



**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 2022**

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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 correctness of any of the 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 2022 RM'000	31 December 2021 RM'000	Increase/ (decrease) %	31 December 2022 RM'000	31 December 2021 RM'000	Increase/ (decrease) %
Revenue	N4.2	99,583	93,475	6.5	234,521	189,222	23.9
Cost of sales		(90,298)	(102,479)	(11.9)	(203,531)	(192,710)	5.6
<b>Gross profit/(loss)</b>		<b>9,285</b>	<b>(9,004)</b>	<b>203.1</b>	<b>30,990</b>	<b>(3,488)</b>	<b>988.5</b>
<b>Other items of income</b>							
Interest income from short-term deposits		115	13	784.6	137	40	242.5
Distributions from short-term investment security		–	–	–	–	1	(100.0)
Other income		3,448	7,636	(54.8)	6,240	10,261	(39.2)
<b>Other items of expense</b>							
Selling and administrative expenses		(9,373)	(8,287)	13.1	(19,693)	(18,207)	8.2
Finance costs		(1,307)	(801)	63.2	(2,247)	(1,449)	55.1
Other expense		(2,415)	(363)	565.3	(2,475)	(367)	574.4
<b>(Loss)/profit before tax</b>	N6	<b>(247)</b>	<b>(10,806)</b>	<b>(97.7)</b>	<b>12,952</b>	<b>(13,209)</b>	<b>198.1</b>
Income tax (expense)/credit	N7	(4,718)	6,385	173.9	(4,718)	6,347	174.3
<b>(Loss)/profit for the period/year, representing total comprehensive income for the period/year</b>		<b>(4,965)</b>	<b>(4,421)</b>	<b>12.3</b>	<b>8,234</b>	<b>(6,862)</b>	<b>220.0</b>
<b>Profit/(loss) for the period/year, representing total comprehensive income for the period attributable to:</b>							
Owners of the Company		(2,149)	(4,926)	(56.4)	12,351	(7,191)	271.8
Non-controlling interest		(2,816)	505	(657.6)	(4,117)	329	(1,351.4)
		<b>(4,965)</b>	<b>(4,421)</b>	<b>12.3</b>	<b>8,234</b>	<b>(6,862)</b>	<b>220.0</b>
<b>(Loss)/earnings per share attributable to owners of the Company (sen per share)</b>							
Basic and diluted		(0.44)	(1.01)		2.53	(1.47)	

## B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Group As at 31 December 2022	Group As at 31 December 2021 (Restated – Note 12)	Company As at 31 December 2022	Company As at 31 December 2021
	Note	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	N11	154,633	159,485	–	–
Right-of-use assets		29,053	26,087	–	–
Intangible assets	N10	2,872	2,923	–	–
Investment in subsidiaries		–	–	63,255	62,456
		<b>186,558</b>	<b>188,495</b>	<b>63,255</b>	<b>62,456</b>
<b>Current assets</b>					
Inventories		88,885	88,676	–	–
Trade and other receivables		18,273	19,833	7	7
Prepaid operating expense		2,233	2,306	17	24
Tax recoverable		5,361	5,814	–	–
Cash and cash equivalents		25,762	30,919	1,107	4,590
		<b>140,514</b>	<b>147,548</b>	<b>1,131</b>	<b>4,621</b>
<b>Total assets</b>		<b>327,072</b>	<b>336,043</b>	<b>64,386</b>	<b>67,077</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Loans and borrowings	N12	16,854	36,689	–	–
Trade and other payables		34,200	42,500	–	–
Contract liabilities		942	3,827	–	–
Lease liabilities		3,221	2,075	–	–
Accrued operating expenses		761	778	553	512
		<b>55,978</b>	<b>85,869</b>	<b>553</b>	<b>512</b>
<b>Net current assets</b>		<b>84,536</b>	<b>61,679</b>	<b>578</b>	<b>4,109</b>
<b>Non-current liabilities</b>					
Loans and borrowings	N12	23,463	18,091	–	–
Deferred tax liabilities		17,419	12,657	–	–
Lease liabilities		8,413	5,861	–	–
		<b>49,295</b>	<b>36,609</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>105,273</b>	<b>122,478</b>	<b>553</b>	<b>512</b>
<b>Net assets</b>		<b>221,799</b>	<b>213,565</b>	<b>63,833</b>	<b>66,565</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	N13	66,135	66,135	66,135	66,135
Treasury shares	N13	(173)	(173)	(173)	(173)
Merger reserve		(15,234)	(15,234)	–	–
Other reserve		(3,322)	–	–	–
Retained earnings		177,663	165,312	(2,129)	603
		<b>225,069</b>	<b>216,040</b>	<b>63,833</b>	<b>66,565</b>
Non-controlling interest		(3,270)	(2,475)	–	–
<b>Total equity</b>		<b>221,799</b>	<b>213,565</b>	<b>63,833</b>	<b>66,565</b>
<b>Total equity and liabilities</b>		<b>327,072</b>	<b>336,043</b>	<b>64,386</b>	<b>67,077</b>

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

**Group**

	Note	Attributable to owners of the Company					Equity attributable to owner RM'000	Non-controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Treasury share RM'000	Merger reserve RM'000	Other reserve RM'000	Retained Earnings RM'000			
<b>(Unaudited)</b>									
<b>At 1 January 2022</b>	N13	<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>
Profit/(loss) for the year, representing total comprehensive income for the year		–	–	–	–	12,351	12,351	(4,117)	8,234
Accretion of interest in a subsidiary company		–	–	–	(3,322)	–	(3,322)	3,322	–
<b>At 31 December 2022</b>		<b>66,135</b>	<b>(173)</b>	<b>(15,234)</b>	<b>(3,322)</b>	<b>177,663</b>	<b>225,069</b>	<b>(3,270)</b>	<b>221,799</b>
<b>(Audited)</b>									
<b>At 1 January 2021</b>	N13	<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>

**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 2022</b>	N13	<b>66,135</b>	<b>(173)</b>	<b>603</b>	<b>66,565</b>
Loss for the year, representing total comprehensive income for the year		–	–	(2,732)	(2,732)
<b>At 31 December 2022</b>		<b>66,135</b>	<b>(173)</b>	<b>(2,129)</b>	<b>63,833</b>
<b>(Audited)</b>					
<b>At 1 January 2021</b>	N13	<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>

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

	Note	Group 12 months ended	
		31 December 2022 RM'000	31 December 2021 RM'000
<b>Operating activities</b>			
Profit/(loss) before tax		12,952	(13,209)
<u>Adjustments for:</u>			
Loss on disposal of property, plant and equipment	N6.1	16	37
Gain on disposal of short-term investment		–	(4)
Interest income from short-term deposits		(137)	(40)
Interest expense	N6.1	2,247	1,449
Distributions from short-term investment security		–	(1)
Depreciation on right-of-use assets	N6.1	3,366	2,388
Adjustment on right-of-use assets		(43)	(24)
Amortisation of trademarks	N10	51	51
Depreciation of property, plant and equipment	N6.1	11,845	10,323
Property, plant and equipment written-off	N6.1	54	47
Allowance for slow moving inventories		606	–
Unrealised exchange loss		2,477	374
		<b>33,434</b>	<b>1,391</b>
<u>Operating profit before working capital changes</u>			
<u>Changes in working capital:</u>			
(Increase)/decrease in inventories		(815)	7,827
Decrease in trade and other receivables		559	168
Decrease in contract assets		–	4,813
Decrease/(increase) in prepaid operating expense		73	(977)
(Decrease)/increase in trade and other payables		(8,279)	3,164
Decrease in contract liabilities		(2,885)	(9,384)
(Decrease)/increase in accrued operating expenses		(17)	98
		<b>22,070</b>	<b>7,100</b>
<u>Cash flows generated from operations</u>			
Interest paid		(1,837)	(1,083)
Net income taxes refund/(paid)		497	(1,060)
		<b>20,730</b>	<b>4,957</b>
<u>Net cash flows generated from operating activities</u>			
<b>Investing activities</b>			
Interest income from short term deposits		137	40
Distributions from short-term investment security		–	1
Proceeds from disposal of short-term investment security		–	1,009
Purchase of property, plant and equipment	A	(5,953)	(15,688)
Addition of right-of-use assets		–	(3,411)
Proceeds from disposal of property, plant and equipment		265	79
		<b>(5,551)</b>	<b>(17,970)</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 2022 RM'000	31 December 2021 RM'000
<b>Financing activities</b>			
Dividends paid on ordinary shares		–	(1,976)
Purchase of treasury shares		–	(38)
Proceeds from loans and borrowings		84,362	84,121
Repayment under financing arrangements		(699)	(554)
Repayment of loans and borrowings		(100,811)	(72,905)
Repayment of lease liabilities		(3,001)	(2,114)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(20,149)</b>	<b>6,534</b>
Net decrease in cash and cash equivalents		(4,970)	(6,479)
Effect of exchange rate changes on cash and cash equivalent		(187)	4
Cash and cash equivalents at beginning of period		30,919	37,394
<b>Cash and cash equivalents at end of period</b>		<b>25,762</b>	<b>30,919</b>

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

**A. Property, plant and equipment**

	Group	
	12 months ended	
	31 December 2022 RM'000	31 December 2021 RM'000
Current year additions to property, plant and equipment	7,329	15,688
Less: Obligation under financing arrangements	(1,376)	–
<b>Net cash outflow from purchase of property, plant and equipment</b>	<b>5,953</b>	<b>15,688</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 2022 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) Conducting research in designing any furniture under the subsidiary’s patents; and
- (d) Trading of all kinds of materials, furniture and general hardware.

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

The condensed interim consolidated financial statements for the six months ended 31 December 2022 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 2022.

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 2021.

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 raw materials, labour and 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 2022 was approximately RM88,885,000 (31 December 2021: RM88,676,000).

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

The Group assesses whether intangible assets (including goodwill) are impaired on an annual basis, or more frequently if required. The Group also assesses at each reporting date whether there is an indication that any property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries may be impaired. 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 2022 were approximately RM2,872,000, RM154,633,000 and RM29,053,000 respectively (31 December 2021: RM2,923,000, RM159,485,000 and RM26,087,000 respectively). The carrying amount of the Company's investment in subsidiaries as at 31 December 2022 were approximately RM64,456,000 (31 December 2021: RM62,456,000).

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

**N3. Seasonal operations**

Generally, the Group's businesses are not subject to any significant seasonal fluctuations that will affect the business and operations except that the revenue is generally higher in the second half of the year due to festive seasons in the United States of America. However due to the challenges that the Group faced due to the declining orders from the Group's buyers in the second half of the financial year ended 31 December 2022 ("FY2022"), the revenue generated by the Group in the second half of FY2022 was lower than the first half of FY2022.

**N4. Segment and revenue information**

The Group is organised into the following operating segments:

- (a) Segment 1: Manufacturing of all kinds of furniture ("**Furniture**")
- (b) 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 2022 to 31 December 2022</b>			
<b>Total segment revenue</b>			
Revenue	182,609	51,912	234,521
<b>Results</b>			
Segment profit	6,515	7,308	13,823
Other income			6,377
Finance cost			(2,247)
Unallocated expenses			(5,001)
Profit before tax			12,952
Income tax expense			(4,718)
Profit net of tax			8,234

**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 2022 to 31 December 2022</b>			
<b>Other segment information</b>			
Depreciation and amortisation	12,816	2,446	15,262
Additions of non-current assets	3,670	1,981	5,651
Unallocated expense			302
Total additions of non-current assets			<u>5,953</u>
Non-cash expense/(income) other than depreciation	3,227	(78)	3,149
Unallocated expense			(14)
Total non-cash expense other than depreciation			<u>3,135</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 2022 to 31 December 2022</b>			
<b>Total segment revenue</b>			
Revenue	84,267	15,316	99,583
<b>Results</b>			
Segment (loss)/profit	(854)	747	(107)
Other income			3,563
Finance cost			(1,307)
Unallocated expenses			(2,396)
Loss before tax			(247)
Income tax expense			(4,718)
Loss net of tax			<u>(4,965)</u>
<b>Other segment information</b>			
Depreciation and amortisation	6,662	1,211	7,873
Additions of non-current assets	2,313	794	3,107
Unallocated expense			235
Total additions of non-current assets			<u>3,342</u>
Non-cash expense/(income) other than depreciation	2,725	(190)	2,535
Unallocated expense			(24)
Total non-cash expense other than depreciation			<u>2,511</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 2022</b>			
<b>Assets</b>			
Segment assets	234,616	89,670	324,286
Unallocated assets			2,786
<b>Total assets</b>			<b>327,072</b>
<b>Liabilities</b>			
Segment liabilities	86,368	5,259	91,627
Unallocated liabilities			13,646
<b>Total liabilities</b>			<b>105,273</b>
	<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 profit	(18,759)	1,537	(17,222)
Other income			10,302
Finance cost			(1,449)
Unallocated expenses			(4,840)
<b>Profit before tax</b>			<b>(13,209)</b>
Income tax expense			6,347
<b>Profit net of tax</b>			<b>(6,862)</b>
<b>Other segment information</b>			
Depreciation and amortisation	10,371	1,860	12,231
Unallocated expense			531
<b>Total depreciation and amortisation</b>			<b>12,762</b>
Additions of non-current assets	13,769	5,330	19,099
Non-cash expense other than depreciation	370	29	399
Unallocated expense			22
<b>Total non-cash expense other than depreciation</b>			<b>421</b>

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

N4.1 Reportable segments (cont'd)

	Furniture RM'000	Millwork RM'000	Total RM'000
<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)
Profit before tax			(10,806)
Income tax expense			6,385
Profit net of tax			(4,421)
<b>Other segment information</b>			
Depreciation and amortisation	5,385	974	6,359
Unallocated expense			256
Total depreciation and amortisation			6,615
Additions of non-current assets	4,666	2,686	7,352
Non-cash expense other than depreciation	1,069	29	1,098
Unallocated income			(39)
Total non-cash expense other than depreciation			1,059
<b>As at 31 December 2021</b>			
<b>Assets</b>			
Segment assets	259,346	67,089	326,435
Unallocated assets			9,608
<b>Total assets</b>			<b>336,043</b>
<b>Liabilities</b>			
Segment liabilities	96,196	17,805	114,001
Unallocated liabilities			8,477
<b>Total liabilities</b>			<b>122,478</b>

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

**N4.2 Disaggregation of revenue**

	<b>12 months ended 31 December 2022</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	127,833	10,304	138,137
Malaysia	36,899	3,643	40,542
Republic of China	8,906	–	8,906
United Arab Emirates	3,342	–	3,342
Canada	135	–	135
Hong Kong	363	37,506	37,869
Japan	2,353	–	2,353
Korea	244	–	244
Others	2,534	459	2,993
	<b>182,609</b>	<b>51,912</b>	<b>234,521</b>
<b>Major product or service lines</b>			
- Sale of goods	182,582	51,912	234,494
- Fees	27	–	27
	<b>182,609</b>	<b>51,912</b>	<b>234,521</b>
<b>Timing of transfer of goods or services</b>			
At a point in time	182,609	51,912	234,521
	<b>182,609</b>	<b>51,912</b>	<b>234,521</b>
	<b>6 months ended 31 December 2022</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	58,485	10,137	68,622
Malaysia	18,176	836	19,012
Republic of China	3,088	–	3,088
United Arab Emirates	1,839	–	1,839
Canada	132	–	132
Hong Kong	–	3,884	3,884
Japan	1,540	–	1,540
Korea	244	–	244
Others	763	459	1,222
	<b>84,267</b>	<b>15,316</b>	<b>99,583</b>
<b>Major product or service lines</b>			
- Sale of goods	84,240	15,316	99,556
- Fees	27	–	27
	<b>84,267</b>	<b>15,316</b>	<b>99,583</b>

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

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

	<b>6 months ended 31 December 2022</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	84,267	15,316	99,583
	<hr/>	<hr/>	<hr/>
	84,267	15,316	99,583

	<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
	<hr/>	<hr/>	<hr/>
	154,649	34,573	189,222

<b>Major product or service lines</b>			
- Sale of goods	154,649	34,573	189,222
	<hr/>	<hr/>	<hr/>

<b>Timing of transfer of goods or services</b>			
At a point in time	154,649	34,573	189,222
	<hr/>	<hr/>	<hr/>

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

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

	6 months ended 31 December 2021		
	Furniture RM'000	Millwork RM'000	Total RM'000
<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>6 months ended 31 December 2021</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	76,715	16,760	93,475
<b>Timing of transfer of goods or services</b>			
At a point in time	76,715	16,760	93,475

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

A breakdown of sales as follows:

	Group FY2022 RM'000	Group FY2021 RM'000	Increase/ (decrease) %
a) Sales reported for first half year	134,938	95,747	40.9
b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half	13,199	(2,441)	640.7
c) Sales reported for second half year	99,583	93,475	6.5
d) Operating loss after tax before deducting non-controlling interests reported for second half year	(4,965)	(4,421)	12.3



## 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 2022 and 31 December 2021:

	<b>Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>		
<b>At amortised cost</b>		
Trade and other receivables	18,273	19,833
Cash and cash equivalents	25,762	30,919
	<u>44,035</u>	<u>50,752</u>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Trade and other payables	34,200	42,500
Accrued operating expenses	761	778
Loans and borrowings	40,317	54,780
Lease liabilities	11,634	7,936
	<u>86,912</u>	<u>105,994</u>
Total undiscounted financial liabilities	<u>(42,877)</u>	<u>(55,242)</u>

	<b>Company</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>		
Trade and other receivables	7	7
Cash and cash equivalents	1,107	4,590
	<u>1,114</u>	<u>4,597</u>
<b>Financial liabilities</b>		
Accrued expenses	553	512
	<u>553</u>	<u>512</u>
Total undiscounted financial assets	<u>561</u>	<u>4,085</u>

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

**N6. Profit/(loss) before taxation**

**N6.1 Significant items**

Profit/(loss) for the period/year include the following (charges)/credits:

	Group 6 months ended		Group 12 months ended	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
<b>Income</b>				
Government grant	986	1,406	1,099	2,410
Rental income	862	438	1,478	878
<b>Expenses</b>				
Finance expenses:				
- financing arrangements	(80)	(55)	(160)	(119)
- bank loans	(1,009)	(550)	(1,677)	(964)
- lease liabilities	(218)	(196)	(410)	(366)
	(1,307)	(801)	(2,247)	(1,449)
Depreciation expenses:				
- property, plant and equipment	(5,993)	(5,286)	(11,845)	(10,323)
- rights-of-use assets	(1,855)	(1,304)	(3,366)	(2,388)
	(7,848)	(6,590)	(15,211)	(12,711)
Amortisation of trademarks	(25)	(25)	(51)	(51)
Loss on disposal of property, plant and equipment	(34)	(47)	(16)	(37)
Property plant and equipment written-off	(54)	(40)	(54)	(47)
Allowance for slow moving inventories	(606)	—	(606)	—
Net foreign exchange loss	(2,356)	(508)	(2,404)	(283)

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

**N6. Profit/(loss) 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:

	<b>Group</b>			
	<b>6 months ended 31 December 2022 RM'000</b>	<b>6 months ended 31 December 2021 RM'000</b>	<b>12 months ended 31 December 2022 RM'000</b>	<b>12 months ended 31 December 2021 RM'000</b>
<b>Director-related companies:</b>				
Rental received	223	53	410	60
Rental paid	(150)	(142)	(320)	(372)
Sub-contractor costs	(4,045)	(2,750)	(8,461)	(7,215)
Rental paid to a director of the Company	(15)	(17)	(29)	(26)

**N7. Taxation**

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

	<b>6 months ended 31 December 2022 RM'000</b>	<b>6 months ended 31 December 2021 RM'000</b>	<b>12 months ended 31 December 2022 RM'000</b>	<b>12 months ended 31 December 2021 RM'000</b>
Current income tax				
- Current income taxation	30	(36)	30	-
- Over provision in respect of previous years	(107)	(1,974)	(107)	(1,974)
- Withholding tax expense	33	24	33	26
Deferred income tax				
- Origination and reversal of temporary difference	4,496	(2,314)	4,496	(2,314)
- Under/(over) provision in respect of previous years	266	(2,085)	266	(2,085)
Income tax expense/(credit) recognised in profit or loss	4,718	(6,385)	4,718	(6,347)

**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?

No.

**(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:**

Not applicable.

**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.

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Net asset value ("NAV") (RM'000)	221,799	213,565	63,833	66,565
Number of ordinary shares in issue ('000)	488,834	488,834	488,834	488,834
NAV per ordinary share (RM)	0.45	0.44	0.13	0.14

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

**N10. 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 2021, 1 January 2022 and 31 December 2022	2,639	432	3,071
<b>Accumulated amortisation</b>			
At 1 January 2021	–	97	97
Amortisation	–	51	51
At 31 December 2021 and 1 January 2022	–	148	148
Amortisation	–	51	51
At 31 December 2022	–	199	199
<b>Net carrying amount</b>			
At 31 December 2021	2,639	284	2,923
At 31 December 2022	2,639	233	2,872

The above goodwill of RM2,639,000 has been allocated to Leyo Holdings Sdn Bhd following the Internal Restructuring that was announced on 30 December 2022.

**N11. Property, plant and equipment**

During the year, the Group acquired assets amounting to RM5,953,000 (31 December 2021: RM15,688,000) and disposed of assets at net book value of RM281,000 (31 December 2021: RM116,000).

**N12. Loans and borrowings**

	<b>Group</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Current:</b>		
Bankers' acceptances	7,013	1,923
Short term financing	–	12,967
Financing arrangements	611	500
Term loan	9,230	8,771
	16,854	24,161
<b>Non-current:</b>		
Financing arrangements	1,649	1,083
Term loan	21,814	29,536
	23,463	30,619
Total loans and borrowings	40,317	54,780

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

**N12. 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 arrangements are secured by a charge over the respective assets.

As at 31 December 2021, one of the subsidiaries has breached its covenants with banks that granted short term financing and term loan to the said subsidiary and has subsequent to the financial year end, obtained a waiver for such breach from one of the banks. Nevertheless, as required under SFRS(I) 1-1 *Presentation of Financial Statements*, in the event of a breach of loan covenant on or before the end of reporting date, an entity is required to classify a liability as current as it no longer has the unconditional right to defer its settlement for at least twelve months after that date. Accordingly, the non-current portion of the term loan amounting to RM12.5 million should have been reclassified as current liabilities as at 31 December 2021 and the Company has restated the Group's financial position as at 31 December 2021 to comply with SFRS(I) 1-1.

The subsidiary complied with all the loan covenants for the year ended 31 December 2022.

Loans and borrowings denominated in currency other than functional currency are as follows:

	<b>Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current:</b>		
United States Dollar	7,974	20,500
<b>Non-current:</b>		
United States Dollar	19,117	25,595

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

**N13. Share capital**

	<b>31 December 2022</b>		<b>31 December 2021</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
<hr/>				
<b>Treasury shares</b>				
Balance at the beginning of the financial period/year	310,400	173	245,000	135
Shares buy-back held as treasury shares	–	–	65,400	38
<hr/>				
<b>Balance at the end of the financial period/year</b>	<b>310,400</b>	<b>173</b>	<b>310,400</b>	<b>173</b>
<hr/>				
<b>Issued and fully paid ordinary shares excluding treasury shares</b>	<b>488,833,800</b>	<b>65,962</b>	<b>488,833,800</b>	<b>65,962</b>
<hr/>				

The Company did not have any outstanding convertibles as at 31 December 2022 and 31 December 2021.

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.

**N14. 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 2022		As at 31 December 2021	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
16,854	–	36,689	–

### Amount repayable by the Group after one year

As at 31 December 2022		As at 31 December 2021	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
23,463	–	18,091	–

### 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 N12.

- (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 N13.

- (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 N13.

- (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 N13. 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 N13. 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 2022 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 2022	31 December 2021	31 December 2022	31 December 2021
(Loss)/profit attributable to owners of the Company (RM'000)	(2,149)	(4,926)	12,351	(7,191)
Weighted average number of ordinary shares ('000)	488,834	488,834	488,834	488,847
Basic and diluted (loss)/earnings per share <sup>(1)</sup> (sen)	(0.44)	(1.01)	2.53	(1.47)

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 2022 and 31 December 2021.

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 2022 ("2H2022") as compared to the 6 months ended 31 December 2021 ("2H2021")***

Revenue

The Group's revenue increased by approximately RM6.1 million, or 6.5%. This was mainly attributable to the increase in the average selling price per 40-ft container has increased from RM63,000 in 2H2021 to RM74,000 in 2H2022 as a result of the different product mix sold by the Group and the strengthening of USD against RM. The average movement of USD against RM has strengthened by approximately 8.0% in 2H2022 as compared to 2H2021.

However, this was partially offset by a decrease in the number of 40-ft containers sold from 1,481 40-ft containers in 2H2021 to 1,337 40-ft containers in 2H2022.

Cost of sales and gross profit

Cost of sales decreased by approximately RM12.2 million, or 11.9%, mainly due to the decrease in material used and carriage inwards, handling and custom duty charges. However, this was partially offset by the increase in labour and subcontractors' costs. The increase in labour costs was mainly due to the increase in the Malaysian monthly minimum wage from RM1,200 to RM1,500 effective from 1 May 2022.

As a result of the increase in revenue and decrease in cost of sales as explained above, the Group registered a gross profit of approximately RM9.3 million for 2H2022 as compared to a gross loss of approximately RM9.0 million for 2H2021. The Group recorded a gross profit margin of 9.3% in 2H2022 as compared to a gross loss margin of 9.6% in 2H2021.

Interest income

Interest income increased by approximately RM0.1 million, or 784.6%, mainly due to higher cash placements in short term fixed deposits in the bank account maintained in Malaysia and higher overnight interest rate offered in 2H2022.

Other income

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

Other income decreased by approximately RM4.2 million, or 54.8%, mainly due to the decrease in government grants from the Government of Malaysia during COVID-19 in the financial year ended 31 December 2021 ("FY2021") to promote the creation of quality jobs, reduce unemployment and financial assistance paid to employers for each employee. However, this was partially offset by an increase in processing fee income and rental received.

### Selling and administrative expenses

Selling and administrative expenses increased by approximately RM1.1 million, or 13.1%, mainly due to the increase in staff costs and directors' remuneration resulted from the cost cutting measure effected in the third quarter of FY2021 during the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021. The increase was also due to the increase in the Malaysian monthly minimum wage from RM1,200 to RM1,500 effective from 1 May 2022.

### Depreciation expenses

Depreciation expenses increased by approximately RM1.3 million, or 19.1% mainly due to the depreciation of the fully-installed solar panels, purchase of plant and machineries as well as leases of new factories and warehouse.

### Finance costs

Finance costs increased by approximately RM0.5 million, or 63.2% mainly due to the higher interest rate charged on the term loans and increase in short term financing loan in 2H2022.

### Other expense

The Group incurred net foreign exchange loss in 2H2022 arising from USD loans due to the strengthening of USD against RM in 2H2022. As a result, other expense increased by approximately RM2.1 million, or 565.3%.

### Income tax expense

The Group incurred income tax expense of approximately RM4.7 million in 2H2022 mainly due to the provision of deferred tax liabilities for FY2022. As a result, income tax expense increased by approximately RM11.1 million, or 173.9%.

### Loss for the period

As a result of the provision of deferred tax liabilities for FY2022, the Group recorded a net loss of approximately RM5.0 million in 2H2022 as compared to a net loss of RM4.4 million in 2H2021.

## ***Review of Group's performance for FY2022 as compared to FY2021***

### Revenue

The Group's revenue increased by approximately RM45.3 million, or 23.9%. This was mainly attributable to:

- (a) the increase in the average selling price per 40-ft container from RM59,000 in FY2021 to RM73,000 in FY2022 as a result of the different product mix sold by the Group and the strengthening of USD against RM in FY2022 as compared to FY2021. The average movement of USD against RM has strengthened by approximately 6.1% in FY2022 as compared to FY2021; and
- (b) the increase in the number of 40-ft containers sold from 3,207 40-ft containers in FY2021 to 3,220 40-ft containers in FY2022.

#### Cost of sales and gross profit

Cost of sales increased by approximately RM10.8 million, or 5.6%, mainly due to the increase in materials used, labour costs and subcontractors' costs in tandem with the increase in the number of laden containers sold. However, this was partially offset by the decrease in carriage inwards, handling and custom duty charges.

As a result of the lower percentage increase in cost of sales as compared to our revenue, the Group registered a gross profit of RM30.1 million for FY2022 as compared to a gross loss of RM3.5 million for FY2021. The Group's gross profit margin was 13.2% in FY2022 as compared to a gross loss margin of 1.8% in FY2021.

#### Interest income

Interest income increased by approximately RM0.1 million, or 242.5%, mainly due to higher cash placements in short term fixed deposits in the bank account maintained in Malaysia and higher overnight interest rate offered in 2H2022.

#### Distributions from short-term investment security

Distributions from short-term investment security decreased by RM1,000 as the Group had disposed the investment during the six months period ended 30 June 2021.

#### Other income

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

Other income decreased by approximately RM4.0 million, or 39.2%, mainly due to the decrease in government grants from the Government of Malaysia during COVID-19 in FY2021 to promote the creation of quality jobs, reduce unemployment and financial assistance paid to employers for each employee. However, this was partially offset by an increase in processing fee income and rental received.

#### Selling and administrative expenses

Selling and administrative expenses increased by approximately RM1.5 million, or 8.2%, mainly due to the increase in staff costs and directors' remuneration resulted from the cost cutting measure effected in the third quarter of FY2021 during the temporary closure of the Group's operations for the period between 1 June 2021 and 26 August 2021. The increase was also due to the increase in the Malaysian monthly minimum wage from RM1,200 to RM1,500 effective from 1 May 2022.

#### Depreciation expenses

Depreciation expenses increased by approximately RM2.5 million, or 19.7% mainly due to the depreciation of the fully-installed solar panels, purchase of plant and machineries as well as leases of new factories and warehouse in FY2022.

#### Finance costs

Finance costs increased by approximately RM0.8 million, or 55.1% mainly due to the higher interest rate charged on the term loans in 2H2022 and additional financing from short term financing loan in FY2022.

### Other expense

The Group incurred net foreign exchange loss in FY2022 arising from USD loans due to the strengthening of USD against RM in FY2022. As a result, other expense increased by approximately RM2.1 million, or 574.4%.

### Income tax expense

The Group incurred income tax expense of approximately RM4.7 million in FY2022 mainly due to the provision of deferred tax liabilities for FY2022. As a result, income tax expense increased by approximately RM11.1 million, or 174.3%.

### Profit for the year

As a result of the higher revenue, the Group recorded a net profit in FY2022 of approximately RM8.2 million as compared to a net loss in FY2021 of RM6.9 million.

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

#### (a) By Business Segment

The Group's revenue increased by approximately RM45.3 million in FY2022 as compared to FY2021 mainly due to the increase in the Furniture and Millwork segments.

The Group recorded earnings before interest and tax of RM15.1 million in FY2022 as compared to loss before interest and tax of RM11.8 million in FY2021 mainly due to the earnings before interest and tax from both the Furniture and Millwork segments.

#### (b) By Geographical Segment

The Group experienced an increase in sales across all major geographical segments such as the United States of America and Malaysia. However, this was partially offset by a decrease 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 2022 as compared to 31 December 2021***

#### Non-current assets

Property, plant and equipment decreased by approximately RM4.9 million, or 3.0%, mainly due to increase in depreciation charged for solar panel as well as plant and machineries in FY2022.

Right-of-use assets of approximately RM29.1 million comprised the right to use the properties and land use rights of the Group over the respective lease period. The increase in right-of-use assets of approximately RM3.0 million, or 11.4% was due to the new tenancy agreements that we entered into in FY2022.

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 increased by approximately RM0.2 million, or 0.2%, mainly due to the increase in (i) raw materials as the Group has stocked up raw materials in case of delay in receipt of raw materials due to global supply chain disruption and (ii) finished goods for the completed goods manufactured but yet to ship out as at 31 December 2022. However, the increase was partially offset by a decrease in work-in-progress.

Trade and other receivables of approximately RM18.3 million comprised trade receivables, deposits and other receivables. The decrease in trade and other receivables by approximately RM1.6 million, or 7.9% was mainly due to decrease in sales made towards the end of FY2022.

Prepaid operating expense of approximately RM2.2 million comprised mainly expenses paid in advance as at 31 December 2022.

Tax recoverable, being prepaid current income tax of approximately RM5.4 million comprised tax paid in advance by the Malaysian subsidiaries for the Year of Assessment 2020, 2021 and 2022.

#### Current liabilities and non-current liabilities

Loans and borrowings comprised bankers' acceptance, short term financing, financing arrangements and long-term loans. The decrease in loans and borrowings by approximately RM14.5 million, or 26.4% was mainly due to the net decrease in the usage of short-term financing of approximately RM12.9 million and scheduled repayment of loans and borrowings. However, the decrease is offset by the net increase in the usage of bankers' acceptances by approximately RM5.1 million.

Trade and other payables of approximately RM34.2 million comprised trade payables and other payables. The decrease in trade and other payables of RM8.3 million, or 19.5%, was mainly due to the decrease in purchase of raw materials towards the year end.

Contract liabilities of approximately RM0.9 million comprised the Group's obligation to transfer goods or services to customers for which the Group has received consideration as at 31 December 2022 from customers for finished goods which required further improvements on customers' request and pending the customers' acceptance. The decrease in contract liabilities by approximately RM2.9 million, or 75.4%, was mainly due to the fulfilment of customers' request and that they had accepted the finished goods.

Lease liabilities of approximately RM11.6 million comprised the liabilities that the Group has to pay over the respective lease period for the use of the properties. The increase in the lease liabilities of RM3.7 million, or 46.6%, was mainly due to the new tenancy agreements that we entered into in FY2022.

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 FY2022 as compared to FY2021***

The Group recorded net cash flows generated from operating activities of approximately RM20.7 million in FY2022 which was higher as compared to net cash flows generated in FY2021 of approximately RM5.0 million due to the increase in the sales receipts of the Group as explained above.

The Group recorded net cash flows used in investing activities of approximately RM5.6 million in FY2022 mainly due to the completion of the installation of solar panel as well as purchase of plant and machineries.

The Group recorded net cash flows used in financing activities of approximately RM20.1 million mainly due to repayment of loans and borrowings in FY2022. However, it was partially offset by the proceed from 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.**

No forecast or a prospect statement was disclosed to shareholders.

**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) The demand for our products has declined due to the high inventories build up by most furniture importers in the US over the past year. Accordingly, any future demand will be dependent on the inventory reduction by our customers in the US as well as the economic conditions in the US in the coming months. With the current high inflation, albeit at a lower pace, and the potential increase in interest rates in the near future in the US, consumer demand may be affected accordingly.
- (b) Over the last few months, the USD has weakened against the RM which does not contribute to a positive impact to the revenue of the Group as the Group's sales are substantially denominated in USD and recognised in RM. However, on the other hand, the Group has USD denominated loans where the weakening of the USD will result in lower loan value.
- (c) The current war between Ukraine and Russia has created uncertainties in the recovery of the world's economy from the pandemic. The war has resulted in an increase in oil & gas prices which increases logistics and transport costs as well as certain food prices due to shortages. As a result, while the war has no direct effect on the Group since the Group does not have any business in Russia and Ukraine, the negative effects, particularly inflation, has created uncertainties in the supply and demand of the Group's products and raw materials inputs.
- (d) Although the Covid-19 situation in Malaysia is in an endemic phase, the situation may still evolve to become more dangerous or serious in Malaysia as well as around the world. Accordingly, the Group is vigilant in monitoring the situation and will endeavour to follow any standard operating procedures imposed by the Malaysian Health authorities to ensure that any impact to the Group will be minimised.

**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/recommendeded for FY2022 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 29 April 2022. Please refer to the Company's appendix to the annual report dated 11 April 2022 for further details.



The aggregate value of all interested person transactions during the FY2022 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)	- (3)	39,498
Leatherworld Upholstery Sdn Bhd	(2)	- (3)	2,000

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 Director, Tan Kwee Chai.
- (2) Leatherworld Upholstery Sdn Bhd is a 51%-owned subsidiary of Lian Yu Furniture Corporation Sdn Bhd which is owned by Tan Kwee Chai and his associates.
- (3) Excludes transactions which are less than S\$100,000

#### 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

As disclosed in the Company's announcement dated 12 August 2022 in relation to the Group's results for the six months ended 30 June 2022, the Company has fully utilised the net proceeds raised from its initial public offering in 2018.

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

On 30 December 2022, the Company announced that the Group has undertaken an internal restructuring exercise involving the transfer of the entire share capital of Leyo Manufacturing Sdn Bhd ("LEM") from Leyo Holdings Sdn Bhd ("LEH", a 51%-owned subsidiary of the Company) to LY Furniture Sdn Bhd ("LYFSB", a wholly-owned subsidiary of the Company) at a nominal consideration of RM1, based on the post-capitalisation net asset value of LEM of RM1.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group announced during 2H2022 which is required to be reported under Rule 706(A) of the Catalist Rules.

#### 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	63	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	61	Uncle of Ms Tan Ai Luang	Chief Quality Controller Year: 2012	Nil
Mr Tan Yong Siang	32	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 2023