

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 2022.

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 2022 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>Classification of Liabilities as Current or Non-current</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

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 14 April 2023 in respect of the audited financial statements for the year ended 31 December 2022 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 20 sens per share, amounting to RM30,703,540 in respect of the financial year ended 31 December 2022, was approved in the AGM held on 22 May 2023, which had been paid on 14 June 2023 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
30 September 2023				
Segment assets	504,563	134,717	365	639,645
Segment liabilities	16,451	20,732	13	37,195
External revenue	364,089	111,884	0	475,973
Segment profit/(loss)	8,915	5,240	(1,231)	12,924

	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
30 September 2022				
Segment assets	627,892	152,097	579	780,568
Segment liabilities	139,393	42,864	1	182,258
External revenue	614,492	189,569	0	804,061
Segment profit	68,458	9,788	(46)	78,200

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b. Geographical information

In RM'000	External revenue		Non-current assets	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Malaysia	94,994	164,519	53,608	58,894
Thailand	13,344	25,004	87,217	87,920
Germany	47,900	83,431	0	0
Taiwan	132,589	172,736	0	0
United States of America	90,723	217,463	0	0
Other countries	96,423	140,908	0	0
	<u>475,973</u>	<u>804,061</u>	<u>140,825</u>	<u>146,814</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:

	30/09/2023 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>10,405</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

	30/09/2023 RM'000	30/09/2022 RM'000
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>273,816</u>	<u>278,583</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 (3 rd quarter)		Changes		Cumulative Period		Changes	
	30/09/23	30/09/22			30/09/23	30/09/22		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	129,109	274,974	(145,865)	(53.05)	475,973	804,061	(328,088)	(40.80)
Gross Profit	5,842	35,469	(29,627)	(83.53)	28,174	136,260	(108,086)	(79.32)
Profit Before Interest and Tax	2,923	25,493	(22,570)	(88.53)	18,637	103,932	(85,295)	(82.07)
Profit Before Tax	2,669	24,231	(21,562)	(88.99)	17,767	101,674	(83,907)	(82.53)
Profit After Tax	1,611	18,011	(16,400)	(91.06)	12,925	78,200	(65,275)	(83.47)
Profit attributable to owners of the Company	920	20,599	(19,679)	(95.53)	10,287	73,227	(62,940)	(85.95)

For the current period under review, the Group had recorded the revenue of RM129.11 million and profit before tax of RM2.67 million, which had decreased by RM145.87 million and RM21.56 million respectively as compared with the corresponding period in previous financial year.

Lower revenue and profit reduction were mainly due to the overall decrease in sales volume and selling price for both Fasteners and Aluminium segment as a result of the weakening market sentiment.

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/09/23	30/06/23	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	129,109	160,211	(31,102)	(19.41)
Gross Profit	5,842	7,383	(1,541)	(20.87)
Profit Before Interest and Tax	2,923	7,431	(4,508)	(60.67)
Profit Before Tax	2,669	7,187	(4,518)	(62.86)
Profit After Tax	1,611	5,602	(3,991)	(71.24)
Profit attributable to owners of the Company	920	4,624	(3,704)	(80.10)

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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 RM129.11 million and profit before tax of RM2.67 million for the current quarter as compared to the revenue of RM160.21 million and profit before tax of RM7.19 million in the immediate preceding quarter. Decrease of the revenue were mainly resulted from the lower sales volume generated for both Fasteners and Aluminium segments. The decrease in revenue also resulted in the decrease in gross profit by RM1.54 million from RM7.38 million to RM5.84 million.

3. Prospects for the current financial year

Current economic situation continues to present challenging business conditions for the Group. The consumer spending confidences remained weak locally and regionally, affected by the inflationary factors, derived from high interest rates. 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 will remain resilient and vigilant in addressing these challenges in its' business activities moving forward.

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	
	30 September		30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
Current tax	1,048	6,455	4,860	23,745
Deferred tax	10	(235)	(18)	(271)
	1,058	6,220	4,842	23,474
	1,058	6,220	4,842	23,474

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6. Group borrowings and debt securities

The Group's loans and borrowings are as follows:

	30/09/2023	30/09/2022
	RM'000	RM'000
<u>Unsecured</u>		
Short term borrowings		
Bankers' acceptance	8,448	6,543
Onshore foreign currency loans	0	51,550
Foreign currency trust receipts	6,462	69,752
Term loan	0	7,641
Total	14,910	135,486
Disclosed as:-		
- Current liabilities	14,910	132,211
- Non-current liabilities	0	3,275
	14,910	135,486

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

	30/09/2023	30/09/2022
	RM'000	RM'000
<u>Bank loans and borrowings</u>		
US Dollars	6,462	128,943
Malaysian Ringgit	8,448	6,543
	14,910	135,486

7. Material pending litigation

The Group is not engaged in any material litigation as at 13 November 2023 (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:

	30/09/2023		30/09/2022	
	To sell '000	To buy '000	To sell '000	To buy '000
Contract I	EUR 1,370	USD 1,514	EUR 1,500	USD 1,585
Contract II	EUR 700	MYR 3,512	EUR 1,100	MYR 5,067
Contract III	NIL	NIL	USD 250	MYR 1,103
Contract IV	NIL	NIL	USD 2,000	THB 71,464

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 20 sens per share, amounting to RM30,703,540 in respect of the financial year ended 31 December 2022, was approved in the AGM held on 22 May 2023, which had been paid on 14 June 2023 subsequently.

10. Earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter Ended	
	30 September		30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit for the year attributable to owners of the Company (RM'000)	920	20,599	10,287	73,227
Number of shares in issue at 1 January /31 December ('000)	153,518	153,518	153,518	153,518
Basic earnings per share (sen)	0.60	13.42	6.70	47.70
Diluted earnings per share (sen)	0.60	13.42	6.70	47.70

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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	221	435
Interest expense	254	870
Depreciation and amortization	244	604
Foreign exchange gain	1,483	6,597
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	812	1,506

BY ORDER OF THE BOARD

Tsai Yi Ting
Managing Director
Dated this 20 November 2023