

A. EXPLANATION NOTES

A1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared under the same accounting policies and methods of computation as those used in the preparation of the most recent audited financial statements and comply with MFRS 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 July 2023. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2023.

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 July 2023 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations that are effective for the financial periods beginning on 1 August 2023.

The adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

A2. Qualified Audit Report

The auditors' report of the preceding annual financial statements was not qualified.

A3. Seasonal or Cyclical Factors

The principal business and performance of the Group were not significantly affected by any seasonal or cyclical factors.

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 October 2023.

A5. Changes in Estimates

There were no material changes in estimates that have had any material effect in the current quarter ended 31 October 2023.

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A6. Debts and Equity Securities

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the quarter ended 31 October 2023.

As at 31 October 2023, the number of treasury shares held was 5,766,600 ordinary shares.

A7. Dividend Paid

There were no dividends paid for the quarter ended 31 October 2023.

A8. Segment Reporting

The segmental information of the Group for the financial year to-date 31 October 2023 was summarised as below:

	Investment Holding	Furniture	Packaging	Wood processing	Renewable Energy	Construction	Others	Consolidation Adjustments	Total
RM'000									
Revenue									
External sales	-	25,805	9,706	1,421	3,575	4,112	538	-	45,157
Inter-Co sales	306	206	1,133	3,887	-	-	722	(6,254)	-
Total revenue	306	26,011	10,839	5,308	3,575	4,112	1,260	(6,254)	45,157
Results									
Segment result	(465)	3,848	1,182	611	907	98	37	(34)	6,184
Interest income	53	231	47	4	1	-	3	-	339
Finance costs	(21)	(38)	(62)	(18)	(22)	(8)	-	33	(136)
	(433)	4,041	1,167	597	886	90	40	(1)	6,387
Less: Share of profit of joint venture									111
Profit before tax									6,498
Assets	32,811	117,023	36,154	26,156	11,371	23,584	29,012	(28,900)	247,211
Add: Investment in joint venture									11,102
Total Assets									258,313
Total Liabilities	2,144	17,470	8,708	11,518	2,990	13,898	25,600	(29,239)	53,089

Geographical segment

	Malaysia RM'000	Indonesia RM'000	Total RM'000
Profit before tax	6,493	5	6,498

The Group operates primarily in Malaysia, except for one of its joint venture companies whose principal activities include manufacturing and selling of finger jointed finished gesso coated and primed moulding products. This joint venture company operates in Medan, Indonesia.

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A9. Valuation of Property, Plant and Equipment

There was no revaluation of properties of the Group in the current quarter ended 31 October 2023.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 7 December 2023 (latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), which have not been reflected, in the financial statements for the current quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring & discontinuing operations during the current quarter under review.

A12. Capital Commitments

Capital commitments at 31 October 2023 were as follows:-

Property, plant and equipment	RM'000 <u>1,555</u>
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A13. Changes in Contingent Liabilities or Contingent Assets

a. Contingent Liabilities

Unsecured

Corporate guarantees in favour of bankers for providing banking facilities to subsidiaries and joint venture companies

Company
At 31 October 2023
RM'000

111,246

b. Contingent Assets

There were no contingent assets since the last audited financial statements for the financial year ended 31 July 2023.

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A14 Significant Related Party Transactions

Related party transactions occur within the normal course of business and the terms offered are no different to those offered to third parties. Significant related party transactions during the current quarter and financial year-to-date are summarised below:

Type of transactions:-	Current Quarter RM'000	Financial year-to-date RM'000
– Rental income – factory building	473	473
– Sales of carton box	730	730
– Sales of indirect material and hardware	448	448
– Sales of kitchen cabinet and bathroom vanity cabinet	16,067	16,067
– Sales of pine primed and gesso	5,957	5,957
– Subcontract work of furniture parts	<u>317</u>	<u>317</u>
– Purchase of furniture part, board material and hardware	3,565	3,565
– Rental payment – office building	<u>22</u>	<u>22</u>

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SELECTED EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES:

B1. Review of Performance

Revenue	Current Quarter			Year To-date		
	Current Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	2024 Q1	2023 Q1		2024 Q1	2023 Q1	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	306	330	-7.27%	306	330	-7.27%
Furniture	26,011	39,710	-34.50%	26,011	39,710	-34.50%
Packaging	10,839	9,793	10.68%	10,839	9,793	10.68%
Wood processing	5,308	5,845	-9.19%	5,308	5,845	-9.19%
Renewable energy	3,575	2,347	52.32%	3,575	2,347	52.32%
Construction	4,112	6,824	-39.74%	4,112	6,824	-39.74%
Others	1,260	926	36.07%	1,260	926	36.07%
Consolidation adjustments	(6,254)	(6,998)		(6,254)	(6,998)	
Total	45,157	58,777	-23.17%	45,157	58,777	-23.17%

Profit/(Loss) Before Tax	Current Quarter			Year To-date		
	Current Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	2024 Q1	2023 Q1		2024 Q1	2023 Q1	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	(433)	4,644	-109.32%	(433)	4,644	-109.32%
Furniture	4,041	5,015	-19.42%	4,041	5,015	-19.42%
Packaging	1,167	214	445.33%	1,167	214	445.33%
Wood processing	597	395	51.14%	597	395	51.14%
Renewable energy	886	301	194.35%	886	301	194.35%
Construction	90	1,166	-92.28%	90	1,166	-92.28%
Others	40	115	-65.22%	40	115	-65.22%
Consolidation adjustments	(1)	10		(1)	10	
Share of profit of joint venture	111	725	-84.69%	111	725	-84.69%
Total	6,498	12,585	-48.37%	6,498	12,585	-48.37%

The Group registered revenue of RM45.2 million for 2024 Q1 compared to revenue of RM58.8 million in 2023 Q1. Profit before tax for 2024 Q1 was RM6.5 million compared to profit before tax of RM12.6 million for 2023 Q1.

The investment holding segment consists of the holding company's results which include dividend income and management fees received from subsidiaries. The profit before tax for 2024 Q1 was lower compared with 2023 Q1 due to there was a gain on deemed disposal of a subsidiary in 2023 Q1. This segment revenue will be offset by the consolidation adjustments.

The furniture segment continued to be the main contributor to the Group's revenue. The furniture segment recorded RM26.0 million and RM4.0 million in revenue and profit before tax respectively for 2024 Q1. Comparatively, revenue and profit before tax for 2023 Q1 were RM39.7 million and RM5.0 million respectively. The revenue and profit before tax for 2024 Q1 were lower than 2023 Q1 due to disposal of a subsidiary in 2023 Q3, decreased demand from export markets and local customers.

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B1. Review of Performance (cont'd)

The packaging segment contributed RM10.8 million in revenue and profit before tax of RM1.2 million for 2024 Q1 compared with revenue of RM9.8 million and profit before tax of RM0.2 million in 2023 Q1. The revenue and profit before tax in this segment were higher than 2023 Q1 due to higher demand from existing external customers.

The wood processing segment registered RM5.3 million in revenue and profit before tax of RM0.6 million for 2024 Q1 compared with revenue of RM5.8 million and profit before tax of RM0.4 million in 2023 Q1. The lower revenue in 2024 Q1 was due to lower inter-company sales to the furniture segment. Despite lower revenue, the profit before tax was higher due to improved operational efficiency.

The renewable energy segment contributed RM3.6 million in revenue and profit before tax of RM0.9 million for 2024 Q1 compared with revenue of RM2.3 million and profit before tax of RM0.4 million in 2023 Q1. The higher revenue and profit before tax in 2024 Q1 were due to higher offtake by customers.

The construction segment registered RM4.1 million in revenue and profit before tax of RM0.1 million for 2024 Q1 compared with revenue of RM6.8 million and profit before tax of RM1.2 million in 2023 Q1. The revenue in this segment was lower than 2023 Q1 due to a lower progress rate on existing projects. Consequent to the lower revenue, compounded with lower construction margins the profit before tax was lower than 2023 Q1.

The "others" segment contributed RM1.3 million in revenue and profit before tax of RM0.04 million for 2024 Q1 compared with revenue of RM0.9 million and profit before tax of RM0.1 million in 2023 Q1. The revenue for 2024 Q1 was higher than 2023 Q1 due to increased activity in respect of the general trading business. Despite higher revenue, the profit before tax was lower due to higher upkeep of factory.

The share of profit from the joint venture companies decreased from RM0.7 million in 2023 Q1 to RM0.1 million in 2024 Q1 due to lower export sales from the Malaysian joint venture company.

B2. Quarterly Analysis

Revenue	Current Quarter	Immediate Preceding Quarter	Changes
	2024 Q1	2023 Q4	
	RM'000	RM'000	
Investment holding	306	306	-
Furniture	26,011	24,989	4.09%
Packaging	10,839	9,718	11.54%
Wood processing	5,308	4,131	28.49%
Renewable energy	3,575	3,319	7.71%
Construction	4,112	3,894	5.60%
Others	1,260	713	76.72%
Consolidation adjustments	(6,254)	(4,855)	
Total	45,157	42,215	6.97%

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B2. Quarterly Analysis (cont'd)

Profit/ (Loss) Before Tax	Current Quarter	Immediate Preceding Quarter	Changes
	2024 Q1	2023 Q4	
	RM'000	RM'000	
Investment holding	(433)	(1,182)	63.37%
Furniture	4,041	3,325	21.53%
Packaging	1,167	687	69.87%
Wood processing	597	215	177.67%
Renewable energy	886	76	1,065.79%
Construction	90	(962)	109.36%
Others	40	(19)	310.53%
Consolidation adjustments	(1)	2	
Share of profit/(loss) of joint venture	111	(153)	172.55%
Total	6,498	1,989	226.70%

The Group recorded revenue of RM45.2 million and profit before tax of RM6.5 million for 2024 Q1 compared to 2023 Q4 revenue and profit before tax of RM42.2 million and RM2.0 million respectively.

For the investment holding segment, the profit before tax for 2024 Q1 was higher than 2023 Q4 due to an impairment of receivables and a reversal of a gain on deemed disposal of a subsidiary in 2023 Q4. This segment revenue will be offset by the consolidation adjustments.

The furniture segment recorded RM26.0 million and RM4.0 million in revenue and profit before tax respectively for 2024 Q1. Comparatively, revenue and profit before tax for 2023 Q4 were RM25.0 million and RM3.3 million respectively. The revenue and profit before tax for 2024 Q1 were higher than 2023 Q4 due to increased demand from export markets and local customers, and a strengthening of United States Dollar (USD) against Malaysian Ringgit (MYR).

The packaging segment contributed RM10.8 million in revenue and profit before tax of RM1.2 million for 2024 Q1 compared to revenue of RM9.7 million and profit before tax of RM0.7 million in 2023 Q4. The revenue and profit before tax for 2024 Q1 were higher than 2023 Q4 due to increased demand from existing internal and external customers.

The wood processing segment registered RM5.3 million in revenue and profit before tax of RM0.6 million for 2024 Q1 compared with revenue of RM4.1 million and profit before tax of RM0.2 million in 2023 Q4. The higher revenue and profit before tax in 2024 Q1 was due to higher inter-company sales to the furniture segment.

The renewable energy segment contributed RM3.6 million in revenue and profit before tax of RM0.9 million for 2024 Q1 compared with revenue of RM3.3 million and profit before tax of RM0.1 million in 2023 Q4. The higher revenue and profit before tax for 2024 Q1 were due to higher offtake by customers and higher depreciation charges in 2023 Q4.

The construction segment registered RM4.1 million in revenue and profit before tax of RM0.1 million for 2024 Q1 compared with revenue of RM3.9 million and loss before tax of RM1.0 million in 2023 Q4. The higher revenue in 2024 Q1 was due to higher percentage completion on existing and new projects. The profit before tax was higher due to higher revenue and impairment of receivables in 2023 Q4.

The "others" segment contributed RM1.3 million in revenue and profit before tax of RM0.04 million for 2024 Q1 compared with revenue of RM0.7 million and loss before tax of RM0.02 million in 2023 Q4. The revenue and profit before tax for 2024 Q1 were higher than 2023 Q4 due to increased activity in respect of the general trading business and higher intercompany sales.

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B2. Quarterly Analysis (cont'd)

The share of profit from the joint venture companies for 2024 Q1 was RM0.1 million compared to a loss of RM0.2 million in 2023 Q4. This was due to higher export sales from both the Malaysian and Indonesian joint venture companies.

B3. Current Year Prospects

The global economic outlook remains cautious, mainly due to slow growth in major economies, escalation of geopolitical tensions and tightening in financial market conditions.

The Malaysian economy further expanded in the third quarter of 2023, albeit at a slower pace due to sluggish external demand. Domestic demand, supported by private consumption, investment and tourism activities, remained the key driver of growth. However, export growth is expected to moderate in 2024 amid a slowing global economy.

The furniture segment remains the Group's core business. The financial performance of this segment is expected to be challenging. The Group will continue to focus on cost control, explore new markets, and develop new products to achieve better profits and growth of the business.

B4. Profit Forecast

There were no profit forecasts issued for the current financial period under review.

B5. Taxation

The tax charges comprise: -

	Current Quarter RM'000	Financial year-to-date RM'000
• Company and Subsidiary Companies		
– Income Tax	1,513	1,513
– Deferred Tax	-	-
	1,513	1,513

The Group's effective tax rate in the current quarter is lower than the statutory tax rate due to utilisation of tax losses brought forward and tax incentives enjoyed by some of the subsidiary companies.

B6. Corporate Proposals

There were no corporate proposals as at the date of this announcement.

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B7. Group Borrowings and Debt Securities

The Group borrowings as at 31 October 2023 are summarised as below:-

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Hire purchase liabilities	181	722	903
Secured banker acceptance	3,757	-	3,757
Secured term loan	2,616	5,685	8,301
Total	6,554	6,407	12,961

B8. Material Litigation

Neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the Group's financial position or business, and the Directors are not aware of any proceedings, pending or threatened, against the Company and/or any of its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the Group's financial position or business.

B9. Other Disclosures Items to the Statement of Comprehensive Income

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

	Current Quarter RM'000	Financial year-to-date RM'000
- Interest income	339	339
- Other income including investment income	659	659
- Interest expense	(136)	(136)
- Depreciation on property, plant and equipment, investment properties and right-of-use assets	(1,958)	(1,958)
- Foreign exchange gain	698	698
- Loss on derivatives	(176)	(176)
- Reversal of impairment loss on receivables	52	52
- Write off of inventories	(45)	(45)

Save as disclosed above, the following items are not applicable to the Group for the first financial quarter ended 31 October 2023:-

- gain on disposal on property, plant and equipment
- impairment of assets
- exceptional items

B10. Dividend

The directors do not recommend the payment of any dividend for the current financial period ended 31 October 2023.

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B11. Basic Earnings Per Share (EPS)

	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
Profit after tax and minority interest (RM'000)	4,619	10,316	4,619	10,316
Weighted average number of ordinary shares in issue ('000)	268,733	268,733	268,733	268,733
Basic EPS (sen)	1.72	3.84	1.72	3.84

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 December 2023.