

A. EXPLANATORY NOTES

A1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 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 year ended 30 June 2023.

A2. Accounting Policies

The accounting policies and presentation adopted for this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2023, except for the adoption of the following new MFRS and Amendments to MFRSs.

a) New MFRS adopted during the financial year

On 1 July 2023, the Group adopted the following Standard and Amendments to the Standards that are mandatory for annual financial periods beginning on or after 1 January 2023:

<u>Title</u>	<u>Effective Date</u>
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendment to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
<i>International Tax Reform - Pillar Two Model Rules</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	Refer paragraph 98M of MFRS 112

Adoption of the above standards and Amendments did not have any material impact on the financial statements of the Group.

b) New MFRSs that have been issued, but only effective for annual financial periods beginning on or after 1 January 2024:

The following are Standards and Amendments of the MFRS Framework that have been issue by the MASB but have not been early adopted by the Group:

<u>Title</u>	<u>Effective Date</u>
<i>Lease liability in a sale and leaseback</i> (Amendments to MFRS 16 <i>Leases</i>)	1 January 2024
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Supplier Finance Arrangements</i> (Amendments to MFRS 107 <i>Statement of Cash Flow and MFRS 7 Financial Instruments: Disclosures</i>)	1 January 2024
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 <i>Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures</i>)	Deferred

The Group is in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable in future financial years.

- A3. Auditors' Report on the Most Recent Audited Financial Statements**
The auditors' report on the most recent audited financial statements was not subject to any qualification.
- A4. Seasonality or Cyclicity Factors**
The performance of the Group is generally not affected by any seasonal or cyclical factors.
- A5. Unusual Items**
There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.
- A6. Changes in Estimates**
There were no major changes in estimates that had a material effect in the current quarter.
- A7. Issuance, Cancellations, Repurchase, Resale and Repayment of Debt and Equity Securities**
There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations and sale of treasury for the financial period under review.
- A8. Dividend**
There was no dividend paid for the financial period under review.

A9. Segmental and Geographical Reporting

Geographical segment has not been presented as the Group operates wholly in Malaysia.

Business Segment	Manufacturing	Processing	Investment Holding	Inter-Company Elimination	Total
	and Trading of Furniture	and Trading of Wood			
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>30-Sep-23</u>					
Revenue					
External revenue	9,341	127,797	-	-	137,138
Inter-segment revenue	260	1,236	495	(1,991)	-
	9,601	129,033	495	(1,991)	137,138
Results					
(Loss)/Profit before taxation	(1,223)	1,319	327	-	423
Taxation	(8)	(334)	(30)	-	(372)
(Loss)/Profit after taxation	(1,231)	985	297	-	51
<u>30-Sep-22</u>					
Revenue					
External revenue	16,801	95,233	-	-	112,034
Inter-segment revenue	113	1,136	495	(1,744)	-
	16,914	96,369	495	(1,744)	112,034
Results					
(Loss)/Profit before taxation	(1,572)	4,651	122	-	3,201
Taxation	(11)	(1,093)	(55)	-	(1,159)
(Loss)/Profit after taxation	(1,583)	3,558	67	-	2,042

A10. Valuation of Property, Plant and Equipment, Right-of use Assets and Investment Property

The valuations have been brought forward without amendment from the audited financial statements for the financial year ended 30 June 2023.

A11. Material Subsequent Events

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial statements.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group in the financial period under review.

A13. Contingent Liabilities

Since the last annual statement of financial position as at 30 June 2023, there were no material changes in contingent liabilities for the Group as at the date of this report. The changes in contingent liabilities of the Company are as follows:

	As at 30-Sept-23 RM'000	As at 30-Sept-22 RM'000
<u>Contingent Liabilities</u>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries - utilised	<u>83,838</u>	<u>60,526</u>

A14. Capital commitments

There were no material capital commitments for the Group at the end of the current financial quarter.

B. SELECTED EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

Financial review for current quarter compared with preceding year corresponding quarter

	Individual Quarter		(Amount/ %)
	Current Year Quarter	Preceding Year Quarter	
	30-Sep-23	30-Sep-22	
	RM'000	RM'000	
Revenue	137,138	112,034	25,104 22%
Operating Profit	4,894	6,753	(1,859) -28%
Profit Before Interest and Taxation	1,622	3,939	(2,317) -59%
Profit Before Taxation	423	3,201	(2,778) -87%
Profit After Taxation	51	2,042	(1,991) -98%
Profit attributable to Owners of the Company	98	2,036	(1,938) -95%

The Group recorded revenue of RM137 million and profit before taxation of RM0.4 million for the period ended 30 September 2023 as compared to revenue of RM112 million and profit before taxation of RM3 million respectively in the preceding year corresponding period.

Revenue was recorded at RM25 million higher for the quarter under review as the result of increased in demand for tropical wood in processing and trading of wood segment.

Despite the increase in revenue, lower profit before taxation of RM0.4 was recorded as the result of lower products margin during the quarter in order to increase sales volume.

B1. Review of Performance - Continued

Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter		Changes (Amount/ %)
	Current Year Quarter	Immediate Preceding Quarter	
	30-Sep-23	30-Jun-23	
	RM'000	RM'000	RM'000/%
Revenue	137,138	97,572	39,566 41%
Operating Profit	4,894	1,949	2,945 151%
Insurance compensation received	-	7,790	(7,790) -100%
Profit Before Interest and Taxation	1,622	4,763	(3,141) -66%
Profit Before Taxation	423	3,674	(3,251) -88%
Profit After Taxation	51	4,569	(4,518) -99%
Profit attributable to Owners of the Company	98	4,702	(4,604) -98%

The revenue for the quarter under review was recorded higher at RM137 million as compared to RM98 million recorded in the immediate preceding quarter ended 30 June 2023. Higher revenue recorded was mainly due to higher demand for tropical wood in processing and trading of wood segment compared to the demand in the immediate preceding quarter.

Profit before taxation was recorded at RM0.4 million during the quarter ended 30 September 2023.

During the immediate preceding quarter ended 30 June 2023, loss before taxation was recorded at RM4 million by excluding the insurance compensation of RM8 million received during the quarter. The operating result were due the impairment loss on property, plant and equipment of RM1 million, bad debts written off and impairment loss on trade receivable of RM0.5 million as well as lower products margin during the quarter in order to increase sales volume.

B2. Prospects

The business environment is expected to become more challenging as the Group embarks upon the new financial year with an anticipation of a more demanding business environment characterised by several challenges. These challenges encompass a deteriorating global economic outlook, ongoing geopolitical tensions, and assertive interest rate increases implemented by major central banks in response to inflationary pressures.

Nevertheless, the Group remains resolute in its commitment to identify and capitalise on new opportunities, while developing additional capabilities to strengthen its business. These efforts are aimed at enhancing resilience and adaptability to navigate upcoming uncertainties.

Despite these challenges, the Group maintains an optimistic outlook for the financial year ending 30 June 2024.

B3. Profit Forecast

There is no profit forecast for the current financial period under review.

B4. Taxation
The tax charges comprise:-

	Current Quarter (RM'000)	Current Year-to-Date (RM'000)
Income Tax		
- Current year	372	372

B5. Status of Corporate Proposals
There were no corporate proposals announced for the current quarter.

B6. Group Borrowings and Debt Securities
The Group's borrowings as at 30 September 2023 are as follows:

As at 30-Sept-23	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	69,240	69,240
Bank Overdrafts	-	2,536	2,536
Term Loans	10,246	1,816	12,062
Total	10,246	73,592	83,838
As at 30-Sept-22	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	42,103	42,103
Bank Overdrafts	-	3,954	3,954
Term Loans	12,039	2,430	14,469
Total	12,039	48,487	60,526

B7. Material Litigation
The Group did not engage in any material litigation for the current financial period to date.

B8. Dividend Paid
No dividends were paid during the financial period under review.

B9. Earnings per Share

The earnings per share for the current quarter and financial period ended 30 September 2023 are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Profit attributable to owners of the Company (RM'000)	98	2,036	98	2,036
Weighted average number of ordinary shares in issue ('000)	1,078,098	855,688	1,078,098	855,688
Adjusted weighted average number of ordinary share in issue ('000)	1,078,098	1,024,224	1,078,098	1,024,224
Basic earning per ordinary share (Sen)	0.01	0.24	0.01	0.24
Diluted earning per ordinary share (Sen)	0.01	0.20	0.01	0.20

B10. Notes to the Statement of Profit or Loss

The following items have been included in the Statement of Profit or Loss:-

	Individual Quarter Ended	Year to date Ended
	30-Sep-23 RM'000	30-Sep-23 RM'000
After Charging:-		
Interest expenses	1,199	1,199
Depreciation	1,529	1,529
Realised loss on foreign exchange	14	14
After Crediting:-		
Interest income	177	177
Rental income	277	277
Realised gain on foreign exchange	31	31

B11. Significant Related Party Transactions

There were no significant related party transactions during the financial quarter under review.

B12. Authorised for Issue

The interim financial statements were authorised for issue 24 November 2023 by the Board of Directors.

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