

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

A final single tier dividend of 7.5 sens per share, amounting to RM11,513,827 in respect of the financial year ended 31 December 2023, was approved in the AGM held on 29 May 2024, which had been paid on 14 June 2024 subsequently.

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 December 2024				
Segment assets	529,377	148,850	6,339	684,566
Segment liabilities	55,212	36,754	193	92,159
External revenue	379,201	162,465	0	541,666
Segment profit/(loss)	(3,915)	11,921	(222)	7,784

	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 December 2023				
Segment assets	523,012	134,532	7,142	664,686
Segment liabilities	31,383	24,120	180	55,683
External revenue	452,260	145,773	0	598,033
Segment profit/(loss)	4,965	6,666	(1,843)	9,788

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b. Geographical information

In RM'000	External revenue		Non-current assets	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Malaysia	148,149	123,950	53,104	58,027
Thailand	19,988	17,673	87,820	90,558
Germany	41,991	55,563	0	0
Taiwan	84,221	152,930	0	0
United States of America	146,108	126,045	0	0
Other countries	101,209	121,872	0	0
	<u>541,666</u>	<u>598,033</u>	<u>140,924</u>	<u>148,585</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:

	31/12/2024 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>4,908</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 period under review to 17 February 2025.

A13. Contingent liabilities

	31/12/2024 RM'000	31/12/2023 RM'000
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>271,437</u>	<u>275,914</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 (4th quarter)		Changes		Cumulative Period		Changes	
	31/12/24	31/12/23			31/12/24	31/12/23		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	140,051	122,060	17,991	14.74	541,666	598,033	(56,367)	(9.43)
Gross Profit	9,604	3,489	6,115	175.27	34,953	31,663	3,290	10.39
Profit/(Loss) Before Interest and Tax	6,796	(2,034)	8,830	(434.12)	11,597	16,603	(5,006)	(30.15)
Profit/(Loss) Before Tax	6,542	(2,261)	8,803	(389.34)	10,708	15,506	(4,798)	(30.94)
Profit/(Loss) After Tax	7,276	(3,137)	10,413	(331.94)	7,784	9,788	(2,004)	(20.47)
Profit/(Loss) attributable to owners of the Company	(3,116)	(3,865)	749	(19.39)	1,764	6,422	(4,658)	(72.54)

The Group recorded revenue of RM140.05 million for current quarter as compared to RM122.06 million in previous year corresponding quarter. Higher revenue was mainly due to higher sales volume contributed from Fasteners segment and Aluminium segment.

The gross profit for cumulative period increased by RM3.29 million or 10.39% to RM34.95 million. However, the gross profit margin for the cumulative period had been improved from 5.29% to 6.45%. The Group has benefited from the lower 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	30/09/24	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	140,051	139,683	368	0.26
Gross Profit	9,604	7,827	1777	22.70
Profit/(Loss) Before Interest and Tax	6,796	(6,790)	13,586	(200.09)
Profit/(Loss) Before Tax	6,542	(6,962)	13,504	(193.97)
Profit/(Loss) After Tax	7,276	(7,827)	15,104	(192.97)
(Loss) attributable to owners of the Company	(3,116)	(9,842)	6,726	(68.34)

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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 RM140.05 million and profit before tax of RM6.54 million for the current quarter as compared to the revenue of RM139.68 million and loss before tax of RM6.96 million in the immediate preceding quarter. Increase of the revenue and gross profit were mainly resulted from fluctuation of foreign exchange rate.

3. Prospects for the current financial year

The Group expects the future economic outlook in following quarters to remain fragile 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		Cumulative Quarter	
	3 months ended		ended	
	31 December		31 December	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
Current tax	748	1,216	4,432	6,076
Real property gain tax	25	0	25	0
Deferred tax	(1,251)	(305)	(1,277)	(323)
	<u>(478)</u>	<u>911</u>	<u>3,180</u>	<u>5,753</u>
Tax (over)/under provided in prior year:-				
Current tax	(267)	37	(267)	37
Deferred tax	11	(72)	11	(72)
	<u>(734)</u>	<u>876</u>	<u>2,924</u>	<u>5,718</u>

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6. Group borrowings and debt securities

The Group's loans and borrowings are as follows:

	31/12/2024	31/12/2023
	RM'000	RM'000
<u>Unsecured</u>		
Short term borrowings		
Bankers' acceptance	14,764	8,756
Onshore foreign currency loans	9,101	3,985
Foreign currency trust receipts	17,312	7,066
Total	<u>41,177</u>	<u>19,807</u>
Disclosed as:-		
- Current liabilities	41,177	19,807
- Non-current liabilities	0	0
	<u>41,177</u>	<u>19,807</u>

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

	31/12/2024	31/12/2023
	RM'000	RM'000
<u>Bank loans and borrowings</u>		
US Dollars	26,413	11,051
Malaysian Ringgit	14,764	8,756
	<u>41,177</u>	<u>19,807</u>

7. Material pending litigation

The Group is not engaged in any material litigation as at 17 February 2025 (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 December 2024, the outstanding forward exchange contracts are as follows:

	31/12/2024		31/12//2023	
	To sell ‘000	To buy ‘000	To sell ‘000	To buy ‘000
Contract I	EUR 2,015	USD 2,226	EUR 2,400	USD 2,616
Contract II	EUR 400	MYR 2,031	EUR 1,100	MYR 5,580
Contract III	MYR 6,529	USD 1,507	NIL	NIL

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 sens per share, amounting to RM11,513,827 in respect of the financial year ended 31 December 2023, was approved in the AGM held on 29 May 2024, which had been paid on 14 June 2024 subsequently.

10. Earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter Ended	
	31 December		31 December	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit/(Loss) for the year attributable to owners of the Company (RM'000)	<u>(3,116)</u>	<u>(3,865)</u>	<u>1,764</u>	<u>6,422</u>
Number of shares in issue at 1 January /31 December ('000)	<u>153,518</u>	<u>153,518</u>	<u>153,518</u>	<u>153,518</u>
Basic earnings per share (sen)	<u>(2.03)</u>	<u>(2.52)</u>	<u>1.15</u>	<u>4.18</u>
Diluted earnings per share (sen)	<u>(2.03)</u>	<u>(2.52)</u>	<u>1.15</u>	<u>4.18</u>

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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	369	1,202
Interest expense	254	889
Depreciation and amortization	3,612	13,961
Foreign exchange loss	(1,528)	2,422
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	1,054	2,720

BY ORDER OF THE BOARD

Tsai Yi Ting
Managing Director
Dated this 24 February 2024