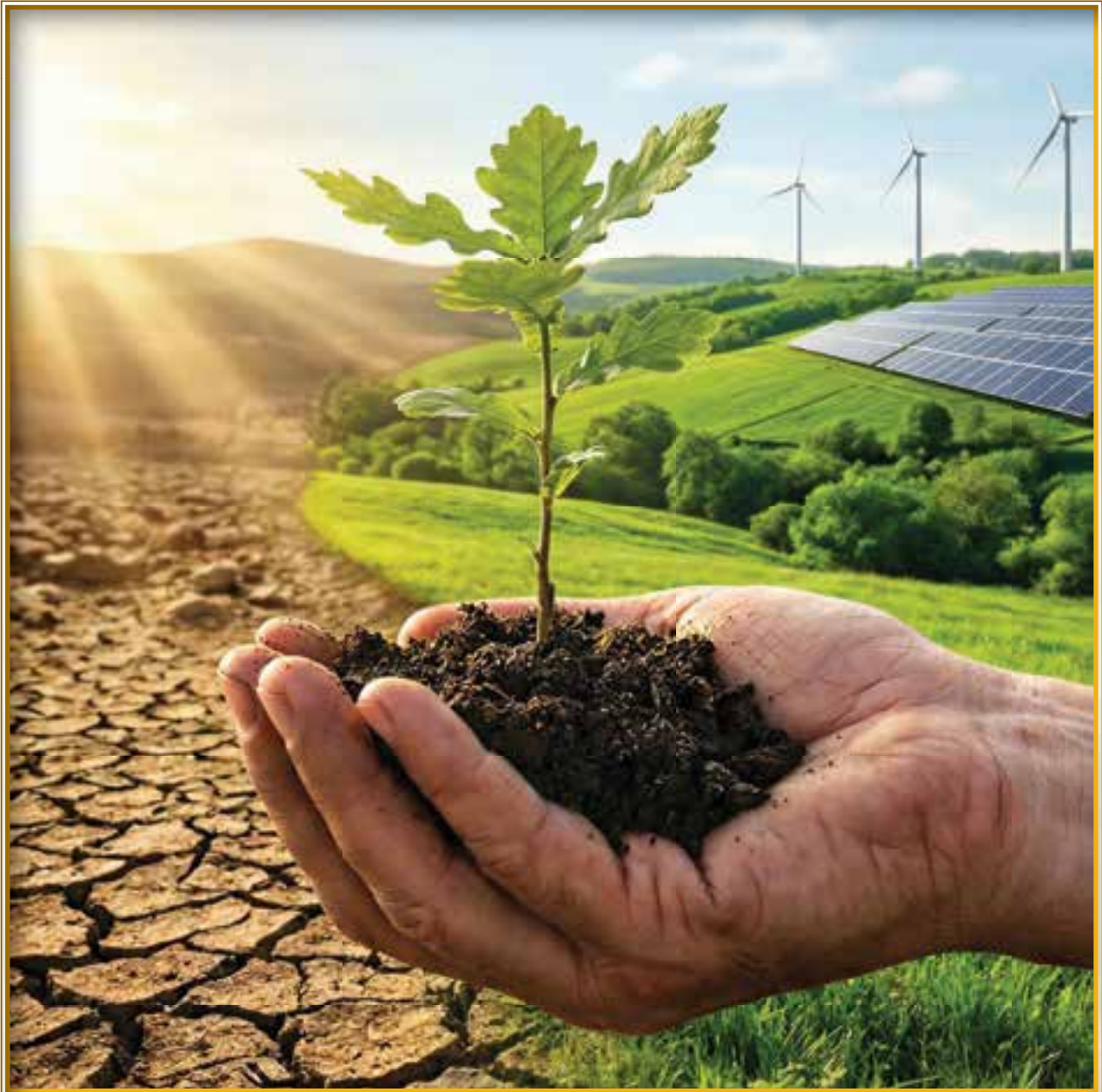




富佳木業有限公司
FOCUS LUMBER BERHAD
Registration No.: 198901011405 (188710-V)



COMMITMENTS TO ENVIRONMENT AND SUSTAINABILITY

ANNUAL REPORT 2025

36th

ANNUAL GENERAL MEETING

Venue

Zara Boutique Hotel,
Harbour City,
Jalan Pantai Baru,
Sembulan,
88100 Kota Kinabalu, Sabah

Date and Time

Friday, 22nd May 2026
10.00 a.m.

CONTENTS

02	Corporate Information	58	Statement on Risk Management & Internal Control
03	Group Structure	65	Additional Compliance Information
04	Directors' Profile	67	Directors' Responsibility Statement
07	Key Senior Management's Profile	68	Financial Statements
08	5-Years Financial Highlights	111	List of Properties
09	Management Discussion & Analysis	112	Analysis of Shareholdings
16	Sustainability Statement	114	Notice of 36 th Annual General Meeting
44	Corporate Governance Overview Statement	119	Statement Accompanying Notice of Thirty-Sixth Annual General Meeting
54	Audit Committee Report	120	Administrative Guide

PROXY FORM



Access the full version of this report, or view a summary of our FYE 2025 performance at www.focuslumber.com.my



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK AZNAM BIN MANSOR

Chairman / Non-Independent Non-Executive Director

LIN, HAO-WEN

Managing Director

LIN, HAO-YU

Executive Director

LIN, PEI-WEN

Executive Director

CHONG SHU PHIN

Independent Non-Executive Director

KENNETH CHIN KAH KIONG

Independent Non-Executive Director

NAR CHIN KEOW

Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Kenneth Chin Kah Kiong

Member

Nar Chin Keow

Chong Shu Phin

REMUNERATION COMMITTEE

Chairman

Chong Shu Phin

Member

Kenneth Chin Kah Kiong

Nar Chin Keow

NOMINATION COMMITTEE

Chairperson

Nar Chin Keow

Member

Kenneth Chin Kah Kiong

Chong Shu Phin

COMPANY SECRETARIES

Fong Seah Lih (MAICSA 7062297)

SSM PC NO. 20200800973

Tham Yin Tong (MAICSA 7049718)

SSM PC NO. 202008001314

REGISTERED OFFICE

12A, Jalan Teluk Likas,
88450 Kota Kinabalu, Sabah.

Tel : 088-393255/393257/393258

Fax : 088-393169

Email : focuskk@focuslumber.com.my

FACTORY

Mile 3, Jalan Masak,
Kampung Ulu Patikang,
Locked Bag 13 SM-88,
89009 Keningau, Sabah.

Tel : 087-335457/ 335458 /334761/
334764 /334766

Fax : 087-335459

Email : focuslgu@focuslumber.com.my

AUDITOR

PKF PLT (202206000012

(LLP0030836-LCA) & AF 0911)

CMK, Lot 23-1 & 25-1, 1st Floor,
Lintas Plaza, Lorong Lintas Plaza,
88300 Kota Kinabalu, Sabah.

Tel : 088-267 723

Fax : 088-267 721

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad

RHB Bank Berhad

Amlslamic Bank Berhad

Public Bank Berhad

Agro Bank (Malaysia) Berhad

UOB (Malaysia) Berhad

SHARE REGISTRAR

**Tricor Investor & Issuing House Services
Sdn Bhd**

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur, Malaysia.

Tel : 03-2783 9299

Fax : 03-2783 9222

STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia Securities
Berhad**

STOCK NAME/CODE

FLBHD / 5197

WEBSITE

www.focuslumber.com.my





GROUP STRUCTURE

100% **UNTUNG RIA SDN BHD** 199701018819 (434316-V)

- Incorporated on 9 June 1997
- Generation and sale of electricity and investment in monetary instruments



FOCUS LUMBER BERHAD 198901011405 (188710-V)

- Incorporated on 30 October 1989
- Manufacturing and sale of plywood, veneer, laminated veneer lumber, and investment holding

100% **FORMING PLANTATION SDN BHD** 202301050259 (1544173-X)

- Incorporated on 18 December 2023
- Plantation of timber, extraction and sales of timber logs

DIRECTORS' PROFILE

DATUK AZNAM BIN MANSOR

*Chairman
Non-Independent Non-Executive Director*



Appointed on 24 November 2010

Datuk Aznam Bin Mansor is the Chairman and Non-Independent Non-Executive Director of the Company.

He is an Advocate and Solicitor by profession having been admitted as a Barrister at Law of Lincoln's Inn in 1984 and admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1986. Upon his admission to the Malaysian Bar, he commenced his legal practice and he has been a partner of his present legal practice, Lee Hishammuddin Allen & Gledhill since 1993.

He has no family relationship with any Director and/or major shareholder of the Company.

LIN, HAO-WEN

Managing Director



Appointed on 14 July 2009

Mr Lin, Hao-Wen graduated from Yuan-Ze University, Taiwan, with a Bachelor's degree in Computer Science in 2001. He subsequently pursued a Master of Business Administration, majoring in Supply Chain Management, at Eastern Michigan University, USA, and completed his studies in 2006. In 2007, he began his career with our Group as Assistant to the Managing Director, overseeing the business operations in the area of production and marketing. On 1 March 2013, he was appointed as the Managing Director of the Company.

He holds directorship in the subsidiary of the Company.

He is the spouse of Ms Lin, Pei-Wen, (Executive Director) and brother of Mr Lin, Hao-Yu, (Executive Director and major shareholder).

LIN, HAO-YU

Executive Director



Appointed on 15 July 2016

Mr Lin, Hao-Yu graduated from Advanced Vocational School of Agriculture & Technology in Sheng Li Gung Shan Taiwan major in Electrical & Mechanical Engineering. He has about twenty-six (26) years of working experience in the timber industry. Prior joining to our Group, he started his working career with the Company in 1998 as a General Production Manager. Then he left to join a veneer production factory in Cambodia from 2000 to 2003 as a Production and Human Resource Manager. He returned to Malaysia to join a company involved in sawmilling from 2004 to 2008, holding the position as a Production Manager and also in charge of the sales and marketing department.

From 2009 to 2015, he established and managed his own sawmill factory. During this period, he gained extensive experience in production, marketing, and human resource management. In addition, he developed strong familiarity with the Sabah timber industry, including lumber concessions and trading operations.

He holds directorship in the subsidiaries of the Company.

He is the brother of Mr Lin, Hao-Wen, (Managing Director) and the brother-in-law of Ms Lin, Pei-Wen, (Executive Director).

Directors' Profile (Cont'd)



Appointed on 1 June 2022

Ms Lin, Pei-Wen our Executive Director graduated from Chang Jung Christian University with the Bachelor Degree of Accounting and Information System. She obtained her Master Degree in Business Administration in April 2018 from the National Sun Yat-Sen University in Taiwan.

She started her career in Ernst & Young Global Limited (E&Y) from September 2005 to December 2007 as junior auditor and was promoted to the audit team leader subsequently.

She joined Untung Ria Sdn. Bhd., a wholly owned subsidiary of Focus Lumber Berhad, as Financial Controller, serving from January 2008 to January 2016. In January 2016, she moved to Da Yuan Yang Industrial Co., Ltd. as International Marketing Manager. Her responsibilities include international marketing, customer relationship management, and managing risks related to Environmental, Social, and Governance (ESG) matters.

She holds directorship in the subsidiary of the Company.

She is the spouse of Mr Lin, Hao-Wen, (Managing Director) the sister-in-law of Mr Lin, Hao-Yu, (Executive Director and major shareholder).



Appointed on 1 June 2022

Ms Nar Chin Keow, our Independent Non-Executive Director, is also the Chairperson of Nomination Committee and a member of Audit Committee and Remuneration Committee of the Company.

Ms Nar has over 30 years of working experience in the legal profession. She started her legal career as an intern with Bakers & McKenzie, an international law firm in Sydney, Australia in 1988. She obtained an Ordinary Degree of Bachelor of Laws from University of Adelaide in 1990 and an Honours Degree of Bachelor of Laws with First Class Honours in 1991. She received a Butterworths Book Prize from the University of Adelaide in 1986 and was the recipient of the Taxation Institute of Australia Prize in 1989.

Ms Nar was admitted to the High Court of Malaya on 10 January 1992. In 1994, she was admitted to the High Court in Sabah and Sarawak, then practised as a lawyer and partner in the legal firm Alex Pang & Co. in Kota Kinabalu until April 2002 when she started her own legal practice. On 18 July 2017, she was admitted as an Australian lawyer in the Supreme Court of Victoria, Australia.

In 2014, she served in the Sabah Law Association Ethics and Etiquette subcommittee that oversees the legal course and examination for pupils which is a prerequisite for admission to the High Court in Sabah and Sarawak. In 2019, she was appointed as the Registrar of the Anglican Diocese of Sabah which post she still holds to date on a voluntary basis. In March 2024 she was selected by Property Hunter, a property portal and media agency under their annual recognition program WIRE as one of 8 women in Sabah recognised for their contribution in the real estate industry for 2024.

Currently, she is the Managing Partner of a legal firm, C.K. Nar & Co which specialises in property, banking, and contract law. She is also a Director of VFChin Interior Sdn Bhd.

She has no family relationship with any Director and/or major shareholder of the Company.

Directors' Profile (Cont'd)

KENNETH CHIN KAH KIONG

Independent Non-Executive Director



Appointed on 19 May 2023

Mr Kenneth Chin Kah Kiong, our Independent Non-Executive Director, is also the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee of the Company.

He graduated with a professional degree in Association of Chartered Certified Accountants (“ACCA”) and is member of ACCA and Malaysian Institution of Accountants (“MIA”).

He has more than 25 years of extension experience in various spectrum of finance functions encompassing accounting, taxation, financial reporting, corporate finance across industries including construction, property development, hotel, retail and food & beverages in public listed companies. Senior leadership positions held by him included Executive Director of the Benalec Holdings Berhad, Chief Financial Officer of Focus Point Holdings Berhad, and Group Financial Controller in Karambunai Corp Bhd.

His directorships in other public companies include as the Independent Non-Executive Director of Benalec Holdings Berhad and an Independent Non-Executive Director of SKA Capital Berhad.

He has no family relationship with any Director and/or major shareholder of the Company.

CHONG SHU PHIN

Independent Non-Executive Director



Appointed on 19 May 2023

Mr Chong Shu Phin, our Independent Non-Executive Director, is also the Chairman of Remuneration Committee and a member of Nomination Committee and Audit Committee of the Company.

He holds a Bachelor Degree in Electronic and Computer Engineering from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia). He started his career with Sony TV Industries (M) Sdn. Bhd. in April 1990 as a design Engineer. He joined a consultancy firm in January 1995 as an Electrical Engineer involving in M&E engineering consultancy works mainly on design and project management. Currently, he is one of the Director of Jurutera Perunding M&E NTM (S) Sdn. Bhd.

He is also a Registered Energy Manager (REM1) registered with the Energy Commission in February 2010 and ECoS Registered Electrical Energy Manager (EREEM) registered with Energy Commission of Sabah (ECoS) in September 2024. He involved in Sustainable Energy Management System Program mainly as an Energy Manager and perform Energy Audit for commercial and Industrial buildings.

He has no family relationship with any Director and/or major shareholder of the Company.

None of the Directors has:

- any conviction for offences within the past 5 years other than traffic offences and particulars at any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
- any conflict of interest with the Company.

KEY SENIOR MANAGEMENT'S PROFILE

SU PEI SZE

Chief Financial Officer



Ms Su Pei Sze holds a Bachelor of Arts (Honours) in Accounting from the University of Hertfordshire, United Kingdom in 2002. She is a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”), and also Fellow of the Association of Chartered Certified Accountants (“ACCA”). She was appointed as Chief Financial Officer for the Group on 02 September 2024.

Ms Su has more than twenty-one (21) years of experience in financial reporting, accounting and corporate finance. She commenced her career with Ernst & Young PLT, Malaysia in 2004, and has held senior management positions in several companies, predominantly in property development and construction and F&B sector. During her career, she was also involved in the Companies finance and accounting functions, which encompassing core areas such as statutory reporting, corporate governance, management reporting, business planning, risk management, fund raising exercise and related business initiatives, budgeting and forecasting. She is currently responsible for the management of financial affairs of the Group.

She has no family relationship with any Director and/ or major shareholder of the Company.

MENG QING QUAN

Assistant General Manager



Mr Meng Qing Quan hold a Diploma in Faculty of Management Engineering from Huaiyin Institute of Technology, China. He was appointed as Assistant General Manager for the Company on 20 February 2020.

Before joining the Company, he started as a Machine Operator at Jiangsu Longteng Chemical Co., Ltd., China in 1992. He was then promoted to Production Manager in 1998. In 2000, he worked as a Factory Manager of Lianyungang Gangbaiyi Wooden Industry Limited Company, a plywood factory in China for nine (9) years.

He joined Focus Lumber Berhad in 2009 as a Senior Technical Supervisor and get promoted to the Assistant Factory Manager in 2015. He was responsible for machinery maintenance and repair as well as plywood production.

He has no family relationship with any Director and/ or major shareholder of the Company.

LIN FU MAO

Purchasing Manager (Store Department)



Mr Lin Fu Mao, originally from Kaohsiung, Taiwan, was appointed as Purchasing Manager on 1 July 2016, succeeding Mr. Lu Kuan-Cheng, our former Executive Director who resigned on 03 August 2016. He graduated from Gang Shan Secondary School, Taiwan in 1971.

Before relocating to Malaysia, he was the Purchasing Supervisor of Pheapimex Fu-Chan (Cambodia) Co. Ltd., a timber related company in Cambodia from 1995 to 2008. In 2011, he moved to Miri, Sarawak, Malaysia to further his career, joining Country Forest Industries Sdn. Bhd., a plywood and veneer manufacturing company, where he worked as Purchasing Manager until 2016.

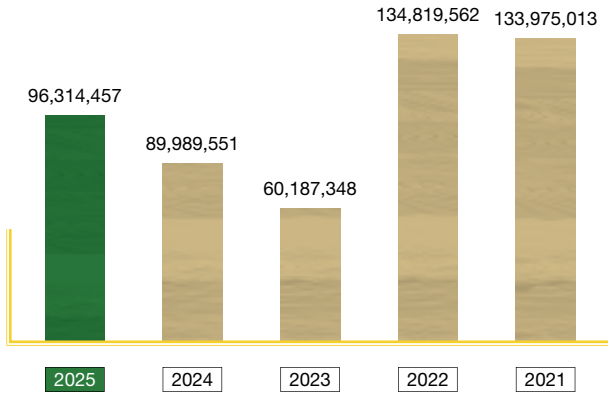
He has no family relationship with any Director and/ or major shareholder of the Company.

None of the Key Senior Management has:

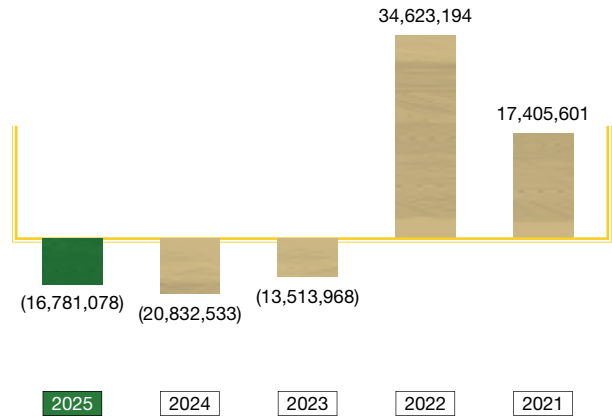
- Any conviction for offences within the past 5 years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year;
- Any conflict of interest with the Company; and
- Any directorship in public companies and listed issuers

5-YEARS FINANCIAL HIGHLIGHTS

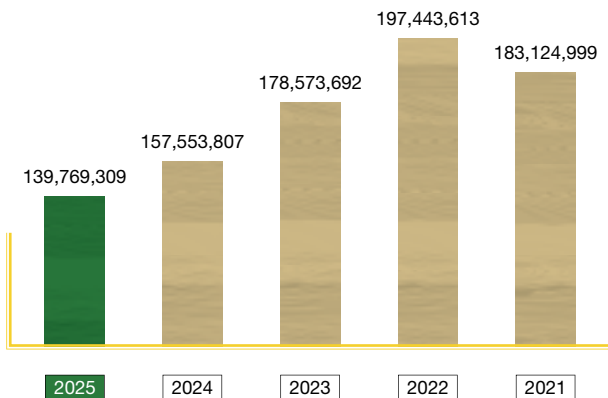
Revenue (RM)



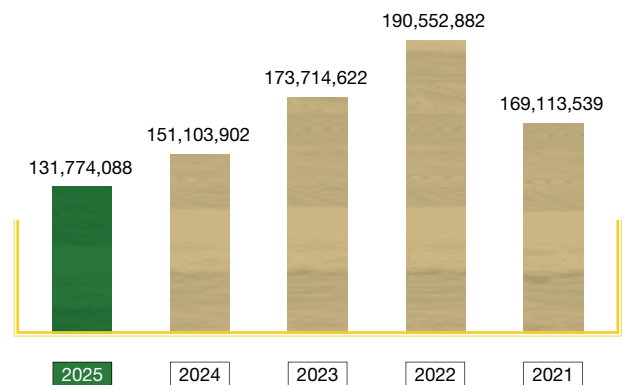
Operating Income/ (Loss) (RM)



Total assets (RM)



Total equities (RM)



	2025	2024	2023	2022	2021
Operating Results (RM)					
Revenue	96,314,457	89,989,551	60,187,348	134,819,562	133,975,013
Gross (loss)/ profit	(10,068,240)	(11,066,038)	(6,581,714)	39,585,948	22,295,730
Operating (loss)/ profit	(16,781,078)	(20,832,533)	(13,513,968)	34,623,194	17,405,601
(Loss)/ Profit before tax	(14,961,181)	(18,492,812)	(10,500,096)	36,264,889	18,352,381
(Loss)/ Profit after tax	(14,961,181)	(18,242,087)	(7,888,421)	27,669,710	15,402,991
Key Balance Sheet Data (RM)					
Total assets	139,769,309	157,553,807	178,573,692	197,443,613	183,124,999
Total liabilities	7,995,221	6,449,905	4,859,070	6,880,731	14,011,460
Total equities	131,774,088	151,103,902	173,714,622	190,552,882	169,113,539
Valuation					
Basic (loss)/ earnings per share* (sen)	(6.85)	(8.35)	(3.61)	13.52	7.56
Net dividend per share* (sen)	2.00	2.00	2.00	8.64	4.00
Net assets per share* (RM)	0.60	0.69	0.80	0.88	0.86

* The comparative basic (loss)/ earnings per share, net dividend per share and net assets per share have been restated to reflect the effect of bonus issue on the basis of one new ordinary share for every one existing ordinary share which was completed on 2 November 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Focus Lumber Berhad (“FLBHD” or “the Company”) is a leading manufacturer of high-quality wood products, including plywood, veneer, and laminated veneer lumber (“LVL”) in Malaysia.

Our plywood is designed for a wide range of applications that require durable, high-strength sheet materials. We specialise in producing thin panel plywood with a thickness of less than 6mm, which is ideal for further processing by laminate factories. This type of plywood is particularly favored in the Recreational Vehicle (“RV”) market in the United States (“US”), where the majority of our products are exported. Additionally, we manufacture thick panel plywood ranging from 6mm to 18mm, catering to various industries such as RV manufacturing (mainly in the US market), home renovation, furniture production, and house construction. Beyond plywood, we also supply core veneer and LVL to customers across Asia, reinforcing our presence in the regional market.

Our plywood is environmentally friendly, and we were the first Malaysian plywood mill to be certified as a California Air Resources Board (“CARB”) Certified Manufacturer by an independent accreditation firm. Additionally, our plywood complies with the formaldehyde emission requirements outlined in the US Environmental Protection Agency (“EPA”) Toxic Substances Control Act (“TSCA”) Title VI, Formaldehyde Emission Standards for Composite Wood Products.

In addition, we comply with the requirements of the Sabah Timber Legality Assurance System (“TLAS”), specifically Principle 5 (Mill Operations) and Principle 6 (Trade and Customs). We remain committed to adhering to these regulations, as our customers highly value the quality of our products, the legality of our raw materials, and the sustainability of our business.

Our wholly-owned subsidiary, Untung Ria Sdn Bhd (“Untung Ria”), is primarily engaged in electricity generation, sales, and investment in monetary instruments. Untung Ria reuses bulk waste to produce biomass energy, supplying electricity to the Group’s manufacturing plant. This initiative has led to significant cost savings for the Group while reducing our dependence on costly fossil fuels.

In year 2023, the Company had entered into an Industrial Tree Planting Agreement (“ITPA”) with Rakyat Berjaya Sdn Bhd where permission is granted to the Company to plant, rehabilitate and harvest forests under the principles of sustainable forest management and environmental conservation for economic, environmental and social purpose. A wholly-owned subsidiary, Forming Plantation Sdn Bhd (“FPSB”) was set up with the purpose of undertaking the planting, rehabilitating and harvesting of forests under the ITPA.

OBJECTIVES AND STRATEGIES

Our strategy focuses on leveraging our competitive strengths to expand into both existing and new markets. We continuously strive to enhance product quality and minimise reliance on labour by investing in advanced machinery and automation.

FINANCIAL AND OPERATION REVIEW

For the financial year (“FY”) ended 31 December 2025 (“FY2025”), the Group achieved revenue of RM96.31 million, up from RM89.99 million recorded in FY ended 31 December 2024 (“FY2024”). The higher revenue was mainly attributable to increased sales volumes and improved average selling prices (“ASP”), supported by a gradual recovery in demand from key export markets.



RM **96.31** million

Operating conditions showed signs of stabilisation during FY2025 following the challenging market environment in prior years. The global lumber and wood products market recorded initial signs of recovery, with demand conditions in the US showing modest improvement. Demand from downstream sectors, including the recreational vehicle industry, provided some support to overall market conditions.

Non-operating income for FY2025 amounted to RM1.82 million, representing a 22% decline compared to the FY2024, mainly due to lower gains from money market funds following reduced principal balances. The Group also recorded net foreign exchange losses arising from currency volatility.

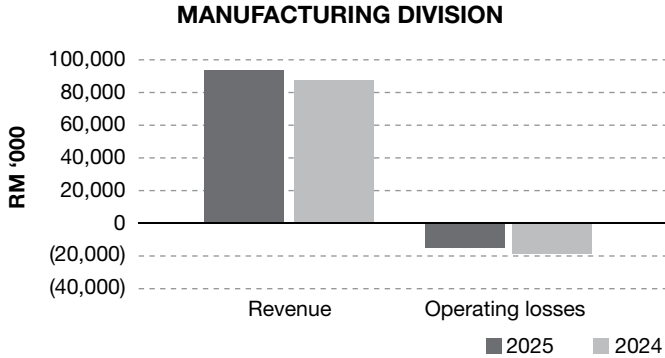
The Group recorded a net loss after tax of RM14.96 million in FY2025, compared to RM18.24 million in FY2024. Operating performance showed improvement during the year, with more noticeable progress in the second half. The fourth quarter (“Q4”) registered year-on-year improvements in revenue and gross margin, contributing to a narrowing of gross losses to RM0.77 million, compared to RM4.27 million in Q4 FY2024.

During the year under review, the Group continued to incur pre-operating costs related to the plantation and timber extraction segment, as logging activities under the concession area had not yet commenced. These costs continued to affect overall profitability.

Management Discussion and Analysis (Cont'd)

MANUFACTURING DIVISION

Financial Performance



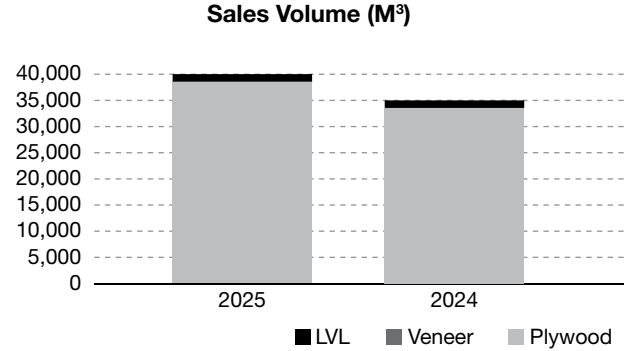
Sales from the manufacturing division increased by approximately 7% year-on-year, reflecting a gradual stabilisation in the Group's operating performance. The improvement was mainly attributable to higher demand for plywood products, particularly from the US market, coupled with an upward adjustment in the ASP per cubic metre ("m³") in US dollars.

Despite the increase in revenue, the Group continued to experience margin pressures during the year. Cost conditions improved in certain areas, including lower inventory write-downs, reduced unabsorbed fixed overheads write-offs, stabilising raw material prices, and improved production recovery rates. However, these positive developments were partially offset by the impact of a weaker US dollar on export margins. In addition, the implementation of the minimum wage adjustment during the year contributed to higher operating costs.

Operating losses narrowed during FY2025, reflecting the effectiveness of ongoing cost optimisation measures and operational improvements.

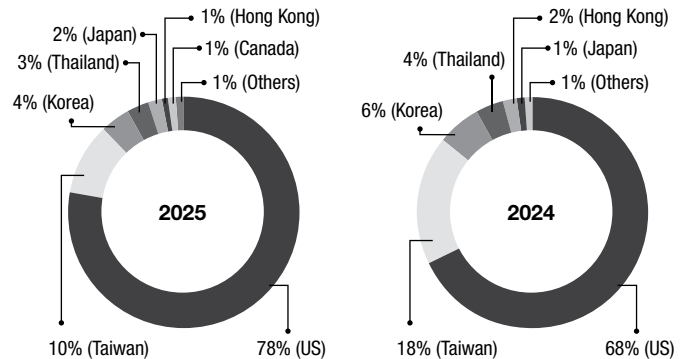
Sales from the manufacturing division accounted for 100% of the Group's total revenue, as electricity generated by the subsidiary continued to be supplied exclusively to the holding company.

Sales Volume



Driven by rising demand for plywood, total sales volume increased by 14% in FY2025 compared with FY2024. The improvement was mainly attributable to higher order intake from the US market. The higher sales volume contributed positively to the Group's overall revenue growth for the year.

Sales Volume by Destination

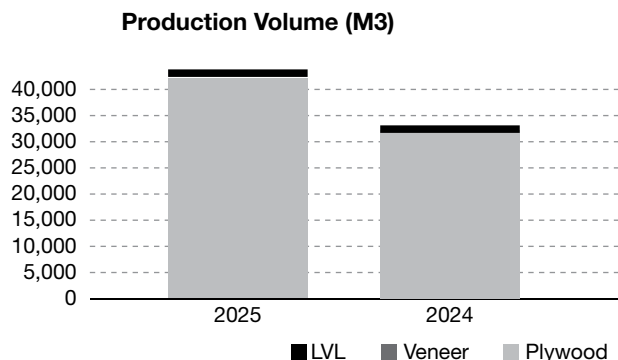


In FY2025, our exports to the US grew by 10% year-over-year, supported by the recovery of the US RV sector. The US continues to be our largest market, followed by Taiwan, Korea, Thailand, and Japan. Most of our customers are loyal partners who have established long-term relationships and trust in us, an essential criterion amidst the challenging economy. Our revenue information based on the geographical location of customers is disclosed under Note 36 to the Financial Statements.

Management Discussion and Analysis (Cont'd)

MANUFACTURING DIVISION (CONTINUED)

Production and Costs



In FY2025, the Group's total production volume increased by 31% compared with FY2024, driven by the recovery in market demand for plywood, which resulted in higher production levels from the second half of the financial year onwards. Despite the 31% increase in production volume, total sales volume rose by only 14% mainly due to shipment constraints towards the end of the year.

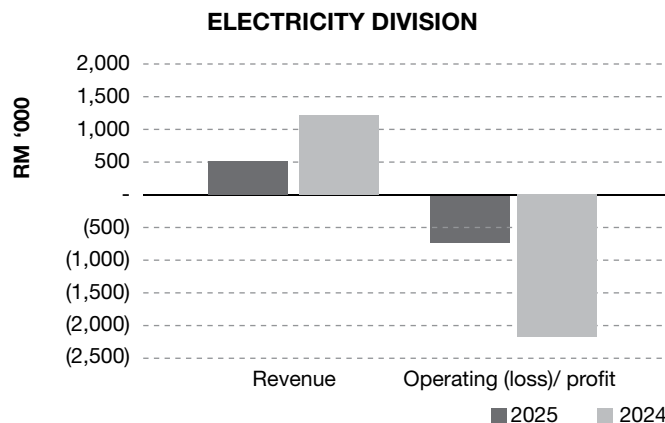
In December 2025, a portion of finished goods, including plywood and LVL, were ready for delivery; however, limited availability of shipping containers and vessel space to the US delayed shipments. As a result, the Group's closing stock of finished goods as at the end of year 2025 increased by approximately 20% compared with the end of year 2024.

Production cost per m3 in FY2025 was lower compared to FY2024 due to lower inventory write downs, reduced unabsorbed fixed overheads written off, lower log prices, and the absence of provisions for slow moving stocks during the year.

In FY2025, freight charges, especially for shipments from Malaysia to the US, declined by approximately 50% compared with FY2024. This was primarily due to the general easing of ocean freight rates and the gradual normalisation of global logistics conditions, with improved container availability and reduced port congestion compared with the disruption-affected environment experienced in the prior year.

ELECTRICITY DIVISION

Financial Performance



Revenue from the electricity segment in FY2025 further decreased by 53% to RM0.52 million from RM1.11 million in FY2024. All electricity generated during the year was supplied internally to the Group's manufacturing division. The decrease was mainly due to higher reliance on Sabah Electricity Sdn Bhd ("SESB") power supply, as the Group has secured electricity supply from SESB since mid-FY2024 to power its office, hostel, and manufacturing plant in Keningau.

Electricity generation was also affected by lower wood waste availability during periods of reduced production, although generation improved in the second half of FY2025 in line with higher production volumes.

In FY2025, Untung Ria generated 2,586,300 kWh of electricity (FY2024: 4,904,700 kWh). Approximately 45% of the electricity generated was used for its own operations, including the control room and machinery, while the remaining 55% was supplied to its holding company at a rate of RM0.376 per kWh.

The segment's loss narrowed to RM0.73 million in FY2025 compared with RM2.16 million in FY2024. The loss was mainly due to low generation capacity utilisation arising from reduced production levels. The improved result was largely due to the absence of significant overhaul works in FY2025, as the biomass power plant underwent major maintenance in FY2024, which had contributed to higher repair and maintenance costs.

The Group continues to actively contribute to a greener environment by recycling wood waste from its operations and optimising the use of biomass energy.

Management Discussion and Analysis (Cont'd)

SIGNIFICANT BALANCES

Other Investment

Other investments increased in FY2025 following additional subscription of RM2.98 million by Untung Ria in unquoted shares of Infinite Power Technology Co., Ltd. ("IPTC"), bringing the Group's total investment to RM4.83 million (FY2024: RM1.85 million).

IPTC is principally engaged in the research and development of all-solid-state battery technology. The investment was made as part of the Group's portfolio diversification initiatives. As at 31 December 2025, IPTC remains in the development stage, with progress focused on late-stage research and development as well as early prototype preparation.

Inventories

Inventories increased to RM47.3 million in FY2025 from RM43.7 million in FY2024, mainly due to a higher level of finished goods, including plywood and LVL, at year end of 2025. A portion of these goods was ready for delivery in December 2025; however, shipments to the US were delayed due to limited availability of shipping containers and vessel space.

Trade Receivables

Trade receivables decreased to RM1.5 million in FY2025 from RM6.7 million in FY2024, mainly due to higher sales recorded towards the end of December 2024, which resulted in a temporarily higher year-end balance. As customers typically settle invoices within two to four weeks, these amounts were largely collected in January 2025. In comparison, year-end sales in December 2025 were lower, leading to a reduced receivables balance. No payment issues were noted during the year.

Tax Recoverable

Tax recoverable decreased to RM1.22 million in FY2025 from RM4.25 million in FY2024, mainly due to tax refunds received during the FY2025.

Other Current Financial Assets

Other current financial assets, comprising short term placements in managed investment funds, decreased during FY2025 as the Group utilised part of these funds to support operational and working capital requirements in light of the financial performance for the year 2025.

RISKS AND UNCERTAINTIES

Product Demand and Price Fluctuations

The Group's revenue and overall financial performance are closely linked to market demand and the prevailing selling prices of its wood-based products. These factors may fluctuate significantly from time to time, as the wood products industry is inherently cyclical and sensitive to changes in economic conditions. Demand and pricing trends are influenced by a range of external variables, including global economic

developments, activity levels in the RV sector and US housing, shifts in industry supply capacity, inflationary pressures, and other market driven forces beyond the Group's control. Any prolonged weakening in demand, coupled with lower selling prices, could have an adverse effect on the Group's operating results and financial position.

In response to past periods of pricing pressure, the Group has continued to strengthen its cost management initiatives and improve operational planning through more efficient production scheduling. These efforts have enhanced the Group's ability to manage margin volatility and adjust proactively to changing market conditions.

While future demand and price movements remain subject to uncertainties outside the Group's control, management remains focused on maintaining operational flexibility, pursuing efficiency improvements, and positioning the Group to respond effectively to industry trends, capture opportunities as they arise, and sustain long term resilience.

Reliance on the US Market

In FY2025, the US market continued to be the Group's primary export market, accounting for approximately 82% of total revenue (FY2024: 75%). The Group's strong presence in the US reflects its strategic focus on supplying high quality plywood that meets the stringent requirements of the RV sector, particularly in terms of product finishing and low formaldehyde emissions, which support premium pricing.

Notwithstanding the benefits of this market positioning, the Group recognises that its performance may be affected by adverse economic conditions in the US or changes in customer demand. Accordingly, the Group continues to pursue initiatives aimed at broadening its customer base, deepening relationships with existing customers, and enhancing product differentiation to manage market concentration risks and support sustainable growth.

Costs and Availability of Raw Materials

The Group's manufacturing operations depend on a range of key inputs, including logs, resin, and energy sources such as wood waste and diesel fuel. During the year, the Group continued to face a challenging procurement environment, with input costs influenced by market competition, supply demand dynamics, and inflationary pressures. Weather related factors may also from time to time affect the availability of logs, potentially impacting production planning and operating costs.

To mitigate these challenges, the Group remains focused on strengthening its procurement and supply chain management practices to ensure continuity of supply for logs, resin, and other essential production inputs. Ongoing efforts to improve operational efficiency and optimise resource utilisation have helped partially alleviate the impact of rising costs on margins. The Group also continues to address issues related to labour availability and cost inflation through targeted workforce management initiatives.

Management Discussion and Analysis (Cont'd)

RISKS AND UNCERTAINTIES (CONTINUED)

Costs and Availability of Raw Materials (continued)

The Group expects to further enhance the stability of its raw material supply with the commencement of harvesting activities from its own timber concession in year 2026. This is anticipated to improve supply security, reduce reliance on third party suppliers, and provide greater cost visibility over the medium to long term. While there can be no assurance that increases in raw material and energy costs can be fully offset, the Group remains committed to prudent cost management, productivity improvements, and strategic initiatives aimed at strengthening resilience and supporting sustainable profitability.

Foreign Currency Exchange Rates Fluctuation

The Group derives a substantial portion of its revenue from export sales denominated in US Dollars ("USD"), while the majority of its operating costs and expenses are primarily incurred in Malaysian Ringgit ("MYR"). Accordingly, movements in foreign exchange rates, particularly the appreciation of MYR against USD, may result in lower revenue translation in MYR terms and could exert pressure on operating margins and cash flow.

During FY2025, the weakening of the USD, partly influenced by the interest rate easing environment in the US, had an adverse impact on the Group's revenue when translated into MYR. In addition, the Group is exposed to foreign currency fluctuations arising from the purchase of machinery, spare parts, and other expenses denominated in currencies such as Japanese Yen and Taiwan Dollar, which may give rise to exchange gains or losses and affect reported earnings.

Foreign exchange movements are driven by a wide range of macroeconomic and financial market factors, making them inherently difficult to predict. Nevertheless, the Group continues to adopt prudent financial management practices and appropriate risk mitigation measures to manage currency exposure and safeguard its financial performance.

Labour Availability

The Group operates in a labour intensive manufacturing environment that requires a reliable and skilled workforce to maintain production efficiency. Constraints in labour availability, including limitations on foreign worker recruitment and changes in regulatory requirements, may continue to present operational challenges and could affect production schedules or output levels.

To mitigate these risks, the Group remains focused on workforce planning initiatives, targeted skills development, and gradual process improvements aimed at enhancing labour productivity. Where feasible, the Group also continues to explore automation and operational optimisation measures to reduce reliance on manual labour and minimise potential disruptions to overall operating performance.

Competition

The Group operates in a highly competitive global wood products market and faces competition from manufacturers across various regions, including Southeast Asia, some of whom may benefit from scale efficiencies, lower production costs, or favourable currency movements. In addition, competitive dynamics in the Group's key export markets may be influenced by changes in import tariffs, trade policies, and taxes imposed by the US government, as well as broader country-to-country trade relations, which could affect pricing competitiveness and market access.

To address these challenges, the Group continues to focus on operational efficiency, disciplined cost management, and reliable delivery performance. The Group's competitiveness is influenced by its ability to manage raw material sourcing, energy and labour costs, and to maintain consistent production output with efficient cost structures. Product quality, adherence to customer specifications, and responsive customer service remain important differentiating factors in retaining customer relationships.

While competitive conditions may evolve due to market and regulatory developments, the Group remains committed to strengthening its core capabilities through continuous improvement initiatives, operational enhancements, and customer-focused strategies to support sustainable growth and long-term business performance.

Compliance with Laws and Regulations

The Group operates within a highly regulated environment and is required to comply with a broad range of laws and regulatory requirements governing its manufacturing and timber related activities. These include regulations relating to environmental protection, forestry practices, occupational safety and health, as well as industrial licensing and export related requirements.

Environmental compliance remains a key area of focus, particularly in relation to emissions control and waste management. Key considerations include the handling and disposal of scheduled waste, emissions arising from the combustion of wood chips in boilers, and effective sawdust management within production facilities. The Group continues to undertake necessary capital investments and implement operational enhancements to ensure ongoing compliance with applicable environmental standards.

Beyond environmental matters, the Group places strong emphasis on compliance with workplace safety and occupational health regulations. Comprehensive safety policies, training programmes, and standard operating procedures are in place to safeguard employees and minimise workplace incidents. The Group also maintains appropriate insurance coverage, including employees' liability and workmen's compensation, as part of its risk management framework.

Management Discussion and Analysis (Cont'd)

RISKS AND UNCERTAINTIES (CONTINUED)

Compliance with Laws and Regulations (continued)

Failure to comply with applicable environmental laws, workplace safety and occupational health regulations, or other relevant regulatory requirements may result in regulatory penalties, operational disruptions, reputational damage, or the loss of business opportunities. Accordingly, the Group remains committed to maintaining strong governance, responsible operating practices, and effective compliance oversight to support business continuity and long-term sustainability.

Shipping and Transportation Challenges

The Group's operations depend on the timely and efficient delivery of large volumes of products to customers, particularly to the US, which remains the Group's key export market. Deliveries are primarily carried out through third-party logistics providers, including road transport operators and container shipping lines. Transportation activities may be affected by factors beyond the Group's control, such as container and vessel availability, port congestion, weather conditions, and labour-related disruptions.

During FY2025, shipment volumes to the US were generally stable; however, logistical constraints, particularly towards the end of the financial year, affected shipment scheduling. Limitations in container availability and vessel space may lead to delays in fulfilling customer orders, higher inventory levels, and increased warehousing and transportation costs.

Freight and transportation costs were also influenced by market conditions and fluctuations in fuel prices. The Group continues to actively manage logistics arrangements through close coordination with shipping partners, flexible shipment planning, and ongoing evaluation of cost-efficient logistics solutions. Through proactive supply chain management and adaptive transportation strategies, the Group aims to maintain reliable delivery performance, support customer relationships, and minimise the impact of logistical challenges on overall operations.

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

Our capital management strategy is centred on maintaining adequate liquidity and financial flexibility, particularly during the lower phases of the business cycle. We continuously monitor and assess our financial performance to uphold a strong financial position while anticipating market trends. To achieve this, the Group may adjust its capital structure in response to evolving economic conditions, including optimising dividend payments, returning capital to shareholders, or issuing new shares when necessary.

Over the next twelve months, we anticipate that our primary capital investments will be directed toward property, plant, and equipment. Our key sources of liquidity will be cash flows generated from sales and operating activities. Given our prudent financial management and strong operational foundation, we are confident that these sources will be sufficient to meet our ongoing financial commitments for the foreseeable future, including at least the next twelve months.

Share Repurchases

The Company had at its 35th Annual General Meeting held on 23 May 2025, obtained the approval from the shareholders to purchase its own shares up to 10% of the total issued share capital of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. The said approval will be expiring at the conclusion of the forthcoming 36th Annual General Meeting of the Company unless the approval is renewed. During the year, the Company did not undertake any repurchase of ordinary shares. As at 31 December 2025, a total of 11,988,332 ordinary shares amounting to RM7.39 million are held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash and Cash Equivalents

OPERATING (RM4.52 million used)
<ul style="list-style-type: none"> • RM7.71 million cash used in operations • RM0.16 million interest collected • RM3.35 million income tax refunded • RM0.32 million income tax paid
INVESTING (RM7.53 million used)
<ul style="list-style-type: none"> • RM4.57 million addition of PPE • RM2.98 million investment in unquoted shares • RM0.02 million other proceeds
FINANCING (RM4.37 million used)
<ul style="list-style-type: none"> • RM4.37 million dividends paid
NET MOVEMENT (RM16.42 million increase)
<ul style="list-style-type: none"> • RM67.38 million opening balance • RM0.02 million unrealised loss • RM50.94 million closing balance

Operating Activities

In FY2025, net cash flows used in operating activities amounted to RM4.52 million. This was mainly attributable to a net loss before taxation of RM14.96 million, adjusted for non-cash items including depreciation and inventory write down of approximately RM3.84 million. Cash inflows were supported by the tax refund received of RM3.35 million and interest income received of RM0.16 million, partially offset by income tax paid of RM0.32 million during the year. Working capital changes also impacted operating cash flows. Cash inflows were mainly generated from a decrease in trade and other receivables, other current assets, and deferred income amounting to RM7.50 million. This was partially offset by cash outflows arising from an increase in inventories and trade and other payables of RM4.09 million. Compared with FY2025, net cash flows used in operating activities in FY2024 amounted to RM6.63 million, primarily attributable to the higher operating loss incurred in the previous financial year.

Management Discussion and Analysis (Cont'd)

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Investing Activities

During FY2025, net cash used in investing activities amounted to RM7.53 million, primarily due to cash outflows for investments in property, plant, and equipment, as well as unquoted shares. In comparison, net cash used in investing activities in year 2024 was RM9.78 million, mainly for the acquisition of property, plant, and equipment.

Financing Activities

During FY2025, net cash used in financing activities amounted to RM4.37 million, arising solely from dividend payments. This was consistent with FY2024, where net cash outflows from financing activities were also attributable entirely to dividend payments.

Working Capital and Cash and Cash Equivalents

Working capital is an important measurement used to determine the efficiencies of our operations and our ability to readily convert assets in to cash. Working capital is defined as current assets less current liabilities. Management of working capital helps us monitor our goals to enhance our return on working capital assets.

Working capital decreased to RM96.96 million as at 31 December 2025 from RM120.18 million as at 31 December 2024. Cash and cash equivalents as at 31 December 2025 amounted to RM50.94 million (2024: RM67.38 million). Under normal business cycles, and assuming no major acquisitions apart from investments in access infrastructure and operational facilities within the forest designated area granted under ITPA, our cash and cash equivalents, along with cash generated from operations, should be sufficient to meet our financial requirements.

BUSINESS OUTLOOK

The US RV industry, a key downstream market for the Group's plywood products, continued its gradual recovery into the final quarter of year 2025. Shipment volumes recorded modest sequential improvement, supported by resilient consumer interest in outdoor travel and lifestyle mobility. While overall activity remains below pre-pandemic levels, the ongoing recovery in the RV sector is expected to continue providing stable underlying demand for plywood and related wood-based panels.

In terms of trade developments, the US Department of Commerce has initiated countervailing duty ("CVD") and antidumping duty ("AD") investigations on hardwood and decorative plywood imports from China, Indonesia and Vietnam. Preliminary findings were announced in January 2026, with final determinations expected later in year 2026. Any duties imposed could potentially improve the competitive positioning of Malaysian plywood exporters in the US market.

In addition, changes in tariff structures and trade measures continue to influence the competitive landscape for wood-based products in the US. The Group remains vigilant in monitoring regulatory developments and will assess any potential implications on its export markets should further measures be introduced.

The US dollar remained volatile during the latter part of year 2025 amid shifting global interest rate expectations. Looking ahead, foreign exchange movements may continue to affect the Group's revenue translation and margins. Nevertheless, the Group has mitigated these impacts through higher sales volumes and gradual ASP adjustments to support margin recovery.

Ocean freight rates continued to trend lower toward the end of year 2025 and into early year 2026. According to Drewry's World Container Index, freight costs remained well below earlier peak levels, providing continued relief to overall logistics expenses and supporting a more stable shipping environment.

The Group is actively exploring new markets for potential collaboration and cross-selling opportunities. The Group is also evaluating product diversification initiatives, including the development of value-added decorative veneer-faced thick plywood products in addition to its existing plywood range, to cater to a broader spectrum of downstream applications and enhance its product portfolio.

The Group is progressing towards the commencement of harvesting activities under the ITPA, which are anticipated to begin in the second quarter of year 2026. This will be complemented by systematic replanting initiatives to ensure long-term sustainability of the forest resources.

Overall, the Group remains cautiously optimistic on its operating performance for the coming year. Key focus areas include:-

- √ Improving sales volumes and achieving firmer ASP in line with market recovery, while maintaining a strong foothold in the US market and expanding into new growth regions;
- √ Enhancing operational efficiency through process optimisation, automation initiatives, and disciplined cost control;
- √ Continuing to promote sustainability by optimising raw material utilisation and leveraging biomass energy to reduce environmental impact;
- √ Strengthening financial resilience through prudent capital expenditure management and maintaining healthy cash flow;
- √ Monitoring external uncertainties, including trade policy developments, foreign exchange movements, and broader market conditions; and
- √ Commencing logging activities within the Group's concession area to enhance raw material supply security, support responsible harvesting practices, and improve long-term cost management in compliance with environmental and regulatory requirements.

With these initiatives in place, the Group will continue to maintain a prudent outlook while positioning itself for sustainable long-term growth.

SUSTAINABILITY STATEMENT



ABOUT THIS SUSTAINABILITY STATEMENT

The Group is pleased to present its Sustainability Statement which showcases its sustainability progress for the financial year ended 31 December 2025 in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Introduction

Business environment has presently evolved with greater emphasis on how businesses and business operations are impacting the economic, environmental and social issues that are related to their respective businesses. Sustainability evaluation will provide the various stakeholders with a better understanding and critical information on the environment which the businesses are operating in. This would enable a more in-depth analysis of the risks and the potential impact that the businesses are having on the stakeholders.

Any successful corporation must follow sound corporate governance principles. A risk assessment was carried out to detect potential danger for corruption inside operations in order to provide a firm foundation for ethics and integrity.

Our Commitment to Business Sustainability

Sustainability is an inherent component of running a successful company, and we constantly work to conduct our business in an ethical, open, and responsible manner, expecting our business partners to act in a similar manner.

The Group is in the journey towards building a sustainable impact on the economy, environment and the local community. This statement focuses on the sustainability risks and opportunities that we have faced in year 2025. Through this Sustainability Statement, we provide the focus on the Group's commitments on the aspects of economic, environmental and social ("EES"), and ensure that we have disclosed our performance on these issues transparently. This statement is intended to go into further depth about our strategy for sustainable business. Additionally, it refers stakeholders to additional, more in-depth information on environmental, social, and ethical issues in our Annual Report 2025.

We encourage and welcome feedback from stakeholders in relation to our Statement by contacting us at focuskk@focuslumber.com.my.

Reporting Standards

This Sustainability Statement was prepared in accordance with the following regulatory and guidance:-

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities");
- Sustainability Reporting Guide, 2nd Edition ("SRG") issued by Bursa Malaysia Securities;
- Malaysian Code on Corporate Governance, updated on 28 April 2021 ("MCCG 2021");
- Global Reporting Initiative ("GRI") 2021; and
- The Greenhouse gas ("GHG") Protocol – A Corporate Accounting and Reporting Standard.

Efforts were made to meet the core principles of the GRI standards and improve the sustainability disclosure. In line with developments in sustainability and climate-related reporting, the Group has commenced a phased alignment of its sustainability governance framework, internal policies and management practices with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB"). This alignment is undertaken with reference to established international best practices and is intended to progressively enhance the consistency, comparability and quality of the Group's sustainability and climate-related disclosures.

During the reporting period, relevant policies, processes and management approaches were reviewed. Certain areas remain subject to further evaluation and have not yet been fully aligned with the IFRS Sustainability Disclosure Standards.

Accordingly, an IFRS-aligned bridging section is included in the latter part of this Sustainability Statement to outline the Group's current position and transitional status in relation to the IFRS Sustainability Disclosure Standards.



Sustainability Statement (Cont'd)

Reporting Period

Complementing the Annual Report, this Sustainability Statement discloses all relevant sustainability information from 1 January 2025 to 31 December 2025 (“FY2025”), unless otherwise specified.

Reporting Scope

This statement covers sustainability matters of our 3 business divisions (manufacturing of wood products, generation of electricity and logging) as illustrated below. The GHG emissions reporting scope covers the production site of the Group in Keningau.



Assurance Statement

The data and information presented in this Sustainability Statement have not been subjected to internal audit review or independent assurance.

The data presented is sourced internally from within the Group. It is compiled and measured against industry standards in alignment with our sustainability targets. To the best of our ability, the results are verified by Management and undergo a review by the management level Sustainability Committee before being presented to the Board.

As part of its continuous improvement efforts, the Group is enhancing its data collection processes and will progressively expand the scope of internal review and external assurance to strengthen the reliability and quality of disclosures in future reporting periods.

Governance

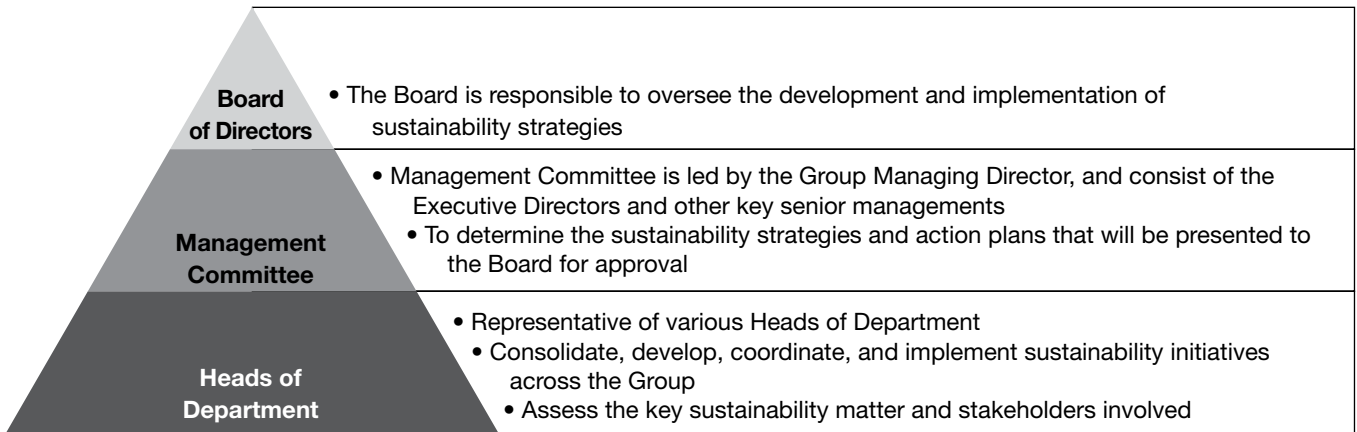
We embrace a strong governance structure and a clear line of accountability enables the Group to deliver its commitment to sustainability and climate-related matters. The Group's efforts towards sustainable operations are driven by the directives and inputs from the Board and management, including the oversight of climate-related risks and opportunities that may affect the Group's operations and long-term prospects. A strong governance structure also enables a consistent approach towards sustainability and climate-related initiatives, as well as supporting effective monitoring and management of related risks, while strengthening the confidence and trust of our shareholders, business partners, employees and stakeholders.

Sustainability Statement (Cont'd)

Sustainability Governance

Sustainability governance helps a company implement sustainability and climate-related strategy across the business, manage goal setting and reporting processes, strengthen relations with external stakeholders, and ensure overall accountability, including accountability for the oversight and management of climate-related risks and opportunities.

A three-tier sustainability governance structure was formed in year 2022, comprising the Board of Directors, the Management Committee and the Heads of Department. This governance structure supports the oversight of sustainability and climate-related matters, and their roles and responsibilities are described in more detail below.



Sustainability Policy

A sustainability policy is developed within the framework of economic, social, environmental sustainability and climate-related considerations. This Policy was established and approved by the Board on 11 April 2013, that aims to guide the Group’s action towards achieving a sustainable future and addressing climate-related matters for both the Group and our community as a whole. This policy is reviewed annually by the Board. It ensures ethical practices of the Group’s financial performance, management and operation with the view to contributing to the overall environmental sustainability and climate resilience while creating value from sustainable practices. Below are the principles of the sustainability policy.



Sustainability Statement (Cont'd)

Policies and Procedures

The Group has also established several other policies to establish guidelines and requirements to support ethical laws and regulations, aid in governance, and demonstrate the reliability of our company. They are as follows:-



Stakeholders' Engagement

We see ourselves as a local company with a big worldwide reach. Our operations, which are influenced by our business, in turn, are greatly influenced by our stakeholders. The Group continue with its focus to enhance its relationship with all the stakeholders as stakeholders would have significant influences in the Group's business sustainability. The Group had undertaken several initiatives to address some of the stakeholders' needs and expectations towards the achievement of a long-term sustainable growth.

Below are the highlights of Stakeholders' area of interest and initiatives undertaken by the Group:-

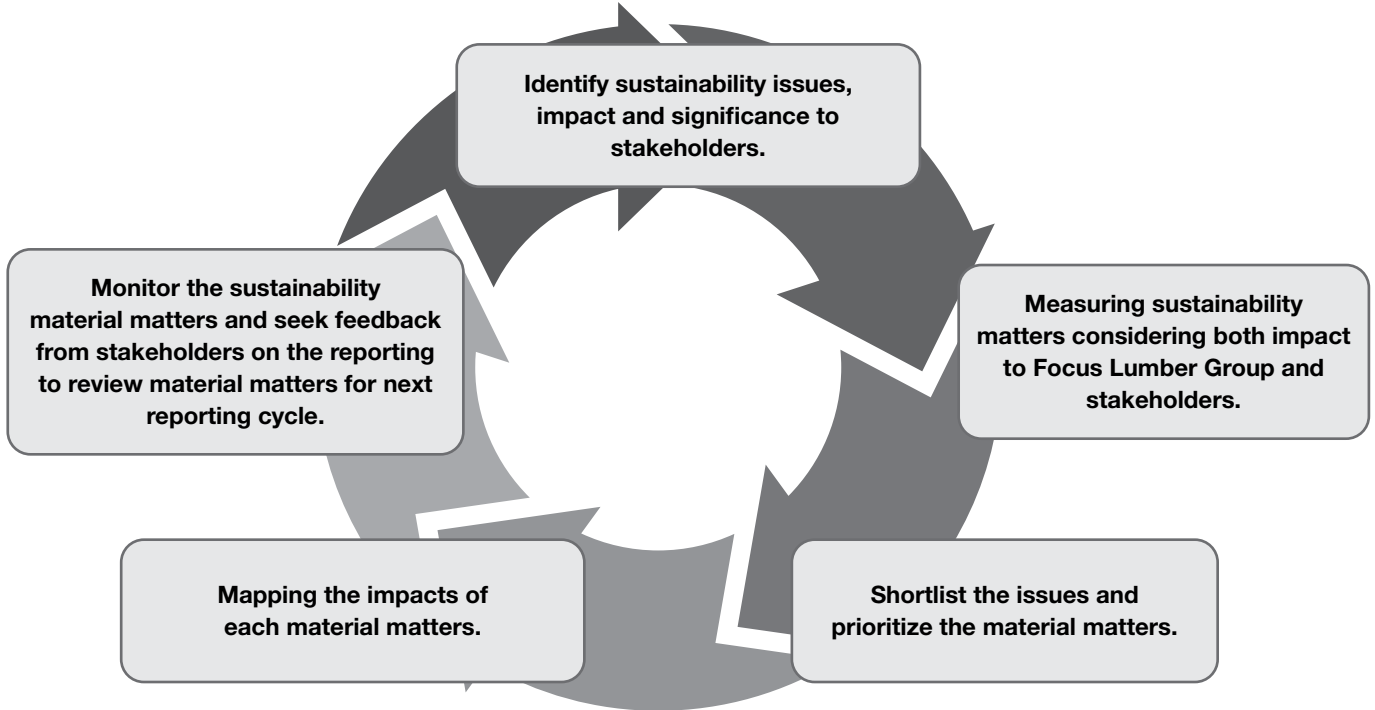
Key Stakeholders	Areas of Interest	Engagement Methodology	Frequency of Engagement
Customers	<ul style="list-style-type: none"> Product pricing Product quality Compliance with International Quality Standards 	<ul style="list-style-type: none"> Visit customers to understand their needs on our products Continuous engagement with customers for better customer experience 	<ul style="list-style-type: none"> As needed On-going
Shareholders and Investors	<ul style="list-style-type: none"> Group financial performance Business strategy and governance 	<ul style="list-style-type: none"> Annual general meeting Company website Annual Reports Quarterly Report 	<ul style="list-style-type: none"> Annually On-going Annually Quarterly
Suppliers	<ul style="list-style-type: none"> Service delivery Payment schedule Pricing of services Services/products quality 	<ul style="list-style-type: none"> Purchasing contract Purchasing policy Correspondences Conflict of Interest Declaration Form 	<ul style="list-style-type: none"> On-going As needed On-going As needed
Employees	<ul style="list-style-type: none"> Career development Employee welfare and health and safety 	<ul style="list-style-type: none"> Training Meeting/ discussion Informal or festival gathering 	<ul style="list-style-type: none"> As needed On-going On-going
Government	<ul style="list-style-type: none"> Compliance Labour practices Environmental impact 	<ul style="list-style-type: none"> Active engagement with agencies/ associations Attend seminars on related regulatory issues 	<ul style="list-style-type: none"> On-going On-going
Community	<ul style="list-style-type: none"> Community living issue Corporate social responsibilities activities 	<ul style="list-style-type: none"> Donations Charitable events 	<ul style="list-style-type: none"> On-going On-going

Sustainability Statement (Cont'd)

Materiality Assessment and Key Sustainability Matters

Focus Lumber applied the GRI Standards to identify and prioritise the key sustainability topics, to tailor its approach taken in relation to sustainability on the management of the ESG impacts of its business operations on its stakeholders.

5 steps were taken by Focus Lumber to arrive at the list of material factors for reporting:-



Based on the above assessment process, it resulted in the identification of 15 material matters, of which 8 were ranked as highly material.

SUSTAINABILITY MATERIALITY PROFILE



Sustainability Statement (Cont'd)

Materiality Assessment and Key Sustainability Matters (continued)

ECONOMIC		ENVIRONMENT		SOCIAL	
1	Economic Presence	6	Energy	11	Employment
2	Market Presence	7	Water	12	Diversity and Equal Opportunities
3	Product and Service Quality	8	Emissions	13	Training and Education
4	Procurement Practices	9	Effluent and Waste Management	14	Occupational Health and Safety
5	Anti-Corruption	10	Environment Compliance	15	Local Communities

In preparation for the adoption of the IFRS Sustainability Disclosure Standards, the Group has considered the principles set out in IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures and has referred to industry-based guidance issued by the Sustainability Accounting Standards Board ("SASB").

Based on the SASB Standards applicable to the Group's business activities, the following four key topics were identified as relevant to the Group:-

1. Energy Management in Manufacturing;
2. Management of Chemicals in Products;
3. Product Lifecycle Environmental Impacts; and
4. Wood Supply Chain Management.

In respect of these topics, the Group has commenced an assessment to incorporate sustainability-related and climate-related risks and opportunities, including potential transition and physical climate-related risks, into its existing materiality assessment and risk management processes. This assessment is intended to enhance the Group's understanding of how climate-related factors may affect its operations, supply chain and long-term business resilience.

The Group will progressively enhance its disclosures and, where appropriate, refine relevant metrics and indicators over time, taking into account data availability, operational readiness, and evolving regulatory and reporting requirements.

Risk, Opportunities and Management Action Plans

By conducting a material assessment, the Group identifies the most significant sustainability issues that address and prioritise actions accordingly. This process enables the Group to identify potential risks that could negatively impact its operations, as well as opportunities to create a positive impact on its communities and key stakeholders. By effectively managing risks and capitalising on opportunities, the Group creates long-term value for its key stakeholders while also contributing to sustainable development to achieve its goals and thrive in the long run.

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
ECONOMIC				
Economic presence	<ul style="list-style-type: none"> • Potentially affect financial performance • Changes in consumer demand • Fluctuations in raw material prices • Competition from existing and new players 	<ul style="list-style-type: none"> • Re-assess the Group's strategies • Collaboration with stakeholders to address the opportunities 	<ul style="list-style-type: none"> • Shareholders and investors • Customers • Suppliers 	<ul style="list-style-type: none"> • Diversifying product portfolio • Hedging against price fluctuations • Regularly monitoring and adapting to changes in the economic environment
Market presence	<ul style="list-style-type: none"> • Change in consumer preferences • Changes in economic conditions, or competition can lead to fluctuations in demand for plywood products 	<ul style="list-style-type: none"> • Growing consumer demand for products • Entry into new markets 	<ul style="list-style-type: none"> • Shareholders and investors • Customers • Suppliers 	<ul style="list-style-type: none"> • Diversifying customer base • Closely monitor market trends • Investing in new technologies and processes

Sustainability Statement (Cont'd)

Risk, Opportunities and Management Action Plans (continued)

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Product and service quality	<ul style="list-style-type: none"> • Reputational damage • Reduce in customers' satisfaction • Legal claims and regulatory fines 	<ul style="list-style-type: none"> • Increased customer loyalty • Expansion into new markets • Higher profit margins 	<ul style="list-style-type: none"> • Shareholders and investors • Customers • Suppliers 	<ul style="list-style-type: none"> • Leverage on customers' feedback • Monitoring on quality control processes • Suppliers are adhering to Focus Lumber's quality control standards
Procurement practices	<ul style="list-style-type: none"> • Supply chain disruptions • Selecting suppliers who are unable to meet our expectation and requirements, or may have financial or legal issues • Overpaying for goods or material and not obtaining the best value for money 	<ul style="list-style-type: none"> • Reducing costs through effective sourcing and negotiation • Streamlining the supply chain and reducing waste 	<ul style="list-style-type: none"> • Shareholders and investors • Suppliers 	<ul style="list-style-type: none"> • Diversifying supplier base • Constantly assessing suppliers' performance • Implementing strict compliance and quality control processes
Anti-Corruption	<ul style="list-style-type: none"> • Reputational risk 	<ul style="list-style-type: none"> • Establish reputation as an ethical employer who practices transparency and accounting measures 	<ul style="list-style-type: none"> • Shareholders and investors • Employees 	<ul style="list-style-type: none"> • Review ABAC Policy annually • Develop legal framework and enforcement mechanisms • Provide awareness training on anti-bribery and anti-corruption annually to all management and employees.
ENVIRONMENT				
Energy	<ul style="list-style-type: none"> • Power outages and disruptions in energy supply • Increase price of energy commodities. • Increase in the amount of greenhouse gases released into the atmosphere 	<ul style="list-style-type: none"> • Develop competitive advantage in renewable energy such as biomass to generate electricity 	<ul style="list-style-type: none"> • Government • Shareholders and investors • Employees 	<ul style="list-style-type: none"> • To reuse wood waste to generate biomass energy to supply electricity to operation • To replace existing lights to LED lights
Water	<ul style="list-style-type: none"> • Water supply shortages leading to disruption of production processes and daily usage 	<ul style="list-style-type: none"> • Constructing rainwater harvesting system. • To use renewable resources (river water) 	<ul style="list-style-type: none"> • Government • Shareholders and investors • Employees 	<ul style="list-style-type: none"> • Consider alternative water sources (river water) for daily usage

Sustainability Statement (Cont'd)

Risk, Opportunities and Management Action Plans (continued)

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Emissions	<ul style="list-style-type: none"> Public health affected Climate change effects can disrupt supply chain and operations Shift in customer preferences toward low-carbon products can reduce demand for carbon-intensive goods 	<ul style="list-style-type: none"> Transition to clean energy transition Improving energy efficiency Sustainable sourcing and transportation reduce emissions and improve cost efficiency Strong environmental policies can improve brand reputation and attract eco-conscious customers 	<ul style="list-style-type: none"> Government Shareholders and investors Employees Customers 	<ul style="list-style-type: none"> Deploy appropriate tools and equipment to filter and/or purify air Monitoring and keeping pollution below allowable limits Work with suppliers to reduce Scope 3 emissions Monitoring emissions data, set and commit to reduction targets Calculated the carbon footprint of selected products, which was independently verified by an external third-party verifier
Effluent and waste management	<ul style="list-style-type: none"> Lead to pollution of air, water and soil Serious public health 	<ul style="list-style-type: none"> Recycling efforts help cut cost due to reduce purchasing and selling off reusable wastes generate small revenue 	<ul style="list-style-type: none"> Government Shareholders and investors Employees 	<ul style="list-style-type: none"> To ensure compliance with regulatory requirements Manage waste properly with reduce, reuse and recycle practice
Environmental compliance	<ul style="list-style-type: none"> Increased production costs due to compliance measures Lead to regulatory penalties and fines if not complied 	<ul style="list-style-type: none"> Increased brand reputation and customer loyalty Potential costs savings through the implementation of eco-friendly processes and technologies Improved long-term viability and competitiveness in the market 	<ul style="list-style-type: none"> Government Shareholders and investors 	<ul style="list-style-type: none"> Regularly monitoring and staying up-to-date with environmental regulations Implementing internal controls and systems to ensure compliance Conducting regular environmental audits and assessments

Sustainability Statement (Cont'd)

Risk, Opportunities and Management Action Plans (continued)

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
SOCIAL				
Employment	<ul style="list-style-type: none"> Inadequate pool of qualified and capable personnel to contribute to growth and core business 	<ul style="list-style-type: none"> Effective talent management methods and plans to create a reliable talent pipeline 	<ul style="list-style-type: none"> Shareholders and investors Employees 	<ul style="list-style-type: none"> To recruit and retain potential and performing employees To prioritise local employees hired
Diversity and equal opportunities	<ul style="list-style-type: none"> Employee retention Challenges in recruiting the right talents 	<ul style="list-style-type: none"> Gaining a competitive advantage in having a diverse pool of employees with various skills and experiences 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> To achieve average gender ratio of employees To ensure age balance in the workplace
Occupational health and safety ("OHS")	<ul style="list-style-type: none"> Accidents and injuries result in regulatory penalties and reputational damage 	<ul style="list-style-type: none"> Emphasis on health and safety culture attracts and retains top industry talent Reputation as a safe and reputable manufacturer attracts investors 	<ul style="list-style-type: none"> Shareholders and investors Employees 	<p>A strengthening of OHS practices in identified key focus areas, which include:</p> <ul style="list-style-type: none"> Creating track record of zero non-compliance to OHS regulatory, zero fatalities at all worksites, reduce number of accidents and LTI Upskilling OHS capability An effective communication programme
Training and education	<ul style="list-style-type: none"> May lead to high wastes of resources and financial loss. Lack of relevant skills and competencies hinders growth 	<ul style="list-style-type: none"> Effective talent development programmes retain and attract top-quality industry talent. Develop a learning culture in the organisation that is tied to KPI and career progression 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Plan and execute the training and development activities, and continuously improve the programmes based on feedback and evaluation Setting a target to provide an average of 4 training hours per employee
Local communities	<ul style="list-style-type: none"> Estranged relationship with local community that leads to unawareness of the Group's noble courses for sustainable environment and future 	<ul style="list-style-type: none"> Social responsibility programmes increase visibility and safeguard reputation as a caring and environmentally-responsible organisation 	<ul style="list-style-type: none"> Shareholders and investors Community 	<ul style="list-style-type: none"> Continue donations for charity and organise more community related activities for enhanced engagement

Sustainability Statement (Cont'd)

Sustainability Targets and Performance

To ensure effective implementation of sustainability initiatives across the Group, Focus Lumber has set the targets for our material matters and monitor the progress of our approach towards the targets throughout FY2025. The table below presents our targets developed for our material matters for FY2025 and our performance against the targets set for FY2025:-

Material Matters	Target for FY2025	Performance for FY2025
ECONOMIC		
Product and service quality	<ul style="list-style-type: none"> Quality claim below 0.35% of total revenue 	<ul style="list-style-type: none"> Achieved
Procurement practices	<ul style="list-style-type: none"> To ensure appointed waste management supplier has DOE license Perform evaluation on suppliers and monitor their performance on annual basis to ensure vendors meet minimum quality requirement and compliance requirement 	<ul style="list-style-type: none"> Achieved Achieved
Anti-Corruption	<ul style="list-style-type: none"> To maintain zero corruption and bribery case To brief all new employees about our ABAC and Whistleblowing Policy To maintain zero whistleblowing case reported to Chairman of the Board and Audit Committee 	<ul style="list-style-type: none"> Achieved Achieved Achieved
ENVIRONMENT		
Energy	<ul style="list-style-type: none"> To maintain diesel consumption below 12.00 litre per m3 with long-term target of 8.00 litre per m3 by year 2030 To reuse available wood waste to generate biomass energy 	<ul style="list-style-type: none"> Achieved Achieved
Water	<ul style="list-style-type: none"> To continue using treated river water for factory operation 	<ul style="list-style-type: none"> Achieved
Emissions	<ul style="list-style-type: none"> To achieve dust loads below the required limit under the Malaysia Environmental Quality (Clean Air) Regulations 2014. To achieve zero fine imposed by environmental authorities To reduce GHG emissions level by 2% 	<ul style="list-style-type: none"> Achieved Achieved Achieved
Effluent and Waste Management	<ul style="list-style-type: none"> To reduce glue waste from production activities to 0.45 kg per m3 with long-term target of 0.40 kg per m3 by year 2030 To recycle available wood waste from production 	<ul style="list-style-type: none"> Achieved Achieved
Environment Compliance	<ul style="list-style-type: none"> To achieve zero case of non-compliance to environmental regulatory To achieve zero fined imposed by environmental authorities 	<ul style="list-style-type: none"> Achieved Achieved
SOCIAL		
Employment	<ul style="list-style-type: none"> To maintain employee turnover rate below 32% To achieve at least 35% local employees from total workforce 	<ul style="list-style-type: none"> Achieved Achieved
Diversity and Equal Opportunities	<ul style="list-style-type: none"> To maintain at least 2 females at Board level To achieve gender ratio of at least 1/3 for female in the Group 	<ul style="list-style-type: none"> Achieved Achieved
Occupational Health and Safety	<ul style="list-style-type: none"> To achieve zero case of non-compliance to OHS regulatory To achieve zero case of fatalities Continue to maintain low accident cases and low severity rate ie below 5 cases and severity rate not more than 3 cases To maintain LTIFR to below 0.44 with long-term target of LTIFR below 0.40 by year 2030 	<ul style="list-style-type: none"> Achieved Achieved Not Achieved Not Achieved
Training and Education	<ul style="list-style-type: none"> To achieve 4 training hours average per employee per year for all levels except general workers and security guards (Total 244 hours with 57 employees and 4 NEDs) To allocate at least RM10,000 for training and development 	<ul style="list-style-type: none"> Achieved Achieved
Local Communities	<ul style="list-style-type: none"> To allocate RM50,000 budget on community engagement such as charitable events, donations, etc To organise at least 4 employee engagement activities 	<ul style="list-style-type: none"> Not Achieved Achieved

The Group is currently reviewing its sustainability targets beyond FY2025 in preparation for the planned adoption of IFRS S2 Climate-related Disclosures for the FY2026 reporting period. Following this phase, the Group intends to progressively enhance its disclosures towards full alignment with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information from FY2027 onwards. Accordingly, sustainability targets for FY2026 have not been included in this Sustainability Statement for FY2025.

Sustainability Statement (Cont'd)

ECONOMIC

Our principal activities are manufacturing and sale of plywood, veneer and laminated veneer lumber (“LVL”). Plywood is the core product, generating the bulk of the Group’s revenue. We place the utmost importance on achieving a sustainable business that continue to grow and thrive despite changes and challenges in the global economic environment.

Despite the challenging economic and business environment, the Group continues to invest in new and advanced machinery with the aim to increase its production efficiency and enhance its product quality and efficiency to comply with the buyers’ quality requirements.

- **Economic Presence and Market Presence**

In FY2025, the Group’s revenue, which was fully contributed by its manufacturing segment, increased by 7% compared to FY2024. Sales volume rose by 14% year-on-year. The average selling price (“ASP”) per m³, denominated in United States (“US”) dollars, increased during the year, although this was partially offset by the weakening of the US dollar.

Plywood demand strengthened further in FY2025, driven by the recovery of the recreational vehicle (“RV”) sector, particularly in the US, supported by easing inflationary pressures and interest rate cuts.

The Group anticipates a continued recovery in demand for its products, supported by the ongoing revitalisation of the RV sector, particularly in the US. Potential tariffs and regulatory measures affecting competitors, especially in China, Vietnam, and Indonesia, are expected to benefit the Group as a Malaysia-based exporter. In addition, the ASP is expected to continue its upward trend into FY2026. With ongoing productivity improvements and cost-reduction initiatives, and notwithstanding recent global market challenges, the Group remains cautiously optimistic about achieving a positive turnaround in the coming year.

- **Product and Service Quality**

Product and service quality is essential for the success of our business, and it is particularly important in the manufacturing industry, like us, where defects or poor workmanship may have serious consequences. We pay close attention to the quality of our products and ensure we meet our customers’ expectations.

We ensure quality is invested in quality control processes that check for defects and other issues at every stage of the production process. In June 2025, our Quality Control Manual was revised and reviewed by Benchmark Holdings, LLC (BMH) upon their visit for the purpose of third-party certification audit. This certification covers the production and quality control processes used for manufacturing composite wood panels. However, the scope of this certification only applies to the specific range of composite wood products, resin systems, and/or production lines as identified in valid MH certification documents. Composite wood products that are not specifically included within the Group’s scope of the certification are not eligible to be manufactured, labelled, distributed, or sold by the Group as certified products.

Focus Lumber is responsible for assuring that appropriate records are generated and maintained to demonstrate the production and quality control processes conform to the procedures defined or referenced in the quality control manual. The Group will continue adhering to legislations as most of our customers are concerned about the quality of our products, legality of our raw materials and sustainability of our business.

During FY2025, customers lodged quality claims amounting to approximately RM0.05 million, representing 0.05% of total sales for the year. The claims were mainly attributable to isolated quality variations associated with increased production throughput during the year. The Group will continue to strengthen process controls and in-line inspections to minimise recurrence. We will continue to keep the quality claim from customers at below 0.35% of total sales for FY2025.

Sustainability Statement (Cont'd)

ECONOMIC (continued)

- **Procurement Practices**

We rely on our suppliers as the main support system to ensure that we offer high-quality products and services. Our mission is to provide the best possible quality to our customers while also promoting sustainable business practices, and we work closely with our suppliers to achieve this goal. In order to maintain uninterrupted business operations, we evaluated our suppliers for potential sustainability risks. Our suppliers are required to undergo a performance evaluation process using a specific set of assessment criteria which evaluates their invoicing and pricing, products, staff, delivery, payment term, schedule, regulatory compliance, and after sale service. We are also committed to collaborating with local suppliers whenever feasible, which helps to support the sustainability of the local economy and products.

During the FY2025, the Group had conducted evaluation on 15 suppliers which were selected based on their business transaction value with the Group in previous year. The result of the evaluation showed that the average rating of these suppliers was above 4 out of the full score of 5.

In the manufacturing process of plywood and laminated veneer lumber, glue waste will be generated from the clean-up of glue spreader equipment and glue mixing tanks. The Group has appointed a company which is approved by Department of Environment for to manage our glue waste on a scheduled basis.

- **Anti-Corruption**

ABAC Policy

It is the policy of the Group to conduct all of its business in an honest and ethical manner and to act in good faith. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and is committed to counter bribery.

The Group has put in place an ABAC Policy to set out its responsibilities, and of those working for it, in observing and upholding its position on bribery and corruption; and provide information and guidance to those working for it on how to recognise and deal with bribery and corruption issue. The ABAC Policy and its framework was established and it applied to the Company and its subsidiaries at all levels, including Directors, employees (whether permanent or temporary) and trainees.

This Policy is also applicable to contractors, suppliers, agents and third parties who hold themselves as representing the Group. The Board has the responsibility of reviewing and approving the Group's ABAC at least once every 3 years, or earlier if deemed necessary, to ensure that the policy continues to remain relevant. The Group upholds all relevant laws related to anti-corruption in all the jurisdictions where it conducts its business. This includes not only Malaysian laws, such as Companies Act 2016 (Malaysia), and the Malaysian Anti-Corruption Commission Act (MACCA) 2009 and its Amendment Act 2018 but also any relevant international laws and regulations.

Several awareness briefing sessions were conducted in FY2023 with all employees, and newly recruited employees in FY2025 were briefed on the policy. We achieved our target set for FY2025 with no bribery and corruption case reported and we strive to maintain our clean track record for FY2026.

Whistleblowing Policy

As the Group expects the highest standards of integrity, probity, transparency and accountability from all employees to preserve and protect the Group's interests and reputation, the Group takes a serious view of any acts of wrongdoing by any of its employees.

The Board has established Whistleblowing Policy, enforced with effect from 11 April 2013, to allow employees to raise concerns without fear of reprisals on possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. Under the Group's Whistleblowing Policy, the employee should immediately report any malpractice that exists in the workplace to his/ her manager. However, if the employee feels reluctant to do so, the employee has an option to either report it to the Chairman of the Board or the Chairman of Audit Committee.

The contact details of the Chairman of the Board and Audit Committee are as follows:-

- (a) Chairman of the Board (Email address: am@lh-ag.com); or
- (b) Chairman of Audit Committee (Email address: kenneth.ckk73@gmail.com).

Several awareness briefing sessions were conducted in FY2023 with all employees, and newly recruited employees in FY2025 were briefed on the policy. We achieved our target set for FY2025 with no whistleblowing case reported to the Chairman of the Board and Audit Committee and we strive to maintain our clean track record for FY2026.

Full details of the Group's ABAC Policy and Whistleblowing Policy are published in the Company's website at www.focuslumber.com.my.

Sustainability Statement (Cont'd)

ENVIRONMENT

Addressing International Financial Reporting Standards (“IFRS”)

The Group is evaluating the potential impacts of climate change on its business operations and is committed to identifying, assessing and managing climate-related risks and opportunities, as well as disclosing relevant sustainability-related financial information.

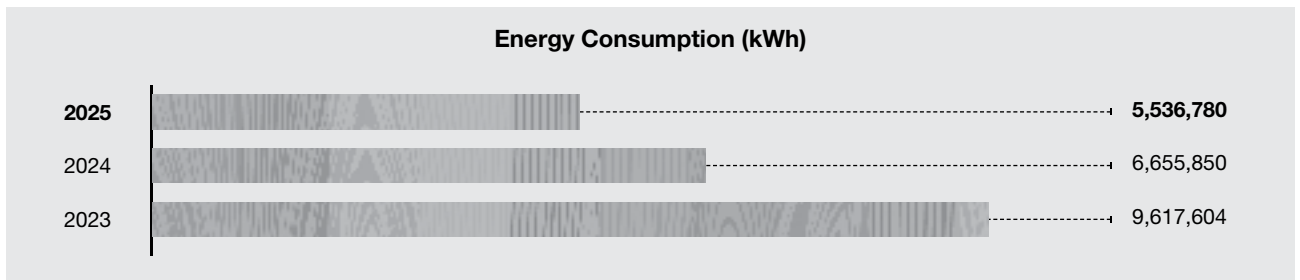
In line with Bursa Malaysia’s enhanced Listing Requirements, the Group plans to adopt the IFRS Sustainability Disclosure Standards, commencing with IFRS S2 Climate-related Disclosures for the financial year ending 31 December 2026. Following the implementation of IFRS S2, the Group intends to progressively enhance its sustainability-related disclosures towards full compliance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information from FY2027 onwards.

IFRS S2 is built upon and incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). Together, IFRS S1 and IFRS S2 establish a global baseline for sustainability-related financial disclosures, reinforcing the Group’s commitment to transparency, consistency and high-quality sustainability reporting.

- Energy**

We rely on electricity as our primary energy source to operate our business and commercial centres. Therefore, we acknowledge that the consumption of electricity is a significant factor in our energy emissions. One of the initiatives that we have considered and executed to reduce the overall consumption of electricity as a general practice is to switch off lights, air-conditioners and electrical appliances when not in use. We also have security guards around the sites. As part of their routine duties, the security guards conduct a thorough inspection of the premises to ensure that the property is secure and free from any potential threats. This includes checking all areas of the building and outdoor spaces to identify any unauthorised individuals or suspicious activity. Additionally, the security guards are responsible for verifying that all lights and electrical equipment have been properly switched off at the end of each day. We have adopted energy saving initiatives by using LED lights and in FY2025, we have also replaced a total 680 units of lights to LED lights.

The following chart shows the year-on-year energy consumption for the Group:



The energy consumption in FY2025 was 5,536,780 kWh, representing a 17% decrease compared to the energy consumption of 6,655,850 kWh in FY2024.

During FY2025, the Group continued to obtain electricity supply from Sabah Electricity Sdn Bhd (“SESB”) for its office, hostel, and manufacturing plant in Keningau. The Group did not generate sufficient wood waste from its operations to support continuous in-house biomass energy generation. While wood waste could be sourced from external parties, the associated procurement and logistics costs were assessed to be economically unviable. Accordingly, the Group relied primarily on electricity supplied by SESB to meet its operational energy requirements during the financial year.

Internally generated wood waste is accumulated and managed for use in biomass energy generation when sufficient volume is available, allowing the Group to optimise resource utilisation and minimise waste where practicable.

Sustainability Statement (Cont'd)

ENVIRONMENT (continued)

- Energy (continued)**

In the FY2025, the Group achieved the target of reducing diesel consumption to 12 litres per m³ with total consumption of diesel reduced significantly from 384,459 litres in FY2024 to 190,370 litre in FY2025. The decrease was mainly coming from the lower consumption from generator set for generating electricity. Total diesel consumption by net production per cubic metre in current financial year was 4.51 litres per m³. The Group will continue to aim for a diesel consumption target of below 12.00 litres per m³ in FY2026.

The following table illustrates the electricity generated from biomass and diesel, as well as the electricity supplied by SESB for FY2023 to FY2025:

Year	FY2023	FY2024	FY2025
	kWh	kWh	kWh
Electricity generated from biomass	9,172,400	4,894,966	2,586,300
Estimated generation from diesel	406,280	289,256	59,486
Electricity supplied from SESB	38,924	1,471,628	2,890,994
Total	9,617,604	6,655,850	5,536,780

We regularly assess our energy consumption and are working towards setting a standard to gauge our progress.

- Water**

The Group is committed to responsible water resource management and is actively taking steps to optimise our water consumption. This is especially important in our line of industry, where water is a valuable resource and proper management is necessary to protect the surrounding ecosystems.

We closely monitor the water consumption in all our sites as it is a step in reducing water usage and identifying areas where improvements can be made. The use of river water is a positive step towards reducing water consumption, as it reduces the need for treated water from other sources. We also recycle the use of water through the condensation of steam generated from the boiler. We regularly assess our water consumption and are working towards setting a method to correlate our production activity with the water consumption.

The table below shows water consumption from each sites:

	FY2023	FY2024	FY2025
Sites	(m ³)	(m ³)	(m ³)
Focus Lumber Berhad ("FLBHD") Keningau office & hostel	2,418	1,964	890
FLBHD Keningau factory	Use river water	Use river water	Use river water
FLBHD Kota Kinabalu	1,627	1,870	3,035
Untung Ria Sdn Bhd ("URSB")	Use river water	Use river water	Use river water
Total Water Consumption	4,045	3,834	3,925

Sustainability Statement (Cont'd)

ENVIRONMENT (continued)

- Emissions**

Dust Emissions

Dust emissions are a common issue in our operations due to the nature of the process. During our manufacturing process, dust particles are generated and released into the air, which can pose a health hazard to workers and the environment. The Group is taking measures to ensure that the plant processes are in compliance with any emission limits set by regulatory authorities to prevent macro environmental pollution. The dust emissions are monitored from the Group’s factory and power plant at Keningau.

The following table shows the average result of emissions at the Group from FY2023 to FY2025:-

Site	Year	Quarter	Measurement Unit	Dust Load	Permissible Dust Load Limit
FLBHD Keningau Factory	2023	Q2	mg/Nm3	54.56	150
	2023	Q4	mg/Nm3	145.09	150
	2024	Q2	mg/Nm3	116.47	150
	2024	Q4	mg/Nm3	109.66	150
	2025	Q2	mg/Nm3	114.1	150
	2025	Q4	mg/m3	43.8**	50
URSB	2023	Q2	mg/Nm3	75.01	150
	2023	Q4	mg/Nm3	147.44	150
	2024	Q2	mg/Nm3	76.05	150
	2024	Q4	mg/Nm3	98.93	150
	2025	Q2	mg/Nm3	109.98	150
	2025	Q4	mg/m3	23.2**	50

** From Q4 FY2025 onwards, the air emission analysis parameters were reviewed and refined in line with assessment requirements to enhance the robustness of the analysis.

The dust emission measurements were carried out according to the Malaysian Standard MS1596:2003. The dust emission measurements were carried out at the power plant boiler by a third party where reports on results will be provided at the end of testing. The tests were conducted on a semi-annual basis. The results show that the emission results are within the required permissible limit of 150 mg/Nm3 and 50 mg/m3. We are committed to preserving the environment by adhering to the legal guidelines set forth in environmental regulations and continually monitoring our emissions to ensure they remain within acceptable limits.

There are zero fines in FY2025 for non-compliance on emissions. We strive to continue to have zero case and zero fines in the future.

Greenhouse Gas (“GHG”) Emission

Climate change remains a critical global issue with wide-ranging environmental, social, and economic impacts. It is driven largely by human activities such as fossil fuel combustion, deforestation, and industrial processes, which contribute to the accumulation of greenhouse gases in the atmosphere.

Building on the foundation established in FY2024, the Group continued its efforts in FY2025 to measure and disclose its GHG emissions. The assessment of the Group’s operational carbon footprint was maintained to enhance data reliability and support more informed sustainability planning.

The Group views GHG emission measurement as an important step towards understanding its environmental impact and will continue to strengthen its emissions management practices over time, taking into consideration operational feasibility and regulatory expectations.

Sustainability Statement (Cont'd)

ENVIRONMENT (continued)

• Emissions (continued)

Greenhouse Gas (“GHG”) Emission (continued)

The Group has developed methods to measure and analyse its carbon footprint (CO₂e), distinguishing between the three scopes. Our emission data is reported in carbon dioxide equivalent (CO₂e). Carbon intensity, expressed in tCO₂e/m³, is calculated based on total GHG emissions relative to production volume and is used to assess emissions efficiency:

Total GHG Emissions of the Group	2025 (tCO ₂ e)	2024 (tCO ₂ e)
Scope 1 – Direct GHG emissions ^(a)	645.08	1,046.90
Scope 2 – Indirect GHG emissions ^(b)	591.12	686.47
Scope 3 – Other indirect GHG emissions ^(c)	12,986.04	10,428.05
Total GHG emissions^(a+b+c)	14,222.23	12,161.42

- a. Scope 1 direct emissions originate from sources owned or controlled by the Group. Most Scope 1 emissions come from stationary combustion, such as generators or packing machines. However, mobile combustion, fugitive emissions, and process emissions are also included in Scope 1 if the Group owns or controls the activities or equipment. Activity data is calculated based on fuel purchase records or equipment specifications from relevant entities. Emission factors are determined with reference to Malaysia’s Fourth Biennial Update Report under the United Nations Framework Convention on Climate Change.
- b. Scope 2 indirect emissions arise from the:
 - i. Generation of purchased energy from SESB - Emissions from the production of grid electricity are accounted for under Scope 2. Activity data is based on invoice amounts or measured meter readings, where available. Emission factors are determined with reference to the Grid Emission Factor (GEF) in Malaysia (GEF for Sabah, 2022).
 - ii. Generation of biomass energy from own plant - the Group reuses bulk waste to generate biomass energy and supply electricity to the manufacturing plant. Activity data for supplied electricity (kWh) is based on power generation records. Emission factors are determined with reference to the latest 2024 Department for Environment, Food and Rural Affairs (DEFRA) Guidelines (UK).
- c. Scope 3 emissions cover data from various indirect sources, including purchased goods and services, upstream and downstream transportation and distribution, employee commuting, business travel, and other energy-related activities. Activity data is based on purchase records, travel ledgers, and other related invoices. Emission factors are determined with reference to the latest 2024 Department for Environment, Food and Rural Affairs (DEFRA) Guidelines (UK).
- d. Carbon intensity represents the ratio of total GHG emissions to total production output of the Group. Carbon intensity, expressed in tCO₂e/m³, is calculated based on total Scope 1, Scope 2 and Scope 3 emissions divided by total production volume for the respective financial year. Activity data for production volume is derived from internal production records, while total GHG emissions applied in the calculation are determined in accordance with the methodologies, activity data sources and emission factors as described under Scope 1, Scope 2 and Scope 3 above. Carbon intensity is used to measure emissions efficiency relative to operational output and to provide a normalised basis for performance comparison across reporting periods. As an intensity-based indicator, it reflects the relationship between emissions and production scale rather than absolute emissions levels. Variations in carbon intensity may result from changes in production volume, operational efficiency, energy mix, process optimisation or Scope 3 activity levels. Accordingly, movements in carbon intensity should be interpreted together with total GHG emissions to provide a balanced understanding of the Group’s overall emissions performance.

The Group also monitors carbon intensity, which measures GHG emissions relative to production output. This metric is used to assess emissions performance and enable year-on-year comparability. The decrease in carbon intensity from 0.38 tCO₂e/m³ in FY2024 to 0.34 tCO₂e/m³ in FY2025 was mainly attributable to improved emissions efficiency relative to production output. The Group continues to monitor carbon intensity as part of its ongoing efforts to manage GHG emissions.

Moving forward, we remain committed to refining our data collection processes and improving our emissions management processes. By embracing GHG disclosure, the Group strengthens its sustainability strategy while aligning with global climate action efforts.

Sustainability Statement (Cont'd)

ENVIRONMENT (continued)

- Emissions (continued)**

Product Carbon Footprint and Verification

In FY2025, the Group expanded its GHG emission assessment beyond operational measurement to include the product carbon footprint of selected plywood products. The carbon footprint, expressed in kilograms of carbon dioxide equivalent per cubic metre (kg CO₂e/m³), was calculated for three plywood thicknesses, namely 2.7mm, 3.4mm, and 4.8mm.

The table below presents the verified carbon footprint of selected plywood products:

Phase	Kg CO ₂ e / M ³		
	2.7 mm	3.4 mm	4.8 mm
Raw Material Phase	175.70	170.58	143.38
Manufacture Phase	33.01	32.54	31.37
Installation Phase	11.19	11.04	11.56
Use Phase	-	-	-
End of life Phase	4.83	4.71	5.14
Biogenic emissions	46.64	45.98	44.33
Total	271.37	264.85	235.78

The product carbon footprint assessment was conducted on a cradle-to-grave basis, covering the full life cycle of the products. The assessment period covered 1 January 2024 to 31 December 2024, and commercial life cycle assessment (“LCA”) databases were applied in the calculation of life-cycle carbon emission factors.

The Inventory Report was independently verified by DNV Business Assurance in December 2025, which confirmed that the carbon footprint assessment was carried out in accordance with ISO 14067:2018 and the Product Category Rules (PCR) for Carbon Footprint of Wood-Based Products (SIRIM CFP 015:2019). The verification was completed without qualification, confirming compliance with the applicable standards and requirements.

This assessment provides the Group with a more comprehensive understanding of the carbon impact associated with its plywood products and supports improved emissions transparency and sustainability decision-making.

- Effluent and Waste Management**

The Group is committed to protecting the environment by reducing waste generated from its production activities, through adoption of waste management and recycling programmes. By converting wood waste into biomass energy, the Group is able to reduce its reliance on traditional energy fuels and cut down on energy costs.

Several efforts are taken to handle and dispose of its glue waste that is generated during the manufacturing of plywood in a responsible and sustainable way. This includes engaging a company specialising in waste management services to manage the glue waste. In addition, the production and quality control team are also working towards reducing the amount of glue waste generated from production activities.

Total Hazardous Waste (Glue waste) (kg)	FY2023	FY2024	FY2025
Generated	16,972	12,350	17,030
<i>Equivalent to (kg per m³)</i>	<i>0.59 kg per m³</i>	<i>0.38 kg per m³</i>	<i>0.40 kg per m³</i>
Disposed	18,668	10,963	12,169
Recycled	-	-	-
Total Non-Hazardous Waste (Wood waste) (m ³)	FY2023	FY2024	FY2025
Generated	31,833	36,692	48,673
Disposed	-	-	-
Recycled	31,833	35,317	48,796

During FY2025, glue waste generated amounted to 17,030 kg, equivalent to 0.40 kg per m³ of net wood product production. Following the achievement of its glue waste reduction target in FY2024, the Group recorded a slight increase in glue waste intensity to 0.40 kg per m³ in FY2025, compared to 0.38 kg per m³ in the previous financial year. The Group continues to implement monitoring and control measures to manage glue usage in its production activities.

Sustainability Statement (Cont'd)

ENVIRONMENT (continued)

- **Effluent and Waste Management (continued)**

Wood waste generated from the Group's operations is systematically collected and utilised for biomass energy generation, contributing to efficient resource utilisation and minimising operational waste where practicable.

There are zero case and zero fines in FY2025 for non-compliance on waste management. We strive to continue to have zero case and zero fines in FY2026.

- **Environmental Compliance**

The Group acknowledges the direct impact of its manufacturing and sales of plywood activities on the environment and has been taking measures to reduce and mitigate pollution. Our commitment to strict compliance with environmental regulations is a crucial step towards a healthier ecosystem. To maintain a healthy ecosystem, we are dedicated to reducing and mitigating environmental pollution within our business divisions. Therefore, we are committed to ensure that we have strict compliance with regulatory requirements.

In FY2025, we achieved zero case of non-compliance and fines imposed by the environmental authorities. It demonstrates that our Group is making progress towards sustainability (FY2024: 0 case). The Group is committed to sustaining its zero non-compliance record, with no reports or penalties targeted for FY2026.

SOCIAL

Focus Lumber continues to embrace the importance of prioritising the well-being of our employees and creating a safe and discrimination-free workplace. We recognise that employees are a valuable asset for the Group, and their health, safety and well-being are important to achieving business and sustainability goals. By committing to creating a safe and supportive working environment, the Group ensures that our employees are engaged and motivated, which contribute to increased productivity and profitability.

The Group takes cognizance of the importance of social sustainability, which involves developing processes and structures to meet the needs of our employees, customers and local communities, while supporting the needs of future generations. Prioritising social sustainability as part of our overall sustainability strategy, enables the Group to contribute to the development of healthy and sustainable communities and secure our sustainable business.

- **Employment, Diversity and Equal Opportunities**

The Group encourages diversity in employment to ensure that the Group has an appropriate mix of skills and talent to conduct its business and achieve the Group's goals. The Group supports the principle of equal opportunities in respect to employment including hiring, training and career advancement with the aim of not discriminating the employees in terms of gender, age, ethnicity, cultural background or other personal factors by adopting a diversity policy within the Group.

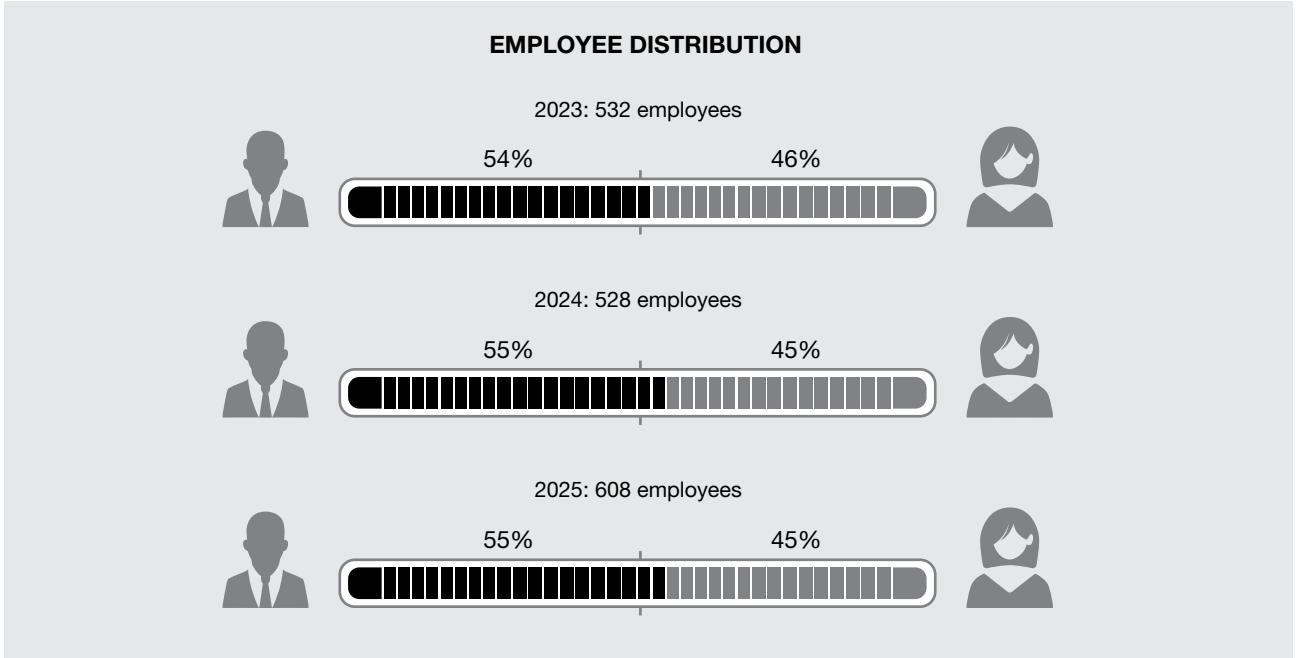
The Group values diversity in workforce and recognises the importance of having a mix of skills and talent to achieve our business and sustainability goals. The Group supports equal opportunities in all aspects of employment, including hiring, training, and career advancement, and aims to eliminate discrimination based on various personal factors such as gender, age, ethnicity, and cultural background. This adoption of a diversity policy within the Group helps to ensure that these principles are upheld, and the Group creates a more inclusive workplace culture that values and respects all employees.

As at 31 December 2025, we reported a total workforce of 608 employees. Male employees constituted 55% of the Group's total workforce as the Group is mainly involved in manufacturing sector, while female employees constituted of 45% of the Group's total workforce. The Group has met the target of achieving gender ratio of at least 1/3 for female in the Group. Besides, the Company maintained its target of having at least two female representatives on the Board of Focus Lumber.

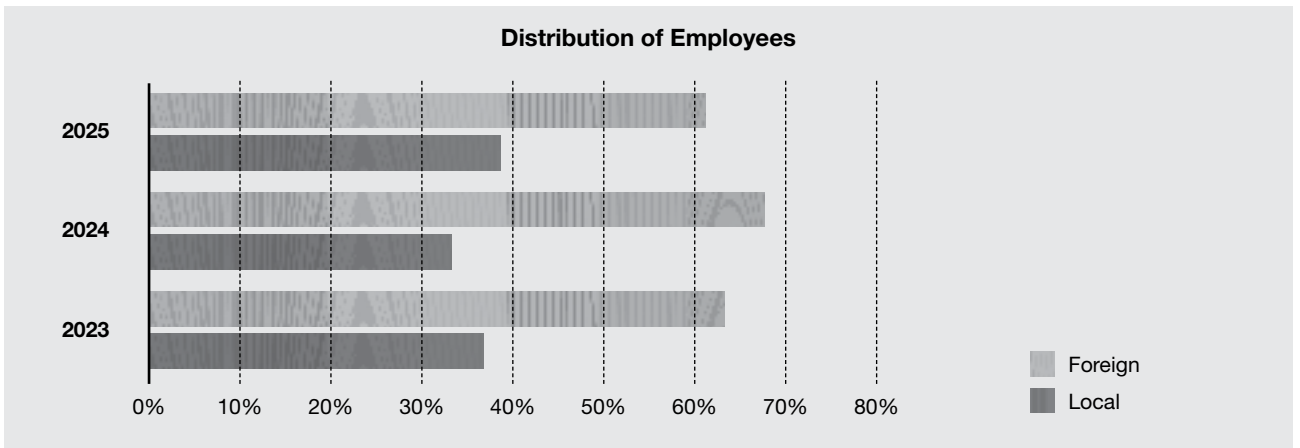
Sustainability Statement (Cont'd)

SOCIAL (continued)

- **Employment, Diversity and Equal Opportunities (continued)**



Our workforce includes both local and foreign employees, with team members from Taiwan, China, Indonesia, and the Philippines. The following chart illustrates the summary of local and foreign employees from FY2023 to FY2025:-



In FY2025, we achieved our target of employing at least 35% local employees, building on the strong progress made in the previous year when the target was nearly met. Local hiring efforts were primarily supported through online recruitment platforms and referrals through existing employees introducing new candidates. We remain committed to further increasing local employment by continuing to strengthen these effective recruitment channels and outreach efforts.



Sustainability Statement (Cont'd)

SOCIAL (continued)

- Employment, Diversity and Equal Opportunities (continued)**

Turnover and New Hires of Employees

The following table summarises employee turnover and new hires from FY2023 to FY2025:

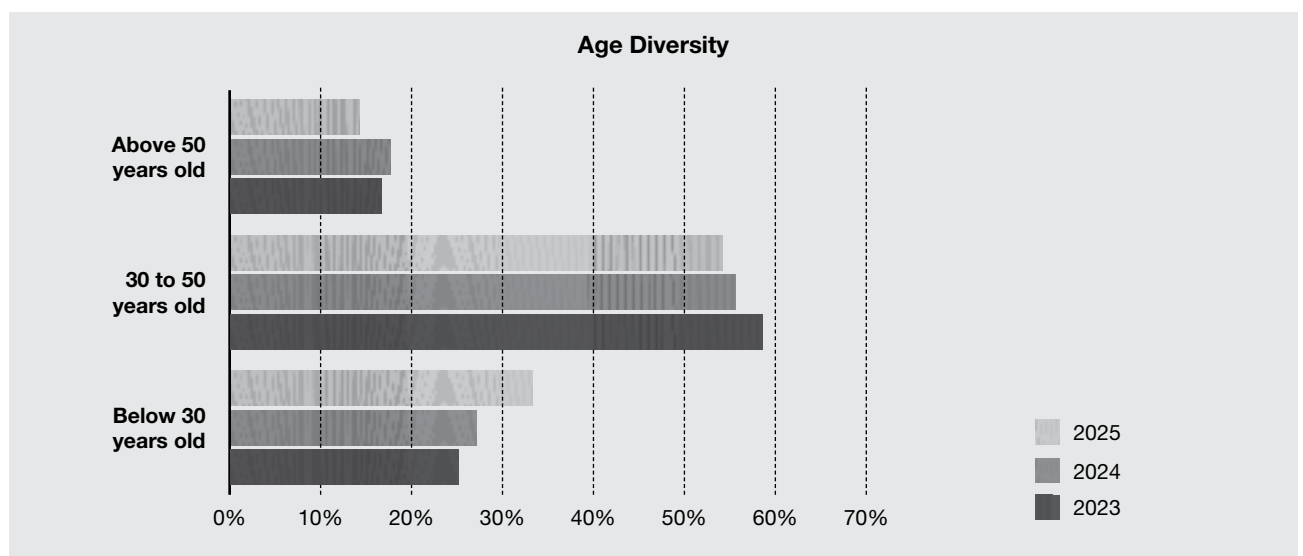
	Resigned	Hired
Year 2023		
Focus Lumber Berhad	92	69
Untung Ria Sdn Bhd	2	-
Total	94	69
Year 2024		
Focus Lumber Berhad	79	76
Untung Ria Sdn Bhd	1	1
Total	80	77
Year 2025		
Focus Lumber Berhad	87	165
Untung Ria Sdn Bhd	-	-
Forming Plantation Sdn Bhd	-	2
Total	87	167

The Group recorded a higher number of new recruits in 2025, corresponding with the increase in factory production capacity.

In FY2025, the Group achieved its target of maintaining an employee turnover rate below 32%. The Group will continue to uphold this target and aims to keep the employee turnover rate below 32% in FY2026.

Age Diversity

The following chart illustrates the summary of age diversity in FY2025:-

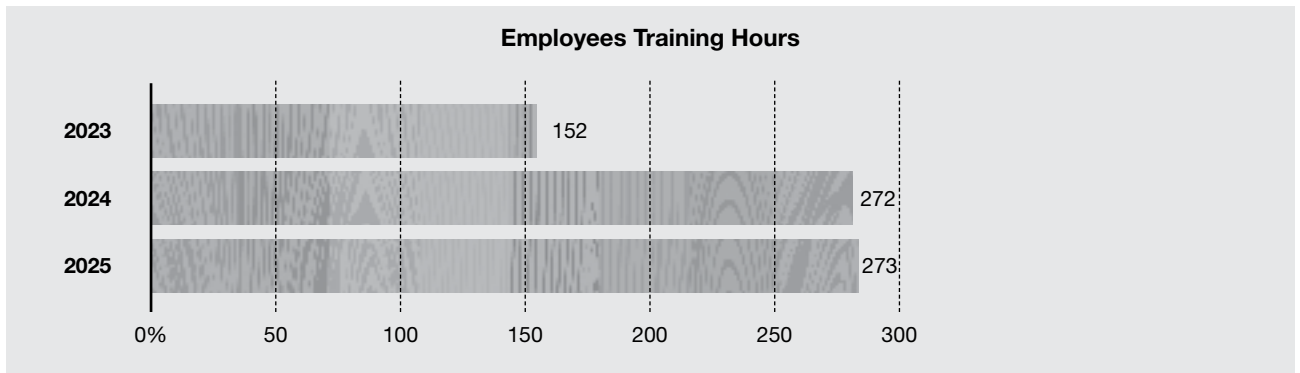


Sustainability Statement (Cont'd)

SOCIAL (continued)

- Training and Education**

The Group values its employees and acknowledges that they are its most valuable assets. The Group continuously focuses on enhancing employees' skills and knowledge to enable them to perform their roles efficiently, while also supporting their career growth and development, including strengthening competencies relevant to sustainability and climate-related matters. Each year, Management enrolls employees in various training programmes held internally and externally to ensure they remain competitive in today's market and are well-equipped to address evolving regulatory and climate-related expectations. The training programmes primarily focus on enhancing technical competencies, regulatory compliance and leadership development, and include relevant sustainability and climate-related topics, where applicable.



Following is detailed information of the types of training, number of employees trained, training hours and total costs of the training recorded in FY2025:

FY 2025			
Type of Training	Number of Pax	Total Hours of Training	Total Cost (RM)
KKP Landscape Transformation Seminar 2025 Sabah	1	8	650
E-Invoicing and Self-Billed e-Invoice	8	64	700
IFRS Sustainability Disclosure Standards: IFRS S1 & S2	5	40	550
Accounting for Biological Assets MFRS and MPERS	4	32	550
ICDM Amendment to Listing Requirements 2024 & Roles & Responsibilities of Director, Board and Board Committees	9	18	5,400
Course for Certified Environmental Professional in Scheduled Waste Management	2	16	3,992
2025 Jiangsu – Duetschland Wirtschaftskonferenz Zukunftsbrücke: Taicang & Hidden Champions	9	72	No fee charged
International Tropical Forestry Seminar by Universiti Malaysia Sabah	4	12	No fee charged
In-House Training Session on the Integrated Management System for Non-Resident Workers	1	3	No fee charged
Labour Seminar on the Sabah Labour Ordinance (Amendment) Bill 2024	1	8	No fee charged
Total	44	273	11,842*

* Certain course fees were covered under Human Resource Development Fund

Sustainability Statement (Cont'd)

SOCIAL (continued)

- **Training and Education (continued)**

In FY2025, the Group recorded a total of 273 training hours, reflecting a sustained commitment to employee development following the significant increase in training hours from 152 hours in FY2023 to 272 hours in FY2024. We believe in providing opportunities for professional development and growth to support employees in improving their skills and knowledge relevant to operational, compliance and climate-related responsibilities is pivotal, as it increases effectiveness and engagement in their work. The Group also met its target of allocating at least RM8,000 for employee training in the current financial year and aims to provide additional training and development opportunities in the coming years, thereby strengthening the Group's overall governance and capacity to manage sustainability and climate-related risks and opportunities.

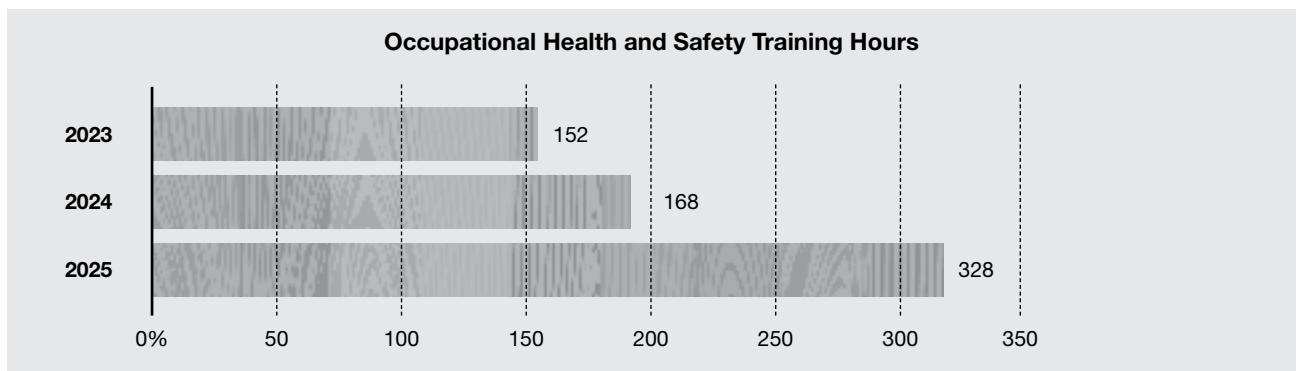
Such investment leads to increased productivity, better quality work, and improved morale amongst employees. The Group believes that it is likely to encourage employees to stay with us for longer, as they feel valued and supported in their career development.

- **Occupational Health and Safety**

The Group places a high level of emphasis on maintaining a safe, clean and healthy working environment for the employees through awareness programme and improved. The health and safety officers of the Group conduct regular briefings, four times per week to the factory workers before they start working. Among the topics covered in the briefing, included the use of personal protection equipment, risk, danger and hazard at workplace, and safety concern for forklift driver.

Newly hired workers undergo the safety induction which covers the explanation of Safe Operating Procedures at workplace, safety and health rules and policy. The Group continuously strives to achieve the highest standard of health and safety to protect our people and co-workers whilst continuing to support and cater to the needs of customers and communities, taking into consideration potential climate-related operational disruptions.

The health and safety training for employees is an essential aspect of any workplace. It is designed to provide employees with the necessary knowledge and skills to identify and mitigate potential hazards in their work environment, ensuring their safety and well-being. Such training typically covers topics such as emergency procedures, first aid, fire safety, hazardous substances handling, and personal protective equipment ("PPE"). Through health and safety training, employees can learn about the potential risks in their workplace, understand the safety protocols and regulations, and gain practical skills that can help them to prevent accidents and respond to emergencies effectively. This not only reduces the likelihood of injuries and accidents but also promotes a positive safety culture within the organization, creating a safe and healthy work environment for all.



Sustainability Statement (Cont'd)

SOCIAL (continued)

- Occupational Health and Safety (continued)**

The following table illustrates the occupational health and safety training recorded in FY2025:

Type of Training	Number of Pax	Total Hours of Training	Total Cost (RM)
Safe Tractor and Heavy Machinery Management Seminar Towards a Risk-Free Workplace	1	8	650
Safe Handling of Chemicals Seminar	20	320	6,000
Total	21	328	6,650*

* Certain course fees were covered under Human Resource Development Fund

In FY2025, the Group continued to invest in employee health and safety training to promote safe work practices and hazard awareness across its operations.

The following table illustrates the statistics of accidents and Lost Time Injury (“LTI”) cases from FY2023 to FY2025:-

YEAR	Number of accidents			
	LTI		Non-LTI	
	Major Accidents	Minor Accidents	First Aid Injury	Medical Treatment
2023	-	3	-	-
2024	1	1	-	-
2025	5	1	-	-

During the year, the Group recorded a Lost Time Injury Frequency Rate (“LTIFR”) of 0.76, with five major and one minor accident reported. This was observed during a period of increased production activity and additional overtime, which placed greater demands on daily operations and indicated areas where safety practices could be further strengthened. In response, the Group has continued to enhance supervision and reinforce safety engagement and communication as part of its ongoing efforts to promote a safer working environment and reduce workplace risks.

Apart from that, the Group achieved the target of zero case of non-compliance to OHS regulator and zero case of fatalities cases in FY2025. The Group aims to maintain the zero case targets in coming years.

- Local Communities**

Employee Engagement

Apart from encouraging employees to attend various training programmes, the Group also organising indoor and outdoor activities regularly for team building and leadership skills development. The Group believes that employees’ development would promote loyalty among the employees. Loyal employees would tend to be more productive in their daily work.

In FY2025, the Group organised the following employee engagement activities:-

List of Activities in FY2025:
Kota Kinabalu Office Chinese New Year (“CNY”) Celebration and Annual Lunch
Keningau Office and Factory CNY Celebration and Annual Dinner
Employee Engagement Island Hopping Trip
Mooncake Festival Lunch
Workers Labour Day Activity

Sustainability Statement (Cont'd)

SOCIAL (continued)

- Local Communities (continued)

Community Engagement

The Group remains committed to carrying out its corporate responsibilities in preserving and creating shared values for its stakeholders even in this challenging times. In FY2025, we expanded our involvement in community outreach efforts and fostered meaningful engagements with the people we serve.

Among the charities and donations made in FY2025 were stated as below:

Community Contribution	RM
Hakka Association Keningau	3,000
JKKK Kampung Patikang Ulu	500
Street Musician Stroller Australian Diploma	500
Kejohanan Ping Pong Majlis Sukan Sekolah Sabah	6,000
Asia Taiwanese Chamber of Commerce	4,200
Taiwan Chamber of Commerce & Industry in Malaysia	3,000
Kaohsiung Municipal Sanmin Shiquan Elementary School	15,000
SJK (C) St James, Likas	6,000
Rotary Club of Kota Kinabalu Pearl	2,500
Total amount (RM) invested in the community	40,700
Total number of beneficiaries of the investment in communities	2,200

Our Way Forward

In FY2025, the Group continued to strengthen its sustainability journey by translating its commitments into measurable action. We remain focused on managing our environmental impact, upholding ethical and responsible business practices, and supporting the well-being of our stakeholders and communities, while progressively enhancing our governance and management of climate-related risks and opportunities.

During the year, the Group calculated and obtained verification for the carbon footprint of selected plywood products to better understand and monitor emissions, as well as to provide greater transparency to customers regarding the environmental impact of our products. This initiative supports more informed and responsible purchasing decisions and enhances the reliability of our climate-related metrics and disclosures.

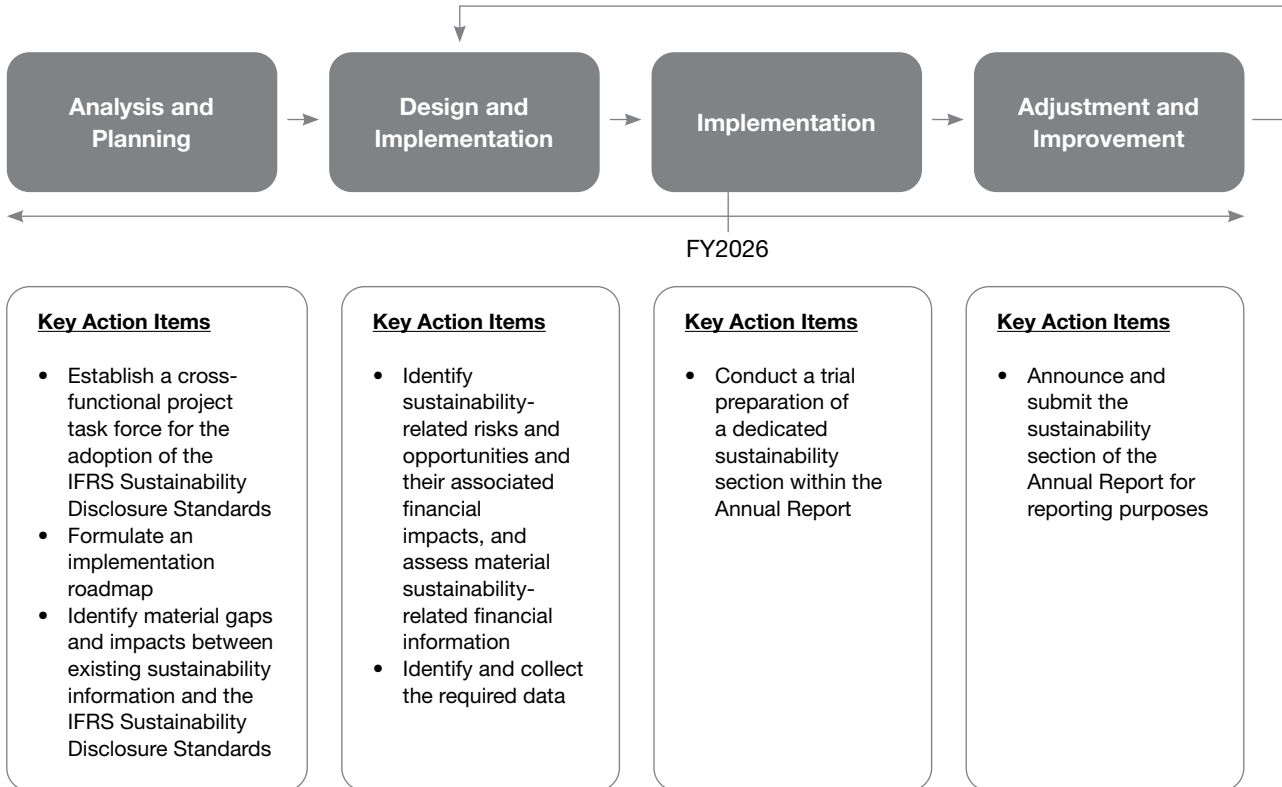
Looking ahead to FY2026, the Group will adopt the IFRS Sustainability Disclosure Standards, with an increased focus on climate-related risks and opportunities. The adoption process includes aligning our governance structure, risk management processes, strategy formulation and performance metrics with the requirements of IFRS S1 and S2. These steps will enhance transparency, strengthen climate-related disclosures, and support the integration of sustainability considerations into our business strategy and financial planning processes.

As we move forward, we remain committed to monitoring and reporting our progress, engaging stakeholders, and continuously improving our sustainability practices in line with evolving international disclosure standards, to create long-term value for both the environment and society.

Sustainability Statement (Cont'd)

IFRS-aligned bridging

This IFRS-aligned bridging section is included to reflect the Group's ongoing efforts to progressively align its sustainability and climate-related disclosures with the IFRS Sustainability Disclosure Standards, with particular reference to IFRS S2 Climate-related Disclosures. It outlines how the Group's existing governance arrangements, risk management processes and available metrics are mapped to the core disclosure pillars of governance, strategy, risk management, and metrics and targets as prescribed under IFRS S1 and IFRS S2. The mapping reflects the Group's current level of readiness and data availability and highlights areas requiring further development in subsequent reporting periods.



To support this transition, the Group is formalising an internal implementation structure to strengthen coordination, reporting lines and traceability of sustainability and climate-related information across functions. Oversight and accountability for climate-related matters are intended to be embedded within the Group's existing corporate governance and internal control framework, with management-level processes consolidating relevant information for review and escalation through established channels.

In parallel, the Group has referred to the industry-based guidance incorporated within the IFRS Sustainability Disclosure framework, including the SASB Standards applicable to the Building Materials industry, to support the identification of relevant climate-related risks and opportunities. Four climate-related topics - Energy Management in Manufacturing, Management of Chemicals in Products, Product Lifecycle Environmental Impacts, and Wood Supply Chain Management, have been prioritised as the initial focus areas for risk identification, data mapping and metric development.

At this stage, quantitative disclosures are primarily anchored on the Group's available GHG emissions information and related performance indicators. Target-setting and certain cross-industry metrics contemplated under IFRS S2 (including internal carbon pricing and linkage of climate-related considerations to remuneration) remain under evaluation and are being progressively assessed, taking into account data availability, methodological readiness and operational capacity.



Sustainability Statement (Cont'd)

Date & Time: 2026-04-09_16:51:54
FYE 31/12/2025

FOCUS LUMBER BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Product and Service Quality	Quality Claims as % of Total Revenue	%	0.05%	<0.35%	No assurance	Only 8 cases reported from US customer; target achieved.
Procurement Practices - Vendor Performance	Average Vendor Performance Rating	Score at least 3 out of 5	Above 3.0	>3.0	No assurance	Assessment conducted on 15 suppliers; compliance maintained.
Procurement Practices - Licensed Waste Management Supplier	Waste Management Supplier Compliance (DOE License)	Yes/No	Yes	Licensed Supplier Appointed	No assurance	Outsourced contractor, Legenda Bummas Sdn Bhd, holds a valid DOE license recognised by DOSH.
Procurement Practices - Local Supplier Sourcing	Local Supplier Sourcing	%	87%	>80%	No assurance	Local sourcing exceeded target, supporting domestic economy.
Anti-Bribery and Anti-Corruption (ABAC)	Number of Corruption or Bribery Cases Reported	Cases	0	0	No assurance	No bribery or corruption cases were reported up to 31/12/2025. Awareness briefings were conducted for new staff and declarations were obtained to reinforce ethical business practices.
Whistleblowing	Number of Whistleblowing Cases Reported	Cases	0	0	No assurance	No whistleblowing cases were reported in FY2025. Policy awareness briefings were conducted for new employees to strengthen governance and transparency.
Energy - Diesel Consumption Efficiency	Diesel Consumption Intensity	litre per m ³	4.5M	<12.00	No assurance	Below target, reflecting operational efficiency.
Energy - Using Energy-Saving Bulbs/ Lights	To change all lights that need replacing to LED lights	Yes / No	Yes	Continue adopting the policy of using energy saving bulbs/ lights	No assurance	Continue the practice of replacing existing lights to LED lights totaling 684 in FY2025.

Sustainability Statement (Cont'd)

Date & Time: 2026-04-09_16:51:54
FYE 31/12/2025

FOCUS LUMBER BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy - Business Electricity Generation	Electricity Generated from Biomass	MWh (million)	2,586	Maintain utilisation	No assurance	The Group generated 2,586 million MWh of electricity from biomass in FY2025 through reuse of wood waste, supporting renewable energy adoption.
Water	Use of Treated River Water for Factory Operations	Yes / No	Yes	Continue using treated river water for factory operation	No assurance	The Group continued utilizing treated river water for factory operations throughout FY2025 as part of its water resource management practice.
Emissions - Dust Emission Compliance (H1 2025)	Dust Load Concentration	mg/Nm ³ (H1 2025) mg/m ³ (H2 2025)	144.08 (FLB-HD), 106.98 (Jomang Ria) 43.80 (FLB-HD), 23.20 (Ujung Ria)	150mg/Nm ³ (H1 2025) 50mg/m ³ (H2 2025)	No assurance	Dust emissions remained well below regulatory limits. No fines were imposed by environmental authorities during FY2025.
Effluents and Waste Management - Glue Waste Reduction	Glue Waste Intensity	kg per m ³	0.404	≤ 0.450	No assurance	0.404 kg per m ³ wood waste generated, derived from 17,030kg of glue waste generated in YTD 31.12.2025 based on 42,758m ³ gross production of plywood and LVL. No fines were imposed by environmental authorities during FY2025.
Effluents and Waste Management - Practices of 3Rs (Reduce, Reuse and Recycle)	Wood Waste from Production	Yes / No	Yes	Continue recycling available wood waste from production	No assurance	35,123m ³ wood waste recycled in YTD 31.12.2025
DHG Emissions - Carbon Intensity Reduction	Carbon Intensity	1CO ₂ e per m ³	0.34	Reduce by 2%	No assurance	Carbon intensity decreased from 0.38 in 2024 to 0.34 in 2025, reflecting improved efficiency and reduced emissions within controllable operational scopes (Scope 1 and Scope 2).
Employment - Employee Turnover	Employee Turnover Rate	%	14.30%	≤ 32%	No assurance	Turnover remained well below target.

Sustainability Statement (Cont'd)

Date & Time: 2026-04-09_16:51:54
FYE 31/12/2025

FOCUS LUMBER BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Employment - Local Employment	Local Employees Proportion	%	39.47%	>35%	No assurance	Target exceeded, supports local talent development.
Occupational Health and Safety - Lost Time Injury Frequency Rate	Lost Time Injury Frequency Rate (LTIFR)	Rate	0.76	< 0.44	No assurance	LTIFR was above the targeted threshold, driven by 5 major and 1 minor accident cases. Zero case of fatalities and zero case of non-compliance to OHS regulatory. Management continues to enhance safety training and preventive measures to reduce workplace incidents.
Diversity and Equal Opportunities	Number of Female Directors on the Board	Number	2	Maintain at least 2 female directors	No assurance	The Board maintained two female directors as at 31.12.2025, meeting the FY2025 target. Female representation remains an important component of the Group's commitment to inclusive governance practices.
Diversity and Equal Opportunities	Female Employees as Proportion of Total Workforce	%	45.4%	At least 33.3% (1/3 female representation)	No assurance	Female employees comprised 45.4% of the workforce as at 31.12.2025, exceeding the FY2025 target of at least one-third female representation. This reflects the Group's ongoing efforts to promote workplace inclusivity and equal employment opportunities.
Training and Education - Training Hours	Total Training Hours	Hours	273	≥ 4 hours per employee (Total 244 hours with 57 employees and 4 NEDs)	No assurance	Training conducted for employees and NEDs.
Engagement with Local Communities - Community Engagement Contribution	Community Investment	RM	RM50,000	RM50,000	No assurance	Benefited over 2,000 individuals; commitment ongoing.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Focus Lumber Berhad (“FLBHD” or “the Company”) acknowledges the importance of practicing high standards of corporate governance in the best interest of FLBHD and its stakeholders, and to protect and enhance shareholders’ value and the performance of the Company and its subsidiaries (“the Group”).

This Corporate Governance Overview Statement (“CG Statement”) provides the summary of the Company’s corporate governance practices during the financial year ended 31 December 2025 with reference to the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”):

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

The statement is to be read together with the Corporate Governance Report 2025 (“CG Report”) of the Company which provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”) during the financial year 2025. The CG Report is available on the Company’s website at www.focuslumber.com.my.

For financial year ended 31 December 2025, the Company complied with most of the principles and practices set out in the MCCG, apart from departures on the following practices:-

- (a) Practice 5.2 – At least half of the Board comprises Independent Directors;
- (b) Practice 5.9 – The Board comprises at least 30% women directors;
- (c) Practice 8.2 – The board discloses on a named basis the top five senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000; and
- (d) Practice 13.3 - Listed companies should leverage technology to facilitate:-
 - (i) voting including voting in absentia; and
 - (ii) remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Explanations on the abovementioned departures are further elaborated in the CG Report which is available on Company’s website at www.focuslumber.com.my.

BOARD LEADERSHIP AND EFFECTIVENESS

Board of Directors

The Board currently comprises of seven (7) directors of which three (3) are Independent Non-Executive Directors, two (2) are Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Managing Director.

The Board scheduled to meet at least five (5) times a year with additional meetings to be convened when there are urgent matters to be discussed and approved by the Board in between these scheduled meetings. Meetings are also organised for the Board Committees which are the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”). Details of attendance of each Director at the meetings of the Board and Board Committees held during the financial year 2025 were as follows:-

Directors	Board	AC	NC	RC
Datuk Aznam Bin Mansor	5/5	-	-	-
Lin, Hao-Wen	5/5	-	-	-
Lin, Hao-Yu	4/5	-	-	-
Lin, Pei-Wen	5/5	-	-	-
Nar Chin Keow	5/5	5/5	1/1	1/1
Kenneth Chin Kah Kiong	5/5	5/5	1/1	1/1
Chong Shu Phin	5/5	5/5	1/1	1/1

Board and Board Committee meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the meeting agenda. The senior management or external advisors were invited to attend the Board and Board Committee meetings to provide further clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision, where necessary.

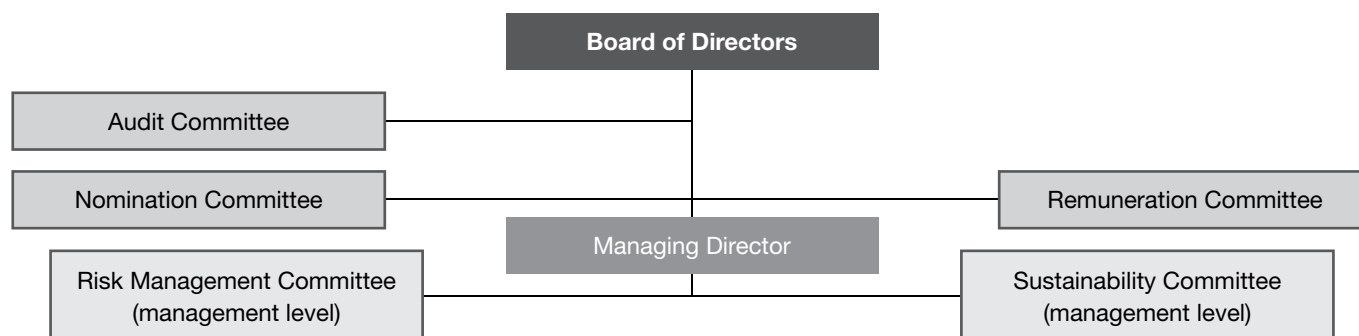
Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board of Directors (continued)

Roles and Responsibilities of the Board

The Board is collectively responsible for the overall conduct of the Group's business and takes full responsibility for the performance of the Company and the Group. The members of the Board exercised due diligence and care in discharging their responsibilities to ensure high ethical standards are applied through compliance with relevant rules and regulations, directives and guidelines in addition to adopting the best practices in the MCCG and CG Guide, and act in the best interests of all shareholders of the Company. In order to ensure that the responsibilities of the Board are effectively discharged, the Board delegates certain responsibilities to the Board Committees, Managing Director and Management. The Governance Structure of the Company is as depicted below:-



The Board has established Board Committees to perform certain of its functions and to provide recommendations and advice. The Board Committees operate under clearly defined Terms of Reference ("TOR") as approved by the Board and which are periodically reviewed. The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board for approval. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Board Leadership

In fostering a strong culture of corporate governance in the Group, the Board has always strived to comply with the Best Practices of Corporate Governance. The Chairman leads the Board by setting the tone at the top and managing the Board's effectiveness by focusing on strategy, governance, compliance and sustainability.

The authority for implementing the Board's policies is delegated to the Managing Director within the limits authorised by the Board. The Directors bring to the Board considerable knowledge, a wealth of business and professional experience relevant to the Company in the pursuit of its business objectives.

The roles of the Chairman and Managing Director are strictly separated and clearly defined to ensure a balance of power and authority. The positions of Chairman and Managing Director are held by different individuals. The Chairman is primarily responsible for the orderly conduct and working of the Board by ensuring that all its required functions and responsibilities are met, whilst the Managing Director has the overall responsibility for the day-to-day running of the Group's business operations and the implementation of Board policies and decisions. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.

The Chairman of the Board, Datuk Aznam Bin Mansor is not a member of AC, NC and RC, which complied with Practice 1.4 of the MCCG.

Company Secretary

The Company Secretary is responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. He/ She is also responsible for advising Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving any other parties, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. All Directors have full and unrestricted access to the advice and services of the Company Secretary.

The Company is supported by the Company Secretaries, who are suitably qualified, competent and capable of carrying out the duties required as they are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The details of the role and responsibilities of the Company Secretaries are disclosed in the Board Charter.

Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board of Directors (continued)

Access to Information and Advice

The Board regularly reviews reports on progress against financial objectives, business development and receives regular reports and presentations on strategy and updates, risk profiles and material litigation. Regular reports are also provided by Board Committees based on their deliberations and recommendations.

The Chairman set the board meeting agenda, and ensure adequate time is allocated for discussion of issues tabled to the board for deliberation. The agenda of meetings and supporting meeting materials, which include, among others, comprehensive management reports, minutes of meetings, project or investment proposals together with the relevant supporting documents, are distributed to the Board five (5) business days in advance of all the Board and Board Committee meetings. This is to allow the Board and Board Committee to have sufficient time to review, prepare and facilitate full discussion at the meetings and thus, enable the Board to make an informed decision at each meeting.

All issues raised, discussions, deliberations, decisions and conclusions, including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. In the event that the Board is considering a matter in which a Director has an interest in, the relevant Director would declare their interest and abstain from participating in any discussion or decision-making on the subject matter.

The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. As and when the need arises, the Directors are also provided with ad-hoc reports, information papers and relevant training, where necessary, from the management to ensure that they are appraised on key business, operational, corporate, legal and regulatory, and industry matters.

The Board has unrestricted access to the advice and services of the appointed Company Secretaries to enable them to discharge their duties effectively.

Authority is also given to the Board to seek independent professional advice, if necessary, at the Company's expense from time to time in discharging their duties. All Board Committees also have access to independent professional advice on the same basis.

Board Charter

The Board has put in place a Board Charter that sets out, among others, the roles of the Board, division of responsibilities between the Chairman and the Managing Director, the duties and responsibilities of Independent Directors, Senior Independent Director, Board Committee, Secretary, structures of the Board Committees, procedures for the conduct of meetings, conflict of interest, etc. The Board Charter is reviewed annually. For the financial year 2025, the Board reviewed and approved the Board Charter on 17 April 2025. More information on the Board Charter can be found on the Company's website at www.focuslumber.com.my.

Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Board is committed to conducting business in accordance with the highest standards of integrity, business ethics, and complying with applicable laws, rules and regulations. In line with the recommendations of MCCG, the Board has established the Code of Conduct and Ethics Policy, which is reviewed by the Board annually. The Code of Conduct and Ethics describes the behaviors expected from all employees that enhance the standard of corporate governance and corporate behavior.

Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

The Board also takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and is committed to counter bribery. The Company has adopted the ABAC Policy as in compliance with the Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act"). The adoption of the ABAC Policy reflected the commitment by the Board and the Group to conduct all businesses in an honest and ethical manner requiring all Directors and employees to act professionally, fairly and with integrity in all our business dealings and relationships. The ABAC Policy provides guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Good Business Conduct and Corporate Culture (continued)

Whistleblowing Policy

Whistleblowing Policy is designed to create a positive environment in which employees can raise genuine concerns without fear of recrimination and enable prompt corrective action to be taken, where appropriate. The policy is designed to support the company's values, ensure employees raising concerns without fear of reprisals and provide a transparent and confidential process for dealing with concerns.

The Whistleblowing Policy states that all malpractices or wrongdoings reported by the whistle-blower are made to the immediate superior, Chairman of the Board or Chairman of Audit Committee.

The full details of the Code of Conduct and Ethics, ABAC Policy and Whistleblowing Policy can be viewed at the Company's website at www.focuslumber.com.my.

Sustainability Management

The Board recognises the importance of sustainability development to businesses and is committed to ensuring attention is given to environmental, social, economic and governance aspects as an integral part of its business operations. The Board is responsible for the development of the Group's sustainability strategies and ensures that there is an effective governance framework for sustainability within the Group.

A management level committee, which comprises of the Managing Director, Executive Directors and key senior management, was established under the governance structure with the primary purpose to assist the Board in the implementation of the strategic plan approved by the Board in managing the sustainability matters of the Group. Sustainability targets, implementation strategies, priorities and measurement methods are being developed, discussed and monitored by the Board. Sustainability is included as one of the criteria in the performance evaluation of the Board and senior management.

In order to stay abreast with and understand the sustainability issues relevant to the company and its business, the Board also attended various training programme.

Board Composition and Diversity

Nomination Committee

The NC comprises three Independent Non-Executive Directors. The composition of the NC comprises the following Directors:-

Chairperson	Nar Chin Keow (f) (<i>Independent Non-Executive Director</i>)
Member	Chong Shu Phin (<i>Independent Non-Executive Director</i>)
	Kenneth Chin Kah Kiong (<i>Independent Non-Executive Director</i>)

During the financial year 2025, the NC held one (1) meeting to discuss the following matters:-

- performed annual assessment and reviewed the performance of individual Directors, effectiveness of the Board and Board Committee as a whole to ascertain that the individual Directors, the Board and the Board Committees have discharged their duties effectively according to the Board Charter and respective Board Committees' TOR;
- performed annual review and restructuring of the overall composition of the Board and Board Committees and satisfy that the Board is optimum and that there is an appropriate mix of diversity (including gender), knowledge, skills, experience, expertise, attributes and core competencies in the Board's composition;
- conducted assessment on Directors who are subject to re-election by rotation pursuant to the Company's Constitution and recommended to the Board for approval;
- conducted assessment and reviewed the proposed continuance of the Independent Directors; and
- conducted assessment on the proposed appointment of new Directors based on the Directors' Fit and Proper Policy.

Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Composition and Diversity (continued)

Review of Board Composition

The NC assists the Board in determining the composition of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors, as the need may arise. The Board had via NC reviewed the composition of the Board and satisfied that the Board is fairly balanced with a good mix of skills and experiences which add value in governing the strategic direction of the Group.

During the year 2025, there were no changes to the composition of the Board, AC, RC, and NC.

Board Independence and Tenure of Independent Directors

The Board currently comprises of seven (7) directors of which three (3) are Independent Non-Executive Directors. The composition of the Board complies with one-third (1/3) requirement of Independent Directors as set out in Paragraph 15.02 of the MMLR of Bursa Securities. As at the date of this statement, none of the Independent Non-Executive Directors have served the Board for a cumulative term of nine (9) years or more.

During the financial year 2025, the board assessed the performance and independence of Ms Nar Chin Keow, Mr Kenneth Chin Kah Kiong and Mr Chong Shu Phin as well as their suitability to continue office as Independent Directors. It was concluded that Independent Directors met the independence criteria as set out in the MMLR of Bursa Securities.

Diversity Policy

The Board has adopted a Diversity Policy which describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance Company performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Board is responsible for monitoring the Company's performance in meeting the Diversity Policy requirements. Currently, there are two (2) women Directors in the Board which fulfils the requirement of Paragraph 15.02(1)(b) of the MMLR of Bursa Securities.

All the members of the Board are persons of high integrity and caliber who have sound knowledge and understanding of the Group's business and provide a diversity of breadth in experience and knowledge. They possess the background and expertise in specialised fields such as manufacturing, business management, engineering, corporate finance and investment banking, audit and accounting, legal and governance which are critical to the Group's business and sustainability. Each director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the best interest of the Group.

The number of directorships in listed corporations held by any Board member at any one time shall comply with the MMLR of Bursa Securities. Currently, none of the Directors of the Company hold more than five (5) directorships in the public listed corporations.

A brief description of each Director, which includes age, gender, tenure of service, directorship in other companies, etc is stated in the Directors' Profile in pages 4 to 6 of the Annual Report 2025.

Appointment of new Directors to the Board

The NC does not rely solely on recommendations from existing board members, management or major shareholders when seeking suitable and qualified candidates. The NC also engages independent sources, such as an independent recruiting firm to identify suitable qualified candidates.

The nominees to the Board will first be considered by the NC. The NC assesses the suitability of the candidates, by taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies and other qualities as well as the Directors' Fit and Proper criteria in accordance with the Director's Fit and Proper Policy before recommending the proposed appointment to the Board for approval. For the position of Independent Non-Executive Director, the NC will also evaluate the candidate's ability to discharge such responsibilities as expected from an Independent Non-Executive Director.

All newly appointed Directors will be given a briefing on the overall business operations of the Group.

Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Effectiveness

A formal evaluation of the Board's effectiveness assessment has been developed as part of the Board's annual activities to assess not only the Board's performance but also to bring light improvement areas and remedial actions on the Board's administration and process.

The annual assessment of the Board is based on specific criteria such as the Board composition, Board development, Board strategy and management, which include addressing the Group's material sustainability risk and opportunities and conduct of Board meetings and procedures. The evaluation documents were endorsed by the NC and approved by the Board before being distributed to all the Board members to fill in their evaluations.

All Directors would undertake self-assessment of the individual performance during the year based on the required mix of skills, experience, diversity, and other qualities, including core competencies and effectiveness of the Board as a whole, the Board committee, each individual Director, and the Chairman of the Board.

The NC deliberated on the findings from the self-assessment exercise during the committee meeting held on 17 February 2025. For the financial year 2025 Board performance assessment, it was conducted on 24 February 2026. The overall rating of the performance evaluation of the Board was above average. The NC was satisfied that the Board consists of a good balance of Board structure where none of the Independent Non-Executive Directors are affiliated to the Executive Directors. The Directors are encouraged to communicate persuasively in a clear and non-confrontational manner.

Directors' Training

The Board also firmly believes that it is important for its Directors to invest the time and effort to update their knowledge and enhance their skill-set through relevant training programs. This will ensure that members of the Board are kept abreast of the latest developments in the areas of the capital markets, regulatory and corporate governance, while equipping themselves with the know-how to contribute further to the effectiveness of the Board.

All Directors of the Company had attended and completed the Mandatory Accreditation Programme as required by the MMLR of Bursa Securities. The Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to further enhance their knowledge and to ensure Directors keep abreast with new developments in the business environment and enhance their skills and knowledge.

The Board through its NC assessed the training needs for all the Directors by organising the training in a group manner for all members during the year. Directors are encouraged to attend at least one (1) training in each financial year. A list of schedules of the training programme is furnished to the Board to enable the Directors to choose the appropriate date and time of which training to attend.

During the financial year 2025, the Directors have attended the following training programmes to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively:

Directors	Name of Conferences, Seminars and Training Programmes	Date
Datuk Aznam Bin Mansor	<ul style="list-style-type: none"> 2025 Jiangsu – Duetschland Wirtschaftskonferenz Zukunftsbrucke: Taicang & Hidden Champions 	24 Sep 2025
Lin, Hao-Wen	<ul style="list-style-type: none"> ICDM Amendment to Listing Requirements 2024 & Roles & Responsibilities of Director, Board and Board Committees 2025 Jiangsu – Duetschland Wirtschaftskonferenz Zukunftsbrucke: Taicang & Hidden Champions 	04 Jul 2025 24 Sep 2025
Lin, Hao-Yu	<ul style="list-style-type: none"> ICDM Amendment to Listing Requirements 2024 & Roles & Responsibilities of Director, Board and Board Committees 	04 Jul 2025

Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Directors' Training (continued)

During the financial year 2025, the Directors have attended the following training programmes to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively: (continued)

Directors	Name of Conferences, Seminars and Training Programmes	Date
Lin, Pei-Wen	• ICDM Amendment to Listing Requirements 2024 & Roles & Responsibilities of Director, Board and Board Committees	04 Jul 2025
	• 2025 Jiangsu – Duetschland Wirtschaftskonferenz Zukunftsbrücke: Taicang & Hidden Champions	24 Sep 2025
Nar Chin Keow	• ICDM Amendment to Listing Requirements 2024 & Roles & Responsibilities of Director, Board and Board Committees	04 Jul 2025
	• 2025 Jiangsu – Duetschland Wirtschaftskonferenz Zukunftsbrücke: Taicang & Hidden Champions	24 Sep 2025
	• Securities Commission Malaysia's Audit Oversight Board's (AOB) Conversation with Audit Committees	25 Nov 2025
Kenneth Chin Kah Kiong	• E-Invoicing Essentials for Board Directors: Navigating The New Compliance Landscape	17 Feb 2025
	• IFRS Sustainability Disclosure Standards: IFRS S1 & S2	16 Apr 2025
	• ESG and Taxation	22 Apr 2025
	• ICDM Amendment to Listing Requirements 2024 & Roles & Responsibilities of Director, Board and Board Committees	04 Jul 2025
	• Boardroom Blindspots: How Our Perceptions of Risk Influence Our Boardroom Effectiveness	03 Sep 2025
• 2025 Jiangsu – Duetschland Wirtschaftskonferenz Zukunftsbrücke: Taicang & Hidden Champions	24 Sep 2025	
Chong Shu Pin	• ESG 101 – An Introduction to Environment, Social and Governance	15 Mar 2025
	• Introduction to Energy Management System Development and Implementation Based on ISO50001	26 Mar 2025
	• Consultant Competencies for SDG and ESG Projects	14 Apr 2025
	• ICDM Amendment to Listing Requirements 2024 & Roles & Responsibilities of Director, Board and Board Committees	04 Jul 2025
	• Understanding EECA and Its Impact on Organizations	22 Sep 2025
	• Power Capacitors Based on MS IEC 60831 (1&2) and ATS & Generator Microprocessor Based Controllers, Practical Implications & Cloud Monitoring	23 Oct 2025
	• Tax and Business Summit 2025	04 Nov 2025
	• Energy Efficiency Financing Protocol	16 Dec 2025

Level and Composition of Remuneration

Remuneration Committee

The RC comprises wholly Independent Non-Executive Directors. The primary purpose of the RC is to assist the Board in fulfilling its oversight responsibility to shareholders by ensuring that the Company has coherent remuneration policies that fairly and responsibly reward individuals with regard to performance, the risk management framework, the law and the highest standards of governance.

The RC empowered by its TOR and is responsible for recommending to the Board the remuneration of the Executive Directors in all forms drawing from outside advice, if necessary, and the Executive Directors shall play no part in the decisions on their own remuneration.

During the financial year 2025, the RC met one (1) time to consider the remuneration package for the Executive Directors as well as Directors' fees and benefits for the Independent Non-Executive Directors. All deliberations of the RC are properly documented in the minutes of RC meetings and recommended for the Board's approval.

Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Level and Composition of Remuneration (continued)

Remuneration Policy and Procedures

The Remuneration Policy and Procedures is designed with the aim to support the Group's key strategies and to create a strong performance-oriented environment, and be able to attract, motivate and retain talent.

The Independent Non-Executive Directors' remuneration package reflects the experience, expertise and level of responsibilities undertaken by the Independent Non-Executive Directors.

The Directors' fees payable to the Independent Non-Executive Directors and any benefit payable to the Directors of the Company shall be approved by the Shareholders at the Annual General Meeting in accordance with Section 230 of the Companies Act 2016.

The remuneration package for Executive Directors and Senior Management is linked to the scope of the duty and responsibilities, individual performance, achievement of the Group's budget and information from independent sources on the rate of salary for similar positions in other comparable companies.

All Directors abstained from deliberating and decision making of their own remuneration. The Directors, who are also the shareholders, should abstain from voting at general meetings when the proposed resolution approving their Directors' fees and benefits was tabled to the shareholders for approval.

The detailed remuneration of the individual Directors and Key Senior Management are disclosed in the CG Report.

Remuneration of Directors

The details of the Directors' remuneration of the Group/ Company for the financial year ended 31 December 2025 are provided as below:-

	Fees/ Salaries & other emoluments	Bonus	EPF, SOCSO and EIS	Benefits in Kind	Total
<i>Name of Directors</i>	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Non-Independent Non-Executive Directors</i>					
Datuk Aznam Bin Mansor	142 [#]	-	-	-	142
<i>Independent Non-Executive Directors</i>					
Nar Chin Keow	86 [#]	-	-	-	86
Kenneth Chin Kah Kiong	81 [#]	-	-	-	81
Chong Shu Phin	81 [#]	-	-	-	81
<i>Executive Directors</i>					
Lin Hao Wen	821	68	5	30	924
Lin Hao Yu	748	62	5	-	815
Lin Pei Wen	353	29	3	4	389
TOTAL					2,518

[#] Meeting allowance paid to Non-Independent Non-Executive Director and Independent Non-Executive Directors

Corporate Governance Overview Statement (Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Level and Composition of Remuneration (continued)

Remuneration of Senior Management

The remuneration of the Senior Management in each successive band of RM50,000 are set out as below:-

Range of Remuneration	Number of Senior Management
RM150,001 to RM200,000	1
RM200,001 to RM250,000	0
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1

The details of Senior Management's remuneration are not disclosed, as the Board considers such information to be sensitive and proprietary. This approach reflects the competitive nature of the human resource market and supports the Company's efforts to retain executive talent.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The AC comprises wholly of Independent Non-Executive Directors. Mr Kenneth Chin Kah Kiong is not the Chairman of the Board so as not to impair the objectivity of the Board's view of the AC's findings and recommendations. None of the AC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the TOR of the AC.

The AC is authorised by the Board to investigate any activities within its TOR and has unrestricted access to both the internal and external auditors and members of the Senior Management of the Company.

The AC is responsible to carry out a review of the performance of the External Auditor, including assessment of suitability and independence of the External Auditor in the performance of their obligations as the External Auditor. The AC obtained the written assurance from the External Auditors, which confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-Laws of the Malaysian Institute of Accountants.

The AC also undertakes an annual assessment of the quality of audit which encompasses the performance of the External Auditor, including the quality of services, sufficiency of resources, communications and interaction with AC, and their independence, level of non-audit fees, rotation of audit partner, objectivity and professionalism. Assessment questionnaires were used as a tool to obtain input from the Management.

In February 2025, the NC reviewed the composition and performance evaluation of the AC and is satisfied that the AC had discharged its function, duties and responsibilities in accordance with the TOR of the AC. To maintain an independent and effective AC, Independent Non-Executive Directors who are financially literate, possess the appropriate level of expertise and experience and have a strong understanding of the Company's business operation were considered for membership on the AC. The performance evaluation of the individual Director is used in determining the re-appointment for their next term and is recommended for the Board's approval.

Effective Risk Management and Internal Control Framework

The Board acknowledges its responsibility for maintaining a sound risk management and internal control framework, which provides a reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The risk management and internal control system also aimed at identifying and managing any risks that the Company may encounter in pursuit of its business objectives.

The Board entrusts the AC with the overall responsibility for overseeing the risk management activities of the Group. The AC is also responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls.

Corporate Governance Overview Statement (Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Effective Risk Management and Internal Control Framework (continued)

The Board is of the view that the Group's risk management and internal control framework is in place for the financial year under review and up to the date of issuance of the financial statements.

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group is disclosed on pages 58 to 64 of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communications with Stakeholders

The Board is committed to provide accurate, clear, timely and complete disclosure of material information pertaining to the development of the Group to its stakeholders. Information that is price sensitive or may be regarded as undisclosed material information about the Company is not disclosed to any party until it is already in the public domain through proper disclosure. In responding to the recommendations contained in the MCCG and the disclosure obligations contained in the MMLR of Bursa Securities, the Group has formalised a Corporate Disclosure Policy.

The disclosures made by the Group to Bursa Securities and its stakeholders are handled by the Managing Director and/ or Company Secretary within the prescribed disclosure requirements under the MMLR and guided by the Corporate Disclosure Guide issued by Bursa Securities. Such disclosures would only be released to Bursa Securities and its stakeholders after having been reviewed and approved by the Board.

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa LINK (The Listing Information Network) of Bursa Securities and establishing a dedicated section for "Investors Relations" on the Company's website at www.focuslumber.com.my where updates on the Group, corporate information, profiles of Directors, annual report, policies and TOR of respective Board Committees.

Conduct of General Meetings

The Board is of the view that the General Meetings are an important platform to meet the shareholders and for the shareholders to address their concerns. Shareholders are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to convey their expectations and concerns. Shareholders are also encouraged to participate in the open question and answer session on the resolutions to be proposed or about the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Constitution to attend and vote on their behalf.

The Company held its 35th Annual General Meeting ("AGM") physically in Kota Kinabalu, Sabah. The Chairman of the Board, the Chairman of the Audit Committee, the Company Secretaries, and the External Auditors were present at the meeting venue.

The Notice of 35th AGM was dispatched to the shareholders on 23 April 2025, at least 28 days before the meeting date and was in excess of the 21 days requirement under the Companies Act 2016.

The AGM poll results were verified by the appointed scrutineer, Duomatic Corporate Services Sdn. Bhd., and the Chairman declared that all the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The minutes of the AGM (including all the Questions and Answers at the meeting) were also made available on our website within thirty (30) business days after the conclusion of the general meetings.

COMPLIANCE STATEMENT

The Board is of the opinion that the Group has substantially complied with the Best Practices of MCCG throughout the financial year ended 31 December 2025.

The Group will continuously make an effort to adopt the departures of the Practices prescribed by the MCCG. Explanations on the departure of the Practices can be found in the CG Report which is available on the Company's website at www.focuslumber.com.my.

This Corporate Governance Overview Statement with inclusion of the AC Report, together with the Corporate Governance Report 2025 were approved by the Board on 16 April 2026.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) is established to assist the Board to ensure timely and accurate financial reporting, proper implementation of risk management policies and internal controls, and compliance with legal and regulatory requirements by the Company and its subsidiaries (“the Group”).

COMPOSITION OF THE AUDIT COMMITTEE

The AC comprises three (3) members who are all Independent Non-Executive Directors. The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 9.4 of the Malaysian Code of Corporate Governance (“MCCG”).

As at 31 December 2025, the AC comprised the following:-

Chairman	Kenneth Chin Kah Kiong (<i>Independent Non-Executive Director</i>)
Member	Nar Chin Keow (f) (<i>Independent Non-Executive Director</i>)
	Chong Shu Phin (<i>Independent Non-Executive Director</i>)

The Chairman of the AC, Mr Kenneth Chin Kah Kiong is a member of the Association of Chartered Certified Accountants (“ACCA”) and the Malaysian Institution of Accountants (“MIA”). He has more than 26 years of extensive experience in various spectrum of finance functions encompassing accounting, taxation, financial reporting, corporate finance across industries, including construction, property development, hotel, retail and food & beverages in public listed companies. He fulfills other requirements as prescribed and approved by the Bursa Malaysia. Accordingly, the Company complies with the requirements of Paragraph 15.09(1)(c) of MMLR of Bursa Securities.

The AC Chairman is also not the Chairman of the Board, which is in line with Practice 9.1 of the MCCG.

In compliance with Paragraph 15.20 of the MMLR of Bursa Securities, the term of office and performance of the AC and each of its members are being assessed by the Nomination Committee prior to recommendation to the Board for notation. During the financial year 2025, the Board is satisfied that the AC has discharged its function, duties and responsibilities in accordance with the Terms of Reference of the AC. The details of the Terms of Reference of the AC, which was revised and approved by the Board on 19 February 2024, is available on the Company’s website at www.focuslumber.com.my.

MEETINGS OF THE AC

The AC met five (5) times during the financial year 2025 and all five (5) meetings were attended by all members of the AC. The attendance of the AC in all its meetings during financial year 2025, were as follows:-

AC	Attendance
Kenneth Chin Kah Kiong (Chairman)	5/5
Chong Shu Phin	5/5
Nar Chin Keow (f)	5/5

The Managing Director, Executive Director, representatives of the External Auditors and Internal Auditors were invited to attend and brief the AC on specific issues during the AC meetings. The role of the AC is to ensure that recommendations made by both internal and external auditors, as well as by regulators, are addressed and dealt with in a timely manner.

In performing its function, the AC had met the external auditors twice without the presence of any executive member of the Board and management staff on 17 April 2025 and 17 November 2025.

All deliberations at the AC meetings were properly recorded. The minutes of the AC meetings were tabled for confirmation at the meetings that followed and subsequently presented to the Board for notation. The AC Chairman also reported to the Board on the activities and significant matters discussed at each AC meeting.

Audit Committee Report (Cont'd)

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The main activities and work carried out by the AC during the financial year 2025 were as follows:-

Financial Reporting

- a. Reviewed the unaudited quarterly financial results of the Group for the fourth quarter of 2024 and the annual audited financial statements of 2024 of the Company at the meetings held on 17 February 2025 and 17 April 2025, respectively;
- b. Reviewed the unaudited quarterly financial results of the Group for the first, second, and third quarters of 2025 before recommending to the Board for consideration and approval at the meetings held on 23 May 2025, 11 August 2025 and 17 November 2025 respectively;
- c. Reviewed related party transactions entered into by the Group and the Company to ensure that such transactions were at arm's length as well as in line with the Group's normal commercial terms; and
- d. Discussed and confirmed with Management that:
 - i. Appropriate accounting policies has been adopted and applied consistently;
 - ii. Prudent judgements and reasonable estimates have been made in accordance with requirements as set out in the MFRS; and
 - iii. The Annual and Quarterly Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the Company.

External Audit

- a. Reviewed and approved the External Auditors' 2025 Audit Planning Memorandum outlining their scope of work, areas of audit emphasis such as revenue recognition, existence and valuation of inventories, impairment assessment of property, plant and equipment, impairment assessment of investment property, fair value assessment on other investment, related party transactions and balances and management override of controls and also proposed fee for the statutory audit, together with assurance-related fee for the review of the Statement of Internal Control and Risk Management as well as fees for other non-audit related services on 17 November 2025;
- b. Obtained the written assurance from External Auditors to confirm that they were and had been independent throughout the conduct of their audit engagement for the financial year 2025;
- c. Had two (2) private meetings with the External Auditors on 17 April 2025 and 17 November 2025 without the presence of the Managing Director, Executive Directors and Management, in order to provide the External Auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference. External auditors are satisfied with the co-operation and the working relationship accorded thus far. The AC Chairman also invited the External Auditors to communicate to him at any time if any incidents or matters had arisen during the course of their audits that needed his attention or that of the AC;
- d. Reviewed the audited financial statements for the financial year ended 31 December 2024 before recommending for the Board of Directors' approval on 17 April 2025;
- e. Reviewed and discussed the Key Audit Matter ("KAM") identified by the External Auditors and determined the materiality of the matter raised on 17 February 2025. The KAM highlighted by the External Auditors was on valuation of inventories and allocation of fixed overheads to units of production and impairment of property, plant and equipment ("PPE");
- f. Upon an enquiry by the External Auditors, all AC members verbally confirmed that they had no knowledge of any actual, suspected or alleged fraud or non-compliance with law or regulations affecting the Group; and
- g. Noted from the representation by the External Auditors that they are exempted from the publication of the External Auditors' Transparency Report, but they confirmed their adherence to the practices as stated in the required content of such report.

Audit Committee Report (Cont'd)

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONTINUED)

Internal Audit

- a. Reviewed the progress of the internal audit plan 2025/2026 at the meetings held on 17 February 2025, 23 May 2025, 11 August 2025 and 17 November 2025;
- b. Reviewed with the Internal Auditor, the internal audit reports, their evaluation of the internal control system and the follow-up on the audit findings at the meetings held on 17 February 2025, 23 May 2025, 11 August 2025 and 17 November 2025;
- c. Reviewed the adequacy (including the scope, methodology, competency, resources and authority) and performance (including compliance with relevant standards and regulations, quality of internal audit and quality of report) of the Internal Auditor on 17 February 2025, 23 May 2025, 11 August 2025 and 17 November 2025; and
- d. Reviewed and approved the Internal Audit Plan 2026 and recommended the proposed audit fee to the Board for approval on 17 November 2025 and 18 November 2024 respectively.

Risk Management

- a. Reviewed the risk register reports submitted by the Risk Management Committee on key risks facing the Group during the meeting held on 11 August 2025 to ensure that appropriate mitigation actions and controls are in place, while enhancing risk mitigation measures to effectively manage the Group's operational and financial risks.

Others

- a. Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report in accordance with the MMLR of Bursa Securities on 17 April 2025;
- b. Reviewed the variance analysis between actual result, budget and forecasted result on 17 February 2025, 23 May 2025, 11 August 2025 and 17 November 2025; and
- c. Reviewed and recommended the Budget for year 2026 to the Board for approval on 17 November 2025.

INTERNAL AUDIT FUNCTIONS

The AC is aware that an independent and adequately resourced internal audit function is essential to assist for ensuring an effective and adequate internal control system.

The Group's internal audit function is outsourced to a professional internal audit service provider, and this ensures that the outsourced internal auditor is independent as it has no involvement in the operations of the Group. The outsourced Internal Auditor reports directly to the AC.

The AC has full and direct access to the Internal Auditor, reviewed the reports on all audits performed and monitors its performance. The AC also reviewed the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

The outsourced Internal Auditor carried out internal audits on various operation units within the Group based on a risk-based audit plan approved by the AC. Based on these audits, the outsourced Internal Auditors provided the AC with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

Audit Committee Report (Cont'd)

INTERNAL AUDIT FUNCTIONS (CONTINUED)

The summary of activities carried out by the outsourced Internal Auditor during the financial year were as follows:-

- Seek endorsement on the internal audit plan and whether any change was required during the quarterly AC meeting.
- Performed internal audit reviews and follow-up reviews on the following areas:

No.	Audited Area	Audit Work Taken On
1	Human Resource <ul style="list-style-type: none"> • Review the employee and worker's attendance; • Maintenance of employee and worker's database; • Calculation and approval of employee and worker's payroll; • Monitoring on statutory contributions; and • Review the compliance to rules and regulations. 	13 January 2025
2	Follow-Up Audit Report on Warehouse	7 February 2025
3	<ul style="list-style-type: none"> • Internal Control Review Report on Human Resource; and • Follow-Up Audit Report on Warehouse. 	23 April 2025
4	Risk Profile Update Report	7 August 2025
5	Follow-Up Audit Report on Human Resource and Warehouse	31 November 2025

- Issued reports on the results of the internal audit review, identifying weaknesses with suggested recommendations for improvements to Management for further action to improve the system of internal control.
- Attended the AC meetings held on 17 February 2025, 23 May 2025, 11 August 2025 and 17 November 2025 to table and discuss the audit reports.

The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The outsourced Internal Auditor conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.

During the financial year 2025, the AC met four (4) times with the Internal Auditors to carry out its responsibilities in reviewing the internal audit function and to assure itself on the soundness of internal control system. The costs incurred for the outsourced internal audit function in respect of the financial year ended 31 December 2025 was RM51,840 (2024: RM51,680).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board recognises its responsibility for maintaining a sound and effective system of risk management and internal control to safeguard shareholders' interests and the Group's assets. This Statement on Risk Management and Internal Control is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Companies ("SORMIC Guide 2025"), and outlines the nature, scope and key features of the Group's risk management and internal control framework. It also describes the ongoing processes that were in place throughout the financial year ended 31 December 2025 and up to the date of approval of this Statement for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of the Group's strategic and operational objectives.

BOARD'S RESPONSIBILITY

The Board acknowledges and accepts ultimate responsibility for establishing, overseeing, and maintaining a sound risk management and internal control system across the Group. This responsibility is in line with the MMLR and the SORMIC Guide 2025, which requires boards of listed companies to demonstrate active stewardship over the effectiveness, adequacy, and integrity of the Group's risk governance framework.

The Board sets the tone from the top by defining the Group's governance expectations, shaping risk culture, and ensuring that risk management and internal control practices are embedded throughout the organisation. In fulfilling its oversight role, the Board reviews and approves the Group's risk management framework, risk appetite, and tolerance levels, ensuring they are aligned with the Group's strategic objectives and applied recognised standards such as ISO (International Organisation for Standardisation) risk management principles, as encouraged by the SORMIC Guide 2025.

The Board delegates detailed oversight to the Audit Committee ("AC"), which is supported by the management-level Risk Management Committee. Through these channels, the Board receives regular and structured risk reports that include updates on key and emerging risks, changes to the operating environment, and the status of mitigation and remediation actions. The AC is responsible for approving appropriate risk management procedures and measurement methodologies across the organisation, as well as overseeing the identification and management of strategy and key operational risks.

While the Board oversees the system of risk management and internal control, it recognises that these systems are designed to manage, rather than eliminate, risks that may impede the achievement of the Group's objectives. As such, they provide reasonable, but not absolute, assurance against material misstatement, loss, fraud, or breaches of laws or regulations. This is consistent with the SORMIC Guide 2025, which emphasises that risk management and internal control systems operate on a continuous, iterative basis to ensure effectiveness throughout the financial year and up to the date of this Statement.

Through the AC and internal audit function, the Board reviews the adequacy and effectiveness of internal controls, evaluates the results of internal audit reports prepared by the outsourced Internal Auditors, and monitors the status of corrective measures undertaken by Management on a quarterly basis. These oversight activities ensure that key controls are continuously monitored and strengthened, consistent with the heightened governance standards reinforced by the SORMIC Guide 2025. In addition, the AC provides half-yearly reporting to the Board on significant risk exposures and closely monitors identified risks. Audit issues, risk-related matters and Management's responses are deliberated during AC meetings and escalated to the Board for review and approval where necessary.

MANAGEMENT'S RESPONSIBILITY

Management is accountable to the Board and is responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks, as well as ensuring the effectiveness of the Group's internal control system. Management is also responsible for taking appropriate and timely corrective actions to address any weaknesses identified.

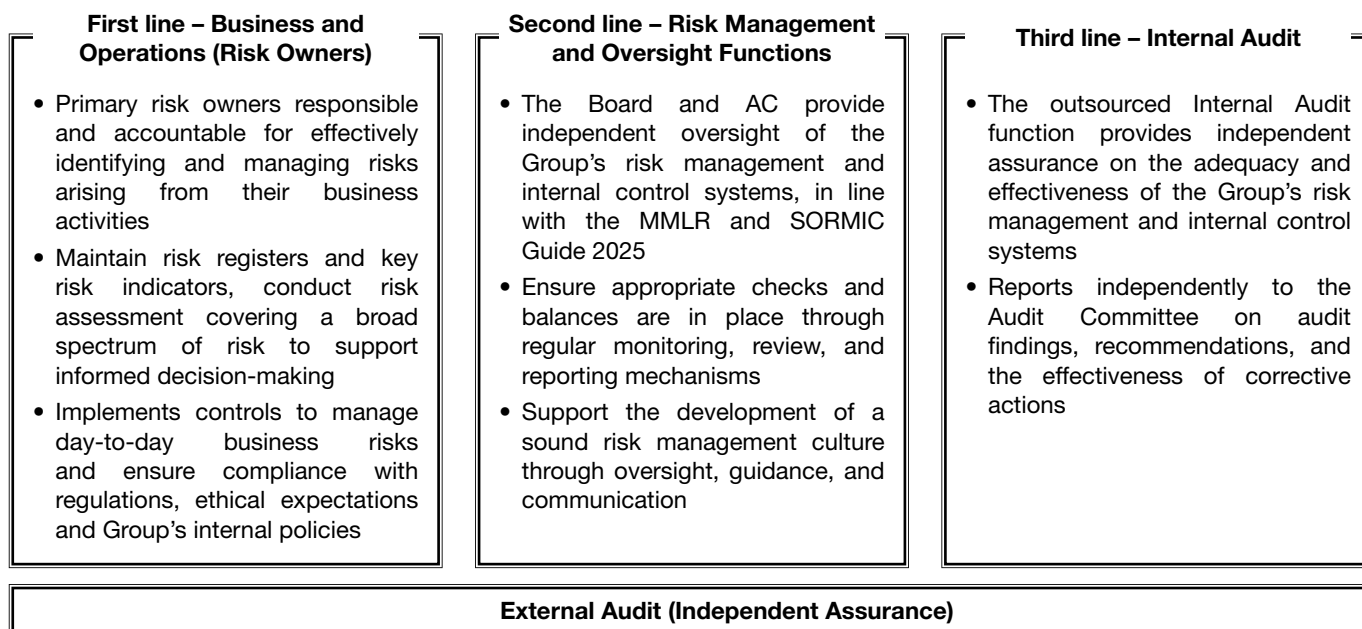
A management-level Risk Management Committee, led by the Managing Director, has been established to support the AC and the Board in ensuring effective implementation of the Group's risk management framework. The committee is responsible to:

- (a) advise the AC on the Group's overall risk appetite, tolerance and strategy, taking into account the current and anticipated macroeconomic, financial and operating environment;
- (b) make recommendations to the AC on priority risk areas and the appropriate mitigation actions required;
- (c) monitor and ensure effective implementation of the Group's Risk Management Policy and related procedures;
- (d) ensure that adequate organisational structures and systems are in place for implementing, monitoring and reviewing the effectiveness of internal controls;
- (e) oversee the identification and implementation of risk management action plans and the maintenance of risk registers, including emerging risks where relevant; and
- (f) report any serious untoward incidents promptly and ensure that appropriate follow-up action are developed and executed.

Statement on Risk Management and Internal Control (Cont'd)

The Institute of Internal Auditors (“IIA”) Three Lines Model

To clarify accountability and assurance flows, the Group adopts the IIA Three Lines Model:



Key Risk Management and Internal Control Processes

Risk Management Framework

The AC is responsible for overseeing the Group’s overall risk management processes, including the identification of principal business risks and ensuring that appropriate systems are in place to manage these risks effectively.

The Board has established a formal and structured risk management framework that is aligned with recognised principles and guidelines such as ISO 31000, consistent with the expectations of the SORMIC Guide 2025. The framework enables the management of risks within defined risks parameters, and supports a continuous and systematic process for identifying, assessing, monitoring and reporting significant risks across all business units, departments, and operating entities within the Group.

Risks ownership is embedded at operational levels, with line management responsible for managing risks within their respective areas and providing upward assurance to senior management, the AC and the Board. This approach reinforces accountability, transparency and a strong risk-aware culture across the Group.

The effectiveness of the risk management framework is assessed at least twice a year, including periodic reviews by risk owners of significant risks, mitigation measures, and changes in the overall risk environment. These assessments also consider emerging risks such as changes in economic conditions, market demand and competition, supply chain disruptions, foreign exchange fluctuations, raw material price volatility, and compliance risks, in line with evolving regulatory and stakeholder expectations.

The Board believes that effective risk management is fundamental to sustaining the Group’s operational performance, enhancing business resilience, and safeguarding shareholder value. With support from Management, the Board continues to provide direction on the Group’s overall risk management strategy and key risk management activities.

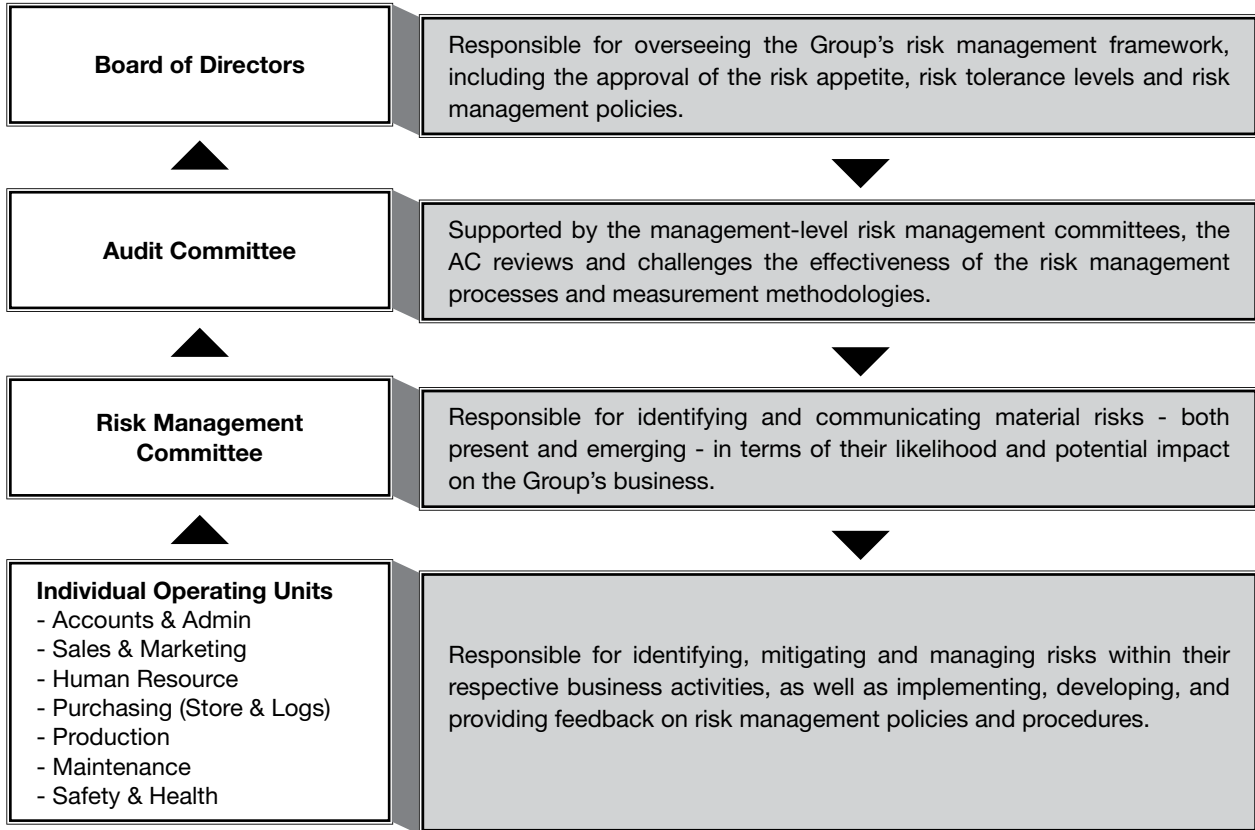
Statement on Risk Management and Internal Control (Cont'd)

Key Risk Management and Internal Control Processes (continued)

Risk Management Process

The Group's risk management oversight structure sets out the accountabilities and responsibilities for ensuring a systematic and consistent approach to identifying, evaluating, monitoring, and managing risks across the organisation.

The diagram below illustrates the risk management process, including the principal risk management and control responsibilities:-



The Board is responsible for overseeing the Group's risk management framework, including the approval of the risk appetite, risk tolerance levels and risk management policies. The AC, supported by the management level Risk Management Committee ("RMC"), reviews and challenges the effectiveness of the risk management processes. The RMC identifies and communicates material risks (both present and emerging) in terms of their likelihood and potential impact on the Group's business to the AC on a half-yearly basis, or more frequently where necessary.

Individual operating units are responsible for identifying, mitigating and managing risks within their respective business activities, ensuring that the day-to-day operations are carried out in accordance with established policies, procedures, limits and control requirements.

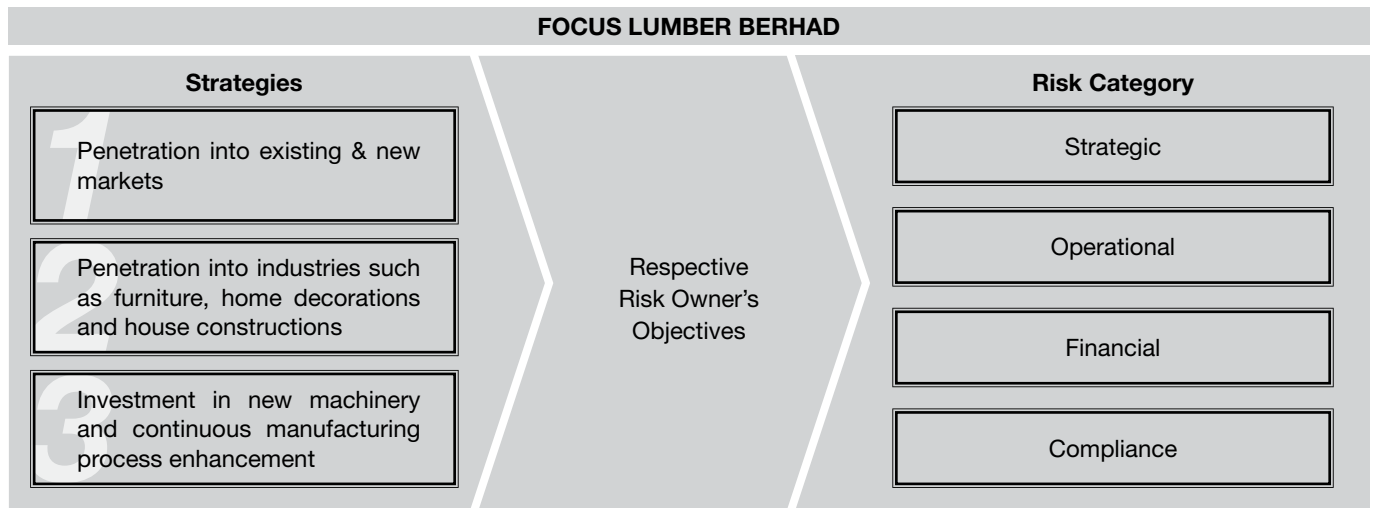
The Group's risk management policies are reviewed when necessary to ensure that they remain relevant and effective in responding to changes in the business environment, marketplace trends and regulatory developments.

Statement on Risk Management and Internal Control (Cont'd)

Key Risk Management and Internal Control Processes (continued)

Risk Management Process (continued)

The risk management process begins with the identification of all risks that may affect the achievement of the Group's strategic and operational objectives, as illustrated in the diagram below:-



Risks are assessed by estimating both their likelihood and impacts, enabling the Group to prioritise and allocate resources appropriately at the enterprise level.

<u>Likelihood</u>	<u>Impact</u>			
	Insignificant	Minor	Moderate	Major
Almost certain	Medium - Effectiveness and adequacy of control should be periodically monitored.		High - Effectiveness and adequacy of control should be immediately monitored.	
Likely				
Possible	Low - Risks managed by existing controls.		Significant - Effectiveness and adequacy of control should be regularly monitored.	
Unlikely				

The risks evaluation matrix categorises risks into different priority levels. Risks positioned in the top right quadrant (high likelihood and high impact) are assigned the highest priority and require significant management attention and resources. Risks in the bottom-right and top-left quadrant are classified as significant and medium-priority risks, and the adequacy and effectiveness of the internal controls for these risks should be monitored regularly and periodically, respectively. Risks in the bottom-left quadrant are considered low-priority risks and are deemed to be sufficiently managed by existing controls. All identified risks are recorded in a risk register to facilitate ongoing monitoring and follow-up.

Statement on Risk Management and Internal Control (Cont'd)

Key Risk Management and Internal Control Processes (continued)

Risk Management Activities

During the financial year 2025, the Group's risk register was reviewed and updated to ensure that identified risks remain relevant and reflective of the Group's current operating environment. This review strengthened risk oversight, enhanced mitigation measures, and ensured that appropriate controls were in place to effectively manage key operational and financial risks. There were no changes made to the Risk Management Policy and Procedures Manual during the year, and the existing manual, which was approved by the Board on 19 May 2023, remained in effect.

Key risks to the Group and measures to mitigate these material risks are listed below:

Risk Category	Key Risks	Mitigating Actions
Strategic	Changes in global economy (Economic presence: Changes in consumer demand and competition from existing & new players)	<ul style="list-style-type: none"> • Perform market research • Diversifying product portfolio • Regularly monitor and adapt changes in economic environment
	Reduce of plywood orders (Market presence: Change in consumer preferences, changes in economic conditions or competition)	<ul style="list-style-type: none"> • Diversifying customer base • Closely monitor market trends • Reduce of material purchase • Stop hiring new foreign workers temporary
Operational	Product and service quality Issue (Product and service quality: Reduction in customer satisfaction)	<ul style="list-style-type: none"> • Leverage on customers' feedback • Monitoring on quality control processes
	Shortage of supply of log/ insufficient specific log species (Procurement practices: Supply chain disruptions and selecting suppliers who are unable to meet our expectation & requirements)	<ul style="list-style-type: none"> • Continuously sourcing of alternative suppliers • Constantly assessing suppliers' performance • Implementing strict compliance and quality control processes
Financial	Fluctuation of foreign exchange	<ul style="list-style-type: none"> • Enter into Foreign Currency Forward Contract • Payment of ocean freight in USD via foreign currency account
	Frequent price fluctuate for logs and consumable items (Economic presence: Fluctuations in raw material prices)	<ul style="list-style-type: none"> • Perform price comparison with local suppliers
Compliance	Non-compliance with Malaysian Anti-Corruption regulation (Anti-Corruption)	<ul style="list-style-type: none"> • Review ABAC Policy annually • Provide awareness training on anti bribery and anti corruption annually to all management and employees

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm, GovernAce Advisory & Solutions Sdn. Bhd., to provide the Board and the AC with objective and independent assurance on the adequacy and effectiveness of the Group's risk management and internal control system.

The outsourced internal audit team is led by qualified professionals who are registered with recognised professional bodies, comprising:-

- (a) a Director who is an accountant registered with the Malaysian Institute of Accountants (MIA), a Fellow Certified Practising Accountant (FCPA) of CPA Australia, a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA), and a Certified Internal Auditor accredited by the Institute of Internal Auditors Inc.; and
- (b) a Manager who is an Associate Member of The Institute of Internal Auditors Malaysia.

Statement on Risk Management and Internal Control (Cont'd)

Key Risk Management and Internal Control Processes (continued)

Internal Audit Function (continued)

The internal audit review procedures performed by the outsourced internal auditor are guided by International Professional Practices Framework issued by The Institute of Internal Auditors Inc. and designed to monitor compliance with policies and procedures, evaluate the effectiveness of internal controls, and highlight significant findings or non-compliance issues to the AC on a quarterly basis. Internal audit findings are deliberated at AC meetings, and the AC communicates its expectations on corrective measures to Management. The Internal Audit Plan is reviewed and approved by the AC.

The AC reviews internal control issues raised by the outsourced internal auditors, the external auditors and Management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control system. The AC also assesses the performance and quality of the internal audit function. Minutes of AC meetings are subsequently tabled to the Board. Further details of the AC's activities are provided in the AC Report.

During the financial year 2025, the AC met four (4) times with the outsourced Internal Auditors to review the internal audit function and the soundness of the internal control system. The costs incurred for the outsourced internal audit function for the financial year ended 31 December 2025 was RM51,840 (2024: RM51,680).

Other Internal Control Processes

Other key elements of internal control include the following:

Control Environment

- (a) an organisation structure with formally defined lines of responsibility and clear delegation of authority;
- (b) operating policies and procedures that incorporate regulatory and internal requirements, issued to line management in all operating units and updated as and when necessary;
- (c) submission of annual budgets for approval and financial forecasts for the remaining period of the financial year, with the AC reviewing quarterly reports against budget and forecast to monitor performance;
- (d) internal control features, including system configuration controls, authority limits, and user access controls, embedded within computerised systems;
- (e) emphasis on employee professionalism and competency through continuous training and development programmes;
- (f) the Group's assets are adequately covered by insurance policies to ensure that the Group is insured against financial losses in the event of untoward incidences;
- (g) all directors and employees of the Group are governed by a Code of Conduct and Ethics upon commencement of employment or upon appointment;
- (h) establishment of a management-level sustainability committee to oversee sustainability governance, including materiality assessment, setting of key performance indicators ("KPI") and sustainability-related targets, and monitoring of reporting timelines; and
- (i) the existence of Anti-Bribery and Anti-Corruption ("ABC") Policy to set out the Group's position on matters of bribery and corruption.

Monitoring

- (a) regular Board and AC meetings to assess overall performance and review the adequacy and effectiveness of internal controls;
- (b) regular operational and management meetings to discuss and address management and operational matters;
- (c) release of quarterly reports to Bursa Malaysia Securities Berhad after review by the AC and approval by the Board; and
- (d) submission of solvency assessment reports on a quarterly or semi-annual basis, with the Group's future solvency position deliberated at Board meetings.

Statement on Risk Management and Internal Control (Cont'd)

ASSURANCE FROM THE MANAGEMENT

The Board has received assurance from the Managing Director, the Executive Directors, and Chief Financial Officer dated 16 April 2026, that the Group's risk management framework and internal control system have operated adequately and effectively, in all material aspects, based on the risk management framework and internal control system adopted by the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management & Internal Control. The review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in relation to the adequacy and integrity of the Group's internal control system. In accordance with AAPG 3, the External Auditors did not consider whether this Statement covers all risk and controls, nor did they form an opinion on the effectiveness of the Group's risk management and internal control system.

JOINT VENTURES AND ASSOCIATED COMPANIES

The Group has no joint venture arrangements, and no material associated companies during the financial year under review. Accordingly, this Statement covers only the Group's risk management and internal control systems for entities under its direct management control.

Should the Group enter into any joint venture or hold material interests in associate companies in the future, such entities will be assessed to determine whether their risk management and internal control systems fall within the scope of this Statement. Where the Group does not have management control over such entities, their respective risk management and internal control systems would be excluded from this Statement and instead monitored through proportionate governance mechanisms, such as board representations, information-sharing rights, and contractual covenants, in accordance with the disclosure expectations of the SORMIC Guide 2025.

CONCLUSION

Based on the processes implemented throughout the financial year under review and up to the date of issuance of the financial statements, as well as the assurance provided by the Managing Director and Executive Director; the Board is of the view that the Group's risk management and internal control system, as described in this Statement, has operated adequately and effectively in all material aspects to mitigate the Group's major risks.

No material losses were incurred during the year as a result of any inadequacy or failure of the internal control system that would require disclosure in the financial statements. The Board remains committed to continually strengthening the Group's control environment to safeguard shareholder value and support long-term business sustainability.

Consistent with the SORMIC Guide 2025, the Board reiterates that the system provides reasonable, and not absolute assurance. It is subject to inherent limitations, including human error, potential management override, and unforeseeable events.

This statement was approved by the Board of Directors on 16 April 2026.

ADDITIONAL COMPLIANCE INFORMATION

The following is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. Utilisation of Proceeds raised from Corporate Proposal

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2025.

2. Audit and Non-audit Fees

The amount of audit fee paid to the external auditors by the Company and the Group for the financial year ended 31 December 2025 are RM98,000.00 and RM114,000.00 respectively. The amount of non-audit fees paid to the external auditors by the Company and Group for the financial year ended 31 December 2025 is RM23,000.00 and RM31,000.00 respectively for corporate tax compliance and advisory services rendered.

3. Material Contracts

There were no material contracts subsisting or entered into by the Company and its subsidiary involving any Directors or substantial shareholders of the Company or any persons connected to a Director or major shareholder of the Company during the financial year.

4. Recurrent Related Party Transactions (“RRPTs”)

RRPTs entered into the Company and the Group are disclosed under Note 31(a) & (b) to the Financial Statements on pages 101 and 102.

5. Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group’s business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Group	
	2025	2024
	(RM)	(RM)
Total Income		
Revenue	96,314,457	89,989,551
Other income	2,238,135	2,841,668
Interest/Finance income	169,520	290,303
Total	98,722,112	93,121,522
Total Assets	139,769,309	157,553,807

(b) Business Activities

	Remarks	Group	
		2025	2024
		(RM)	(RM)
Shariah Non-Compliant Activities			
Interest income	Interest income	158,843	264,377
Fund management, financial advisory and related services	Other income	881,600	1,319,927
Total		1,040,443	1,584,304
Shariah non-compliant activities			
Total income over Total assets		1%	1%

Additional Compliance Information (Cont'd)

5. Disclosure of Financial Data for Shariah Screening (continued)

(c) Component of Financial Position

(i) Cash Component

	Group	
	2025 (RM)	2024 (RM)
<u>Islamic Account/ Instruments</u>		
Cash at bank	1,487,209	1,810,662
Money market instruments	24,045,705	26,574,043
Total Cash	25,532,914	28,384,705
<u>Conventional Account/ Instruments</u>		
Cash at bank	8,870,156	9,329,614
Deposits with licensed bank	385,836	385,836
Money market instruments	16,529,344	29,647,744
Total Cash	25,785,336	39,363,194
<u>Shariah non-compliant activities</u>		
Cash over Total assets	18%	25%

(ii) Debt Component

	Group	
	2025 (RM)	2024 (RM)
<u>Islamic Financing</u>		
Current	N/A	N/A
Non-Current	N/A	N/A
Total Financing	N/A	N/A
<u>Conventional Borrowings</u>		
Current	N/A	N/A
Non-Current	N/A	N/A
Total Debt	N/A	N/A

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledged their responsibilities as required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the IFRS Accounting Standards and the requirements of the Act in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In the preparation of the financial statements, the Directors have:

- Adopted appropriate accounting policies and apply them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that applicable approved accounting standards have been complied with; and
- Ensured the financial statements has been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

- 69** Directors' Report
- 72** Statements By Directors
- 72** Statutory Declaration
- 73** Independent Auditors' Report
- 77** Statements of Profit or Loss and Other Comprehensive Income
- 78** Statements of Financial Position
- 79** Statements of Changes in Equity
- 80** Statements of Cash Flows
- 81** Notes to the Financial Statements

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

Principal activities

The principal activities of the Company are manufacturing and sale of plywood, veneer, laminated veneer lumber ("LVL"), and investment holding.

The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

Results

	Group RM	Company RM
Loss for the financial year attributable to: Owners of the Company	(14,961,181)	(14,023,741)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Dividends

On 27 November 2025, the Company declared interim single-tier interim dividend of RM0.02 per ordinary share totalling RM4,368,633 in respect of the financial year ended 31 December 2025 and paid on 22 December 2025.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2025.

Directors

The Directors who have held office during the financial year and up to the date of this report are:

Datuk Aznam Bin Mansor
Lin Hao Wen*
Lin Hao Yu*
Lin, Pei-Wen*
Nar Chin Keow
Chong Shu Phin
Kenneth Chin Kah Kiong

* These Directors are also Directors of certain subsidiaries of the Company.

Directors' interests in shares

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

Interests in the Company	At 1.1.2025	Number of ordinary shares		
		At Acquired	Sold	31.12.2025
Direct interest:				
Datuk Aznam Bin Mansor	1,591,200	-	-	1,591,200
Lin Hao Wen	10,607,214	-	-	10,607,214
Lin Hao Yu	29,520,623	2,742,500	-	32,263,123
Lin, Pei-Wen	10,394,827	-	-	10,394,827

Directors' Report (Cont'd)

Directors' interests in shares (continued)

By virtue of their interest in the ordinary shares of the Company, Lin Hao Wen, Lin Hao Yu and Lin, Pei-Wen are also deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest in accordance with Section 8 of the Companies Act, 2016.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' remuneration

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year are amounted to RM2,517,321 and RM2,177,761 respectively.

Indemnity and insurance for Directors and officers

The Company maintains an indemnity insurance for the Directors and Officers of the Company and its subsidiaries throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Company in accordance with Section 289 of the Companies Act, 2016. The total insured limit for the Directors and Officer Liabilities Insurance effected for the Directors and officers was RM20,000,000 per occurrence and in the aggregate. The amount of insurance premium paid by the Company for the financial year ended 31 December 2025 was RM39,420.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 16 to the financial statements.

Issues of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

Treasury shares

As at 31 December 2025, the Company held as treasury shares a total of 11,988,332 of its 230,420,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,386,847 and further relevant details are disclosed in Note 25 to the financial statements.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors' Report (Cont'd)

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Auditors

The auditors, PKF PLT, have indicated their willingness to continue in office.

During the financial year, the total amount of fee paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company amounted to RM114,000 and RM98,000 respectively.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

LIN HAO WEN
Director

LIN HAO YU
Director

Dated 16 April 2026

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the accompanying financial statements set out on pages 77 to 110 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2025 and of their financial performances and cash flows for the financial year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

LIN HAO WEN
Director

LIN HAO YU
Director

Kota Kinabalu

Dated 16 April 2026

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, SU PEI SZE, being the Officer primarily responsible for the financial management of FOCUS LUMBER BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 77 to 110 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by)
the abovenamed SU PEI SZE)
at Kota Kinabalu in the state of Sabah)
on 16 April 2026)

SU PEI SZE
CA 29877

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FOCUS LUMBER BERHAD

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of FOCUS LUMBER BERHAD, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 77 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2025, and of their financial performances and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Area of focus	How our audit addressed the key audit matter
<p>(1) Impairment of property, plant and equipment</p> <p>The Group's and Company's operating results have significantly deteriorated in the current financial year, which is an indicator that the Group's property, plant and equipment may be impaired.</p> <p>The Group has engaged independent valuer to value its property, plant and equipment to determine the recoverable amount of certain significant property, plant and equipment that are exhibiting impairment indicators due to the significant losses suffered by the Group's and the Company's operations.</p> <p>This independent valuer used industry/market accepted valuation methodology and approaches to determine the fair value of the underlying asset. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group and to the Company, we have considered this to be a key audit matter.</p>	<p>Our audit procedures include, among others:</p> <ul style="list-style-type: none"> • Obtaining independence confirmation from the professional valuer; • Obtaining the valuations of property, plant and equipment prepared by the independent professional valuers and evaluating the valuation reports for appropriateness of the methodology used and reasonableness of the underlying basis and assumptions used; • Assessing the competency, capabilities and objectivity of the independent professional valuer; • Obtaining an understanding of the methodology adopted by the independent professional valuer in estimating the fair value of the above-mentioned assets and assessing whether such methodology is reasonable; and • Discussing with the independent professional valuers to understand the market value used as input to the valuations models and the adjustments made to the observable inputs.

Independent Auditors' Report (Cont'd)

To the Members of Focus Lumber Berhad

Key Audit Matters (continued)

Area of focus	How our audit addressed the key audit matter
<p>(2) Inventories</p> <p>Costing of inventories</p> <p>The cost of conversion from raw materials to work in progress and finished goods may not be allocated to each respective products in a manner which appropriately reflects the costs associated with manufacture of the product according to its size or quality or in a consistent basis across all products.</p>	<p>Our audit procedures include, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's process in determining an appropriate costing basis, including the allocation of costs of conversion in line with management policies; • Assessing the basis of allocation for the costs that were not separately identifiable between the products were applied on a rational and consistent basis and has factored in key variables like production volumes and selling prices; and • Performing clerical accuracy tests on the allocation of overhead costs.
<p>Allocation of fixed overheads to units of production</p> <p>The fixed overhead costs allocated to units of inventories produced during the year may not be based on a normalised production capacity determined based on historical production data.</p>	<p>Our audit procedures include, among others:</p> <ul style="list-style-type: none"> • Reviewing management's judgement in segregating the semi variable costs between fixed costs and variable costs and concluding whether the segregation is reasonable; • Evaluating the normalised production capacity based on past few years of production volumes and ensuring that any period of abnormal production level is disregarded for the analysis; and • Determining whether any adjustment for allocated fixed overhead costs to inventories is required by comparing the production volume used for the allocation to the normalised production volume.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (Cont'd)

To the Members of Focus Lumber Berhad

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (Cont'd)

To the Members of Focus Lumber Berhad

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911

CHARTERED ACCOUNTANTS

Kota Kinabalu

Dated 16 April 2026

CHAU MAN KIT
02525/03/2028 J

CHARTERED ACCOUNTANT

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	5	96,314,457	89,989,551	96,314,457	89,985,891
Cost of sales		(106,382,697)	(101,055,589)	(105,915,628)	(99,143,850)
Gross loss		(10,068,240)	(11,066,038)	(9,601,171)	(9,157,959)
Interest income	6	169,520	290,303	169,434	290,006
Other operating income	7	2,238,135	2,841,668	1,968,513	2,482,316
Administrative expenses		(6,684,165)	(7,942,620)	(5,918,286)	(6,124,038)
Other operating expenses	8	(616,431)	(2,616,125)	(642,231)	(16,125)
Loss before taxation	11	(14,961,181)	(18,492,812)	(14,023,741)	(12,525,800)
Income tax expense	12	-	250,725	-	144,946
Loss for the financial year/ Total comprehensive loss for the financial year		(14,961,181)	(18,242,087)	(14,023,741)	(12,380,854)
Loss/Total comprehensive loss attributable to:					
Owner of the Company		(14,961,181)	(18,242,087)	(14,023,741)	(12,380,854)
Loss per share attributable to owners of the Company (sen per share)					
Basic and diluted	13	(6.85)	(8.35)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	28,031,673	27,035,555	24,394,072	24,512,105
Investment property	15	1,804,699	1,886,731	1,804,699	1,886,731
Investments in subsidiaries	16	-	-	5,000,001	5,000,001
Intangible asset	17	149,040	149,040	149,040	149,040
Other investment	18	4,827,800	1,852,800	-	-
		<u>34,813,212</u>	<u>30,924,126</u>	<u>31,347,812</u>	<u>31,547,877</u>
Current assets					
Inventories	19	47,301,249	43,733,899	47,301,249	43,733,899
Trade and other receivables	20	3,750,495	8,998,583	9,847,508	13,043,305
Other current assets	21	1,351,435	1,882,123	1,349,083	1,882,088
Tax recoverable		1,223,615	4,253,963	1,223,125	4,253,108
Other current financial assets	22	40,575,049	56,221,787	32,115,318	44,722,869
Cash and bank balances	23	10,754,254	11,539,326	10,317,063	9,237,554
		<u>104,956,097</u>	<u>126,629,681</u>	<u>102,207,346</u>	<u>116,872,823</u>
TOTAL ASSETS		<u>139,769,309</u>	<u>157,553,807</u>	<u>133,501,158</u>	<u>148,420,700</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	24	92,652,004	92,652,004	92,652,004	92,652,004
Treasury shares	25	(7,386,847)	(7,386,847)	(7,386,847)	(7,386,847)
Retained profits	26	46,508,931	65,838,745	40,099,613	58,491,987
TOTAL EQUITY		<u>131,774,088</u>	<u>151,103,902</u>	<u>125,364,770</u>	<u>143,757,144</u>
Non-current liability					
Deferred tax liabilities	27	-	-	-	-
Current liabilities					
Trade and other payables	28	5,288,414	5,459,853	5,429,581	3,673,504
Contract liabilities	29	2,706,807	990,052	2,706,807	990,052
		<u>7,995,221</u>	<u>6,449,905</u>	<u>8,136,388</u>	<u>4,663,556</u>
TOTAL LIABILITIES		<u>7,995,221</u>	<u>6,449,905</u>	<u>8,136,388</u>	<u>4,663,556</u>
TOTAL EQUITY AND LIABILITIES		<u>139,769,309</u>	<u>157,553,807</u>	<u>133,501,158</u>	<u>148,420,700</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Group	Note	<-- Attributable to owners of the Company -->			Total equity RM
		<--- Non-distributable---> Share capital RM	Treasury shares RM	Distributable Retained profits RM	
At 1 January 2024		92,652,004	(7,386,847)	88,449,465	173,714,622
Loss for the financial year/Total comprehensive loss for the financial year		-	-	(18,242,087)	(18,242,087)
Dividends on ordinary shares	30	-	-	(4,368,633)	(4,368,633)
At 31 December 2024		92,652,004	(7,386,847)	65,838,745	151,103,902
Loss for the financial year/Total comprehensive loss for the financial year		-	-	(14,961,181)	(14,961,181)
Dividends on ordinary shares	30	-	-	(4,368,633)	(4,368,633)
At 31 December 2025		92,652,004	(7,386,847)	46,508,931	131,774,088
Company					
At 1 January 2024		92,652,004	(7,386,847)	75,241,474	160,506,631
Loss for the financial year/Total comprehensive loss for the financial year		-	-	(12,380,854)	(12,380,854)
Dividends on ordinary shares	30	-	-	(4,368,633)	(4,368,633)
At 31 December 2024		92,652,004	(7,386,847)	58,491,987	143,757,144
Loss for the financial year/Total comprehensive loss for the financial year		-	-	(14,023,741)	(14,023,741)
Dividends on ordinary shares	30	-	-	(4,368,633)	(4,368,633)
At 31 December 2025		92,652,004	(7,386,847)	40,099,613	125,364,770

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities					
Loss before taxation		(14,961,181)	(18,492,812)	(14,023,741)	(12,525,800)
Adjustments for:					
Allowance for expected credit losses	20	-	2,600,000	-	-
Allowance for slow moving inventories	19	-	560,907	-	560,907
Depreciation of investment property	15	82,032	82,032	82,032	82,032
Depreciation of property, plant and equipment	14	3,569,553	3,495,160	3,138,112	3,035,316
Interest income	6	(169,520)	(290,303)	(169,434)	(290,006)
Inventory written down	19	348,491	1,297,673	348,491	1,297,673
Gain on disposal of property, plant and equipment	7	(1,999)	-	(16,997)	-
Property, plant and equipment written off	14	25	176	-	176
Unrealised loss/(gain) on foreign exchange	8	13,357	(36,353)	13,357	(36,353)
Operating loss before working capital changes		(11,119,242)	(10,783,520)	(10,628,180)	(7,876,055)
Change in inventories		(3,915,841)	2,377,255	(3,915,841)	1,351,045
Change in receivables		5,248,015	(3,772,613)	3,195,724	(4,271,022)
Change in other current assets		530,688	4,482,144	533,005	3,338,004
Change in payables		(171,439)	1,303,316	1,591,018	(602,773)
Change in contract liabilities		1,716,755	393,291	1,716,755	393,291
Cash used in operations		(7,711,063)	(6,000,127)	(7,507,519)	(7,667,510)
Interest received		156,280	276,981	156,194	276,684
Income tax refunded		3,350,576	522	3,349,983	-
Income tax paid		(320,228)	(903,385)	(320,000)	(903,125)
Net cash used in operating activities		(4,524,435)	(6,626,009)	(4,321,342)	(8,293,951)
Cash flow from investing activities					
Acquisition of property, plant and equipment	14	(4,565,697)	(7,935,911)	(3,020,082)	(7,935,331)
Acquisition of other investment	18	(2,975,000)	(1,852,800)	-	-
Proceeds from disposal of property, plant and equipment		2,000	-	17,000	-
Interest received		13,313	12,731	13,313	12,731
Net cash used in investing activities		(7,525,384)	(9,775,980)	(2,989,769)	(7,922,600)
Cash flows from financing activities					
Advances from/(Repayment to) a subsidiary		-	-	165,059	(217,307)
Dividends paid	30	(4,368,633)	(4,368,633)	(4,368,633)	(4,368,633)
Net cash used in financing activities		(4,368,633)	(4,368,633)	(4,203,574)	(4,585,940)
Net decrease in cash and cash equivalents		(16,418,452)	(20,770,622)	(11,514,685)	(20,802,491)
Effect of exchange rate changes		(13,357)	36,353	(13,357)	36,353
Cash and cash equivalents at beginning of the financial year		67,375,277	88,109,546	53,574,587	74,340,725
Cash and cash equivalents at end of financial year	23	50,943,467	67,375,277	42,046,545	53,574,587

Reconciliation of liabilities arising from financing activities

Company	1 January RM	Cash flows RM	31 December RM
2025			
Amount due to a subsidiary	186,685	165,059	351,744
2024			
Amount due to a subsidiary	403,992	(217,307)	186,685

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1. General information

The Company is a public limited liability company that is incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of the Company are manufacturing and sale of plywood, veneer, laminated veneer lumber (“LVL”), and investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

The registered office and principal place of business of the Company are located at 12A, Jalan Teluk Likas, 88450 Kota Kinabalu, Sabah, Malaysia and Mile 3, Jalan Masak, Kampung Ulu Patikang, Locked Bag 13 SM-88, 89009 Keningau, Sabah, Malaysia respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 16 April 2026.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

(b) Basis of measurement

The material accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies.

(c) Functional and presentation currency

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(d) Adoption of new and revised MFRS

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the MASB that are mandatory for current financial year:

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

(e) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 31 December 2025 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

3. Significant accounting judgments and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which could have a significant effect on the amounts recognised in the consolidated financial statements.

(i) Judgement in determining the normal production capacity

The allocation of fixed production costs to inventories involves significant judgement on the normal production capacity of the plant. In making their judgement, the Directors have considered the average historical production levels and machine capacity.

(ii) Operating segments

The segments disclosed in Note 36 to the financial statements have been determined by distinguishing the business activities from which the Group earns revenues and incurs expenses. The economic characteristics of the operating segments have been reviewed and operating segments have been grouped based on the reporting to the chief operating decision maker.

(b) Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within four (4) to eighty-three (83) years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

3. Significant accounting judgments and estimates (continued)

(b) Key sources of estimation uncertainties (continued)

(iii) Impairment of advances made for log supplies

The Company routinely places advances with log suppliers for future deliveries of logs. The Group and the Company assess for indication of impairment for these advances at end of each reporting date based on indicators like prolonged delay in the log deliveries by the log suppliers and significant deterioration in their financial conditions. When such indications exist and the recoverable amounts are estimated to be lower than the carrying amounts, an impairment adjustment is made.

These estimates may change in subsequent reporting periods if the indication of impairment no longer exists and therefore the impairment adjustment will be reversed.

(iv) Allocation of cost of inventories

The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs, and an appropriate proportion of production overheads. Management analyses the types and complexities involved in production when making judgments about proportioning the production overheads. The management determined the cost of converting raw materials into work-in-progress and finished goods allocated to each respective product in a manner with manufacturing the product based on its size or quality across all products.

(v) Slow moving allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgment and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statement of profit or loss and other comprehensive Income in the period in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

3. Significant accounting judgments and estimates (continued)

(b) Key sources of estimation uncertainties (continued)

(viii) Fair value estimates for financial assets

The Group and the Company carry derivative financial assets at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value could differ if the Group and the Company use different valuation methodologies. Any changes in fair value of the assets would affect profit and/or equity.

(ix) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Material accounting policies

Certain immaterial accounting policies have been voluntarily disclosed to ensure completeness in the financial statements of the Group and of the Company as follows:

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Functional and presentation currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. Each entity in the Group determines its own company's functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. Material accounting policies (continued)

(c) Revenue recognition

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. The transaction price is allocated to each distinct goods or services promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be a point in time or over time.

(i) Bundled sales of plywood, veneer, laminated veneer lumber, and freight services

The Group and the Company allocate transaction prices to both sale of plywood, veneer, laminated veneer lumber, and freight services based on the respective invoiced values which is the stand-alone selling prices.

(ii) Sales of plywood, veneer, and laminated veneer lumber

Revenue from sales of plywood, veneer, and laminated veneer lumber is recognised by the Group and the Company at the point of time when control of the goods has transferred, being when the goods have been shipped to the customers.

(iii) Freight services

The Group and the Company recognise revenue from freight services over time as the customer simultaneously receives and consumes the benefits provided by the Group and the Company. The output method is used to measure the stage of completion of the services.

(iv) Sales of electricity

Sales of electricity is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Group. The output method measures the progress of completion of the services.

(d) Employee benefits

(i) Short term benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits (defined contribution plans)

The Group and the Company make statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. Material accounting policies (continued)

(f) Tax assets and liabilities

A current tax liability/(asset) is measured at the amount the entity expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

(g) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment of the Group and the Company are depreciated on the straight-line basis calculated to write off the cost of the plant and equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows:

Leasehold land	74 – 83 years
Factory and office buildings	20 – 40 years
Motor vehicles	4 years
Heavy equipment	5 years
Plant and machinery	5 – 20 years
Furniture, fittings, office equipment, and renovation	5 years

Leasehold land with lease period of more than fifty (50) years is classified as long-term leasehold land while leasehold land with lease period of less than fifty (50) years is classified as short-term leasehold land. Leasehold land is amortised over the period of the lease.

Capital work-in-progress is not depreciated as these assets are not available for use. Depreciation will commence on these assets when they are ready for their intended use.

(i) Investment property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. The depreciation policy for investment property is accounted for in accordance with the accounting policy for property, plant and equipment as disclosed in Note 4 (h).

(j) Intangible asset

Intangible asset is measured initially at cost. Subsequent to initial measurement, intangible asset is measured depending on whether it has a finite or infinite useful life.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. Material accounting policies (continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are calculated as follows:

(i) Raw materials

The purchase costs of raw materials on a weighted average basis.

(ii) Finished goods and work-in-progress

Costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are determined using the weighted average basis.

(iii) Consumable goods

Purchase cost of consumable goods on a weighted average basis.

(l) Derivative instruments

The Group's and the Company's trade derivatives include forward foreign exchange contracts.

(m) Financial instruments

(i) Financial assets

Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group and the Company only have financial assets at amortised cost (debt instruments) and financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group's and the Company's financial assets at amortised cost includes investments in money market funds, trade and other receivables and cash and bank balances.

Financial assets at fair value through other comprehensive income (OCI)

The Group's financial assets at fair value through other comprehensive income (OCI) include other investment.

Financial assets at fair value through profit or loss

The Group's and the Company's financial assets at fair value through profit or loss include foreign exchange forward contract derivatives.

(ii) Financial liabilities

The Group and the Company only have financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and other payables.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. Material accounting policies (continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks, deposits with licensed banks with maturity not exceeding three (3) months and short-term, highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

(o) Impairment

(i) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments considered to have low credit risk, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one (1) year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one (1) year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

(p) Equity instruments

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. Material accounting policies (continued)

(q) Borrowings costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

All other borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(r) Leases

As a lessee

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease whereby the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. In such cases, the present value of lease payments is to be determined and the Group and the Company require to use their incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

However, the Group and the Company have elected not to recognise right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months, or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

(s) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(t) Fair value measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(u) Contingencies

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

5. Revenue

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contracts with customers:				
Sale of plywood and laminated veneer lumber	89,002,857	78,988,086	89,002,857	78,988,086
Freight income	7,311,600	10,997,805	7,311,600	10,997,805
Sale of electricity	-	3,660	-	-
	<u>96,314,457</u>	<u>89,989,551</u>	<u>96,314,457</u>	<u>89,985,891</u>
Timing of recognition of revenue from contracts with customers:				
Point in time	89,002,857	78,988,086	89,002,857	78,988,086
Over time	7,311,600	11,001,465	7,311,600	10,997,805
	<u>96,314,457</u>	<u>89,989,551</u>	<u>96,314,457</u>	<u>89,985,891</u>

Transaction prices allocated to partially unsatisfied performance obligation for freight services relates to deferred freight services disclosed in Note 29.

The disaggregated revenue above is on a basis other than that used for revenue information disclosed for each reportable segment under Note 36 to the financial statements. This is because the freight income is not separately evaluated by the chief operating decision maker as freight income is not a profit-making business unit by itself although is assessed as a separate performance obligation under MFRS 15.

6. Interest income

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fixed deposits	13,240	13,322	13,240	13,322
Foreign currency account	78,369	130,702	78,369	130,702
Current account	77,911	146,279	77,825	145,982
	<u>169,520</u>	<u>290,303</u>	<u>169,434</u>	<u>290,006</u>

7. Other operating income

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Distribution income from money market funds	163,860	274,004	138,521	194,763
Net gain on foreign exchange				
- realised	-	86,557	-	92,799
- unrealised	-	36,353	-	36,353
Net gain on money market funds	1,589,402	1,999,442	1,253,928	1,636,889
Gain on disposal of property, plant and equipment	1,999	-	16,997	-
Rental income from:				
- land	2,300	300	78,500	76,500
- investment property	264,000	264,000	264,000	264,000
Sundry income	216,574	181,012	216,567	181,012
	<u>2,238,135</u>	<u>2,841,668</u>	<u>1,968,513</u>	<u>2,482,316</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

8. Other expenses

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Allowance for expected credit losses (Note 20)	-	2,600,000	-	-
Realised on loss on foreign exchange	526,439	-	552,239	-
Unrealised loss on derivatives	76,635	16,125	76,635	16,125
Unrealised on loss on foreign exchange	13,357	-	13,357	-
	616,431	2,616,125	642,231	16,125

9. Employee benefits expense

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages, bonuses, incentives and allowances	19,222,812	14,208,101	18,488,332	13,562,243
Contributions to defined contribution plan	672,690	546,609	640,312	518,044
Social security contributions	282,532	177,717	277,415	173,669
Other benefits	11,121	7,852	10,621	7,40
	20,189,155	14,940,279	19,416,680	14,261,358

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM2,094,289 (2024: RM2,264,242) and RM1,754,729 (2024: RM1,926,242) respectively as further disclosed in Note 10 to the financial statements.

10. Directors' remuneration

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Executive Directors' remuneration (Note 9):				
- Fees and allowances	14,000	23,013	14,000	23,013
- Salaries and bonus	2,067,000	2,212,374	1,729,000	1,874,374
- Contributions to defined contribution plan	9,540	25,282	7,980	25,282
- Social security contributions	3,749	3,497	3,749	3,497
- Other benefits	-	76	-	76
Total Executive Directors' remuneration (excluding benefits-in-kind)	2,094,289	2,264,242	1,754,729	1,926,242
Estimated money value of benefits-in-kind	33,432	28,373	33,432	28,373
Total Executive Directors' remuneration (including benefits-in-kind)	2,127,721	2,292,615	1,788,161	1,954,615
Non-executive Directors' Remuneration:				
- Fees and meeting allowance	389,600	383,600	389,600	383,600
Total Directors' remuneration	2,517,321	2,676,215	2,177,761	2,338,215

The names of Directors of subsidiaries and their remuneration details are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

11. Loss before taxation

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other than disclosed in Note 6 to 10, loss before taxation is arrived at after charging:				
Allowance for slow moving inventories (Note 19)	-	560,907	-	560,907
Auditors' remuneration:				
- Statutory audit	114,000	111,000	98,000	98,000
- Other services	31,000	28,000	23,000	23,000
Depreciation of investment property (Note 15)	82,032	82,032	82,032	82,032
Depreciation of property, plant and equipment (Note 14)	3,569,553	3,495,160	3,138,112	3,035,316
Direct operating expenses arising from investment property – rental generating properties	128,574	129,015	128,574	129,015
Inventory written down (Note 19)	348,491	1,297,673	348,491	1,297,673
Property, plant and equipment written off (Note 14)	25	176	-	176
Rental of land	114,900	91,300	114,900	91,300
Rental of office premises	192,000	192,000	192,000	192,000

12. Income tax expense

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current taxation	-	-	-	-
Deferred taxation (Note 27)	-	(105,772)	-	-
	-	(105,772)	-	-
Over provision in prior year:				
- Current taxation	-	(144,953)	-	(144,946)
	-	(250,725)	-	(144,946)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Loss before taxation	(14,961,181)	(18,492,812)	(14,023,741)	(12,525,800)
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	(3,590,683)	(4,438,275)	(3,365,698)	(3,006,192)
Non-taxable income	(426,977)	(545,627)	(334,188)	(439,597)
Non-tax deductible expenses	443,410	1,404,648	301,524	381,135
Deferred tax assets not recognised	3,574,250	3,473,482	3,398,362	3,064,654
	-	(105,772)	-	-
Over provision in prior year:				
- Current taxation	-	(144,953)	-	(144,946)
	-	(250,725)	-	(144,946)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

13. Loss per share

(a) Basic

Basic loss per share is calculated by dividing loss for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2025 RM	2024 RM
Loss net of tax attributable to owners of the Company	(14,961,181)	(18,242,087)
Weighted average number of ordinary shares in issue	218,431,668	218,431,668
Basic loss per share (sen)	(6.85)	(8.35)

(b) Diluted

There is no dilution in the loss per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

14. Property, plant and equipment

Group	Long term leasehold land RM	Factory and office buildings RM	Motor vehicles, heavy equipment, plant and machinery RM	Furniture, fittings, office equipment, and renovation RM	Capital work-in- progress RM	Total RM
Cost						
At 1 January 2024	1,300,080	16,069,537	130,641,860	899,772	-	148,911,249
Additions	-	302,416	4,894,152	65,741	2,673,602	7,935,911
Written off	-	-	-	(25,590)	-	(25,590)
At 31 December 2024	1,300,080	16,371,953	135,536,012	939,923	2,673,602	156,821,570
Additions	-	60,300	2,764,408	235,519	1,505,470	4,565,697
Disposal	-	-	(7,540)	-	-	(7,540)
Written off	-	-	(230,128)	(38,541)	-	(268,669)
At 31 December 2025	1,300,080	16,432,253	138,062,752	1,136,901	4,179,072	161,111,058
Accumulated depreciation						
At 1 January 2024	198,132	10,744,487	113,174,929	645,125	-	124,762,673
Charge for the financial year (Note 11)	17,364	398,578	2,980,986	98,232	-	3,495,160
Written off	-	-	-	(25,414)	-	(25,414)
At 31 December 2024	215,496	11,143,065	116,155,915	717,943	-	128,232,419
Charge for the financial year (Note 11)	17,364	385,727	3,083,250	83,212	-	3,569,553
Disposal	-	-	(7,539)	-	-	(7,539)
Written off	-	-	(230,125)	(38,519)	-	(268,644)
At 31 December 2025	232,860	11,528,792	119,001,501	762,636	-	131,525,789
Accumulated impairment losses						
At 1 January 2024/ 31 December 2024/ 31 December 2025	-	-	1,553,596	-	-	1,553,596
Net book value						
At 31 December 2024	1,084,584	5,228,888	17,826,501	221,980	2,673,602	27,035,555
At 31 December 2025	1,067,220	4,903,461	17,507,655	374,265	4,179,072	28,031,673

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

14. Property, plant and equipment (continued)

Company	Long term leasehold land	Factory and office buildings	Motor vehicles, heavy equipment, plant and machinery	Furniture, fittings, office equipment, and renovation	Capital work-in-progress	Total
Cost	RM	RM	RM	RM	RM	RM
At 1 January 2024	1,300,080	16,069,537	99,551,531	822,435	-	117,743,583
Additions	-	302,416	4,893,572	65,741	2,673,602	7,935,331
Written off	-	-	-	(25,590)	-	(25,590)
At 31 December 2024	1,300,080	16,371,953	104,445,103	862,586	2,673,602	125,653,324
Additions	-	60,300	2,380,738	178,280	400,764	3,020,082
Disposal	-	-	(181,246)	-	-	(181,246)
At 31 December 2025	1,300,080	16,432,253	106,644,595	1,040,866	3,074,366	128,492,160
Accumulated depreciation						
At 1 January 2024	198,132	10,744,487	85,063,178	571,924	-	96,577,721
Charge for the financial year (Note 11)	17,364	398,578	2,523,814	95,560	-	3,035,316
Written off	-	-	-	(25,414)	-	(25,414)
At 31 December 2024	215,496	11,143,065	87,586,992	642,070	-	99,587,623
Charge for the financial year (Note 11)	17,364	385,727	2,660,267	74,754	-	3,138,112
Disposal	-	-	(181,243)	-	-	(181,243)
At 31 December 2025	232,860	11,528,792	90,066,016	716,824	-	102,544,492
Accumulated impairment losses						
At 1 January 2024/ 31 December 2024/ 31 December 2025	-	-	1,553,596	-	-	1,553,596
Net book value						
At 31 December 2024	1,084,584	5,228,888	15,304,515	220,516	2,673,602	24,512,105
At 31 December 2025	1,067,220	4,903,461	15,024,983	324,042	3,074,366	24,394,072

15. Investment property

Buildings	Group/Company	
	2025 RM	2024 RM
At cost		
At 1 January	3,651,348	3,651,348
Accumulated depreciation		
At 1 January	1,764,617	1,682,585
Charge for the financial year (Note 11)	82,032	82,032
At 31 December	1,846,649	1,764,617
Carrying amount		
At 31 December	1,804,699	1,886,731

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

15. Investment property (continued)

The followings are recognised in profit or loss in respect of investment properties:

Group/Company	2025 RM	2024 RM
Rental income	264,000	264,000
Direct operating expenses		
- Income generating investment properties	(128,574)	(129,015)
	135,426	134,985

The strata title to the investment property is being processed by the relevant authority.

The estimated fair value of the investment property is approximately RM3,550,000 (2024: RM3,550,000) as shown in Note 34.

16. Investments in subsidiaries

	Company	
	2025 RM	2024 RM
Unquoted shares, at cost	5,000,001	5,000,001

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest hold by the Group		Principal activities
		2025 %	2024 %	
Held by the Company				
Untung Ria Sdn. Bhd.	Malaysia	100	100	Generation and sale of electricity and investment in monetary instruments.
Forming Plantation Sdn. Bhd.	Malaysia	100	100	Plantation of timber, extraction and sales of timber logs

17. Intangible asset

	Group/Company	
	2025 RM	2024 RM
At cost:		
Investment in Golf and Country Club membership	149,040	149,040

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

18. Other investment

	Group			
	2025 Carrying amount RM	2025 Fair value of unquoted investment RM	2024 Carrying amount RM	2024 Fair value of unquoted investment RM
Equity instrument (Unquoted in China)				
At 1 January	1,852,800		-	
Addition	2,975,000		1,852,800	
At 31 December	4,827,800	4,827,800	1,852,800	1,852,800

19. Inventories

	Group/Company	
	2025 RM	2024 RM
At cost		
Raw material	6,302,221	7,444,210
Work-in-progress	7,046,727	7,738,990
Consumable	3,806,969	3,951,965
Finished goods	29,384,291	5,361,418
	46,540,208	24,496,583
At net realisable value		
Finished goods	1,321,948	19,798,223
	47,862,156	44,294,806
Less: Allowance for slow moving inventories	(560,907)	(560,907)
Total inventories	47,301,249	43,733,899

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM94,578,708 (2024: RM84,520,217).

The write-down of inventories to net realisable value recognised as an expense during the financial year amounted to RM348,491 (2024: RM1,297,673).

The movement in the allowance for slow moving inventories account is as follows:

	Group/Company RM
At 1 January 2024	-
Charged for the financial year (Note 11)	560,907
At 31 December 2024/31 December 2025	560,907

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

20. Trade and other receivables

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current				
Trade receivables				
Third parties	1,519,778	6,710,677	1,519,778	6,710,677
	<u>1,519,778</u>	<u>6,710,677</u>	<u>1,519,778</u>	<u>6,710,677</u>
Other receivables				
Worker recruitment and staff advances	30,046	50,395	30,046	50,395
Deposits	4,787,511	4,823,965	1,837,142	1,964,905
Sundry receivables	13,160	13,546	13,160	13,546
	<u>4,830,717</u>	<u>4,887,906</u>	<u>1,880,348</u>	<u>2,028,846</u>
Less: Allowance for expected credit losses	(2,600,000)	(2,600,000)	-	-
Other receivables, net	<u>2,230,717</u>	<u>2,287,906</u>	<u>1,880,348</u>	<u>2,028,846</u>
Amount due from a subsidiary company	-	-	6,447,382	4,303,782
	-	-	<u>6,447,382</u>	<u>4,303,782</u>
Total trade and other receivables	<u>3,750,495</u>	<u>8,998,583</u>	<u>9,847,508</u>	<u>13,043,305</u>

Trade receivables are non-interest bearing and the normal credit terms are 30 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from a subsidiary company is unsecured, interest free and repayable on demand.

During the financial year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	Group	
	Other receivables RM	Total RM
At 1 January 2024	-	-
Charge for the financial year (Note 8)	2,600,000	2,600,000
At 31 December 2024/31 December 2025	<u>2,600,000</u>	<u>2,600,000</u>

Information about the Group's exposure to credit risks and impairment losses for trade receivables is included in Note 33 to the financial statements.

21. Other current assets

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Deposits for log purchase	34,474	200,000	34,474	200,000
Prepaid freight charges	239,101	723,607	239,101	723,607
Prepaid operating expenses	1,077,860	958,516	1,075,508	958,481
	<u>1,351,435</u>	<u>1,882,123</u>	<u>1,349,083</u>	<u>1,882,088</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

22. Other current financial assets

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Financial assets measured at amortised cost				
Investment in money market funds	40,575,049	56,221,787	32,115,318	44,722,869

Investment in money market funds involve mutual funds which invest in a portfolio of low-risk monetary debt instrument. The net asset value can be obtained from daily price quotes by the funds.

23. Cash and cash equivalents

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash in hand	8,267	13,214	8,267	13,214
Cash at banks	10,360,151	11,140,276	9,922,960	8,838,504
Fixed deposit with a licensed bank	385,836	385,836	385,836	385,836
Cash and bank balances	10,754,254	11,539,326	10,317,063	9,237,554
Investment in money market funds (Note 22)	40,575,049	56,221,787	32,115,318	44,722,869
Less: Fixed deposit with maturity of more than three (3) months	(385,836)	(385,836)	(385,836)	(385,836)
Cash and cash equivalents	50,943,467	67,375,277	42,046,545	53,574,587

The weighted average effective interest rate as at the financial year end for fixed deposits of the Group and of the Company was 3.45% (2024: 3.45%) per annum.

Fixed deposit with a licensed bank of the Group and of the Company have an average maturity of 12 (2024: 12) months.

24. Share capital

	No. of ordinary shares		Group/Company	
	2025	2024	2025 RM	2024 RM
Issued and fully paid:				
At 1 January/31 December	230,420,000	230,420,000	92,652,004	92,652,004

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share without restrictions at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

25. Treasury shares

	No. of ordinary shares		Group/Company	
	2025	2024	2025	2024
At 1 January/31 December	11,988,332	11,988,332	7,386,847	7,386,847

Treasury shares relate to ordinary shares of the Company that are reacquired and held by the Company and are recognised based on the amount of consideration paid and presented as a deduction from total equity.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

26. Retained profits

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses are the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

27. Deferred tax liabilities

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At 1 January	-	105,772	-	-
Recognised in profit or loss (Note 12)	-	(105,772)	-	-
At 31 December	-	-	-	-

The components of deferred tax assets and liabilities during the financial year recognised in profit and loss prior and after offsetting are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Deferred tax assets				
Cash and cash equivalents	(117,075)	(127,920)	(117,075)	(127,920)
Trade receivables	(74,463)	(76,976)	(74,463)	(76,976)
Unabsorbed capital allowances	(6,812,313)	(4,683,479)	(6,812,313)	(4,683,479)
Unutilised tax losses	(1,182,587)	(3,457,070)	(1,182,587)	(3,457,070)
	(8,186,438)	(8,345,445)	(8,186,438)	(8,345,445)

Deferred tax liabilities

Temporary differences on qualifying property, plant and equipment	8,186,438	8,345,445	8,186,438	8,345,445
Deferred tax liabilities recognised	8,186,438	8,345,445	8,186,438	8,345,445

Presented after appropriate offsetting as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Deferred tax assets	(8,186,438)	(8,345,445)	(8,186,438)	(8,345,445)
Deferred tax liabilities	8,186,438	8,345,445	8,186,438	8,345,445
	-	-	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

27. Deferred tax liabilities (continued)

No deferred tax assets have been recognised for the following items:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Temporary differences on qualifying plant and equipment	1,755,822	1,927,149	-	-
Unabsorbed capital allowances	(554,457)	(294,607)	-	-
Unutilised investment tax allowances	(1,654,511)	(1,654,511)	-	-
Unutilised tax losses	(31,980,224)	(17,518,695)	(29,976,257)	(15,816,420)
	<u>(32,433,370)</u>	<u>(17,540,664)</u>	<u>(29,976,257)</u>	<u>(15,816,420)</u>
Deferred tax assets at 24% (2024: 24%) not recognised in the financial statements	(7,784,009)	(4,209,759)	(7,194,302)	(3,795,940)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits.

Year of expiry of unutilised tax losses is analysed as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Expired by 2033	9,532,231	9,532,231	9,532,231	9,532,231
Expired by 2034	11,443,534	7,986,464	9,741,259	6,284,189
Expired by 2035	11,004,459	-	10,702,767	-
	<u>31,980,224</u>	<u>17,518,695</u>	<u>29,976,257</u>	<u>15,816,420</u>
Tax rate	24%	24%	24%	24%
	<u>7,675,254</u>	<u>4,204,487</u>	<u>7,194,302</u>	<u>3,795,940</u>

The unabsorbed capital allowances disclosed above are available indefinitely for offsetting against future taxable profits of the Group and the Company whereas the unutilised tax losses is available to be carried forward up to the maximum of ten (10) years, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

28. Trade and other payables

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade payables				
Third parties	2,397,685	1,599,704	2,307,985	1,591,446
Amount due to a subsidiary	-	-	351,744	186,685
	<u>2,397,685</u>	<u>1,599,704</u>	<u>2,659,729</u>	<u>1,778,131</u>
Other payables				
Third party	-	1,852,800	-	-
Accruals	2,788,383	1,927,422	2,668,128	1,816,070
Deposits received	50,500	48,500	50,500	48,500
Sundry payables	51,846	31,427	51,224	30,803
	<u>2,890,729</u>	<u>3,860,149</u>	<u>2,769,852</u>	<u>1,895,373</u>
Total trade and other payables	<u>5,288,414</u>	<u>5,459,853</u>	<u>5,429,581</u>	<u>3,673,504</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

28. Trade and other payables (continued)

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 60 days.

Amount due to a subsidiary company is unsecured, interest free and repayable on demand.

Included in third party other payables is an amount of RM1,852,800 in the financial year ended 31 December 2024 relating to the cash consideration for the acquisition of other investment as disclosed in Note 18 to the financial statements.

29. Contract liabilities

	Group/Company	
	2025 RM	2024 RM
Advances from contract customers for the delivery of plywood	2,471,950	281,560
Deferred freight income	234,857	708,492
	<u>2,706,807</u>	<u>990,052</u>

30. Dividends

	Group/Company	
	2025 RM	2024 RM
In respect of the financial year ended 31 December 2024:		
Interim single-tier dividend of 2 sen per ordinary share declared on 18 November 2024 and paid on 20 December 2024	-	4,368,633
In respect of the financial year ended 31 December 2025:		
Interim single-tier dividend of 2 sen per ordinary share declared on 27 November 2025 and paid on 22 December 2025	4,368,633	-
	<u>4,368,633</u>	<u>4,368,633</u>

31. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

31. Significant related party transactions (continued)

(b) Related parties' transactions

The aggregate value of transactions of the related parties of the Group and of the Company were as follows:

Name of related parties	Type of transactions	Transaction value	
		2025 RM	2024 RM
Group			
Company which has common Directors with the Company and in which the Directors of the Company have financial interests:			
Ho Lian Sawmill Sdn. Bhd.	Sale of electricity	-	(3,660)
Director of the Company:			
Lin Hao Wen	Rental of office	192,000	192,000
Company			
With subsidiary companies:			
Forming Plantation Sdn. Bhd.	Disposal of motor vehicles	15,000	-
Untung Ria Sdn. Bhd.	Purchase of electricity	515,244	1,110,059
Rental income		(76,200)	(76,200)
Director of the Company:			
Lin Hao Wen	Rental of office	192,000	192,000

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year were as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages, bonuses, incentives and allowances	3,076,600	3,164,215	2,738,600	2,826,215
Contributions to defined contribution plan	32,580	32,890	31,020	32,890
Social security contributions	7,142	5,620	7,142	5,620
Other benefits	142	122	142	122
Estimated money value of benefits-in-kind	33,432	28,373	33,432	28,373
	<u>3,149,896</u>	<u>3,231,220</u>	<u>2,810,336</u>	<u>2,893,220</u>
Included in the key management personnel are:				
Directors' remuneration	2,517,321	2,676,215	2,177,761	2,338,215
Key management personnel's remuneration	632,575	555,005	632,575	555,005
	<u>3,149,896</u>	<u>3,231,220</u>	<u>2,810,336</u>	<u>2,893,220</u>

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Company and its subsidiaries and members of senior management of the Group.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

32. Commitments and contingencies

(a) Capital commitments

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Capital expenditure commitments Approved and contracted for:				
- Acquisition of property, plant and equipment	2,428,524	534,231	1,177,485	534,231

(b) Contingent liability

	Group/Company	
	2025 RM	2024 RM
Letter of guarantee in favour of Immigration Department of Malaysia for security deposit for the issuance of employment passes to foreign workers	130,000	149,500

33. Financial instruments

(a) Categories of financial instruments

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Financial assets				
<u>Measured at amortised cost</u>				
Trade and other receivables	3,750,495	8,998,583	9,847,508	13,043,305
Other current financial assets	40,575,049	56,221,787	32,115,318	44,722,869
Cash and bank balances	10,754,254	11,539,326	10,317,063	9,237,554
<u>Measured at fair value through other comprehensive income</u>				
Other investment	4,827,800	1,852,800	-	-
	59,907,598	78,612,496	52,279,889	67,003,728
Financial liability				
<u>Measured at amortised cost</u>				
Trade and other payables	5,288,414	5,459,853	5,429,581	3,673,504

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

33. Financial instruments (continued)

(b) Financial risk management (continued)

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and non-trade receivables. For other financial assets (including cash and bank balances and investment in money market funds), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties.

It is the Group's and Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Trade receivables

At each reporting date, the Group and the Company assesses whether any of the trade receivables are credit impaired based on whether there are receivables with significant financial difficulties or have defaulted in payments.

A collective impairment analysis is performed at each reporting date using a provision matrix to measure lifetime expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables without repayment are written off if past due for more than one (1) year but could still be subject to enforcement activities.

The ageing analysis of the Group's and Company's trade receivables as at reporting date indicate they are all not past due. These receivables are unsecured in nature.

As at the end of the reporting period, the Group did not recognise any individual or collective impairment losses. The Company believes that no impairment allowance is necessary in respect of these trade receivables as they are mostly settled by the customer's trade facilities upon delivery of goods and services and there are no associated significant historical defaults or forward looking elements.

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

Group/Company By country:	2024		2023	
	RM	% of total	RM	% of total
USA	1,126,727	74	6,173,832	92
Korea	237,320	16	-	-
Japan	125,742	8	270,807	4
Malaysia	29,989	2	-	-
Taiwan	-	-	266,038	4
	<u>1,519,778</u>	<u>100</u>	<u>6,710,677</u>	<u>100</u>

As at reporting date, the Group has significant concentration of credit risk in the form of outstanding balance due from 2 (2024: 2) overseas customers representing 74% (2024: 86%) of the total trade receivables.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

33. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables

For other receivables, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Inter-company advances

The Company provides advances to a subsidiary. The Company monitors the ability of the subsidiary to repay the advances on an individual basis and considers advances to a subsidiary to have low credit risks.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Investment in Money Market Funds

The investment in Money Market Funds involve underlying investments in monetary debt instruments which have low credit risk. Consequently, the Group and the Company are of the view that any loss allowance is not material and hence, is not provided for.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient reserves by monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and financial liabilities while minimising the need for resorting to external financing.

As part of its overall liquidity management, the Group currently maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The following table sets out the maturity profile of the Group's and the Company's liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	Carrying amount	Contractual undiscounted cash flows	Within 1 year
2025	RM	RM	RM
Financial liability			
Trade and other payables	5,288,414	5,288,414	5,288,414

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

33. Financial instruments (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Group	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
2024			
Financial liability			
Trade and other payables	5,459,853	5,459,853	5,459,853
Company			
2025			
Financial liability			
Trade and other payables	5,429,581	5,429,581	5,429,581
2024			
Financial liability			
Trade and other payables	3,673,504	3,673,504	3,673,504

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The investment in financial assets is mainly short term in nature and have been mostly placed in fixed deposits and money market funds and any changes in future market interest rates is not expected to have material impact on fair value or future cash flows of financial instruments.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group has transactional currency exposures arising from sales, and purchase of plant and machinery that are denominated in a currency other than in RM. The foreign currency in which these transactions are denominated is mainly US Dollars ("USD").

Approximately 99% (2024: 99%) of the Group's sales are denominated in foreign currencies whilst almost 98% (2024: 100%) of the Group's trade receivables are denominated in foreign currencies.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM2,659,106 (2024: RM582,978) for the Group and the Company.

Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

33. Financial instruments (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

Effects on profit after taxation	Group/Company Increase/(Decrease)	
	2025 RM	2024 RM
USD/RM		
Strengthened by 5% (2024: 5%)	157,658	277,159
Weakened by 5% (2024: 5%)	(157,658)	(277,159)

34. Fair value information

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

As at the reporting date, the fair value information of assets measured at fair value and those not measured at fair value but fair value disclosure is required is as follows:

Group

2025	Carrying amount RM	Fair value measurement RM	Level 1 RM	Level 2 RM	Level 3 RM
Non-financial asset					
Investment property	1,804,699	3,550,000	-	-	3,550,000

Asset measured at fair value

Other investment					
- Equity instrument (unquoted in China)	4,827,800	4,827,800	-	-	4,827,800
	6,632,499	8,377,800	-	-	8,377,800

Company

2025

Non-financial asset

Investment property	1,804,699	3,550,000	-	-	3,550,000
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Group

2024

Non-financial asset

	Carrying amount RM	Fair value measurement RM	Level 1 RM	Level 2 RM	Level 3 RM
Investment property	1,886,732	3,550,000	-	-	3,550,000

Asset measured at fair value

Other investment					
- Equity instrument (unquoted in China)	1,852,800	1,852,800	-	-	1,852,800
	3,739,532	5,402,800	-	-	5,402,800

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

34. Fair value information (continued)

Company

2024	Carrying amount	Fair value measurement	Level 1	Level 2	Level 3
Non-financial asset	RM	RM	RM	RM	RM
Investment property	1,886,732	3,550,000	-	-	3,550,000

There have been no transfers between the levels during the current and previous financial years.

The fair value of the unquoted equity instrument was assessed as at 31 December 2025. The investee company is in the early stage of research and development, with ongoing development activities. In view of the uncertainties surrounding the feasibility of the products and the absence of observable market transactions, management has determined that cost represents the most appropriate estimate of fair value.

The fair value of the investment property was based on valuation by independent valuer as at 31 December 2025. The valuation was based on comparable approach using similar properties with significant unobservable inputs including factor adjustments made for location, size, accessibility, building conditions, and etc.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's strategies were unchanged from the previous financial year.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

The Group's is lowly geared as their working capital debts are sufficiently covered by cash and cash equivalents and they have no other external financing.

Under the requirements of Bursa Malaysia Guidance Note 3, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement. There are no other external capital requirements imposed on the Group and the Company.

36. Segment information

(i) Operating segment

For management purposes, the Group is organised into business units based on its products and services, and has three (3) reportable operating segments as follows:

- The manufacturing segment is business of manufacturing and sale of plywood, veneer and laminated veneer lumber; and
- The electricity segment is the business of generation and sale of electricity.
- The logging segment includes the cultivation of timber plantations, extraction and sale of timber logs.

Except as indicated above, no other operating segment has been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

36. Segment information (continued)

(i) Operating segment (continued)

	Manufacturing		Electricity		Logging		Adjustments an eliminations		Note	Per consolidated financial statements	
	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM		2025 RM	2024 RM
Revenue:											
External customers	96,314,457	89,985,891	-	3,660	-	-	-	-	(a)	96,314,457	89,989,551
Inter-segment	-	-	515,244	1,110,059	-	-	(515,244)	(1,110,059)		-	-
Total revenue	96,314,457	89,985,891	515,244	1,113,719	-	-	(515,244)	(1,110,059)		96,314,457	89,989,551
Results:											
Interest income	156,194	276,684	86	297	-	-	13,240	13,322		169,520	290,303
Depreciation	3,138,112	3,035,316	431,152	459,844	289	-	82,032	82,032		3,651,585	3,577,192
Segment (loss)/profit	(15,469,180)	(14,421,719)	(733,745)	(2,159,917)	(578,153)	(4,250,897)	1,819,897	2,339,721		(14,961,181)	(18,492,812)
Assets:											
Additions to non-current assets	3,020,082	7,935,331	435,120	580	1,110,495	-	-	-	(b)	4,565,697	7,935,911
Segment assets	88,002,775	86,381,408	2,784,151	6,852,278	551,220	104,840	48,431,163	64,215,281	(c)	139,769,309	157,553,807
Segment liabilities	7,784,644	4,476,871	155,234	1,921,080	55,343	51,954	-	-		7,995,221	6,449,905

Notes: Nature of adjustment and eliminations to arrive at amounts reported in the consolidated financial statements.

(a) Inter-segment revenues are eliminated on consolidation.

(b) Additions to non-current assets consist of:

	Group	
	2025 RM	2024 RM
Property, plant and equipment	4,565,697	7,935,911

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

36. Segment information (continued)

(i) Operating segment (continued)

- (c) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

Reconciliation of assets

	Group	
	2025 RM	2024 RM
Money market funds	40,575,049	56,221,787
Investment in unquoted company	4,827,800	1,852,800
Investment property	1,804,699	1,886,731
Tax recoverable	1,223,615	4,253,963
	48,431,163	64,215,281

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2025 RM	2024 RM
Australia	-	105,288
Canada	591,682	228,002
China	-	87,331
Hong Kong	762,789	1,298,932
Korea	2,628,419	3,770,373
Malaysia	710,919	595,954
Japan	2,336,407	2,007,327
Taiwan	7,067,302	11,361,998
Thailand	2,929,737	3,264,151
USA	79,287,202	67,270,195
	96,314,457	89,989,551

Non-current assets are in Malaysia and consists of the following items as presented in the consolidated statement of financial position:

	2025 RM	2024 RM
Property, plant and equipment	28,031,673	27,035,555
Investment property	1,804,699	1,886,731
	29,836,372	28,922,286

(iii) Major customers

Revenue from 1 (2024: 1) major customers amounted to RM40,787,908 (42% of revenue) (2024: RM48,585,765 (54% of revenue)) arising from sale of plywood.

37. Subsequent event

On 13 March 2026, the Group incorporated a new wholly-owned subsidiary, Forming Plytech Sdn. Bhd., with an issued share capital of RM1. The incorporation does not affect the amounts recognised in the financial statements for the financial year ended 31 December 2025.

LIST OF PROPERTIES

No.	Location	Tenure	Land Area and Gross Built-Up Area	Approximate Age of Building	Description and Current Use	Net Book Value as at 31 December 2025	Effective Year of Purchase
1.	Mile 3, Jalan Masak, Kampung Ulu Patikang, Locked Bag 13 SM-88 89009 Keningau, Sabah Malaysia	99 years lease expiring on 31.12.2081	<u>Land area</u> 94,700 square meters <u>Gross built-up area</u> 31,370.47 square meters	34 years	Industrial land and building	RM5,116,383	1991
2.	11F, Wisma Perindustrian, Jalan Istiadat, 88400 Likas Kota Kinabalu, Sabah Malaysia	99 years lease expiring on 31.12.2093	<u>Land area</u> 11,610 square meters <u>Gross built-up area</u> 990.20 square meters	28 years	Commercial building	RM1,804,701	1997
3.	Kampung Ulu Patikang Keningau, Sabah Malaysia	99 years lease expiring on 31.12.2093	<u>Land area</u> 0.703 hectares	N/A	Industrial land	RM537,431	2018

ANALYSIS OF SHAREHOLDINGS

Total number of issued share : 230,420,000
 Number of treasury shares : 11,988,332 Ordinary shares
 Class of shares : Ordinary shares
 Voting rights of shareholders : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 27 MARCH 2026

Size of holdings	No. of holders	%	No. of shares	%
1 - 99	296	10.075	10,954	0.005
100 - 1,000	198	6.739	77,820	0.035
1,001 - 10,000	971	33.050	4,707,121	2.155
10,001 - 100,000	1,280	43.567	37,153,113	17.009
100,001 - 10,921,582 (*)	191	6.501	112,471,968	51.491
10,921,583 and above (**)	2	0.068	64,010,692	29.305
Total	2,938	100.000	218,431,668	100.000

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS AT 27 MARCH 2026

		Direct		Indirect	
		No. of shares	%	No. of shares	%
1	EARNEST FORTITUDE LIMITED	37,903,966	17.352	-	-
2	LIN, HAO-YU	32,263,123	14.769	-	-

DIRECTORS' SHAREHOLDINGS AS AT 27 MARCH 2026

		No. of Ordinary Shares Held			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
1	DATUK AZNAM BIN MANSOR	1,591,200	0.728	-	-
2	LIN, HAO-WEN	10,607,214	4.856	-	-
3	LIN, HAO-YU	32,263,123	14.769	-	-
4	LIN, PEI-WEN	10,394,827	4.758	-	-
5	KENNETH CHIN KAH KIONG	-	-	-	-
6	NAR CHIN KEOW	-	-	-	-
7	CHONG SHU PHIN	-	-	-	-

Analysis of Shareholdings (Cont'd)

LIST OF TOP THIRTY LARGEST SHAREHOLDERS AS AT 27 MARCH 2026

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1	EARNEST FORTITUDE LIMITED	37,903,966	17.352
2	LIN, HAO-YU	26,106,726	11.951
3	LIN, HAO-WEN	10,607,214	4.856
4	LIN, PEI-WEN	10,394,827	4.758
5	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIN HAO YU	6,156,397	2.818
6	SIM MUI KHEE	4,995,200	2.286
7	LEE KOK HIN	4,322,972	1.979
8	NG GHEK KIM	3,683,059	1.686
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TIAN MENG	3,310,700	1.515
10	LIM PEI TIAM @ LIAM AHAT KIAT	3,300,000	1.510
11	FONG TING WONG	3,078,017	1.409
12	GAN KHO @ GAN HONG LEONG	2,594,340	1.187
13	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	1,867,254	0.854
14	LOH KOK WAI	1,749,895	0.801
15	WONG YOKE NYEN	1,661,200	0.760
16	AZNAM BIN MANSOR	1,591,200	0.728
17	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PAY KAON	1,500,000	0.686
18	TEOH LAI CHOY	1,463,300	0.669
19	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHENG KUAN	1,250,000	0.572
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD WEE SENG YEEN	1,163,200	0.532
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEW KEW LEAN	1,100,000	0.503
22	LAM PENG CHEONG	1,006,800	0.460
23	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD (RETAIL CLIENTS)	977,096	0.447
24	HUANG CHIA-HSING	895,600	0.410
25	LIN, CHANG-KAI	889,200	0.407
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHONG SIEW CHIEN	884,720	0.405
27	LEE KA YONG	848,640	0.388
28	CHEE SAI MUN	832,936	0.381
29	BALVINDER SINGH A/L BHAGWAN SINGH	813,600	0.372
30	S'NG SUET WAI	742,559	0.339
		137,690,618	63.021

NOTICE OF THIRTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth (“36th”) Annual General Meeting (“AGM”) of Focus Lumber Berhad (“the Company”) will be held at Zara Boutique Hotel, Harbour City, Jalan Pantai Baru, Sembulan, 88100 Kota Kinabalu, Sabah on Friday, 22 May 2026 at 10.00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. **[Please refer to Note II (1)]**
2. To approve the payment of Directors’ fees and benefits up to RM421,200.00 for the period from this 36th Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 1**
3. To re-elect Nar Chin Keow who retires pursuant to Clause 76(3) of the Company’s Constitution, as Director of the Company. **Ordinary Resolution 2**
4. To re-elect Lin Pei Wen who retires pursuant to Clause 76(3) of the Company’s Constitution, as Director of the Company. **Ordinary Resolution 3**
5. To re-appoint Messrs PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Special Business

To consider and if thought fit, to pass the following resolution, with or without modifications, as Ordinary Resolution of the Company:-

6. **ORDINARY RESOLUTION
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**
Ordinary Resolution 5

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.”

7. **ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES**
Ordinary Resolution 6

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

Notice of Thirty-Sixth Annual General Meeting (Cont'd)

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed, at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with responsibility for companies may by order prescribe; and/or
- (viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.

- 8. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

FONG SEAH LIH (MAICSA 7062297)

(SSM PC NO. 202008000973)

THAM YIN TONG (MAICSA 7049718)

(SSM PC NO. 202008001314)

Company Secretaries

Kuala Lumpur

Date: 23 April 2026

Notice of Thirty-Sixth Annual General Meeting (Cont'd)

NOTES:

I Notes on Appointment of Proxy

- (1) For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 May 2026. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (2) A member who is entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at this AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
- (4) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (5) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (7) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (8) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic means via Vistra Share Registry and IPO (MY) portal

The proxy form can be electronically lodged with the Company's Share Registrar's online platform, Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com>. Please refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via Vistra Share Registry and IPO (MY) portal.

- (9) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Notice of Thirty-Sixth Annual General Meeting (Cont'd)

NOTES: (CONTINUED)

I Notes on Appointment of Proxy (Continued)

- (10) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.
- (11) Last date and time for lodging the proxy form is Wednesday, 20 May 2026 at 10.00 a.m.
- (12) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:-
 - (a) Identity card (NRIC) (Malaysian); or
 - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
 - (c) Passport (Foreigner).
- (13) For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the Company's Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative if it has not been lodged at the Company's Share Registrar earlier.

II Explanatory Notes

Ordinary Business

(1) Audited Financial Statements for the financial year ended 31 December 2025

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders.

(2) Ordinary Resolution 1 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Resolution 1 for the Directors' fees and benefits proposed for the period from this 36th AGM up to the date of next AGM are calculated based on the current Board size and number of scheduled Board and Committee Meetings from the 36th AGM until the next AGM. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient, (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

(3) Ordinary Resolutions 2 and 3 – Re-election of Directors

Ms Nar Chin Keow and Ms Lin Pei Wen are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this 36th AGM.

Please refer to the Statement Accompanying Notice of the 36th AGM for further details.

(4) Ordinary Resolution 4 – Re-appointment of Auditors

The Board has through the Audit Committee assessed the suitability and independence of the External Auditors, Messrs PKF PLT and considered the re-appointment of Messrs PKF PLT as Auditors of the Company. The Board and Audit Committee collectively agreed and satisfied that Messrs PKF PLT has the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

Notice of Thirty-Sixth Annual General Meeting (Cont'd)

II Explanatory Notes (Continued)

Special Business

(5) Ordinary Resolution 5 – Authority to Allot Shares

This proposed resolution is a renewal of the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 (“General Mandate”) obtained from the shareholders of the Company at the previous Annual General Meeting, and if passed, will give the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital (excluding treasury shares) of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new ordinary shares in the Company were allotted pursuant to the general mandate which was approved at the Thirty Fifth AGM held on 23 May 2025 and which will lapse at the conclusion of the 36th AGM.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

(6) Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Mandate

The proposed Ordinary Resolution 6, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company.

Please refer to the Statement to Shareholders dated 23 April 2026 for further information.

STATEMENT ACCOMPANYING NOTICE OF THIRTY-SIXTH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Directors Standing for Election

As of the date of this notice, there are no individuals who are standing for election or appointment as Directors at this 36th AGM.

The following Directors are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this 36th AGM:-

Pursuant to Clause 76(3) of the Company's Constitution

1. Nar Chin Keow; and
2. Lin Pei Wen.

("the Retiring Directors")

The details of the abovenamed Retiring Directors are set out in their respective profiles on page 5 of the Annual Report 2025. The details of their interest in the securities of the Company can be found on page 112.

The Board had through the Nomination Committee ("NC") carried out the Board Effectiveness Evaluation on the Board, Board Committees and Directors for the financial year ended 31 December 2025. The Board is satisfied with the overall result of the Board Effectiveness Evaluation.

The Retiring Directors meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors. None of the Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company and its subsidiaries.

The NC has also conducted a review and assessment on the fit and proper of the Retiring Directors in accordance with the Directors' fit and proper policy and agreed that the Retiring Directors met with the criteria prescribed in the Directors' Fit and Proper Policy.

The Board (save for Ms Nar Chin Keow and Ms Lin Pei Wen who have abstained from deliberation on discussions relating to their own re-election at the Board meetings) support the re-election of the Retiring Directors as it believes that the Retiring Directors have discharged their duties and responsibilities effectively, demonstrated commitment to their role, and will continue to make a strong contribution to the work of the Board and to the long-term sustainable success of the Company.

ADMINISTRATIVE GUIDE FOR THE THIRTY-SIXTH ANNUAL GENERAL MEETING (“36th AGM”)

Day & Date	: Friday, 22 May 2026
Time	: 10.00 a.m.
Venue	: Zara Boutique Hotel, Harbour City, Jalan Pantai Baru, Sembulan, 88100 Kota Kinabalu, Sabah

REGISTRATION

- The registration counter starts at 9.00 a.m. on Friday, 22 May 2026 and will open until the conclusion of the 36th AGM or such time may be determined by the Chairman of the Meeting.
- Shareholders or proxies are requested to produce/show their original MyKAD or Passport (for non-Malaysians) to the registration staff for verification purposes. Please ensure the original MyKAD or Passport is returned to you thereafter. Please take note that no person will be allowed to register on behalf of another person, even with the original MyKAD or Passport of that person.
- Upon verification, shareholders or proxies will also be given the identification wristbands for voting purposes. No person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement for the identification wristband if it is lost or misplaced.

CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. (“TIIH”) on or before the 36th AGM.
- Attorneys appointed by power of attorney are required to deposit their power of attorney with TIIH not later than Wednesday, 20 May 2026 at 10.00 a.m. to attend and vote at the 36th AGM.

PROXY

The appointment of proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the 36th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid:

In hardcopy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company’s Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

In electronic form

You may also submit your proxy appointment electronically via the Company’s Share Registrar’s online platform, Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com>. Please do read and follow the procedures below to submit proxy form electronically.

Administrative Guide (Cont'd)

For The Thirty-Sixth Annual General Meeting (“36th AGM”)

ELECTRONIC LODGMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Vistra Share Registry and IPO (MY) Portal (“The Portal”) are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User at The Portal	<ul style="list-style-type: none"> • Visit the website at https://srmy.vistra.com. • Click “Register” and select “Individual Holder” and complete the New User Registration Form. • For guidance, you may refer to the tutorial guide available on the homepage. • Once registration is completed, you will receive an email notification to verify your registered email address. • After verification, your registration will be reviewed and approved within one (1) working day. • A confirmation email will be sent once approved. <p><i>If you are an existing user with The Portal or our TIIH Online portal previously, you are not required to register again.</i></p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: “FOCUS LUMBER BERHAD 36TH AGM” • Navigate to the 3 dots at the end of the corporate event and choose “SUBMISSION OF PROXY FORM”. • Read and agree to the Terms and Conditions and confirm the Declaration. • Indicate the total number of shares assigned to your proxy(s) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST or ABSTAIN. • Print the proxy form for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User at The Portal	<ul style="list-style-type: none"> • Visit the website at https://srmy.vistra.com. • Click “Register” and select “Representative of Corporate Holder” and complete the New User Registration Form. • Complete the registration form with your personal details. • Once registration is completed, you will receive an email notification to verify your registered email address. • After verification, your registration will be reviewed and approval within two (2) working days. A confirmation email will be sent once approved. • Once you receive the confirmation, activate your account by creating your password. <p><i>Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he or she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.</i></p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • Login to https://srmy.vistra.com with your email address and password. • Select the corporate event: “FOCUS LUMBER BERHAD 36TH AGM” • Navigate to the icon “>” at the end of the corporate event. • Read and agree to the Terms and Conditions and confirm the Declaration. • Select the corporate holder’s name. • Proceed to download the submission file. • Prepare the file for the appointment of proxy(ies) by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select “Confirm” to complete your submission. • Print the confirmation report of your submission for your record.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the 36th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **15 May 2026** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

Administrative Guide (Cont'd)

For The Thirty-Sixth Annual General Meeting (“36th AGM”)

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 36th AGM proceedings is allowed without prior written permission of the Company.

DOOR GIFT AND REFRESHMENT

There will be no distribution of door gift or e-voucher for the 36th AGM.

We thank you for your support to the Company.

ENQUIRY

If you have any enquiry prior to the 36th AGM, please contact the following officers during office hours from 9.00 a.m. to 5.00 p.m. (Monday to Friday):

Tricor Investor & Issuing House Services Sdn. Bhd. Registration No. 197101000970 (11324-H) Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	General Line	+603 2783 9299
	Low Cheng Chuan	Cheng.Chuan.Low@vistra.com +603 2783 9278
	Muhammad Ashraff Bin Mohd Khaizan	Muhammad.Ashraff@vistra.com +603 2783 9276
	E-mail:	is.enquiry@my.vistra.com



富佳木業有限公司
FOCUS LUMBER BERHAD
 Registration No.: 198901011405 (188710-V)

PROXY FORM

CDS Account No.
No. of Shares held

I/We _____ Tel: _____
 [Full name in block, NRIC/Passport/Company No.]

of _____
 [Address]

being member(s) of **Focus Lumber Berhad**, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting, as ^my/our proxy to vote for ^me/us and on ^my/our behalf at the Thirty-Sixth Annual General Meeting ("AGM") of the Company to be held at Zara Boutique Hotel, Harbour City, Jalan Pantai Baru, Sembulan, 88100 Kota Kinabalu, Sabah on Friday, 22 May 2026 at 10.00 a.m. or any adjournment thereof, and to vote a indicated below:-

Ordinary Business	Resolution	For	Against
Payment of Directors' fees and benefits up to RM421,200.00 for the period from this Thirty-Sixth AGM until the next AGM of the Company.	Ordinary Resolution 1		
Re-election of Nar Chin Keow as Director pursuant to Clause 76(3) of the Company's Constitution.	Ordinary Resolution 2		
Re-election of Lin Pei Wen as Director pursuant to Clause 76(3) of the Company's Constitution.	Ordinary Resolution 3		
Re-appointment of Messrs PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
Special Business			
Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 5		
Proposed Renewal of Share Buy-Back Mandate.	Ordinary Resolution 6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2026

 Signature*
 Member

^Delete whichever is not applicable

* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Notes:

- (1) For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 May 2026. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (2) A member who is entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at this AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
- (4) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (5) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (7) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (8) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) By electronic means via Vistra Share Registry and IPO (MY) portal
The proxy form can be electronically lodged with the Company's Share Registrar's online platform, Vistra Share Registry and IPO (MY) portal at <https://srm.vistra.com>. Please refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via Vistra Share Registry and IPO (MY) portal.
- (9) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (10) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.
- (11) Last date and time for lodging the proxy form is Wednesday, 20 May 2026 at 10.00 a.m.
- (12) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:-
 - (a) Identity card (NRIC) (Malaysian); or
 - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
 - (c) Passport (Foreigner).
- (13) For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the Company's Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, please bring the ORIGINAL certificate of appointment of authorised representative if it has not been lodged at the Company's Share Registrar earlier.

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Stamp

FOCUS LUMBER BERHAD

Registration No.: 198901011405 (188710-V)

The Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
[Registration No.: 197101000970 (11324-H)]

Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia

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富佳木業有限公司

FOCUS LUMBER BERHAD

Registration No.: 198901011405 (188710-V)

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