



**LY CORPORATION LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 201629154K)

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021**

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*This announcement has been prepared by LY Corporation Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, Xandar Capital Pte. Ltd. (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Group 6 months ended			Group 12 months ended		
		31 December 2021 RM'000	31 December 2020 RM'000	Increase/ (decrease) %	31 December 2021 RM'000	31 December 2020 RM'000	Increase/ (decrease) %
Revenue	N4.2	93,475	131,263	(28.8)	189,222	238,604	(20.7)
Cost of sales		(102,479)	(120,102)	(14.7)	(192,710)	(217,740)	(11.5)
<b>Gross (loss)/profit</b>		<b>(9,004)</b>	<b>11,161</b>	<b>(180.7)</b>	<b>(3,488)</b>	<b>20,864</b>	<b>(116.7)</b>
<b>Other items of income</b>							
Interest income from short-term deposits		13	43	(69.8)	40	177	(77.4)
Distributions from short-term investment security		–	5	(100.0)	1	5	(80.0)
Other income		7,636	2,267	236.8	10,261	4,681	119.2
<b>Other items of expense</b>							
Selling and administrative expenses		(8,287)	(8,996)	(7.9)	(18,207)	(18,618)	(2.2)
Finance costs		(801)	(352)	127.6	(1,449)	(593)	144.4
Other expense		(363)	(468)	(22.4)	(367)	(470)	(21.9)
<b>(Loss)/profit before tax</b>	N6	<b>(10,806)</b>	<b>3,660</b>	<b>(395.2)</b>	<b>(13,209)</b>	<b>6,046</b>	<b>(318.5)</b>
Income tax credit/(expense)	N7	6,385	(1,520)	520.1	6,347	(2,598)	344.3
<b>(Loss)/profit for the period/year, representing total comprehensive income for the period/year</b>		<b>(4,421)</b>	<b>2,140</b>	<b>(306.6)</b>	<b>(6,862)</b>	<b>3,448</b>	<b>(299.0)</b>
<b>(Loss)/profit for the period/year, representing total comprehensive income for the period attributable to:</b>							
Owners of the Company		(4,926)	2,850	(272.8)	(7,191)	4,826	(249.0)
Non-controlling interest		505	(710)	171.1	329	(1,378)	123.9
		<b>(4,421)</b>	<b>2,140</b>	<b>(306.6)</b>	<b>(6,862)</b>	<b>3,448</b>	<b>(299.0)</b>
<b>(Loss)/earnings per share attributable to owners of the Company (sen per share)</b>							
Basic and diluted		(1.01)	0.58		(1.47)	0.99	

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group As at 31 December 2021 RM'000	Group As at 31 December 2020 RM'000	Company As at 31 December 2021 RM'000	Company As at 31 December 2020 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	N12	159,485	154,283	–	–
Right-of-use assets		26,087	21,576	–	–
Intangible assets	N11	2,923	2,974	–	–
Investment in subsidiaries		–	–	62,456	59,946
Other receivable		–	630	–	–
		<b>188,495</b>	<b>179,463</b>	<b>62,456</b>	<b>59,946</b>
<b>Current assets</b>					
Inventories		88,676	96,503	–	–
Trade and other receivables		19,833	18,831	7	4,007
Contract assets		–	4,813	–	–
Prepaid operating expense		2,306	1,329	24	14
Tax recoverable		5,814	2,806	–	–
Short-term investment security	N10	–	1,005	–	–
Cash and cash equivalents		30,919	37,394	4,590	6,626
		<b>147,548</b>	<b>162,681</b>	<b>4,621</b>	<b>10,647</b>
<b>Total assets</b>		<b>336,043</b>	<b>342,144</b>	<b>67,077</b>	<b>70,593</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Loans and borrowings	N13	24,161	23,222	–	–
Trade and other payables		42,500	39,306	–	–
Contract liabilities		3,827	13,211	–	–
Lease liabilities		2,075	1,201	–	–
Accrued operating expenses		778	680	512	454
Tax payable		–	–	–	16
		<b>73,341</b>	<b>77,620</b>	<b>512</b>	<b>470</b>
<b>Net current assets</b>		<b>74,207</b>	<b>85,061</b>	<b>4,109</b>	<b>10,177</b>
<b>Non-current liabilities</b>					
Loans and borrowings	N13	30,619	20,008	–	–
Deferred tax liabilities		12,657	17,056	–	–
Lease liabilities		5,861	5,019	–	–
		<b>49,137</b>	<b>42,083</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>122,478</b>	<b>119,703</b>	<b>512</b>	<b>470</b>
<b>Net assets</b>		<b>213,565</b>	<b>222,441</b>	<b>66,565</b>	<b>70,123</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	N14	66,135	66,135	66,135	66,135
Treasury shares	N14	(173)	(135)	(173)	(135)
Merger reserve		(15,234)	(15,234)	–	–
Retained earnings		165,312	174,479	603	4,123
		<b>216,040</b>	<b>225,245</b>	<b>66,565</b>	<b>70,123</b>
Non-controlling interest		(2,475)	(2,804)	–	–
<b>Total equity</b>		<b>213,565</b>	<b>222,441</b>	<b>66,565</b>	<b>70,123</b>
<b>Total equity and liabilities</b>		<b>336,043</b>	<b>342,144</b>	<b>67,077</b>	<b>70,593</b>

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

**Group**

	Note	Attributable to owners of the Company					Non-controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Treasury share RM'000	Merger reserve RM'000	Retained Earnings RM'000	Equity attributable to owner RM'000		
<b>(Unaudited)</b>								
<b>At 1 January 2021</b>	N14	<b>66,135</b>	<b>(135)</b>	<b>(15,234)</b>	<b>174,479</b>	<b>225,245</b>	<b>(2,804)</b>	<b>222,441</b>
(Loss)/profit for the year, representing total comprehensive income for the year		-	-	-	(7,191)	(7,191)	329	(6,862)
Purchase of treasury shares		-	(38)	-	-	(38)	-	(38)
Dividend on ordinary shares		-	-	-	(1,976)	(1,976)	-	(1,976)
<b>At 31 December 2021</b>		<b>66,135</b>	<b>(173)</b>	<b>(15,234)</b>	<b>165,312</b>	<b>216,040</b>	<b>(2,475)</b>	<b>213,565</b>
<b>(Audited)</b>								
<b>At 1 January 2020</b>	N14	<b>66,135</b>	-	<b>(15,234)</b>	<b>170,904</b>	<b>221,805</b>	<b>(1,426)</b>	<b>220,379</b>
Profit/(loss) for the year, representing total comprehensive income for the year		-	-	-	4,826	4,826	(1,378)	3,448
Purchase of treasury shares		-	(135)	-	-	(135)	-	(135)
Dividend on ordinary shares		-	-	-	(1,251)	(1,251)	-	(1,251)
<b>At 31 December 2020</b>		<b>66,135</b>	<b>(135)</b>	<b>(15,234)</b>	<b>174,479</b>	<b>225,245</b>	<b>(2,804)</b>	<b>222,441</b>

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

**Company**

	<b>Note</b>	<b>Share capital RM'000</b>	<b>Treasury shares RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>(Unaudited)</b>					
<b>At 1 January 2021</b>	N14	<b>66,135</b>	<b>(135)</b>	<b>4,123</b>	<b>70,123</b>
Loss for the year, representing total comprehensive income for the year		–	–	(1,544)	(1,544)
Purchase of treasury shares		–	(38)	–	(38)
Dividend on ordinary shares		–	–	(1,976)	(1,976)
<b>At 31 December 2021</b>		<b>66,135</b>	<b>(173)</b>	<b>603</b>	<b>66,565</b>
<b>(Audited)</b>					
<b>At 1 January 2020</b>	N14	<b>66,135</b>	–	<b>3,136</b>	<b>69,271</b>
Profit for the year, representing total comprehensive income for the year		–	–	2,238	2,238
Purchase of treasury shares		–	(135)	–	(135)
Dividend on ordinary shares		–	–	(1,251)	(1,251)
<b>At 31 December 2020</b>		<b>66,135</b>	<b>(135)</b>	<b>4,123</b>	<b>70,123</b>

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Group 12 months ended	
		31 December 2021 RM'000	31 December 2020 RM'000
<b>Operating activities</b>			
(Loss)/profit before tax		(13,209)	6,046
<u>Adjustments for:</u>			
Loss on disposal of property, plant and equipment	N6.1	37	61
Rent concessions		–	(126)
Gain on disposal of short-term investment		(4)	–
Interest income from short-term deposits		(40)	(177)
Interest expense	N6.1	1,449	593
Distributions from short-term investment security		(1)	(5)
Depreciation on right-of-use assets	N6.1	2,388	1,806
Adjustment on right-of-use assets		12	(3)
Amortisation of trademarks	N11	51	50
Depreciation of property, plant and equipment	N6.1	10,323	9,069
Property, plant and equipment written-off	N6.1	47	257
Unrealised exchange gain		(365)	(452)
		<b>688</b>	<b>17,119</b>
<u>Operating profit before working capital changes</u>			
<u>Changes in working capital:</u>			
Decrease/(increase) in inventories		7,827	(55,614)
Decrease in trade and other receivables		168	7,838
Decrease in contract assets		4,813	1,519
Increase in prepaid operating expense		(977)	(7)
Increase in trade and other payables		3,164	10,227
(Decrease)/increase in contract liabilities		(9,384)	12,964
Increase in accrued operating expenses		98	2
		<b>6,397</b>	<b>(5,952)</b>
<u>Cash flows generated from/(used in) operations</u>			
Interest paid		(1,083)	(230)
Net income taxes paid		(1,060)	(3,392)
		<b>4,254</b>	<b>(9,574)</b>
<u>Net cash flows generated from/(used in) operating activities</u>			
<b>Investing activities</b>			
Interest income from short term deposits		40	177
Distributions from short-term investment security		1	5
Proceeds/(placement) from disposal of short-term investment security		1,009	(1,005)
Purchase of property, plant and equipment	A	(15,688)	(21,037)
Addition of right-of-use assets		(3,411)	–
Proceeds from disposal of property, plant and equipment		79	298
		<b>(17,970)</b>	<b>(21,562)</b>
<u>Net cash flows used in investing activities</u>			

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Group	
		12 months ended	
		31 December 2021 RM'000	31 December 2020 RM'000
<b>Financing activities</b>			
Dividends paid on ordinary shares		(1,976)	(1,251)
Purchase of treasury shares		(38)	(135)
Proceeds from loans and borrowings		84,121	94,390
Repayment under financing arrangements		(554)	(344)
Repayment of loans and borrowings		(72,905)	(58,960)
Repayment of lease liabilities		(2,150)	(1,480)
<b>Net cash flows generated from financing activities</b>		<b>6,498</b>	<b>32,220</b>
Net (decrease)/increase in cash and cash equivalents		(7,218)	1,084
Effect of exchange rate changes on cash and cash equivalent		743	227
Cash and cash equivalents at beginning of period		37,394	36,083
<b>Cash and cash equivalents at end of period</b>		<b>30,919</b>	<b>37,394</b>

**Notes to the consolidated statement of cash flows**

**A. Property, plant and equipment**

	Group	
	12 months ended	
	31 December 2021 RM'000	31 December 2020 RM'000
Current year additions to property, plant and equipment	15,688	22,737
Less: Obligation under financing arrangements	–	(1,700)
<b>Net cash outflow from purchase of property, plant and equipment</b>	<b>15,688</b>	<b>21,037</b>

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **N1. Corporate information**

LY Corporation Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of SGX-ST. The immediate and ultimate holding company is Lian Yu Holdings Pte. Ltd., which was incorporated in Singapore.

These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) Manufacturing of all kinds of furniture;
- (b) Manufacturing of any type of woodwork or building product;
- (c) Trading of all kinds of materials, furniture and general hardware; and
- (d) Investment holding company.

### **N2. Basis of preparation**

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in N2.1.

The condensed interim financial statements are presented in Ringgit Malaysia (“**RM**”) which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (RM’000), except when otherwise indicated.

#### **N2.1 New and amended standards adopted by the Group**

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **N2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

### **N2.2. Use of judgements and estimates (cont'd)**

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management concluded that the functional currency of the Company and its subsidiaries to be RM.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Valuation of inventories

The raw materials are measured based on first-in-first out basis, while work in progress inventories and finished goods are measured using the standard costing technique. Standard costing was computed based on management's best estimates of the overhead cost incurred in the production. Standard costing is subject to periodic review.

In accordance with SFRS(I) 1-2, "The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition". As such, management's estimates are involved in ensuring that the standard costing closely approximate the actual cost incurred. The carrying amount of inventories as at 31 December 2021 was approximately RM88,676,000 (31 December 2020: RM96,503,000).

- Impairment of intangible assets (including goodwill), property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries

The Group determines whether intangible assets (including goodwill), property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which goodwill is allocated. Estimating the value-in-use method requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of the Group's intangible assets (including goodwill), property, plant and equipment and right-of-use assets as at 31 December 2021 were approximately RM2,923,000, RM159,485,000 and RM26,087,000 respectively (31 December 2020: RM2,974,000, RM154,283,000 and RM21,576,000 respectively). The carrying amount of the Company's investment in subsidiaries as at 31 December 2021 were approximately RM62,456,000 (31 December 2020: RM59,946,000).

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N2.2. Use of judgements and estimates (cont'd)**

- Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The amounts of income tax expenses are disclosed in N7.

**N3. Seasonal operations**

Generally, the Group's businesses are not subject to any significant seasonal fluctuations that will affect the business and operations. However, the revenue is generally higher in the second half of the year due to festive seasons in the United States of America.

**N4. Segment and revenue information**

The Group is organised into the following main business segments:

- Segment 1: Manufacturing of all kinds of furniture ("**Furniture**")
- Segment 2: Manufacturing of any type of woodwork or building product ("**Millwork**")

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who are responsible for allocating resources and assessing performance of the operating segments.

**N4.1 Reportable segments**

	<b>Furniture</b>	<b>Millwork</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1 January 2021 to 31 December 2021</b>			
<b>Total segment revenue</b>			
Revenue	154,649	34,573	189,222
<b>Results</b>			
Segment (loss)/profit	(18,759)	1,537	(17,222)
Other income			10,302
Finance cost			(1,449)
Unallocated expenses			(4,840)
Loss before tax			(13,209)
Income tax credit			6,347
Loss net of tax			(6,862)

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(CONT'D)**

**N4.1. Reportable segments (cont'd)**

	<b>Furniture</b>	<b>Millwork</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1 January 2021 to 31 December 2021</b>			
<b>Other segment information</b>			
Depreciation and amortisation	10,371	1,860	12,231
Unallocated expense			531
Total depreciation and amortisation			<u>12,762</u>
Additions of non-current assets	13,769	5,330	19,099
Non-cash expense other than depreciation	311	29	340
Unallocated expense			(22)
Total non-cash expense other than depreciation			<u>318</u>
	<b>Furniture</b>	<b>Millwork</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1 July 2021 to 31 December 2021</b>			
<b>Total segment revenue</b>			
Revenue	76,715	16,760	93,475
<b>Results</b>			
Segment (loss)/profit	(15,303)	95	(15,208)
Other income			7,649
Finance cost			(801)
Unallocated expenses			(2,446)
Loss before tax			(10,806)
Income tax credit			6,385
Loss net of tax			<u>(4,421)</u>
<b>Other segment information</b>			
Depreciation and amortisation	5,385	974	6,359
Unallocated expense			256
Total depreciation and amortisation			<u>6,615</u>
Additions of non-current assets	4,666	2,686	7,352
Non-cash expense other than depreciation	388	(29)	359
Unallocated expense			(39)
Total non-cash expense other than depreciation			<u>320</u>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.1. Reportable segments (cont'd)**

	<b>Furniture</b>	<b>Millwork</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 31 December 2021</b>			
<b>Assets</b>			
Segment assets	259,346	67,089	326,435
Unallocated assets			9,608
Total assets			<u>336,043</u>
<b>Liabilities</b>			
Segment liabilities	96,196	17,805	114,001
Unallocated liabilities			8,477
Total liabilities			<u>122,478</u>
	<b>Furniture</b>	<b>Millwork</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1 January 2020 to 31 December 2020</b>			
<b>Total segment revenue</b>			
Revenue	204,265	34,339	238,604
<b>Results</b>			
Segment profit	10,732	(3,714)	7,018
Other income			4,863
Finance cost			(593)
Unallocated expenses			(5,242)
Profit before tax			6,046
Income tax expense			(2,598)
Profit net of tax			<u>3,448</u>
<b>Other segment information</b>			
Depreciation and amortisation	9,134	1,252	10,386
Unallocated expense			539
Total depreciation and amortisation			<u>10,925</u>
Additions of non-current assets	17,269	3,768	21,037
Non-cash expense other than depreciation	101	-	101
Unallocated expense			94
Total non-cash expense other than depreciation			<u>195</u>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.1 Reportable segments (cont'd)**

	<b>Furniture</b>	<b>Millwork</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1 July 2020 to 31 December 2020</b>			
<b>Total segment revenue</b>			
Revenue	104,134	27,129	131,263
<b>Results</b>			
Segment profit	8,894	(4,470)	4,424
Other income			2,315
Finance cost			(352)
Unallocated expenses			(2,727)
Profit before tax			3,660
Income tax expense			(1,520)
Profit net of tax			2,140
<b>Other segment information</b>			
Depreciation and amortisation	4,746	732	5,478
Unallocated expense			271
Total depreciation and amortisation			5,749
Additions of non-current assets	11,083	2,206	13,289
Non-cash expense other than depreciation	272	–	272
Unallocated expense			16
Total non-cash expense other than depreciation			288
<b>As at 31 December 2020</b>			
<b>Assets</b>			
Segment assets	284,382	44,467	328,849
Unallocated assets			13,295
<b>Total assets</b>			<b>342,144</b>
<b>Liabilities</b>			
Segment liabilities	94,035	2,277	96,312
Unallocated liabilities			23,391
<b>Total liabilities</b>			<b>119,703</b>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.2 Disaggregation of revenue**

	<b>12 months ended 31 December 2021</b>		
	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Primary geographical markets</b>			
United States of America	97,406	–	97,406
Malaysia	21,476	–	21,476
Republic of China	5,924	–	5,924
United Arab Emirates	7,410	–	7,410
Canada	1,308	–	1,308
Hong Kong	13,144	34,573	47,717
Japan	3,204	–	3,204
Korea	1,688	–	1,688
Others	3,089	–	3,089
	<b>154,649</b>	<b>34,573</b>	<b>189,222</b>
<b>Major product or service lines</b>			
- Sale of goods	151,650	34,263	185,913
- Fulfilment services	2,999	310	3,309
	<b>154,649</b>	<b>34,573</b>	<b>189,222</b>
<b>Timing of transfer of goods or services</b>			
At a point in time	151,650	34,263	185,913
Over time	2,999	310	3,309
	<b>154,649</b>	<b>34,573</b>	<b>189,222</b>
<b>6 months ended 31 December 2021</b>			
	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Primary geographical markets</b>			
United States of America	58,973	–	58,973
Malaysia	7,903	–	7,903
Republic of China	1,586	–	1,586
United Arab Emirates	1,506	–	1,506
Canada	172	–	172
Hong Kong	3,467	16,760	20,227
Japan	688	–	688
Korea	761	–	761
Others	1,659	–	1,659
	<b>76,715</b>	<b>16,760</b>	<b>93,475</b>
<b>Major product or service lines</b>			
- Sale of goods	75,476	16,614	92,090
- Fulfilment services	1,239	146	1,385
	<b>76,715</b>	<b>16,760</b>	<b>93,475</b>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.2 Disaggregation of revenue (cont'd)**

**Timing of transfer of goods or services**

At a point in time	75,476	16,614	92,090
Over time	1,239	146	1,385
	<u>76,715</u>	<u>16,760</u>	<u>93,475</u>

**12 months ended 31 December 2020**

	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Primary geographical markets</b>			
United States of America	133,213	—	133,213
Malaysia	36,804	—	36,804
Republic of China	11,983	—	11,983
People's Republic of China	30	—	30
United Arab Emirates	6,046	—	6,046
Canada	895	—	895
Hong Kong	7,799	34,361	42,160
Japan	2,741	—	2,741
Korea	1,182	—	1,182
Others	3,550	—	3,550
	<u>204,243</u>	<u>34,361</u>	<u>238,604</u>

**Major product or service lines**

- Sale of goods	199,900	34,110	234,010
- Fulfilment services	4,343	251	4,594
	<u>204,243</u>	<u>34,361</u>	<u>238,604</u>

**Timing of transfer of goods or services**

At a point in time	199,900	34,110	234,010
Over time	4,343	251	4,594
	<u>204,243</u>	<u>34,361</u>	<u>238,604</u>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N4.2 Disaggregation of revenue (cont'd)**

	<b>6 months ended 31 December 2020</b>		
	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Primary geographical markets</b>			
United States of America	64,369	–	64,369
Malaysia	23,709	–	23,709
Republic of China	6,927	–	6,927
United Arab Emirates	3,244	–	3,244
Canada	644	–	644
Hong Kong	999	27,151	28,150
Japan	1,226	–	1,226
Korea	937	–	937
Others	2,057	–	2,057
	<b>104,112</b>	<b>27,151</b>	<b>131,263</b>

	<b>6 months ended 31 December 2020</b>		
	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Major product or service lines</b>			
- Sale of goods	101,506	26,953	128,459
- Fulfilment services	2,606	198	2,804
	<b>104,112</b>	<b>27,151</b>	<b>131,263</b>

	<b>6 months ended 31 December 2020</b>		
	<b>Furniture RM'000</b>	<b>Millwork RM'000</b>	<b>Total RM'000</b>
<b>Timing of transfer of goods or services</b>			
At a point in time	101,506	26,953	128,459
Over time	2,606	198	2,804
	<b>104,112</b>	<b>27,151</b>	<b>131,263</b>

Note: The above geographical segmentation information is based on the geographical location of customers.

A breakdown of sales as follows:

	<b>Group FY2021 RM'000</b>	<b>Group FY2020 RM'000</b>	<b>Increase/ (decrease) %</b>
a) Sales reported for first half year	95,747	107,341	(10.8)
b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half	(2,441)	1,308	(286.6)
c) Sales reported for second half year	93,475	131,263	(28.8)
d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(4,421)	2,140	(306.6)



**N5. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	<b>Group</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>		
<b>At amortised cost</b>		
Trade and other receivables	19,833	19,461
Contract assets	–	4,813
Cash and cash equivalents	30,919	37,394
	<hr/>	<hr/>
	50,752	61,668
	<hr/>	<hr/>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Trade and other payables	42,500	39,306
Accrued operating expenses	778	680
Loans and borrowings	54,780	43,230
Lease liabilities	7,936	6,220
	<hr/>	<hr/>
	105,994	89,436
	<hr/>	<hr/>
Total undiscounted financial liabilities	(55,242)	(27,768)
	<hr/>	<hr/>
	<b>Company</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>		
Trade and other receivables	7	4,007
Cash and cash equivalents	4,590	6,626
	<hr/>	<hr/>
	4,597	10,633
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Accrued expenses	512	454
	<hr/>	<hr/>
	512	454
	<hr/>	<hr/>
Total undiscounted financial assets	4,085	10,179
	<hr/>	<hr/>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N6. (Loss)/profit before taxation**

**N6.1 Significant items**

(Loss)/profit for the period/year include the following (charges)/credits:

	Group 6 months ended		Group 12 months ended	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
<b>Income</b>				
Rental income	438	273	699	525
Net foreign exchange loss	(508)	(1,679)	(286)	(152)
<b>Expenses</b>				
Finance expenses:				
- financing arrangements	(55)	(21)	(119)	(36)
- bank loans	(550)	(149)	(964)	(203)
- lease liabilities	(196)	(182)	(366)	(354)
	(801)	(352)	(1,449)	(593)
Depreciation expenses:				
- property, plant and equipment	(5,286)	(4,727)	(10,323)	(9,069)
- rights-of-use assets	(1,304)	(997)	(2,388)	(1,806)
	(6,590)	(5,724)	(12,711)	(10,875)
Amortisation of trademarks	(25)	(25)	(51)	(50)
Loss on disposal of property, plant and equipment	(47)	(59)	(37)	(61)
Property plant and equipment written-off	(40)	(228)	(47)	(257)

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N6. (Loss)/profit before taxation (cont'd)**

**N6.2 Related parties transactions**

**Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period/year:

	Group			
	6 months ended 31 December 2021 RM'000	6 months ended 31 December 2020 RM'000	12 months ended 31 December 2021 RM'000	12 months ended 31 December 2020 RM'000
<b>Director-related companies:</b>				
Rental received	53	6	60	11
Sales of goods	973	–	3,426	–
Rental paid	(142)	(150)	(372)	(300)
Purchase of goods	(2,067)	(2,584)	(6,233)	(3,917)
Sub-contractor costs	(1,656)	(5,279)	(4,408)	(9,411)
Rental paid to a director of the subsidiary	(17)	(9)	(26)	(18)

**N7. Taxation**

The Group calculates the period income tax (credit)/expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax (credit)/expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 31 December 2021 RM'000	6 months ended 31 December 2020 RM'000	12 months ended 31 December 2021 RM'000	12 months ended 31 December 2020 RM'000
Current income tax				
- Current income taxation	(36)	1,688	–	2,766
- Over provision in respect of previous years	(1,974)	(1,263)	(1,974)	(1,263)
- Withholding tax expense	24	43	26	43
Deferred income tax				
- Origination and reversal of temporary difference	(2,302)	245	(2,302)	245
-(Over)/under provision in respect of previous years	(2,097)	807	(2,097)	807
Income tax (credit)/expense recognised in profit or loss	(6,385)	1,520	(6,347)	2,598

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N8. Dividends**

If a decision regarding dividend has been made:

**(a) Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes. Dividend amount per share of 0.1297 Singapore cent was declared and paid for FY2020.

**(c) The date the dividend is payable.**

Not applicable.

**(d) The date on which Registrable Transfer receive by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**N8.1 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

	<b>Company FY2021 S\$'000</b>	<b>Company FY2020 S\$'000</b>
a) Ordinary	–	634
b) Preference	–	–
c) Total	–	634

**N9. Net assets value**

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
Net asset value ("NAV") (RM'000)	213,565	222,441	66,565	70,123
Number of ordinary shares in issue ('000)	488,834	488,899	488,834	488,899
NAV per ordinary share (RM)	0.44	0.45	0.14	0.14

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N10. Financial assets at fair value through profit or loss**

**N10.1 Fair value measurement**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or the liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**N10.2 Assets that are measured at fair value**

The following table shows an analysis of each class of assets measured at fair value by level of fair value hierarchy at the end of the reporting period:

	<b>Significant other observable inputs (Level 2)</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	RM'000	RM'000
<b>Assets measured at fair value</b>		
Non-equity investment security at FVPL	–	1,005

During the interim period, the Group had disposed the investment security for cash and realised the capital appreciation. The investment security had a fair value of RM1,009,000 at the date of disposal. The cumulative gain on disposal of RM4,000 was recognised in profit and loss.

Methods and assumptions used to determine fair value

The methods and assumptions used by management to determine fair value of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values as follows:

<b>Asset</b>	<b>Methods and assumptions</b>
• Non-equity investment security	The fair value is determined by reference to valuation provided by financial institutions.

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N11. Intangible assets**

<b>Group</b>	<b>Goodwill RM'000</b>	<b>Trademarks RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 31 December 2020, 1 January 2021 and 31 December 2021	2,639	432	3,071
Accumulated amortisation			
At 1 January 2020	–	47	47
Amortisation	–	50	50
At 31 December 2020 and 1 January 2021	–	97	97
Amortisation	–	51	51
At 31 December 2021	–	148	148
<b>Net carrying amount</b>			
At 31 December 2020	2,639	335	2,974
At 31 December 2021	2,639	284	2,923

**N12. Property, plant and equipment**

During the year, the Group acquired assets amounting to RM15,688,000 (31 December 2020: RM21,037,000) and disposed of assets at net book value of RM115,000 (31 December 2020: RM359,000).

**N13. Loans and borrowings**

	<b>Group</b>	
	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
<b>Current:</b>		
Bankers' acceptances	1,923	16,540
Short term financing	12,967	814
Financing arrangements	500	552
Term loan	8,771	5,316
	24,161	23,222
<b>Non-current:</b>		
Financing arrangements	1,083	1,585
Term loan	29,536	18,423
	30,619	20,008
Total loans and borrowings	54,780	43,230

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**N13. Loans and borrowings (cont'd)**

The bankers' acceptance and short term financing are secured by corporate guarantee provided by the Company. The term loans are secured by mortgage over certain buildings, leasehold land, assets and corporate guarantee provided by the Company. The financing agreements are secured by a charge over the respective assets.

**N14. Share capital**

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>No. of shares</b>	<b>RM'000</b>	<b>No. of shares</b>	<b>RM'000</b>
<b>Issued and fully paid ordinary shares</b>				
At 1 January and 31 December	489,144,200	66,135	489,144,200	66,135
<b>Treasury shares</b>				
Balance at the beginning of the financial period/year	245,000	135	–	–
Shares buy-back held as treasury shares	65,400	38	245,000	135
<b>Balance at the end of the financial period/year</b>	<b>310,400</b>	<b>173</b>	<b>245,000</b>	<b>135</b>
<b>Issued and fully paid ordinary shares excluding treasury shares</b>	<b>488,833,800</b>	<b>65,962</b>	<b>488,899,200</b>	<b>66,000</b>

The Company did not have any outstanding convertibles as at 31 December 2021 and 31 December 2020.

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

No treasury share was sold, transferred, cancelled or used for the financial period reported on.

**N15. Subsequent events**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES

1. (a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to paragraph A.

- (a)(ii) **Significant items**

Please refer to N6.1.

- (b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

Please refer to paragraph B.

- (b)(ii) **Aggregate amount of group's borrowings and debt securities.  
Amount repayable by the Group in one year or less, or on demand**

As at 31 December 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
24,161	–	23,222	–

### **Amount repayable by the Group after one year**

As at 31 December 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
30,619	–	20,008	–

### **Details of collateral**

The Group's borrowings consist of bankers' acceptance, short term financing, financing arrangements, and term loans.

The bankers' acceptance, short term financing and term loans are secured by mortgage over certain buildings, leasehold land, assets and corporate guarantee from the Company.

The financing arrangements are secured by a charge over the respective leased motor vehicles and machineries.

Please also refer to further details of the Group's loans and borrowings in N13.

- (c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to paragraph D.

- (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to paragraph C.



- (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Please refer to N14.

- (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to N14.

- (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Please refer to N14. No treasury share was sold, transferred, cancelled or used for the financial period reported on.

- (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Please refer to N14. There is no subsidiary holdings.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The condensed consolidated statement of financial position of LY Corporation Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.  
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Please refer to N2.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to N2.

6. (Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group 6 months ended		Group 12 months ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
(Loss)/profit attributable to owners of the Company (RM'000)	(4,926)	2,850	(7,191)	4,826
Weighted average number of ordinary shares ('000)	488,834	489,004	488,847	489,074
Basic and diluted (loss)/earnings per share <sup>(1)</sup> (sen)	(1.01)	0.58	(1.47)	0.99

Note:

- (1) The basic and fully diluted (loss)/earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 December 2021 and 31 December 2020.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-  
 (a) current financial period reported on; and  
 (b) immediately preceding financial year.

Please refer to N9.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

***Review of Group's performance for the 6 months ended 31 December 2021 ("2H2021") as compared to the 6 months ended 31 December 2020 ("2H2020")***

##### Revenue

The Group's revenue decreased by approximately RM37.8 million, or 28.8%. This was mainly attributable to decrease in the number of laden container ("**40-ft containers**") sold from 2,350 40-ft containers in 2H2020 to 1,481 40-ft containers in 2H2021 as a result of the following:

- (a) full movement control order (which is Phase 1 of Malaysia's National Recovery Plan for COVID-19) ("**FMCO**") implemented by the Government of Malaysia in response to the COVID-19 pandemic which led to the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021; and
- (b) Global supply chain disruption that impeded the delivery of finished goods to the Group's overseas customers.

However, this was partially offset by an increase in the average selling price per 40-ft container from approximately RM56,000 in 2H2020 to approximately RM63,000 in 2H2021 as a result of the different product mix sold by the Group.

##### Cost of sales and gross profits

Cost of sales decreased by approximately RM17.6 million, or 14.7%, mainly due to the decrease in raw materials purchased, labour costs as a result of reduced overtime and subcontractors' costs in tandem with the slowdown in operational activities due to the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021.

As a result of the lower percentage decrease in cost of sales as compared to our revenue, the Group registered a gross loss of RM9.0 million for 2H2021 as compared to a gross profit of RM11.2 million for 2H2020. The Group's gross loss margin was 9.6% in 2H2021 as compared to a gross profit margin of 8.5% in 2H2020.

##### Interest income

Interest income decreased by approximately RM0.03 million, or 69.8%, mainly due to lower cash placements in short term fixed deposits in the bank account maintained in Malaysia and reduced overnight interest rate offered.

##### Distributions from short-term investment security

Distributions from short-term investment security decreased by RM5,000 as the Group had disposed the investment during the six months period ended 30 June 2021 ("**1H2021**").

##### Other income

Other income comprised mainly government grants, sale of timber, boards, hardware and scrap as well as charges for services provided such as transportation and rental received.

Other income increased by approximately RM5.4 million, or 236.8%, mainly due to receipt of government grants from the Government of Malaysia during COVID-19 to promote the creation of quality jobs, reduce unemployment and financial assistance paid to employers for each employee.

#### Selling and administrative expenses

Selling and administrative expenses decreased by approximately RM0.7 million, or 7.9%, mainly due to the decrease in staff costs, directors' remuneration, wastage disposal and general and office supplies. This is a result of cost cutting measures effected in 2H2021 as well as the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021 during the FMCO.

#### Depreciation expenses

Depreciation expenses increased by approximately RM0.9 million, or 15.1% mainly due to the purchase of machineries and leasehold land and building in 1H2021 and 2H2021.

#### Finance costs

Finance costs increased by approximately RM0.5 million, or 127.6% mainly due to the interest charged on the new term loans that were drawn down towards the end of the financial year ended 31 December 2020 and during the financial year ended 31 December 2021 ("FY2021").

#### Other expense

Other expense decreased by approximately RM0.1 million, or 22.4% due to lesser net foreign exchange loss recorded in the books of the Group in 2H2021 as compared to 2H2020.

#### Loss for the period

The Group's other items of expenses aggregated only RM9.4 million for 2H2021 as compared to RM9.8 million for 2H2020 and while the Group had substantial higher other income mainly from government grants, the Group reported a net loss of approximately RM4.4 million in 2H2021 as compared to a net profit of approximately RM2.1 million in 2H2020 as a result of the gross loss registered for 2H2021.

### ***Review of Group's performance for FY2021 as compared to the financial year ended 31 December 2020 ("FY2020")***

#### Revenue

The Group's revenue decreased by approximately RM49.4 million, or 20.7%. This was mainly attributable to decrease in the number of 40-ft containers sold from 4,298 40-ft containers in FY2020 to 3,207 40-ft containers in FY2021 as a result of the following:

- (a) On 7 January 2021, Kementerian Kesihatan Malaysia (i.e., the Ministry of Health of Malaysia) ("KKM") had issued notices ordering to close 11 of the Group's factories/warehouses until 16 January 2021. In addition, KKM has also verbally sought the closure of 2 additional factories/warehouses. The Group complied with the requirements of KKM by closing 13 of its factories/warehouses (including those requested by KKM verbally). The closure was a result of the Group's foreign workers having to be quarantined and isolated when some of the employees were infected with COVID-19;
- (b) FMCO implemented by the Government of Malaysia in response to the COVID-19 pandemic which led to the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021;

- (c) Various operating restrictions and limitations imposed by the Malaysian government on workforce and capacity that resulted in production cuts and reduced operating efficiencies in 2021; and
- (d) Global supply chain disruption that impeded the delivery of finished goods to the Group's overseas customers.

However, this was partially offset by an increase in the average selling price per 40-ft container from approximately RM56,000 in FY2020 to approximately RM59,000 in FY2021 as a result of the different product mix sold by the Group.

#### Cost of sales and gross profits

Cost of sales decreased by approximately RM25.0 million, or 11.5%, mainly due to the decrease in raw materials purchased, labour costs as a result of reduced overtime and subcontractors' costs in tandem with the slowdown in operational activities due to the temporary closure of our factories/warehouses in January 2021 and the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021.

As a result of the lower percentage decrease in cost of sales as compared to our revenue, the Group registered a gross loss of RM3.5 million for FY2021 as compared to a gross profit of RM20.9 million for FY2020. The Group's gross loss margin was 1.8% in FY2021 as compared to a gross profit margin of 8.7% in FY2020.

#### Interest income

Interest income decreased by approximately RM0.1 million, or 77.4%, mainly due to lower cash placements in short term fixed deposits in the bank account maintained in Malaysia and reduced overnight interest rate offered.

#### Distributions from short-term investment security

Distributions from short-term investment security decreased by RM4,000 as the Group had disposed the investment in 1H2021.

#### Other income

Other income comprised mainly government grants, sale of timber, boards, hardware and scrap as well as charges for services provided such as transportation and rental received.

Other income increased by approximately RM5.6 million, or 119.2%, mainly due to receipt of government grants from the Government of Malaysia during COVID-19 to promote the creation of quality jobs, reduce unemployment and financial assistance paid to employers for each employee.

#### Selling and administrative expenses

Selling and administrative expenses decreased by approximately RM0.4 million, or 2.2%, mainly due to the decrease in staff costs, directors' remuneration, upkeep and maintenance costs, wastage disposal and general and office supplies. This is resulted from cost cutting measure effected in 2H2021 during the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021.

#### Depreciation expenses

Depreciation expenses increased by approximately RM1.8 million, or 16.9% mainly due to the purchase of machineries and leasehold land and building in FY2021.

### Finance costs

Finance costs increased by approximately RM0.9 million, or 144.4% mainly due to the interest charged on the new term loans that were drawn down towards the end of the financial year ended 31 December 2020 and in FY2021.

### Other expense

Other expense decreased by approximately RM0.1 million, or 21.9% mainly due to the lesser assets being disposed and written off during FY2021 as compared to FY2020.

### Loss for the period

The Group's other items of expenses aggregated RM20.0 million for FY2021 as compared to RM19.7 million for FY2020 and while the Group had substantial higher other income mainly from government grants, the Group reported a net loss of approximately RM6.9 million in FY2021 as compared to a net profit of approximately RM3.4 million in FY2020 as a result of the gross loss registered in FY2021.

### Review of changes in turnover and earnings by business and geographical segments

#### (a) By Business Segment

The Group's revenue decreased by approximately RM49.4 million in FY2021 as compared to FY2020 mainly due to the decrease in the Furniture segment. However, this was partially offset by an increase in the revenue in the Millwork segment.

The Group recorded loss before interest and tax of RM11.8 million in FY2021 as compared to earnings before interest and tax of RM6.6 million in FY2020 mainly due to the loss before interest and tax from the Furniture segment. However, this was partially offset from profit before interest and tax contributed from the Millwork segment.

#### (b) By Geographical Segment

The Group experienced a decrease in sales across all major geographical segments such as the United States of America, Malaysia and Republic of China. However, this was partially offset by an increase in sales to Hong Kong and United Arab Emirates.

## **CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

### ***Review of the Group's financial position as at 31 December 2021 as compared to 31 December 2020***

#### Non-current assets

Property, plant and equipment increased by approximately RM5.2 million, or 3.4%, mainly due to the purchase of machineries and leasehold land and building in FY2021.

Right-of-use assets of approximately RM26.1 million comprised the right to use the properties and land use rights of the Group over the respective lease period.

Intangible assets of approximately RM2.9 million consists of trademarks and goodwill arising from a business combination as announced on 28 January 2019.

### Current assets

Inventories decreased by approximately RM7.8 million, or 8.1%, mainly due to the decrease in the finished goods which required further improvements on customers' request and pending the customers' acceptance for which the Group has already received consideration from such customers totalling RM3.8 million as at 31 December 2021. The consideration is classified as contract liabilities under current liabilities. However, the decrease was offset by the increase in raw materials and work-in-progress as (i) the Group purchased more raw materials to meet the orders received in respect of the following quarters; (ii) the Group has also stocked up more raw materials in case of delay in receipt of raw materials due to global supply chain disruption; and (iii) a higher work-in-progress due to longer production lead time as shipments from suppliers were also affected by the global supply chain disruption.

Trade and other receivables of approximately RM19.8 million comprised trade receivables, deposits and other receivables. The increase in trade and other receivables by approximately RM1.0 million, or 5.3% was mainly due to increase in sales made towards the end of 2H2021.

Contract assets comprised the right to consideration for goods produced but not yet billed for sale of goods. The decrease in contract assets by approximately RM4.8 million was due to no goods being produced but not yet billed as at 31 December 2021.

Prepaid operating expense of approximately RM2.3 million comprised mainly expenses paid in advance as at 31 December 2021.

Tax recoverable, being prepaid current income tax of approximately RM5.8 million comprised tax paid in advance by the Malaysian subsidiaries for the Year of Assessment 2021.

### Current liabilities and non-current liabilities

Loans and borrowings comprised bankers' acceptance, short term financing, financing arrangements and long-term loans. The increase in loans and borrowings by approximately RM11.6 million, or 26.7% was mainly due to the net increase in the usage of short-term financing and drawdown of new term loans of approximately RM12.2 million and RM14.6 million respectively in FY2021. However, the increase is offset by the net decrease in the usage of bankers' acceptances by approximately RM14.6 million.

Trade and other payables of approximately RM42.5 million comprised trade payables and other payables. The increase in trade and other payables of RM3.2 million, or 8.1%, was mainly due to the increase in advances received from customers.

Contract liabilities of approximately RM3.8 million comprised the Group's obligation to transfer goods or services to customers for which the Group has received consideration as at 31 December 2021 from customers for finished goods which required further improvements on customers' request and pending the customers' acceptance. The decrease in contract liabilities by approximately RM9.4 million, or 71.0%, was mainly due to the fulfilment of customers' request and that they had accepted the finished goods.

Lease liabilities of approximately RM7.9 million comprised the liabilities that the Group has to pay over the respective lease period for the use of the properties.

Accrued operating expenses of approximately RM0.8 million comprised accrued operating expenses.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Review of the Group's cash flow statement for FY2021 as compared to FY2020**

The Group recorded net cash flows generated from operating activities of approximately RM4.3 million in FY2021 as compared to a net cash flow used in operating activities of approximately RM9.6 million in FY2020 mainly due to the decrease in inventories and contract liabilities of the Group. The reasons for the decrease in inventories and contract liabilities can be found in the review of the Group's current assets and current liabilities and non-current liabilities respectively set out above.

The Group recorded net cash flows used in investing activities of approximately RM18.0 million in FY2021 mainly due to the purchase of new machineries and leasehold land and building.

The Group recorded net cash flows generated from financing activities of approximately RM6.5 million mainly due to proceed from loans and borrowings received in FY2021. However, it was partially offset by the repayment of loans and borrowings.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's unaudited results for 2H2021 are in line with the Company's profit guidance announcement dated 21 February 2022.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

(a) Since the last quarter of FY2020, there has been a global supply chain disruption. This has also affected the Group in the following ways:

- (i) The Group's ability to export its manufactured products on time has been affected.
- (ii) There is an increased need for warehouses to store the unshipped finished goods.
- (iii) There are difficulties in planning and maintaining an efficient production schedule.
- (iv) Our import of raw materials from overseas has been delayed.

The above have resulted in the decrease in revenue and increase in costs for the Group. We also expect the container shortage to continue for at least the next few quarters.

(b) Since FY2020, we have begun the expansion of our revenue base to include other categories of wooden products such as the millwork products. Nevertheless, the expansion is also currently affected by the worldwide container shortage as mentioned above, albeit to a much lesser extent as compared to our bedroom furniture.

(c) While the Group has fully resumed operations as at the date of this announcement, the Malaysian government may implement further measures to curb the spread of COVID-19 given that the COVID-19 situation in Malaysia is still evolving, being the latest outbreak of the Omicron variant in Malaysia and other countries in the world.

**11. Dividend**

Please refer to N8.

**12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision.**

No dividend has been declared/recommended for the year ended FY2021 as the Group would prefer to conserve the cash for any unforeseen circumstances and to reinvest back into its businesses.



13. **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group had renewed its general mandate for IPTs at the annual general meeting held on 28 June 2021. Please refer to the Company's appendix to the annual report dated 11 June 2021 for further details.

The aggregate value of all interested person transactions during the FY2021 is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Notes	RM'000	RM'000
Lean Shern Furniture Sdn Bhd	(1)	NIL	8,047
LP Global Resources Sdn Bhd	(2)	NIL	NIL
Leatherworld Upholstery Sdn Bhd	(3)	NIL	2,754

Notes:

- (1) *Lean Shern Furniture Sdn Bhd's shareholders are Tan Kwee Ming and Tan Kwee Song, who are brothers of the Company's Executive Chairman, Tan Kwee Chai.*
- (2) *LP Global Resources Sdn Bhd is a wholly-owned subsidiaries of Lian Yu Furniture Corporation Sdn Bhd ("LYFC") which is owned by Tan Kwee Chai and his associates.*
- (3) *Leatherworld Upholstery Sdn Bhd is a 51%-owned subsidiary of LYFC which is owned by Tan Kwee Chai and his associates.*

14. **Confirmation pursuant to Rule 720(1) of the Catalist Rules**

The Company hereby confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

**15. Use of IPO Proceeds**

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$13.0 million. Please refer to the Company's offer document dated 18 January 2018 ("**Offer Document**") and announcement dated 16 November 2020 for further details.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

<b>Purpose</b>	<b>Revised allocation of IPO proceeds (S\$'000)</b>	<b>Amount utilised (S\$'000)</b>	<b>Balance (S\$'000)</b>
Expanding the sales network in the PRC	137	(137)	–
Upgrading the machinery and equipment and acquiring new technology	5,863	(5,863)	–
Construction of additional facilities	4,000	(4,000)	–
General working capital purposes <sup>(1)</sup>	3,000	(2,865)	135
<b>Total</b>	<b>13,000</b>	<b>(12,865)</b>	<b>135</b>

Note:

(1) Payment of corporate and administrative expenses.

The above utilisations of proceeds are in line with the intended use of proceeds as set out in the Offer Document and the Company's announcement dated 16 November 2020.

**16. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.**

Not applicable. The Company did not acquire and dispose shares in any companies during 2H2021 and FY2021.

**17. A breakdown of sales as follows:**

Please refer to N4.2.

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

Please refer to N8.1.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any directors and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Tan Kwee Lim	62	Brother of Mr Tan Kwee Chai, uncle of Ms Tan Ai Luang and Mr Tan Yong Chuan	Chief Operating Officer Year: 2012	Nil
Mr Boo Ngek Hee	60	Uncle of Ms Tan Ai Luang	Chief Quality Controller Year: 2012	Nil
Mr Tan Yong Siang	31	Son of Mr Tan Kwee Chai, brother of Mr Tan Yong Chuan, cousin of Ms Tan Ai Luang and nephew of Mr Tan Kwee Lim	Director of LY Furniture Sdn Bhd Year: 2017	Nil

**BY ORDER OF THE BOARD**

Tan Yong Chuan  
Executive Director and Chief Executive Officer  
28 February 2022