

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 and cumulative period ended 31 January 2024.

A5. Changes in Estimates

There were no material changes in estimates that have had any material effect in the current quarter and cumulative period ended 31 January 2024.

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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 and cumulative period ended 31 January 2024.

As at 31 January 2024, the number of treasury shares held was 5,766,600 ordinary shares.

A7. Dividend Paid

During the quarter, the Company paid a final single tier dividend of 4 sen per ordinary share amounting to RM10,749,000 in respect of the financial year ended 31 July 2023 on 29 December 2023.

A8. Segment Reporting

The segmental information of the Group for the financial year to-date 31 January 2024 was summarised as below:

	Investment Holding	Furniture	Packaging	Wood processing	Renewable Energy	Construction	Others	Consolidation Adjustments	Total
RM'000									
Revenue									
External sales	-	62,111	20,873	2,856	4,819	10,715	1,648	-	103,022
Inter-Co sales	11,364	485	2,648	9,014	-	-	1,517	(25,028)	-
Total revenue	11,364	62,596	23,521	11,870	4,819	10,715	3,165	(25,028)	103,022
Results									
Segment result	9,147	10,578	2,559	1,322	475	215	24	(10,820)	13,500
Interest income	115	586	95	14	6	-	5	-	821
Finance costs	(39)	(75)	(120)	(36)	(38)	(32)	-	64	(276)
	9,223	11,089	2,534	1,300	443	183	29	(10,756)	14,045
Less: Share of loss of joint venture									(222)
Profit before tax									13,823
Assets									
	31,583	115,845	36,128	26,343	10,653	26,323	29,153	(28,452)	247,576
Add: Investment in joint venture									10,769
Total Assets									258,345
Total Liabilities	2,072	20,678	9,164	11,099	2,715	16,566	25,288	(28,788)	58,794

Geographical segment

	Malaysia RM'000	Indonesia RM'000	Total RM'000
Profit/(loss) before tax	14,052	(229)	13,823

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.

A9. Valuation of Property, Plant and Equipment

There was no revaluation of properties of the Group in the current quarter and cumulative period ended 31 January 2024.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 14 March 2024 (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 and financial year to-date.

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 and financial year to-date.

A12. Capital Commitments

Capital commitments at 31 January 2024 were as follows:-

	RM'000
Property, plant and equipment	<u>5,934</u>

A13. Changes in Contingent Liabilities or Contingent Assets

a. Contingent Liabilities

	Company At 31 January 2024 RM'000
Unsecured Corporate guarantees in favour of bankers for providing banking facilities to subsidiaries and joint venture companies	<u>111,192</u>

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	550	1,023
– Sales of carton box	647	1,377
– Sales of indirect material and hardware	-	448
– Sales of kitchen cabinet and bathroom vanity cabinet	13,080	29,147
– Sales of pine primed and gesso	6,933	12,890
– Subcontract work of furniture parts	<u>557</u>	<u>874</u>
– Purchase of furniture part, board material and hardware	4,194	7,759
– Rental payment – office building	<u>23</u>	<u>45</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 Q2	2023 Q2		2024 Q2	2023 Q2	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	11,058	11,081	-0.21%	11,364	11,412	-0.42%
Furniture	36,586	41,919	-12.72%	62,596	81,628	-23.32%
Packaging	12,681	9,199	37.85%	23,521	18,992	23.85%
Wood processing	6,563	5,707	15.00%	11,870	11,553	2.74%
Renewable energy	1,244	2,853	-56.40%	4,819	5,199	-7.31%
Construction	6,603	6,355	3.90%	10,715	13,179	-18.70%
Others	1,904	893	113.21%	3,165	1,819	74.00%
Consolidation adjustments	(18,774)	(17,746)		(25,028)	(24,744)	
Total	57,865	60,261	-3.98%	103,022	119,038	-13.45%

Profit/(Loss) Before Tax	Current Quarter			Year To-date		
	Current Quarter	Preceding Year Corresponding Quarter	Changes	Current Year	Preceding Year	Changes
	2024 Q2	2023 Q2		2024 Q2	2023 Q2	
	RM'000	RM'000	RM'000	RM'000		
Investment holding	9,656	8,168	18.22%	9,223	12,812	-28.01%
Furniture	7,048	6,547	7.65%	11,089	11,562	-4.09%
Packaging	1,367	274	398.91%	2,534	487	420.33%
Wood processing	703	(392)	279.34%	1,300	3	43,233.33%
Renewable energy	(443)	529	-183.74%	443	830	-46.63%
Construction	93	357	-73.95%	183	1,523	-87.98%
Others	(11)	126	-108.73%	29	242	-88.02%
Consolidation adjustments	(10,755)	(10,744)		(10,756)	(10,734)	
Share of (loss)/profit of joint venture	(333)	(411)	18.98%	(222)	314	-170.70%
Total	7,325	4,454	64.46%	13,823	17,039	-18.87%

The Group registered revenue of RM57.9 million for 2024 Q2 compared to revenue of RM60.3 million in 2023 Q2. Profit before tax for 2024 Q2 was RM7.3 million compared to profit before tax of RM4.5 million for 2023 Q2.

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 Q2 was higher compared with 2023 Q2 due to a reversal of gain on deemed disposal of subsidiary of RM2.1 million in 2023 Q2. This segment revenue is offset by the consolidation adjustments.

The furniture segment continued to be the main contributor to the Group's revenue. The furniture segment recorded RM36.6 million and RM7.0 million in revenue and profit before tax respectively for 2024 Q2. Comparatively, revenue and profit before tax for 2023 Q2 were RM41.9 million and RM6.5 million respectively. The revenue for 2024 Q2 was lower than 2023 Q2 due to disposal of a subsidiary in 2023 Q3. Despite lower revenue, the profit before tax for 2024 Q2 was higher than 2023 Q2 due to the strengthening of United States Dollar (USD) against Malaysian Ringgit (MYR) and higher interest income.

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B1. Review of Performance (cont'd)

The packaging segment contributed RM12.7 million in revenue and profit before tax of RM1.4 million for 2024 Q2 compared with revenue of RM9.2 million and profit before tax of RM0.3 million in 2023 Q2. The revenue and profit before tax in this segment were higher than 2023 Q2 due to higher demand from existing internal and external customers.

The wood processing segment registered RM6.6 million in revenue and profit before tax of RM0.7 million for 2024 Q2 compared with revenue of RM5.7 million and loss before tax of RM0.4 million in 2023 Q2. The higher revenue in 2024 Q2 was due to higher inter-company sales to the furniture segment. The higher profit before tax was due to higher revenue and lower write down of inventories.

The renewable energy segment contributed RM1.2 million in revenue and loss before tax of RM0.4 million for 2024 Q2 compared with revenue of RM2.9 million and profit before tax of RM0.5 million in 2023 Q2. The lower revenue and profit before tax in 2024 Q2 were due to a temporary plant closure to fix issues relating to combustion and emissions.

The construction segment registered RM6.6 million in revenue and profit before tax of RM0.1 million for 2024 Q2 compared with revenue of RM6.4 million and profit before tax of RM0.4 million in 2023 Q2. The revenue in this segment was higher than 2023 Q2 due to a higher progress rate on existing and new projects. Despite higher revenue, the profit before tax was lower due to a decrease in overall construction margins.

The "others" segment contributed RM1.9 million in revenue and loss before tax of RM0.01 million for 2024 Q2 compared with revenue of RM0.9 million and profit before tax of RM0.1 million in 2023 Q2. The revenue for 2024 Q2 was higher than 2023 Q2 due to increased activity in respect of the general trading business. Despite higher revenue, the profit before tax was lower due to higher cost to upkeep the properties.

The share of loss from the joint venture company decreased from RM0.4 million in 2023 Q2 to RM0.3 million in 2024 Q2. This was due to higher export sales from the Indonesian joint venture company.

B2. Quarterly Analysis

Revenue	Current Quarter	Immediate Preceding Quarter	Changes
	2024 Q2	2024 Q1	
	RM'000	RM'000	
Investment holding	11,058	306	3,513.73%
Furniture	36,586	26,011	40.66%
Packaging	12,681	10,839	16.99%
Wood processing	6,563	5,308	23.64%
Renewable energy	1,244	3,575	-65.20%
Construction	6,603	4,112	60.58%
Others	1,904	1,260	51.11%
Consolidation adjustments	(18,774)	(6,254)	
Total	57,865	45,157	28.14%

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B2. Quarterly Analysis (cont'd)

Profit/ (Loss) Before Tax	Current Quarter	Immediate Preceding Quarter	Changes
	2024 Q2	2024 Q1	
	RM'000	RM'000	
Investment holding	9,656	(433)	2,330.02%
Furniture	7,048	4,041	74.41%
Packaging	1,367	1,167	17.14%
Wood processing	703	597	17.76%
Renewable energy	(443)	886	-150.00%
Construction	93	90	3.33%
Others	(11)	40	-127.50%
Consolidation adjustments	(10,755)	(1)	
Share of profit/(loss) of joint venture	(333)	111	-400.00%
Total	7,325	6,498	12.73%

The Group recorded revenue of RM57.9 million and profit before tax of RM7.3 million for 2024 Q2 compared to 2024 Q1 revenue and profit before tax of RM45.2 million and RM6.5 million respectively.

For the investment holding segment, the revenue and profit before tax for 2024 Q2 were higher than 2024 Q1 as dividends were declared by subsidiaries in 2024 Q2. This segment revenue is offset by the consolidation adjustments.

The furniture segment recorded RM36.6 million and RM7.0 million in revenue and profit before tax respectively for 2024 Q2. Comparatively, revenue and profit before tax for 2024 Q1 were RM26.0 million and RM4.0 million respectively. The revenue and profit before tax for 2024 Q2 were higher than 2024 Q1 due to increased demand from export markets and local customers.

The packaging segment contributed RM12.7 million in revenue and profit before tax of RM1.4 million for 2024 Q2 compared to revenue of RM10.8 million and profit before tax of RM1.2 million in 2024 Q1. The revenue and profit before tax for 2024 Q2 were higher than 2024 Q1 due to higher demand from existing internal and external customers.

The wood processing segment registered RM6.6 million in revenue and profit before tax of RM0.7 million for 2024 Q2 compared with revenue of RM5.3 million and profit before tax of RM0.6 million in 2024 Q1. The higher revenue and profit before tax in 2024 Q2 were due to higher inter-company sales to the furniture segment.

The renewable energy segment contributed RM1.2 million in revenue and loss before tax of RM0.4 million for 2024 Q2 compared with revenue of RM3.6 million and profit before tax of RM0.9 million in 2024 Q1. The lower revenue and profit before tax for 2024 Q2 were due to a temporary plant closure to fix issues relating to combustion and emissions.

The construction segment registered RM6.6 million in revenue and profit before tax of RM0.1 million for 2024 Q2 compared with revenue of RM4.1 million and profit before tax of RM0.1 million in 2024 Q1. The higher revenue in 2024 Q2 was due to higher percentage completion on existing and new projects. Despite higher revenue, the profit before tax was maintained due to a decrease in overall construction margins and incurred additional costs on the projects.

The "others" segment contributed RM1.9 million in revenue and loss before tax of RM0.01 million for 2024 Q2 compared with revenue of RM1.3 million and profit before tax of RM0.04 million in 2024 Q1. The revenue in 2024 Q2 was higher than 2024 Q1 due to higher sales from general trading business. Despite higher revenue, the profit before tax was lower due to higher cost to upkeep the properties.

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B2. Quarterly Analysis (cont'd)

The share of loss from joint venture company for 2024 Q2 was RM0.3 million compared to a profit of RM0.1 million in 2024 Q1. This was due to new operation lines in the Malaysian joint venture company still in the start-up phase and yet to achieve break even.

B3. Current Year Prospects

The global economy continues to expand, but it still faces downside risks, mainly due to slow growth in major economies, escalation of geopolitical tensions and volatility in global financial markets.

The Malaysian economy expanded in the fourth quarter of 2023, supported by improving labour market conditions. Growth in 2024 will be driven by resilient domestic expenditure and improvement in external demand. On the external front, the IMF is projecting a rebound in global trade growth from 0.4% in 2023 to 3.3% in 2024.

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, exploring new markets, and developing 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	2,250	3,762
– Deferred Tax	<u>(1)</u>	<u>(1)</u>
	<u>2,249</u>	<u>3,761</u>

The Group's effective tax rate in the current quarter is higher than the statutory tax rate due to certain non-tax deductible items and no deferred tax asset has been recognised in respect of losses in certain loss-making subsidiaries in Malaysia.

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 January 2024 are summarised as below:-

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Hire purchase liabilities	183	646	829
Secured banker acceptance	3,300	-	3,300
Secured overdraft	303	-	303
Secured term loan	2,625	5,925	8,550
Total	6,411	6,571	12,982

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	Financial year-to-date
	RM'000	RM'000
- Interest income	482	821
- Other income	755	1,415
- Interest expense	(140)	(276)
- Depreciation on property, plant and equipment, investment properties and right-of-use assets	(1,989)	(3,947)
- Foreign exchange gain	64	762
- Loss on derivatives	(51)	(227)
- Impairment loss on receivables	(436)	(384)
- Write back of inventories	332	287

Save as disclosed above, the following items are not applicable to the Group for the second financial quarter ended 31 January 2024:-

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

B10. Dividend

The directors declare a first single tier interim dividend of 2 sen per ordinary share in respect of the financial year ending 31 July 2024 and shall be payable on 29 April 2024. The entitlement date for the said dividend shall be 15 April 2024.

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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)	5,277	2,324	9,896	12,639
Weighted average number of ordinary shares in issue ('000)	268,733	268,733	268,733	268,733
Basic EPS (sen)	1.96	0.86	3.68	4.70

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 21 March 2024.