

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

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 2025.

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 2025 except for the adoption of the following new/revised MFRSs:-

<b>MFRS (issued as at the end of the reporting period)</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 19: <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 121 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

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 31 March 2026 in respect of the audited financial statements for the year ended 31 December 2025 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.

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

**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 2026.

**A8. Segment reporting**

**a. Operating segment**

	<b>Manufacture and sale of stainless steel fasteners RM'000</b>	<b>Manufacture and sale of aluminium and its related products RM'000</b>	<b>Unallocated non- operating segments RM'000</b>	<b>Total RM'000</b>
<b>31 March 2026</b>				
Segment assets	476,046	136,797	6,827	619,670
Segment liabilities	16,284	18,644	185	35,113
External revenue	78,708	41,766	0	120,474
Segment profit/(loss)	3,422	3,780	(481)	6,721
	<b>Manufacture and sale of stainless steel fasteners RM'000</b>	<b>Manufacture and sale of aluminium and its related products RM'000</b>	<b>Unallocated non- operating segments RM'000</b>	<b>Total RM'000</b>
<b>31 March 2025</b>				
Segment assets	544,513	139,434	6,366	690,313
Segment liabilities	65,889	25,635	210	91,734
External revenue	119,671	34,079	0	153,750
Segment profit/(loss)	5,077	1,869	9	6,955

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

**b. Geographical information**

In RM'000	External revenue		Non-current assets	
	31/3/2026	31/3/2025	31/3/2026	31/3/2025
Malaysia	37,319	30,588	53,349	56,731
Thailand	3,503	5,140	76,307	87,342
Germany	4,209	8,192	0	0
Taiwan	23,385	29,748	0	0
United States of America	30,434	51,001	0	0
Other countries	21,624	29,081	0	0
	<u>120,474</u>	<u>153,750</u>	<u>129,656</u>	<u>144,073</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:

	31/12/2025 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>2,714</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 19 February 2026.

**A13. Contingent liabilities**

	31/3/2026 RM'000	31/3/2025 RM'000
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>241,901</u>	<u>270,479</u>

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

**B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS**

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

	Individual Period (1 <sup>st</sup> quarter)		Changes	
	31/03/2026	31/03/2025		
	RM'000	RM'000	RM'000	%
Revenue	120,474	153,750	(33,276)	(21.64)
Gross Profit	10,614	11,945	(1,331)	(11.14)
Profit Before Interest and Tax	8,108	8,331	(223)	(2.68)
Profit Before Tax	7,947	7,873	74	0.94
Profit After Tax	6,721	6,955	(234)	(3.36)
Profit attributable to owners of the Company	4,809	6,007	(1,197)	(19.93)

The Group recorded revenue of RM120.47 million for current quarter as compared to RM153.75 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 the period decreased by RM1.33 million or 11.14% to RM10.61 million. The gross profit margin for the cumulative period had been improved from 7.77% to 8.81% was mainly caused by lower 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	
	31/3/26	31/12/25		
	RM'000	RM'000	RM'000	%
Revenue	120,474	120,583	(109)	(0.09)
Gross Profit	10,614	5,652	4,962	87.79
Profit/(Loss) Before Interest and Tax	8,108	(701)	8,809	(1256.63)
Profit/(Loss) Before Tax	7,947	(1,246)	9,193	(737.80)
Profit/(Loss) After Tax	6,721	(414)	7,135	(1,723.43)
Profit/(Loss) attributable to owners of the Company	4,809	(1,290)	6,099	(472.81)

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

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

The Group reported revenue of RM120.47 million and profit before tax of RM7.95 million for the current quarter as compared to the revenue of RM120.58 million and loss before tax of RM1.25 million in the immediate preceding quarter. Slightly decrease of the revenue were mainly resulted from the decrease in selling price form Fasteners segments. However, the increase in selling price for Aluminium resulted in the increase in gross profit by RM4.96 million from RM5.65 million to RM10.64 million.

**3. Prospects for the current financial year**

Despite the challenging global economic environment marked by geopolitical tensions, inflationary pressures, foreign exchange volatility, and evolving trade policies, including tariff-related developments among major economies, Tong Herr remains cautiously optimistic on its business prospects for the current financial year.

Barring any unforeseen circumstances, the Board believes that the Group's long-term business fundamentals remain resilient, supported by its established customer base, diversified product range, and ongoing efforts to improve operational performance and cost effectiveness.

**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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Tax based on results for the year:-				
Current tax	1,219	917	1,219	917
Deferred tax	7	1	7	1
	<u>1,226</u>	<u>918</u>	<u>1,226</u>	<u>918</u>

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

**6. Group borrowings and debt securities**

The Group's loans and borrowings are as follows:

	<b>31/3/2026</b>	<b>31/3/2025</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Unsecured</u></b>		
Short term borrowings		
Bankers' acceptance	6,635	15,742
Onshore foreign currency loans	3,782	22,785
Foreign currency trust receipts	0	27,258
Total	<u>10,417</u>	<u>65,785</u>
Disclosed as:-		
- Current liabilities	10,417	65,785
- Non-current liabilities	0	0
	<u>10,417</u>	<u>65,785</u>

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

	<b>31/3/2026</b>	<b>31/3/2025</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank loans and borrowings</u></b>		
US Dollars	3,782	50,043
Malaysian Ringgit	6,635	15,742
	<u>10,417</u>	<u>65,785</u>

**7. Material pending litigation**

The Group is not engaged in any material litigation as at 18 May 2026 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

**8. Financial instruments**

As at 31 December 2025, the outstanding forward exchange contracts are as follows:

	31/3/2026		31/3/2025	
	To sell '000	To buy '000	To sell '000	To buy '000
Contract I	EUR 680	USD 809	EUR 2,300	USD 2,455
Contract II	-	-	EUR 1,000	MYR 4,643

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 3.3 sen per share, in respect of the financial year ended 31 December 2025, will be proposed for the shareholders' approval at the 29th Annual General Meeting.

**10. Earnings per share**

	Individual Quarter 3 months ended		Cumulative Quarter Ended	
	31 March		31 March	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Profit for the year attributable to owners of the Company (RM'000)	4,800	6,007	4,800	6,007
Number of shares in issue at 1 January /31 December ('000)	153,518	153,518	153,518	153,518
Basic earnings per share (sen)	3.13	3.91	3.13	3.91
Diluted earnings per share (sen)	3.13	3.91	3.13	3.91

NOTES TO THE UNAUDITED  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2026

**11. Notes to the Condensed Consolidated Statement of Comprehensive Income**

	<b>Current Quarter</b>	<b>Current Year To Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	142	142
Interest expense	161	161
Depreciation and amortization	3,736	3,736
Foreign exchange gain	2,497	2,497
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	757	757

BY ORDER OF THE BOARD

Tsai Yi Ting  
Managing Director  
Dated this 25 May 2026