

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>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</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>
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Interchangeability</i>	1 January 2025
Amendments to MFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	1 January 2026
Amendments to MFRS 7 <i>Financial Instruments : Disclosure and its Accompanying Guidance on implementing MFRS 7</i>	1 January 2026
Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2026
Amendments to MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability : Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</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 Cyclical 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, other than an impairment loss of RM6 million recognised on property, plant and equipment and right-of-use-assets for manufacturing and trading of furniture segment as disclosed in note B1.
- 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	Total
	and Trading of Furniture	and Trading of Wood		Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>30-Jun-24</u>					
Revenue					
External revenue	39,845	453,924	-	-	493,769
Inter-segment revenue	862	9,000	1,980	(11,842)	-
	40,707	462,924	1,980	(11,842)	493,769
Results					
(Loss)/Profit before taxation	(16,159)	2,227	939	-	(12,993)
Taxation	(77)	(1,854)	(305)	-	(2,236)
(Loss)/Profit after taxation	(16,236)	373	634	-	(15,229)
<u>30-Jun-23</u>					
Revenue					
External revenue	42,602	338,030	-	-	380,632
Inter-segment revenue	490	3,539	1,980	(6,009)	-
	43,092	341,569	1,980	(6,009)	380,632
Results					
(Loss)/Profit before taxation	(6,103)	9,315	569	-	3,781
Taxation	(80)	(2,300)	(147)	-	(2,527)
(Loss)/Profit after taxation	(6,183)	7,015	422	-	1,254

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-Jun-24 RM'000	As at 30-Jun-23 RM'000
<u>Contingent Liabilities</u>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries - utilised	<u>96,888</u>	<u>73,662</u>

A14. Capital commitments

	As at 30-Jun-24 RM'000	As at 30-Jun-23 RM'000
Property, plant and equipment		
- Contracted but not provided for	<u>3,609</u>	<u>11,165</u>

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-Jun-24	30-Jun-23	
	RM'000	RM'000	
Revenue	134,713	97,572	37,141 38%
Operating Profit	1,015	1,949	(934) -48%
Insurance compensation received	-	7,790	(7,790) -100%
Impairment loss on property, plant and equipment and right-of-use-assets	(6,203)	-	(6,203) 100%
(Loss)/Profit Before Interest and Taxation	(9,429)	4,763	(14,192) -298%
(Loss)/Profit Before Taxation	(11,076)	3,674	(14,750) -401%
(Loss)/Profit After Taxation	(12,555)	4,569	(17,124) -375%
(Loss)/Profit attributable to Owners of the Company	(11,864)	4,702	(16,566) -352%

The Group recorded revenue of RM135 million and a loss before taxation of RM5 million for the period ended 30 June 2024, excluding the impairment loss on property, plant, and equipment as well as right-of-use assets of RM6 million. In comparison, the preceding year's corresponding quarter recorded revenue of RM98 million and a profit before taxation of RM4 million.

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-Jun-24	31-Mar-24	
	RM'000	RM'000	RM'000/%
Revenue	134,713	104,368	30,345 29%
Operating Profit	1,015	1,748	(733) -42%
Insurance compensation received	-	319	(319) -100%
Impairment loss on property, plant and equipment and right-of-use-assets	(6,203)	-	(6,203) 100%
Loss Before Interest and Taxation	(9,429)	(1,140)	(8,289) 727%
Loss Before Taxation	(11,076)	(2,525)	(8,551) 339%
Loss After Taxation	(12,555)	(2,839)	(9,716) 342%
Loss attributable to Owners of the Company	(11,864)	(2,467)	(9,397) 381%

The revenue for this quarter was recorded higher at RM135 million compared to the RM104 million recorded in the immediate preceding quarter ended 31 March 2024. The increase in recorded revenue was due to higher demand for tropical wood in the processing and trading of wood segment.

The recorded loss before taxation of RM5 million during this quarter, excluding the impairment loss on property, plant, and equipment as well as right-of-use assets amounting to RM6 million, was primarily due to reduced product margins aimed at boosting sales volume in the processing and trading of wood segment. This strategy led to a lower profit margin for the segment, and, when combined with the loss-making position of the manufacturing and trading of furniture segment, resulted in the overall net loss for the Group.

Due to the existence of indicators of impairment during the financial period as a result of the continuous operating losses recorded for the manufacturing and trading of furniture segment, the Group has estimated the recoverable amount of the cash-generating unit ("CGU") using fair value less cost of disposal ("FVLCD") method and concluded that an impairment loss of RM6 million to be recorded for the current financial period under review.

To address the present challenges, the Group will continue to strengthen the credit risk management strategies.

B2. Prospects

The Group recognises the financial difficulties currently facing but remains firmly dedicated to pursuing long-term growth and profitability. Despite the recent losses, they underscore the Group's ongoing efforts to improve operational efficiencies and strategically allocate resources in response to the fluctuating market conditions.

In response to current challenges, the Group will continue to take measures to return the Group to a profitable path.

2. Prospects - Continued

Looking ahead, the Group steadfast dedication to transparency, accountability, and rigorous corporate governance will continue to drive sustainable growth and enhance long-term value for the shareholders.

B3. Profit Forecast

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

B4. Taxation

The tax charges comprise:-

	Individual Quarter Ended 30-Jun-24 (RM'000)	Year to Date Ended 30-Jun-24 (RM'000)
Income Tax Expenses		
- Current year	1,397	1,998
- Under provision in prior year	-	156
	1,397	2,154
Deferred Tax		
- Current year	82	82
Total	1,479	2,236

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 June 2024 are as follows:

As at 30-Jun-24	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	80,957	80,957
Bank Overdrafts	-	2,280	2,280
Term Loans	8,867	1,784	10,651
Short term revolving credit	-	3,000	3,000
Total	8,867	88,021	96,888
As at 30-Jun-23	Long term	Short term	Total borrowing
RM'000	RM denomination	RM denomination	RM denomination
Secured			
Banker Acceptances	-	59,256	59,256
Bank Overdrafts	-	1,879	1,879
Term Loans	10,711	1,816	12,527
Short term revolving credit	-	-	-
Total	10,711	62,951	73,662

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 June 2024 are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
(Loss)/Profit attributable to owners of the Company (RM'000)	(11,864)	4,702	(13,945)	1,304
Weighted average number of ordinary shares in issue ('000)	1,078,098	1,078,098	1,078,098	1,078,098
Adjusted weighted average number of ordinary share in issue ('000)	1,078,098	1,078,098	1,078,098	1,078,098
Basic (loss)/profit per ordinary share (Sen)	(1.10)	0.44	(1.29)	0.12
Diluted (loss)/profit per ordinary share (Sen)	(1.10)	0.44	(1.29)	0.12

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-Jun-24 RM'000	30-Jun-24 RM'000
After Charging:-		
Interest expenses	1,647	5,643
Property, plant and equipment and right-of-use-assets:		
-Loss on disposal	-	3
-Depreciation	1,732	6,602
-Impairment loss	6,203	6,203
Realised loss on foreign exchange	9	75
After Crediting:-		
Interest income	56	480
Rental income	271	1,099
Realised gain on foreign exchange	73	186
Reversal of impairment loss on trade receivables	104	104
Gain on disposal of property, plant and equipment	-	314

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 on 26 August 2024 by the Board of Directors.

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