

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2024

EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements (Condensed Reports) are unaudited and have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS34: *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB) and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

The significant accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2023 except for the adoption of the following new/revised MFRSs:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

The adoption of the above new/revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

A2. Qualification of Financial Statements

The auditors' report dated 5 April 2024 in respect of the audited financial statements for the year ended 31 December 2023 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group performance for the financial period under review was not materially affected by any major seasonal and cyclical factors.

A4. Extraordinary and exceptional items

There were no extraordinary and exceptional items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

A5. Changes in estimates

There were no material changes in the nature and amount of estimates during the financial period under review.

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A6. Issuance and repayment of debts and equity securities etc

There were no issuances, cancellation, resale and repayment of debts and equity securities during the financial period under review.

A7. Dividend paid

No dividend was paid by the Company during the financial period ended 31 March 2024.

A8. Segment reporting

a. Operating segment

	Manufacture and sale of stainless steel fasteners RM'000	Manufacture and sale of aluminium and its related products RM'000	Unallocated non-operating segments RM'000	Total RM'000
31 March 2024				
Segment assets	514,950	130,718	7,107	652,775
Segment liabilities	31,571	16,966	169	48,706
External revenue	91,461	39,384	0	130,845
Segment profit/(loss)	1,190	3,338	(23)	4,505

	Manufacture and sale of stainless steel fasteners RM'000	Manufacture and sale of aluminium and its related products RM'000	Unallocated non-operating segments RM'000	Total RM'000
31 March 2023				
Segment assets	543,405	131,191	9,397	683,993
Segment liabilities	36,001	20,430	119	56,550
External revenue	147,557	39,096	0	186,653
Segment profit/(loss)	4,980	1,916	(1,184)	5,712

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b. Geographical information

In RM'000	External revenue		Non-current assets	
	31/03/2023	31/03/2023	31/03/2024	31/03/2023
Malaysia	37,286	32,531	58,187	55,014
Thailand	6,268	4,814	87,361	88,758
Germany	14,179	19,218	0	0
Taiwan	14,634	61,945	0	0
United States of America	33,287	32,804	0	0
Other countries	25,191	35,341	0	0
	<u>130,845</u>	<u>186,653</u>	<u>145,548</u>	<u>143,772</u>

A9. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

A10. Property, plant and equipment

The valuations of land and buildings have been brought forward, with no amendment from the previous annual report in the current quarter under review.

In the opinion of the directors, the fair value of property, plant and equipment is not significantly different from the carrying value.

A11. Capital commitment

Authorised capital expenditure not provided for in the interim financial report is as follows:

	31/3/2024 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>4,705</u>

A12. Material events subsequent to the reported period

There was no item, transaction or event of a material or unusual in nature during the year from the end of the financial year under review to 15 February 2023.

A13. Contingent liabilities

	31/03/2024 RM'000	31/03/2023 RM'000
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>275,128</u>	<u>269,441</u>

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B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS

1. Review of the performance of the Company and its principal subsidiaries

	Individual Period (1 st quarter)		Changes	
	31/03/2024	31/03/2023		
	RM'000	RM'000	RM'000	%
Revenue	130,845	186,653	(55,808)	(29.90)
Gross Profit	8,026	14,949	(6,923)	(46.31)
Profit Before Interest and Tax	6,215	8,283	(2,068)	(24.97)
Profit Before Tax	5,997	7,911	(1,914)	(24.19)
Profit After Tax	4,505	5,712	(1,207)	(21.13)
Profit attributable to owners of the Company	2,840	4,743	(1,903)	(40.12)

The Group recorded revenue of RM130.85 million for current quarter as compared to RM186.65 million in previous year corresponding quarter. Lower revenue was mainly due to lower sales volume contributed and lower average selling price from Fasteners segment.

The gross profit for cumulative period decreased by RM6.92 million or 46.31% to RM8.03 million caused by higher raw material cost of the stainless steel wire rod and billet prices.

2. Material changes in the quarterly results compared to the results of the immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31/12/24	31/12/23		
	RM'000	RM'000	RM'000	%
Revenue	130,845	122,060	8,785	7.20
Gross Profit	8,026	3,489	4,537	130.04
Profit/(Loss) Before Interest and Tax	6,215	(2,034)	8,249	(405.56)
Profit/(Loss) Before Tax	5,997	(2,261)	8,258	(365.24)
Profit/(Loss) After Tax	4,505	(3,137)	7,645	(243.61)
Profit/(Loss) attributable to owners of the Company	2,840	(3,865)	6,795	(173.48)

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Material changes in the quarterly results compared to the results of the immediate preceding quarter (cont'd)

The Group reported revenue of RM130.85 million and profit before tax of RM6 million for the current quarter as compared to the revenue of RM122.06 million and loss before tax of RM2.26 million in the immediate preceding quarter. Increase of the revenue were mainly resulted from the increase in sales volume generated for both Fasteners and Aluminium segments. The increase in revenue also resulted in the increase in gross profit by RM4.54 million from RM3.50 million to RM8.03 million.

3. Prospects for the current financial year

The Group expects the future economic outlook in following quarters to remain challenging due macroeconomic and geopolitical issues resulting in unpredictable market conditions. The Group anticipates the over-supply situation and weak external demand to continue.

The Group has taken continuous effort to sustain its operations and seize business opportunities in this dynamic yet challenging market. The Group remains cautious, and will continue to focus on its operational efficiencies and improve on all areas of operations, technology, manpower and logistics.

4. Variance of actual profit from forecast profit

Not applicable.

5. Tax expense

The tax expense for continuing operations comprises:

	Individual Quarter 3 months ended 31 March		Cumulative Quarter ended 31 March	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax based on results for the year:-				
Current tax	1,454	2,185	1,454	2,185
Deferred tax	38	14	38	14
	<u>1,492</u>	<u>2,199</u>	<u>1,492</u>	<u>2,199</u>

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6. Group borrowings and debt securities

The Group's loans and borrowings are as follows:

	31/03/2024	31/03/2023
	RM'000	RM'000
<u>Unsecured</u>		
Short term borrowings		
Bankers' acceptance	2,300	8,239
Onshore foreign currency loans	0	6,371
Foreign currency trust receipts	13,947	9,747
Term loan	0	0
Total	<u>16,247</u>	<u>24,357</u>
Disclosed as:-		
- Current liabilities	16,247	24,357
- Non-current liabilities	0	0
	<u>16,247</u>	<u>24,357</u>

The Group loans and borrowings in RM equivalent analysed by currencies in which the loans and borrowings were denominated are as follows:

	31/03/2024	31/03/2023
	RM'000	RM'000
<u>Bank loans and borrowings</u>		
US Dollars	13,947	16,118
Malaysian Ringgit	2,300	8,239
	<u>16,247</u>	<u>24,357</u>

7. Material pending litigation

The Group is not engaged in any material litigation as at 22 May 2024 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

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8. Financial instruments

As at 31 March 2023, the outstanding forward exchange contracts are as follows:

	31/03/2024		31/03/2023	
	To sell '000	To buy '000	To sell '000	To buy '000
Contract I	EUR 1,600	USD 1,752	EUR 3,100	USD 3,325
Contract II	EUR 400	MYR 2,027	EUR 700	MYR 3,303
Contract III	NIL	NIL	USD 600	THB 20,820

The maturity of the abovementioned foreign exchange contracts are less than 1 year.

Forward exchange contracts were entered into by subsidiaries in currencies other than the functional currency to manage the exposure to the foreign exchange rates fluctuation.

All exchange gains/losses arising on the hedge instruments are recognised in the Statement of Comprehensive Income on settlement of the forward exchange contract.

9. Dividend

A final single-tier dividend of 7.5 sen per share, in respect of the financial year ended 31 December 2023, will be proposed for the shareholders' approval at the 27th Annual General Meeting.

10. Earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter Ended	
	31 March		31 March	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit for the year attributable to owners of the Company (RM'000)	2,840	4,743	2,840	4,743
Number of shares in issue at 1 January /31 December ('000)	153,518	153,518	153,518	153,518
Basic earnings per share (sen)	1.85	3.09	1.85	3.09
Diluted earnings per share (sen)	1.85	3.09	1.85	3.09

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11. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Quarter	Current Year To Date
	RM'000	RM'000
Interest income	386	386
Interest expense	218	218
Depreciation and amortization	175	175
Foreign exchange gain	2,963	2,963
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	893	893

BY ORDER OF THE BOARD

Tsai Yi Ting
Managing Director
Dated this 29 May 2024