury shares	(167)	(155)
Retained earnings	482,226	471,294
Foreign currency translation reserve	105,464	85,688
	<u>685,956</u>	<u>655,260</u>
Non-controlling interest	(242)	-
<b>Total equity</b>	<u>685,714</u>	<u>655,260</u>
<b>Non-current liabilities</b>		
Loans and borrowings	17,328	26,026
Lease liabilities	5,091	4,975
Provision for severance allowance	232	227
Retirement benefit obligation	338	287
Deferred tax liabilities	3,644	3,260
	<u>26,633</u>	<u>34,775</u>
<b>Current liabilities</b>		
Trade and other payables	52,954	117,089
Loans and borrowings	15,111	103,285
Lease liabilities	171	158
Tax payable	32,134	37,225
Derivatives	-	407
	<u>100,370</u>	<u>258,164</u>
<b>Total liabilities</b>	<u>127,003</u>	<u>292,939</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>812,717</u>	<u>948,199</u>
Net assets per share attributable to owners of the parent (RM)	<u>3.53</u>	<u>3.37</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**RHONG KHEN INTERNATIONAL BERHAD**  
(Registration No.: 199401017151 (302829-W))

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE 2023**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Non-distributable Foreign currency translation reserve</u>	<u>Distributable Retained earnings</u>	<u>Total</u>	<u>Non- controlling interest</u>	<u>Total equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2021	98,433	(155)	68,420	443,542	610,240	-	610,240
Total comprehensive income for the period	-	-	17,268	35,524	52,792	-	52,792
Dividend paid	-	-	-	(7,772)	(7,772)	-	(7,772)
As at 30 June 2022	<b>98,433</b>	<b>(155)</b>	<b>85,688</b>	<b>471,294</b>	<b>655,260</b>	<b>-</b>	<b>655,260</b>
As at 1 July 2022	98,433	(155)	85,688	471,294	655,260	-	655,260
Total comprehensive income for the period	-	-	19,776	22,587	42,363	(732)	41,631
Dividend paid	-	-	-	(11,655)	(11,655)	-	(11,655)
Purchase of treasury shares	-	(874)	-	-	(874)	-	(874)
Transfer to Employees' Share Scheme	-	862	-	-	862	-	862
Incorporation of a subsidiary	-	-	-	-	-	490	490
As at 30 June 2023	<b>98,433</b>	<b>(167)</b>	<b>105,464</b>	<b>482,226</b>	<b>685,956</b>	<b>(242)</b>	<b>685,714</b>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE 2023**

	30.06.2023 RM'000	30.06.2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	27,856	48,812
<b>Adjustments for:</b>		
Allowance for expected credit losses on trade receivables	234	197
Depreciation and amortisation	19,271	19,256
Inventories written down	476	159
Property, plant and equipment written off	202	-
Net fair value (gain)/loss on derivatives	(407)	280
Net fair value (gain)/loss on investment securities	(999)	1,220
Net unrealised loss on foreign exchange	1,072	1,565
Loss on disposal of property, plant and equipment	189	10
Gain on termination of right-of-use assets	-	(639)
Distribution from investment securities	(1,401)	(1,098)
Non cash items	1,024	188
Net financing costs	234	982
<b>Operating profit before working capital changes</b>	<b>47,751</b>	<b>70,932</b>
<b>Changes in working capital</b>		
Net change in current assets	152,531	(32,060)
Net change in current liabilities	(67,768)	(714)
Net taxes paid	(13,560)	(9,048)
Interest paid	(3,136)	(2,514)
<b>Net cash flows generated from operating activities</b>	<b>115,818</b>	<b>26,596</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Interest received</b>		
Interest received	2,950	1,553
Purchase of property, plant and equipment	(21,875)	(6,437)
Purchase of investment properties	(1,800)	(15)
Purchase of intangible assets	(50)	-
Proceeds from disposal of property, plant and equipment	328	337
Proceeds from termination of right-of-use assets	-	2,379
(Placement)/withdrawal of deposits with licensed banks	(28,141)	3,582
Net proceed from/(purchase of) investment securities	24,053	(29,302)
<b>Net cash flows used in investing activities</b>	<b>(24,535)</b>	<b>(27,903)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayments of loans and borrowings	(100,133)	(8,012)
Repayments for principal portion of lease liabilities	(161)	(901)
Dividends paid on ordinary shares	(11,655)	(7,772)
Placement of deposits placed as securities for bank borrowings and guarantees	(1,741)	(3,848)
Treasury shares acquired	(874)	-
<b>Net cash flows used in financing activities</b>	<b>(114,564)</b>	<b>(20,533)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(23,281)</b>	<b>(21,840)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>170,466</b>	<b>184,960</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>5,959</b>	<b>7,346</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>153,144</b>	<b>170,466</b>
<b>Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :</b>		
<b>Cash and bank balances</b>	<b>97,867</b>	<b>134,223</b>
<b>Term deposits</b>	<b>97,067</b>	<b>48,151</b>
	<b>194,934</b>	<b>182,374</b>
<b>Less:</b>		
<b>Deposits pledged as securities for bank borrowings and guarantees</b>	<b>(12,974)</b>	<b>(11,233)</b>
<b>Deposits with licensed banks with tenure more than three months</b>	<b>(28,816)</b>	<b>(675)</b>
	<b>153,144</b>	<b>170,466</b>

**Reconciliation of liabilities arising from financing activities:**

	Carrying amount as at 1 July 2022 RM'000	Cash flows RM'000	Effects of foreign exchange RM'000	Carrying amount as at 30 June 2023 RM'000
<u>Group</u>				
Loans and borrowings	129,311	(100,133)	3,261	32,439
Lease liabilities	5,133	(161)	290	5,262
<b>Total</b>	<b>134,444</b>	<b>(100,294)</b>	<b>3,551</b>	<b>37,701</b>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



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**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023**

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**A1. BASIS OF PREPARATION**

The interim financial report is unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2022.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2022 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations that are effective for the financial periods beginning on 1 July 2022.

The adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations did not have any material effect on the financial performance or position of the Group.

**A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The latest audited financial statements for the financial year ended 30 June 2022 were not subject to any qualification.

**A3. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period ended 30 June 2023.

**A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT**

There was no revaluation of properties of the Group during the financial period ended 30 June 2023.

**A5. TAXATION**

The taxation of the Group for the financial period under review was as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	215	1,033	2,059	3,167
Overseas	(1,374)	7,118	3,134	10,124
<b>Total</b>	<b>(1,159)</b>	<b>8,151</b>	<b>5,193</b>	<b>13,291</b>



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**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023**

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	Individual Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax expense				
Malaysian	(478)	(355)	(216)	47
Overseas	1,024	(71)	1,024	(50)
<b>Total</b>	<b>546</b>	<b>(426)</b>	<b>808</b>	<b>(3)</b>
	<b>(613)</b>	<b>7,725</b>	<b>6,001</b>	<b>13,288</b>

**A6. CHANGES IN THE COMPOSITION OF THE GROUP**

There was no change to the composition of the Group in the quarter ended 30 June 2023.

**A7. SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the current quarter that would have impact on the result that had been reflected in the quarter under review except for on 24 August 2023, Latitude Tree International Limited ("Latitude Tree International") had entered into a Share Purchase Agreement with Grob Holz Sdn. Bhd. ("Grob Holz"), both wholly-owned subsidiaries of the Company, for disposal of 2 ordinary shares, representing 0.000015% of the total registered capital of Latitude Tree Vietnam Joint Stock Company ("Latitude Tree Vietnam") from Latitude Tree International to Grob Holz at a total consideration USD1.22 (equivalent to approximately RM5.61) ("Internal Re-organisation"). On the even date, L-Tree Resources Sdn Bhd ("L-Tree") also had entered into a Share Purchase Agreement with Uptown Promenade Sdn. Bhd. ("Uptown Promenade"), both wholly-owned subsidiaries of the Company, for disposal of 2 ordinary shares, representing 0.000015% of the total registered capital of Latitude Tree Vietnam from L-Tree to Uptown Promenade at a total consideration USD1.22 (equivalent to approximately RM5.61). Upon completion of the Internal Re-organisation, both Grob Holz and Uptown Promenade will hold 0.000015% respectively in Latitude Tree Vietnam.

**A8. CHANGES IN EQUITY AND LONG TERM DEBTS**

There were no changes in equity and long term debts for the current quarter ended 30 June 2023.

**A9. BORROWINGS AND DEBTS SECURITIES**

Details of the Group's borrowings were as follows:



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**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023**

	As at 30 June 2023					
	Long term		Short term		Total borrowings	
	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000
<b>Secured</b>						
Term loan (USD)	11,956	-	2,077	-	14,033	-
Term loan (RM)	-	5,372	-	830	-	6,202
Bankers' acceptances (RM)	-	-	-	1,215	-	1,215
<b>Unsecured</b>						
Trust receipts (USD)	-	-	3,950	-	3,950	-
Debentures (USD)	-	-	7,039	-	7,039	-
<b>Total</b>	11,956	5,372	13,066	2,045	25,022	7,417

	As at 30 June 2022					
	Long term		Short term		Total borrowings	
	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000
<b>Secured</b>						
Term loan (USD)	13,199	-	1,922	-	15,121	-
Term loan (RM)	-	6,184	-	824	-	7,008
Bankers' acceptances (RM)	-	-	-	2,397	-	2,397
<b>Unsecured</b>						
Trust receipts (USD)	-	-	98,142	-	98,142	-
Debentures (USD)	6,643	-	-	-	6,643	-
<b>Total</b>	19,842	6,184	100,064	3,221	119,906	9,405





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**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023**

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**A10. FINANCIAL INSTRUMENTS - DERIVATIVES**

Details of the Group's outstanding derivative financial instruments were as follows:

	As at 30 June 2023			As at 30 June 2022		
	Contract/ Notional amount RM'000	Assets RM'000	Fair value gain RM'000	Contract/ Notional amount RM'000	Liabilities RM'000	Fair value loss RM'000

**Non-hedging derivatives:**

Forward currency contracts	-	-	407	15,872	(407)	(280)
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The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's bank balance denominated in United States Dollar ("USD") for which Group's commitments existed at the reporting date. During the financial period under review, the Group recognised a gain of RM406,882 arising from fair value changes of forward currency contracts. The fair value changes are attributable to changes in foreign exchange closing and forward rate.

**A11. CHANGES IN MATERIAL LITIGATION**

There was no material litigation or any pending material litigation since the date of the last annual statement of financial position until 24 August 2023.

**A12. SEGMENTAL INFORMATION**

The Group's primary business segment, including its overseas subsidiaries is that of the manufacture and sale of wooden furniture and components.

Business segmental information has not been prepared as the Group's revenue, operating profit, assets and liabilities, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one business segment.

***Geographical segments***

The Group's business segment operates principally in Malaysia, Vietnam and Thailand.

In presenting information on the basis of geographical segments, segment revenue and profit before taxation, segment assets and liabilities were based on the geographical location of assets.



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**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023**

**Results for the Individual Quarter ended 30 June**

	Malaysia		Vietnam		Thailand		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total revenue	23,041	43,207	107,486	196,193	4,632	5,836	2,991	2,539	138,150	247,775
Inter-segment revenue	(4,152)	(4,770)	-	(2)	(776)	(1,309)	(2,250)	(1,500)	(7,178)	(7,581)
External revenue	18,889	38,437	107,486	196,191	3,856	4,527	741	1,039	130,972	240,194
(Loss)/profit before taxation	(3,588)	2,417	11,583	24,705	(1,361)	(782)	1,601	(1,162)	8,235	25,178
Segment assets	263,849	260,315	427,913	556,041	33,350	33,427	600,543	592,977	1,325,655	1,442,760
Segment liabilities	61,703	50,919	78,451	240,133	18,168	17,105	82,908	82,471	241,230	390,628

**Results for the Cumulative Quarter ended 30 June**

	Malaysia		Vietnam		Thailand		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total revenue	141,368	168,518	504,511	584,301	20,400	23,380	27,121	13,130	693,400	789,329
Inter-segment revenue	(15,545)	(17,385)	(71)	(116)	(4,338)	(5,590)	(24,023)	(9,914)	(43,977)	(33,005)
External revenue	125,823	151,133	504,440	584,185	16,062	17,790	3,098	3,216	649,423	756,324
Profit/(loss) before taxation	(1,522)	13,173	32,353	40,542	(1,914)	(2,387)	(1,061)	(2,516)	27,856	48,812
Segment assets	263,849	260,315	427,913	556,041	33,350	33,427	600,543	592,977	1,325,655	1,442,760
Segment liabilities	61,703	50,919	78,451	240,133	18,168	17,105	82,908	82,471	241,230	390,628

The following items are deducted from segment assets/liabilities to arrive at total assets/liabilities reported in the consolidated statement of financial position:



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**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023**

	<b>30.06.2023</b> <b>RM'000</b>	<b>30.06.2022</b> <b>RM'000</b>
Inter-segment assets	<u>512,938</u>	<u>494,561</u>
Inter-segment liabilities	<u>114,227</u>	<u>97,689</u>

**ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENT (APPENDIX 9B)**

**B1. MATERIAL CHANGE IN PROFIT BEFORE TAXATION COMPARED TO IMMEDIATE PRECEDING QUARTER**

	<b>Individual quarter</b>		
<b>RM' Million</b>	<b>30.06.2023</b>	<b>31.03.2023</b>	<b>Changes (%)</b>
Revenue	131.0	97.9	33.8%
Gross profit	19.6	3.2	>100.0%
Profit/(loss) before taxation	8.2	(8.8)	>100.0%
Profit/(loss) after taxation	8.8	(8.7)	>100.0%

**Revenue**

For the quarter under review, the Group's revenue surged by 33.8% to RM131.0 million as compared to the preceding quarter of RM97.9 million. The increase was mainly attributable to the followings:

- overall improvement in sales by furniture division especially plant in Vietnam due to higher shipment in current quarter; and
- strengthening of US Dollar ("USD") against Ringgit Malaysia ("RM") by 0.3%.

**Gross profit**

The Group has recorded higher gross profit from RM3.2 million in preceding quarter compared to RM19.6 million in current quarter, representing an increase of more than 100.0%. The substantial increase in gross profit was mainly attributable to the followings:

- in line with the increase in revenue; and
- lower manufacturing costs benefited from higher production output across all divisions in current quarter compared to preceding quarter due to more production days.

**Profit/(loss) before taxation ("PBT/(LBT)")**

The Group has recorded a substantial increase in PBT from a loss of RM8.8 million in preceding quarter to a profit of RM8.2 million in current quarter, representing an increase of more than



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**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023**

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100.0%. The profits were mainly due to a substantial increase in gross profit and lower finance costs recorded in current quarter resulting from lower utilisation of short-term bank borrowings.

**Profit/(loss) after taxation (“PAT/(LAT)”)**

The Group recorded PAT of RM8.8 million in current quarter, representing a significant increase of more than 100.0% from LAT of RM8.7 million in preceding quarter was in line with the increase in PBT/(LBT) and reversal of over provision of tax expense in prior years in current quarter compared to preceding quarter.

**B2. REVIEW OF PERFORMANCE**

RM' Million	Cumulative quarter		Changes (%)
	30.06.2023	30.06.2022	
Revenue	649.4	756.3	-14.1%
Gross profit	78.2	105.5	-25.9%
Profit before taxation	27.9	48.8	-42.8%
Profit after taxation	21.9	35.5	-38.3%

**Revenue**

The Group recorded revenue of RM649.4 million for the financial year ended 30 June 2023 (“FY2023”), representing a decrease of 14.1% as compared to the financial year ended 30 June 2022 (“FY2022”) of RM756.3 million. The decrease was mainly due to lower sales recorded by all divisions of the Group due to slowdown in shipment and lower orders received offset with strengthening of United States Dollar (“USD”) against Ringgit Malaysia (“RM”) by 6.0%.

**Gross profit**

Gross profit of the Group amounted to RM78.2 million in FY2023, representing a decrease of 25.9% from RM105.5 million in FY2022. The decrease in gross profit was mainly due to margin compression as discounts were given to our customers to boost shipments in FY2023 and higher operating and labour costs as a result of reduced production output across all divisions of the Group.

**Profit before taxation (“PBT”)**

PBT of the Group amounted to RM27.9 million in FY2023, representing a decrease of 42.8% from RM48.8 million in FY2022 was in line with the decrease in gross profit and higher finance costs due to increase in interest rates.



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**Profit after taxation (“PAT”)**

PAT of the Group amounted to RM21.9 million in FY2023, representing a decrease of 38.3% from RM35.5 million in FY2022 was in line with decrease in PBT.

**B3. PROFIT FOR THE PERIOD**

Profit for the period is arrived at after (crediting)/charging:

	Individual quarter ended		Cumulative quarter ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(968)	(135)	(2,998)	(1,623)
Interest expense	585	823	3,232	2,605
Distribution from investment securities	(315)	(281)	(1,401)	(1,098)
Depreciation and amortisation	4,961	4,813	19,271	19,256
Loss on disposal of property, plant and equipment	87	24	189	10
Gain on termination of right-of-use assets	-	(8)	-	(639)
Property, plant and equipment written off	202	-	202	-
Allowance for expected credit losses on trade receivables	234	212	234	197
Net unrealised loss on foreign exchange	607	1,043	1,072	1,565
Net realised loss on foreign exchange	799	(257)	2,479	1,800
Net fair value loss/(gain) on derivatives	3	528	(407)	280
Net fair value (gain)/loss on investment securities	(648)	741	(999)	1220
Insurance compensation	-	16	-	(569)
Inventories written down	476	159	476	159



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**B4. TRADE AND OTHER RECEIVABLES**

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>		
Third parties	36,288	63,118
Less: Allowance for expected credit losses	<u>(6,319)</u>	<u>(5,780)</u>
Trade receivables, net	<u>29,969</u>	<u>57,338</u>
<b>Other receivables</b>		
Import duty and other indirect taxes	10,119	18,688
Sundry receivables	2,683	6,105
Deposits	<u>706</u>	<u>594</u>
	13,508	25,387
Less: Allowance for expected credit losses-sundry receivables	<u>(282)</u>	<u>(268)</u>
Other receivables, net	<u>13,226</u>	<u>25,119</u>
Total trade and other receivables	<u>43,195</u>	<u>82,457</u>

The ageing analysis of the Group's trade receivables is as follows:

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	23,872	43,890
Past due not impaired:		
1 - 30 days	5,062	11,746
31 - 60 days	248	957
61 - 90 days	2	104
> 91 days	785	641
Impaired	<u>6,319</u>	<u>5,780</u>
Gross trade receivables	<u>36,288</u>	<u>63,118</u>

**Trade receivables**

Trade receivables are non-interest bearing. The Group's normal trade credit terms range from 7 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**B5. CORPORATE PROPOSAL**

There were no corporate proposals announced but not completed as at 24 August 2023.



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**B6. SEASONAL OR CYCLICAL FACTORS**

The Group operation is seasonal in nature whereby the turnover for the first three months of a calendar year is slightly lower due to long festive holidays which fall on the first quarter of the calendar year and also the lower demand in the United States which normally slows down after Christmas and New Year.

**B7. CURRENT YEAR PROSPECT**

The global market remains weak as a result of the prolonged ongoing war between Russia and Ukraine and the rapid and aggressive rise in interest rates in US. High interest rates in US affecting furniture sales in US as most of our customers had reduced orders by between 30% to 50%. The furniture industry also has to manage the over-inventoried situation in US and rising labour costs in Malaysia and Vietnam.

In view of this trying time especially the risk of global recession and geopolitical uncertainties, the Group will remain resilient and vigilant in addressing these uncertainties in all levels of decision making. The Group will align its strategies of cost controlling, enhancing production efficiency, development of new products and new designs with the prevailing market situation.

Barring any unforeseen circumstances, the Board believes that the Group is able to manage the challenges of the current market environment and will remain profitable for the financial year ending 30 June 2024.

**B8. VARIANCE BETWEEN ACTUAL RESULT AND FORECAST PROFIT OR PROFIT GUARANTEE**

The Group did not issue any profit forecast or profit guarantee for the quarter ended 30 June 2023.

**B9. DIVIDEND**

The Company had on 12 May 2023 paid a first interim single-tier dividend of 1.0 sen per ordinary share for the financial year ending 30 June 2023.

The Directors have recommended a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2023 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The dividend entitlement and payment date for the proposed dividend will be determined, and thereafter announced at a later date.



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**B10. EARNINGS PER SHARE (“EPS”)**

<b>Basic EPS</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Net profit attributable to owners the parent (RM'000)	9,204	17,453	22,587	35,524
Weighted average number of shares ('000)	194,150.8	194,310.0	194,150.8	194,310.0
Basic EPS (sen)	4.74	8.98	11.63	18.28

**B11. CAPITAL COMMITMENTS**

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2023 were as follows:

	RM'000
Authorised by Directors and contracted	3,169
Authorised by Directors and not contracted	-
	<b>3,169</b>