



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 2023**

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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 2023 RM'000	31 December 2022 RM'000	Increase/ (decrease) %	31 December 2023 RM'000	31 December 2022 RM'000	Increase/ (decrease) %
Revenue	N4.2	111,952	99,583	12.4	198,862	234,521	(15.2)
Cost of sales		(104,124)	(90,298)	15.3	(192,802)	(203,531)	(5.3)
Gross profit		7,828	9,285	(15.7)	6,060	30,990	(80.4)
Other items of income							
Interest income from short-term deposits		947	115	723.5	1,349	137	884.7
Distributions from short-term investment security		65	–	100.0	97	–	100.0
Other income		2,580	3,448	(25.2)	4,746	6,240	(23.9)
Other items of expense							
Selling and administrative expenses		(10,554)	(9,373)	12.6	(19,558)	(19,693)	(0.7)
Finance costs		(1,206)	(1,307)	(7.7)	(2,522)	(2,247)	12.2
Other expense		(709)	(2,415)	(70.6)	(1,099)	(2,475)	(55.6)
(Loss)/profit before tax	N6	(1,049)	(247)	324.7	(10,927)	12,952	(184.4)
Income tax credit/(expense)	N7	2,720	(4,718)	(157.7)	2,715	(4,718)	(157.5)
Profit/(loss) for the period/year, representing total comprehensive income for the period/year		1,671	(4,965)	(133.7)	(8,212)	8,234	(199.7)
Profit/(loss) for the period/year, representing total comprehensive income for the period/year attributable to:							
Owners of the Company		1,477	(2,149)	(168.7)	(8,144)	12,351	(165.9)
Non-controlling interest		194	(2,816)	(106.9)	(68)	(4,117)	(98.3)
		1,671	(4,965)	(133.7)	(8,212)	8,234	(199.7)
Earnings/(loss) per share attributable to owners of the Company (sen per share)							
Basic and diluted		0.30	(0.44)		(1.67)	2.53	

B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Group As at 31 December 2023 RM'000	Group As at 31 December 2022 RM'000	Company As at 31 December 2023 RM'000	Company As at 31 December 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	N11	143,875	154,634	–	–
Right-of-use assets		22,743	29,053	–	–
Intangible assets	N10	2,821	2,872	–	–
Investment in subsidiaries		–	–	47,612	63,255
Amount owing by a subsidiary		–	–	8,021	–
		169,439	186,559	55,633	63,255
Current assets					
Inventories		49,884	88,885	–	–
Trade and other receivables		19,892	18,272	7	7
Amount owing by a subsidiary		–	–	5,579	–
Prepaid operating expense		2,091	2,233	61	17
Tax recoverable		2,157	5,361	–	–
Cash and cash equivalents		54,215	25,762	4,290	1,107
Assets classified as held for sale		130	–	–	–
		128,369	140,513	9,937	1,131
Total assets		297,808	327,072	65,570	64,386
LIABILITIES					
Current liabilities					
Loans and borrowings	N12	16,693	16,854	–	–
Trade and other payables		36,664	34,200	–	–
Contract liabilities		–	942	–	–
Lease liabilities		1,785	3,221	–	–
Accrued operating expenses		1,113	761	762	553
		56,255	55,978	762	553
Net current assets		72,114	84,535	9,175	578
Non-current liabilities					
Loans and borrowings	N12	9,541	23,463	–	–
Deferred tax liabilities		14,604	17,419	–	–
Lease liabilities		3,821	8,413	–	–
		27,966	49,295	–	–
Total liabilities		84,221	105,273	762	553
Net assets		213,587	221,799	64,808	63,833
Equity attributable to owners of the Company					
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)	(3,322)	–	–
Retained earnings		169,519	177,663	(1,154)	(2,129)
		216,925	225,069	64,808	63,833
Non-controlling interest		(3,338)	(3,270)	–	–
Total equity		213,587	221,799	64,808	63,833
Total equity and liabilities		297,808	327,072	65,570	64,386

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			
(Unaudited)									
At 1 January 2023	N13	66,135	(173)	(15,234)	(3,322)	177,663	225,069	(3,270)	221,799
Loss for the year, representing total comprehensive income for the year		–	–	–	–	(8,144)	(8,144)	(68)	(8,212)
At 31 December 2023		66,135	(173)	(15,234)	(3,322)	169,519	216,925	(3,338)	213,587
(Audited)									
At 1 January 2022	N13	66,135	(173)	(15,234)	–	165,312	216,040	(2,475)	213,565
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	–
At 31 December 2022		66,135	(173)	(15,234)	(3,322)	177,663	225,069	(3,270)	221,799

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company

	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
(Unaudited)					
At 1 January 2023	N13	66,135	(173)	(2,129)	63,833
Profit for the year, representing total comprehensive income for the year		–	–	975	975
At 31 December 2023		66,135	(173)	(1,154)	64,808
(Audited)					
At 1 January 2022	N13	66,135	(173)	603	66,565
Loss for the year, representing total comprehensive income for the year		–	–	(2,732)	(2,732)
At 31 December 2022		66,135	(173)	(2,129)	63,833

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group 12 months ended	
		31 December 2023 RM'000	31 December 2022 RM'000
Operating activities			
(Loss)/profit before tax		(10,927)	12,952
<u>Adjustments for:</u>			
Loss on disposal of property, plant and equipment	N6.1	50	16
Gain on disposal of short-term investment security	N6.1	(49)	–
Interest income from short-term deposits		(1,349)	(137)
Distributions from short-term investment security		(97)	–
Interest expense	N6.1	2,522	2,247
Depreciation on right-of-use assets	N6.1	2,899	3,366
Adjustment on right-of-use assets		(204)	(43)
Amortisation of trademarks	N10	51	51
Depreciation of property, plant and equipment	N6.1	12,719	11,845
Property, plant and equipment written-off	N6.1	43	54
Allowance for deposits paid	N6.1	152	–
Non-trade bad debts written off	N6.1	26	–
Allowance for slow moving inventories	N6.1	1,327	606
Unrealised exchange loss		1,012	2,477
		8,175	33,434
<u>Operating profit before working capital changes</u>			
<u>Changes in working capital:</u>			
Decrease/(increase) in inventories		37,674	(815)
(Increase)/decrease in trade and other receivables		(1,862)	560
Decrease in prepaid operating expense		142	73
Increase/(decrease) in trade and other payables		1,672	(8,279)
Decrease in contract liabilities		(942)	(2,885)
Increase/(decrease) in accrued operating expenses		352	(17)
		45,211	22,071
<u>Cash flows generated from operations</u>			
Net income taxes refund		3,104	497
		48,315	22,568
<u>Net cash flows generated from operating activities</u>			
Investing activities			
Interest income from short term deposits		1,349	137
Distributions from short-term investment security		97	–
Proceeds from disposal of short-term investment security		15,293	–
Placement of short-term investment security		(15,244)	–
Purchase of property, plant and equipment	A	(2,191)	(5,953)
Proceeds from disposal of property, plant and equipment		234	265
		(462)	(5,551)
<u>Net cash flows used in investing activities</u>			

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group 12 months ended	
		31 December 2023 RM'000	31 December 2022 RM'000
Financing activities			
Proceeds from loans and borrowings		23,010	84,184
Repayment under financing arrangements		(645)	(699)
Repayment of loans and borrowings		(36,845)	(100,633)
Principal repayment of lease liabilities		(2,414)	(2,591)
Interest paid		(2,522)	(2,247)
Net cash flows used in financing activities		(19,416)	(21,986)
Net increase/(decrease) in cash and cash equivalents		28,437	(4,969)
Effect of exchange rate changes on cash and cash equivalent		16	(188)
Cash and cash equivalents at beginning of year		25,762	30,919
Cash and cash equivalents at end of year		54,215	25,762

Notes to the consolidated statement of cash flows

A. Property, plant and equipment

	Group 12 months ended	
	31 December 2023 RM'000	31 December 2022 RM'000
Current year additions to property, plant and equipment	2,417	7,329
Less: Obligation under financing arrangements	(226)	(1,376)
Net cash outflow from purchase of property, plant and equipment	2,191	5,953

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 2023 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 2023 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 annual financial statements for the period ended 30 June 2023.

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 2022.

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

N2.2. Use of judgements and estimates (cont'd)

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. During the financial year, the Group changed its depreciation rate for office computer equipment and computer software, to better reflect the useful life of those assets from 10% per annum to 20% per annum. The additional amount being charged to the income statement amounted to RM739,000.

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

Raw materials, work in progress and finished goods are determined using the first in first out basis.

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 estimate is involved in ensuring that the cost of work-in-progress and finished goods consist of raw material cost and cost of conversion. Cost of conversion includes direct labour and a systematic allocation of fixed and variable production overheads. The accuracy of inventory costing is subject to management's judgement and estimate in the allocation of cost of conversion to reflect actual costs. The carrying amount of inventories as at 31 December 2023 was approximately RM49,884,000 (31 December 2022: RM88,885,000).

- 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 2023 were approximately RM2,821,000, RM143,875,000 and RM22,743,000 respectively (31 December 2022: RM2,872,000, RM154,634,000 and RM29,053,000 respectively).

The carrying amount of the Company's investment in subsidiaries and amount owing by a subsidiary as at 31 December 2023 were approximately RM47,612,000 and RM13,600,000 respectively (31 December 2022: RM63,255,000 and Nil respectively). An impairment loss of RM857,000 was recognised for an investment in a subsidiary.

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, bearing the challenges that the Group may face in the next 12 months as commented in Section 10, Part F below.

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

	Furniture	Millwork	Total
	RM'000	RM'000	RM'000
1 January 2023 to 31 December 2023			
Total segment revenue			
Revenue	140,344	58,518	198,862
Results			
Segment loss	(7,990)	(1,724)	(9,714)
Interest income from short-term deposits			1,349
Distributions from short-term investment security			97
Other income			4,746
Finance cost			(2,522)
Unallocated expenses			(4,883)
Loss before tax			(10,927)
Income tax credit			2,715
Loss net of tax			(8,212)
Other segment information			
Depreciation and amortisation	12,964	2,705	15,669
Additions of non-current assets	1,258	914	2,172
Unallocated assets			245
Total additions of non-current assets			2,417
Non-cash expense other than depreciation	2,271	289	2,560
Unallocated income			(2)
Total non-cash expense other than depreciation			2,558

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
1 July 2023 to 31 December 2023			
Total segment revenue			
Revenue	70,972	40,980	111,952
Results			
Segment (loss)/profit	(2,910)	2,388	(522)
Interest income from short-term deposits			947
Distributions from short-term investment security			65
Other income			2,580
Finance cost			(1,206)
Unallocated expenses			(2,913)
Loss before tax			(1,049)
Income tax credit			2,720
Loss net of tax			(1,671)
Other segment information			
Depreciation and amortisation	6,565	1,429	7,994
Additions of non-current assets	581	670	1,251
Unallocated assets			-
Total additions of non-current assets			1,251
Non-cash expense other than depreciation	1,280	365	1,645
Unallocated expense			2
Total non-cash expense other than depreciation			1,647

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

N4.1. Reportable segments (cont'd)

	Furniture	Millwork	Total
	RM'000	RM'000	RM'000
1 January 2022 to 31 December 2022			
Total segment revenue			
Revenue	182,609	51,912	234,521
Results			
Segment profit	6,515	7,308	13,823
Interest income from short-term deposits			137
Other income			6,240
Finance cost			(2,247)
Unallocated expenses			(5,001)
Profit before tax			12,952
Income tax expense			(4,718)
Profit net of tax			8,234
Other segment information			
Depreciation and amortisation	12,816	2,446	15,262
Additions of non-current assets	3,670	1,981	5,651
Unallocated assets			302
Total additions of non-current assets			5,953
Non-cash expense/(income) other than depreciation	3,227	(78)	3,149
Unallocated income			(14)
Total non-cash expense other than depreciation			3,135

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
1 July 2022 to 31 December 2022			
Total segment revenue			
Revenue	84,267	15,316	99,583
Results			
Segment (loss)/profit	(854)	747	(107)
Interest income from short-term deposits			115
Other income			3,448
Finance cost			(1,307)
Unallocated expenses			(2,396)
Loss before tax			(247)
Income tax expense			(4,718)
Loss net of tax			(4,965)
Other segment information			
Depreciation and amortisation	6,662	1,211	7,873
Additions of non-current assets	2,313	794	3,107
Unallocated assets			235
Total additions of non-current assets			3,342
Non-cash expense/(income) other than depreciation	2,725	(190)	2,535
Unallocated income			(24)
Total non-cash expense other than depreciation			2,511
	Furniture RM'000	Millwork RM'000	Total RM'000
As at 31 December 2023			
Assets			
Segment assets	216,815	73,564	290,379
Unallocated assets			7,429
Total assets			297,808
Liabilities			
Segment liabilities	62,709	5,365	68,074
Unallocated liabilities			16,147
Total liabilities			84,221
As at 31 December 2022			
Assets			
Segment assets	229,355	89,670	319,025
Unallocated assets			8,047
Total assets			327,072
Liabilities			
Segment liabilities	81,375	5,259	86,634
Unallocated liabilities			18,639
Total liabilities			105,273

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

N4.2 Disaggregation of revenue

	12 months ended 31 December 2023		
	Furniture RM'000	Millwork RM'000	Total RM'000
Primary geographical markets			
United States of America	96,192	22,000	118,192
Malaysia	31,869	463	32,332
Republic of China	2,705	–	2,705
United Arab Emirates	2,422	–	2,422
Hong Kong	1	34,808	34,809
Japan	2,944	–	2,944
Others	4,211	1,247	5,458
	140,344	58,518	198,862
Major product or service lines			
- Sale of goods	139,437	58,518	197,955
- Others	907	–	907
	140,344	58,518	198,862
Timing of transfer of goods or services			
At that point in time	140,344	58,518	198,862

	6 months ended 31 December 2023		
	Furniture RM'000	Millwork RM'000	Total RM'000
Primary geographical markets			
United States of America	50,649	14,996	65,645
Malaysia	16,474	320	16,794
Republic of China	1,307	–	1,307
United Arab Emirates	760	–	760
Hong Kong	–	24,950	24,950
Japan	1,087	–	1,087
Others	695	714	1,409
	70,972	40,980	111,952
Major product or service lines			
- Sale of goods	70,340	40,980	111,320
- Others	632	–	632
	70,972	40,980	111,952

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

N4.2 Disaggregation of revenue (cont'd)

	6 months ended 31 December 2023		
	Furniture RM'000	Millwork RM'000	Total RM'000
Timing of transfer of goods or services			
At that point in time	70,972	40,980	111,952
	12 months ended 31 December 2022		
	Furniture RM'000	Millwork RM'000	Total RM'000
Primary geographical markets			
United States of America	127,210	10,304	137,514
Malaysia	36,899	3,643	40,542
Republic of China	8,906	–	8,906
United Arab Emirates	3,342	–	3,342
Hong Kong	363	37,506	37,869
Japan	2,353	–	2,353
Puerto Rico	1,863	–	1,863
Others	1,673	459	2,132
	182,609	51,912	234,521
Major product or service lines			
- Sale of goods	182,582	51,912	234,494
- Others	27	–	27
	182,609	51,912	234,521
Timing of transfer of goods or services			
At that point in time	182,609	51,912	234,521

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

N4.2 Disaggregation of revenue (cont'd)

	6 months ended 31 December 2022		
	Furniture RM'000	Millwork RM'000	Total RM'000
Primary geographical markets			
United States of America	57,862	10,137	67,999
Malaysia	18,176	836	19,012
Republic of China	3,088	–	3,088
United Arab Emirates	1,839	–	1,839
Hong Kong	–	3,884	3,884
Japan	1,540	–	1,540
Puerto Rico	167	–	167
Others	1,595	459	2,054
	84,267	15,316	99,583
6 months ended 31 December 2022			
	Furniture RM'000	Millwork RM'000	Total RM'000
Major product or service lines			
- Sale of goods	84,240	15,316	99,556
- Others	27	–	27
	84,267	15,316	99,583
Timing of transfer of goods or services			
At that point in time	84,267	15,316	99,583

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

A breakdown of sales as follows:

	Group FY2023 RM'000	Group FY2022 RM'000	Increase/ (decrease) %
a) Sales reported for first half year	86,910	134,938	(35.6)
b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half	(9,883)	13,199	(174.9)
c) Sales reported for second half year	111,952	99,583	12.4
d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	1,671	(4,965)	(133.7)

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

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 2023 and 31 December 2022:

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Financial assets		
At amortised cost		
Trade and other receivables	19,892	18,272
Cash and cash equivalents	54,215	25,762
	74,107	44,034
Financial liabilities		
At amortised cost		
Trade and other payables	36,664	34,200
Accrued operating expenses	1,113	761
Loans and borrowings	26,234	40,317
Lease liabilities	5,606	11,634
	69,617	86,912
Total undiscounted financial assets/(liabilities)	4,490	(42,878)
Company		
	31 December 2023	31 December 2022
	RM'000	RM'000
Financial assets		
Trade and other receivables	7	7
Cash and cash equivalents	4,290	1,107
Amount due from subsidiary	13,600	-
	17,897	1,114
Financial liabilities		
Accrued expenses	762	553
	762	553
Total undiscounted financial assets	17,135	561

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

N6. Profit/(loss) before tax

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 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Income				
Rental income	863	862	1,570	1,478
Gain on disposal of short-term investment security	39	–	49	–
Expenses				
Finance expenses:				
- financing arrangements	(63)	(80)	(137)	(160)
- bank loans	(1,024)	(1,009)	(2,100)	(1,677)
- lease liabilities	(119)	(218)	(285)	(410)
	(1,206)	(1,307)	(2,522)	(2,247)
Depreciation expenses:				
- property, plant and equipment	(6,714)	(5,993)	(12,719)	(11,845)
- rights-of-use assets	(1,254)	(1,855)	(2,899)	(3,366)
	(7,968)	(7,848)	(15,618)	(15,211)
Amortisation of trademarks	(26)	(25)	(51)	(51)
Loss on disposal of property, plant and equipment	(40)	(34)	(50)	(16)
Property plant and equipment written-off	(14)	(54)	(43)	(54)
Allowance for slow moving inventories	(1,355)	(606)	(1,327)	(606)
Allowance for deposits paid	(152)	–	(152)	–
Non-trade bad debts written off	(26)	–	(26)	–
Net foreign exchange loss	(656)	(2,356)	(1,006)	(2,404)

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

N6. Profit/(loss) before tax (cont'd)

N6.2 Related party 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:

	Group			
	6 months ended 31 December 2023 RM'000	6 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
Director-related companies:				
Rental received	113	223	190	410
Rental paid	(150)	(150)	(300)	(320)
Sub-contractor costs, net	(3,827)	(4,045)	(6,607)	(8,461)
Rental paid to a director of the Company	(15)	(15)	(29)	(29)

N7. Taxation

The Group calculates the period income tax (credit)/expense using the applicable corporate tax rate. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 31 December 2023 RM'000	6 months ended 31 December 2022 RM'000	12 months ended 31 December 2023 RM'000	12 months ended 31 December 2022 RM'000
Current income tax				
- Current income taxation	332	30	332	30
- Over provision in respect of previous years	(285)	(107)	(280)	(107)
- Withholding tax expense	48	33	48	33
Deferred income tax				
- Origination and reversal of temporary difference	(1,056)	4,496	(1,056)	4,496
- (Over)/under provision in respect of previous years	(1,759)	266	(1,759)	266
Income tax (credit)/expense recognised in profit or loss	(2,720)	4,718	(2,715)	4,718

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 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
Net asset value ("NAV") (RM'000)	213,587	221,799	64,808	63,833
Number of ordinary shares in issue ('000)	488,834	488,834	488,834	488,834
NAV per ordinary share (RM)	0.44	0.45	0.13	0.13

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

N10. Intangible assets

	Goodwill RM'000	Trademarks RM'000	Total RM'000
Group			
Cost			
At 31 December 2022, 1 January 2023 and 31 December 2023	2,639	432	3,071
Accumulated amortisation			
At 1 January 2022	–	148	148
Amortisation	–	51	51
At 31 December 2022 and 1 January 2023	–	199	199
Amortisation	–	51	51
At 31 December 2023	–	250	250
Net carrying amount			
At 31 December 2022	2,639	233	2,872
At 31 December 2023	2,639	182	2,821

N11. Property, plant and equipment

During the year, the Group acquired assets amounting to RM2,191,000 (31 December 2022: RM5,953,000) and disposed of assets of net book value of RM284,000 (31 December 2022: RM281,000).

N12. Loans and borrowings

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
Current:		
Bankers' acceptances	1,786	7,013
Financing arrangements	680	611
Term loan	14,227	9,230
	16,693	16,854
Non-current:		
Financing arrangements	1,161	1,649
Term loan	8,380	21,814
	9,541	23,463
Total loans and borrowings	26,234	40,317

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 2023, one of the subsidiaries has breached its covenants with banks that granted short term financing and term loan to the said subsidiary. 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 affected term loan amounting to RM4.6 million have been reclassified as current liabilities as at 31 December 2023 to comply with SFRS(I) 1-1.

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

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000
Current:		
United States Dollar	12,910	7,974
Non-current:		
United States Dollar	7,003	19,117

N13. Share capital

	31 December 2023		31 December 2022	
	No. of shares	RM'000	No. of shares	RM'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	489,144,200	66,135	489,144,200	66,135
Treasury shares				
At 1 January and 31 December	310,400	173	310,400	173
Issued and fully paid ordinary shares excluding treasury shares	488,833,800	65,962	488,833,800	65,962

The Company did not have any outstanding convertibles as at 31 December 2023 and 31 December 2022.

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.

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

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 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
16,693	–	16,854	–

Amount repayable by the Group after one year

As at 31 December 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
RM'000	RM'000	RM'000	RM'000
9,541	–	23,463	–

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 2023 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 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. Earnings/(loss) 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 2023	31 December 2022	31 December 2023	31 December 2022
Profit/(loss) attributable to owners of the Company (RM'000)	1,477	(2,149)	(8,144)	12,351
Weighted average number of ordinary shares ('000)	488,834	488,834	488,834	488,834
Basic and diluted earnings/(loss) per share ⁽¹⁾ (sen)	0.30	(0.44)	(1.67)	2.53

Note:

(1) The basic and fully diluted earnings/(loss) per share were the same as there were no dilutive ordinary shares in issue as at 31 December 2023 and 31 December 2022.

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 2023 ("2H2023") as compared to the 6 months ended 31 December 2022 ("2H2022")

Revenue

The Group's revenue increased by approximately RM12.3 million, or 12.4%. This was mainly attributable to the increase in the average selling price per 40-ft container which increased from RM74,000 in 2H2022 to RM89,000 in 2H2023 as a result of the different product mix sold by the Group. The Group also benefitted from the higher exchange rate for USD in 2H2023 as compared to 2H2022. As a reference, the closing exchange rate of US\$1 against the Malaysian Ringgit was RM4.40564 as at 31 December 2022 and strengthened to RM4.5925 as at 31 December 2023. *

However, the increase was partially offset by a decrease in the number of 40-ft containers sold from 1,337 40-ft containers in 2H2022 to 1,260 40-ft containers in 2H2023.

Note: * Source: www.oanda.com. OANDA Corporation has not consented to the inclusion of the information in this announcement.

Cost of sales and gross profit

Cost of sales increased by approximately RM13.8 million, or 15.3%, mainly due to more material used (due to different product mix), labour cost in line with increase in revenue in the Millwork segment as well as higher allowance provided for slow moving inventories as the Group discontinued some of its product models. However, the increase was partially offset by a decrease in subcontractors' costs due to lesser work being contracted to subcontractors.

As a result of lower percentage increase in revenue as compared to our cost of sales, the Group's gross profit margin decreased from 9.3% in 2H2022 to 7.0% in 2H2023.

Interest income

Interest income increased by approximately RM0.8 million, or 723.5%, 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 2H2023.

Distributions from short-term investment security

Distributions from short-term investment security comprised income received for funds placed with Money Market Funds during 2H2023.

Other income

Other income comprised mainly government grants, rental income and scrap as well as charges for services provided such as transportation.

Other income decreased by approximately RM0.9 million, or 25.2%, mainly due to the decrease in machine rental received and processing fee income. However, this was partially offset by an increase in factory rental received.

Selling and administrative expenses

Selling and administrative expenses increased by approximately RM1.2 million, or 12.6%, mainly due to the higher staff costs and change in the depreciation rate of office computer equipment and computer software from 10% to 20% in 2H2023.

Depreciation expenses

Depreciation expenses increased by approximately RM0.1 million, or 1.5% mainly due to the change in the depreciation rate of office computer equipment and computer software from 10% to 20% as stated in N2.2 of this announcement. The increase was partially offset by a decrease in depreciation expenses for right-of-use assets due to early termination of tenancy agreements.

Finance costs

Finance costs decreased by approximately RM0.1 million, or 7.9% mainly due to early termination of tenancy agreements. However, the decrease was partially offset by an increase in interest charged on the term loans in 2H2023.

Other expense

Other expense decreased by approximately RM1.7 million, or 70.6%. The decrease is mainly due to the Group incurred lower net foreign exchange loss of RM0.7 million in 2H2023 as compared to net foreign exchange loss of RM2.4 million in 2H2022 due to decrease in USD-denominated trade and other payables as well as USD-denominated loans.

Income tax expense

The Group recorded an income tax credit of approximately RM2.7 million in 2H2023 compared to income tax expense of approximately RM4.7 million in 2H2022. This was due to reversal of temporary difference in FY2023 and overprovision of deferred tax in respect of previous years. As a result of decrease in the provision of deferred tax liability, income tax expense for 2H2023 decreased by approximately RM7.4 million, or 157.7%.

Profit for the period

As a result of the income tax credit recorded by the Group as explained above, the Group recorded net profit of approximately RM1.7 million in 2H2023 as compared to a net loss of RM5.0 million in 2H2022.

Review of Group's performance for FY2023 as compared to FY2022

Revenue

The Group's revenue decreased by approximately RM35.7 million, or 15.2%. This was mainly attributable to the decrease in the number of 40-ft containers sold from 3,220 40-ft containers in FY2022 to 2,346 40-ft containers in FY2023.

However, the decrease was partially offset by an increase in the average selling price per 40-ft container which increased from RM73,000 in FY2022 to RM85,000 in FY2023 as a result of the different product mix sold by the Group and the stronger USD in FY2023 as compared to FY2022. As a reference, the closing exchange rate of US\$1 against the Malaysian Ringgit was RM4.40564 as at 31 December 2022 and it strengthened to RM4.5925 as at 31 December 2023.

Note: * Source: www.oanda.com. OANDA Corporation has not consented to the inclusion of the information in this announcement.

Cost of sales and gross profit

Cost of sales decreased by approximately RM10.7 million, or 5.3%, mainly due to the decrease in labour cost, subcontractors' cost as well as freight and handling charges in line with decrease in sales volume. However, the decrease was partially offset by an increase in allowance for slow moving inventories as the Group discontinued some of its product models.

As a result of the decrease in sales, the Group's gross profit decreased by approximately RM24.9 million or 80.4%. The Group's gross profit margin decreased from 13.2% in FY2022 to 3.0% in FY2023.

Interest income

Interest income increased by approximately RM1.2 million, or 884.7%, mainly due to higher cash placements in short term fixed deposits in the bank account maintained in Malaysia as there has been an increase in cash and cash equivalents and higher overnight interest rate offered in FY2023.

Distributions from short-term investment security

Distributions from short-term investment security comprised income received for funds placed with Money Market Funds during FY2023.

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 RM1.5 million, or 23.9%, mainly due to the decrease in machine rental received and processing fee income. However, this was partially offset by an increase in factory rental received.

Selling and administrative expenses

Selling and administrative expenses decreased by approximately RM0.1 million, or 0.7%, mainly due to the decrease in staff costs and directors' bonus. However, this was partially offset by an increase in depreciation expenses due to change in the depreciation rate of office computer equipment and computer software from 10% to 20%.

Depreciation expenses

Depreciation expenses increased by approximately RM0.4 million, or 2.7% mainly due to the change in the depreciation rate of office computer equipment and computer software from 10% to 20%.

Finance costs

Finance costs increased by approximately RM0.3 million, or 12.2% mainly due to an increase in interest charged on the term loans in FY2023. However, the increase was partially offset by the early termination of tenancy agreements.

Other expense

Other expense decreased by approximately RM1.4 million, or 55.6%. The decrease was mainly due to the Group incurred lower net foreign exchange loss of RM1.0 million in FY2023 as compared to net foreign exchange loss of RM2.4 million in FY2022 due to decrease in USD-denominated trade and other payables as well as USD-denominated loans.

Income tax expense

The Group recorded an income tax credit of approximately RM2.7 million in FY2023 compared to income tax expense of approximately RM4.7 million in FY2022. This was due to reversal of temporary difference in FY2023 and overprovision of deferred tax in respect of previous years. As a result of decrease in the provision of deferred tax liability, income tax expense for FY2023 decreased by approximately RM7.4 million, or 157.5%

Loss for the year

With the lower revenue and a less than proportionate decrease in costs and expenses, the Group recorded a net loss in FY2023 of approximately RM8.2 million as compared to a net profit in FY2022 of RM8.2 million.

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

(a) By Business Segment

The Group's revenue decreased by approximately RM35.7 million in FY2023 as compared to FY2022 mainly due to the decrease in the Furniture segment.

The Group recorded loss before interest and tax of RM9.8 million in FY2023 as compared to earnings before interest and tax of RM15.1 million in FY2022 mainly due to the loss recorded from both the Furniture and Millwork segments.

(b) By Geographical Segment

The Group experienced a decrease in sales across all major geographical segments such as the United States of America, Malaysia, Republic of China and Hong Kong. However, this was partially offset by an increase in sales to Japan.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Review of the Group's financial position as at 31 December 2023 as compared to 31 December 2022

Non-current assets

Property, plant and equipment decreased by approximately RM10.8 million, or 7.0%, mainly due to depreciation charged in FY2023.

Right-of-use assets of approximately RM22.7 million comprised the right to use the properties and land use rights of the Group over the respective lease period. The decrease in right-of-use assets of approximately RM6.3 million, or 21.7% was due to lesser depreciation charged in FY2023 and early termination of tenancy agreements.

Intangible assets of approximately RM2.8 million consists of trademarks and goodwill arising from a business combination as announced on 28 January 2019.

Current assets

Inventories decreased by approximately RM39.0 million, or 43.9%, mainly due to the following:

- (a) decrease in purchase of raw materials throughout FY2023 as the Group has stocked up raw materials in last financial year and a lower demand during the year; and
- (b) improvement in the global supply chain whereby timing of delivery of raw materials and finished goods has gradually return to normal resulting in less stock up of raw materials by the Group.

Trade and other receivables of approximately RM19.9 million comprised trade receivables, deposits and other receivables. The increase in trade and other receivables by approximately RM1.6 million, or 8.9% was mainly due to increase in advance payment paid to suppliers for purchase of raw materials towards the end of FY2023.

Prepaid operating expense of approximately RM2.1 million comprised mainly expenses paid in advance as at 31 December 2023.

Tax recoverable, being prepaid current income tax of approximately RM2.2 million comprised tax paid in advance by the Malaysian subsidiaries for the Year of Assessment 2020, 2021, 2022 and 2023. The decrease in tax recoverable by approximately RM3.2 million, or 59.8% was mainly due to the tax paid in advance being refunded from the Inland Revenue Board of Malaysia.

Current liabilities and non-current liabilities

Loans and borrowings comprised bankers' acceptance, financing arrangements and long-term loans. The decrease in loans and borrowings by approximately RM14.1 million, or 34.9% was mainly due to the net decrease in the usage of bankers' acceptances of approximately RM5.2 million and scheduled repayment of loans and borrowings.

Trade and other payables of approximately RM36.7 million comprised trade payables and other payables. The increase in trade and other payables of RM2.5 million, or 7.2%, was mainly due to the increase in purchase of raw materials towards the year end.

Contract liabilities comprised the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers for finished goods which required further improvements on customers' request and pending the customers' acceptance. As at 31 December 2023, the Group had fulfilled customers' request completely and that they had accepted the finished goods.

Lease liabilities of approximately RM5.6 million comprised the liabilities that the Group has to pay over the respective lease period for the use of the properties. The decrease in the lease liabilities of RM6.0 million, or 51.8%, was mainly due to the corresponding scheduled repayment of lease liabilities in FY2023 and early termination of tenancy agreements.

Accrued operating expenses of approximately RM1.1 million comprised accrued operating expenses.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Review of the Group's cash flow statement for FY2023

The Group recorded net cash flows generated from operating activities of approximately RM48.3 million in FY2023 as the Group decreased its purchase of raw materials as explained above and had lower level of inventories as at 31 December 2023.

The Group recorded net cash flows used in investing activities of approximately RM0.5 million in FY2023 mainly due to purchase of property, plant and equipment which was partially offset by interest income received.

The Group recorded net cash flows used in financing activities of approximately RM19.4 million mainly due to repayment of loans and borrowings in FY2023. 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 during the pandemic years and, while their inventories level is declining, has persisted to affect demand. 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. Growth in private consumption and investment has moderated in view of the tightening in monetary policy in response to the ongoing inflationary pressures. Though inflation has started to ease and there have been discussions of a reduction in interest rates in 2024, there is still concern of any potential recession in the US in 2024. Accordingly, consumer demand may be affected.
- (b) The prolonged Ukraine-Russia war, the ongoing Israel-Hamas war and the recent escalation of the Red Sea attacks have created uncertainties in the recovery of the world's economy from the pandemic. All these wars or attacks has the potential to further increase the oil & gas prices, logistics and transport costs as well as spread into a wider regional war. As a result, while the wars have no direct effect on the Group since the Group does not have any business in Russia, Ukraine, Israel and Palestine, the negative effects, particularly inflation and the geopolitical uncertainties have created uncertainties in the supply and demand of the Group's products and raw materials inputs.

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 FY2023 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 28 April 2023. Please refer to the Company's appendix to the annual report dated 10 April 2023 for further details.

The aggregate value of all interested person transactions during the FY2023 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)	35,438
Leatherworld Upholstery Sdn Bhd	(2)	- (3)	1,573

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

Not applicable. The Company did not acquire and dispose shares in any companies during 2H2023.

16. **A breakdown of sales as follows:**

Please refer to N4.2.

17. **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.

18. 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	65	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	63	Uncle of Ms Tan Ai Luang	Chief Quality Controller Year: 2012	Nil
Mr Tan Yong Siang	34	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
29 February 2024