

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

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

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
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

	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 2022				
Segment assets	557,054	143,294	573	700,921
Segment liabilities	49,225	34,449	148	83,822
External revenue	755,267	233,318	0	988,585
Segment profit	78,084	9,522	(199)	87,407

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

b. Geographical information

In RM'000	External revenue		Non-current assets	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Malaysia	123,950	201,300	58,027	56,546
Thailand	17,673	31,989	90,558	89,640
Germany	55,563	92,297	0	0
Taiwan	152,930	222,586	0	0
United States of America	126,045	263,638	0	0
Other countries	121,872	176,775	0	0
	<u>598,033</u>	<u>988,585</u>	<u>148,585</u>	<u>146,186</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:

	31/12/2023 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>6,309</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

	31/12/2023 RM'000	31/12/2022 RM'000
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>275,914</u>	<u>267,594</u>

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS

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

	Individual Period (4 th quarter)		Changes		Cumulative Period		Changes	
	31/12/23	31/12/22			31/12/23	31/12/22		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	122,060	184,524	(62,464)	(33.85)	598,033	988,585	(390,552)	(39.51)
Gross Profit	3,489	24,019	(20,530)	(85.47)	31,663	160,279	(128,616)	(80.25)
(Loss)/Profit Before Interest and Tax	(2,034)	11,515	(13,549)	(117.66)	16,603	115,447	(98,844)	(85.62)
(Loss)/Profit Before Tax	(2,261)	10,713	(12,974)	(121.11)	15,506	112,387	(96,881)	(86.20)
(Loss)/Profit After Tax	(3,137)	9,207	(12,344)	(134.07)	9,788	87,407	(77,619)	(88.80)
(Loss)/Profit attributable to owners of the Company	(3,865)	9,310	(13,175)	(141.51)	6,422	82,537	(76,115)	(92.22)

For the current period under review, the Group had recorded the revenue of RM122.06 million and loss before tax of RM2.26 million, which had decreased by RM62.46 million and RM12.97 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	
	31/12/23	30/09/23	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	122,060	129,109	(7,049)	(5.46)
Gross Profit	3,489	5,842	(2,325)	(40.28)
(Loss)/Profit Before Interest and Tax	(2,034)	2,923	(4,957)	(169.59)
(Loss)/Profit Before Tax	(2,261)	2,669	(4,930)	(184.71)
(Loss)/Profit After Tax	(3,137)	1,611	(4,748)	(294.72)
(Loss)/Profit attributable to owners of the Company	(3,865)	920	(4,785)	(520.11)

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

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

The Group reported revenue of RM122.06 million and loss before tax of RM2.26 million for the current quarter as compared to the revenue of RM129.11 million and profit before tax of RM2.67 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 RM2.33 million from RM5.84 million to RM3.49 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	
	31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
Current tax	1,216	1,487	6,076	25,232
Deferred tax	(305)	38	(323)	(233)
	<u>911</u>	<u>1,525</u>	<u>5,753</u>	<u>24,999</u>
Tax (over)/under provided in prior year:-				
Current tax	37	(153)	37	(153)
Deferred tax	(72)	134	(72)	134
	<u>876</u>	<u>1,506</u>	<u>5,718</u>	<u>24,980</u>

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

6. Group borrowings and debt securities

The Group's loans and borrowings are as follows:

	31/12/2023	31/12/2022
	RM'000	RM'000
<u>Unsecured</u>		
Short term borrowings		
Bankers' acceptance	8,756	18,153
Onshore foreign currency loans	3,985	3,966
Foreign currency trust receipts	7,066	17,625
Total	<u>19,807</u>	<u>39,744</u>
Disclosed as:-		
- Current liabilities	19,807	39,744
	<u>19,807</u>	<u>39,744</u>

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

	31/12/2023	31/12/2022
	RM'000	RM'000
<u>Bank loans and borrowings</u>		
US Dollars	11,051	7,361
Thai Bath	0	14,230
Malaysian Ringgit	8,756	18,153
	<u>19,807</u>	<u>39,744</u>

7. Material pending litigation

The Group is not engaged in any material litigation as at 20 February 2024 (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 DECEMBER 2023

8. Financial instruments

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

	31/12/2023		31/12/2022	
	To sell '000	To buy '000	To sell '000	To buy '000
Contract I	EUR 2,400	USD 2,616	NIL	NIL
Contract II	EUR 1,100	MYR 5,580	EUR 1,300	MYR 6,061
Contract III	NIL	NIL	NIL	NIL
Contract IV	NIL	NIL	USD 1,000	THB 36,168

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

On 14 June 2023, the Company had paid a final single-tier dividend of 20 sens per ordinary share, amounting to RM30,703,540 in respect of the financial year ending 31 December 2022.

10. Earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter Ended	
	31 December		31 December	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
(Loss)/Profit for the year attributable to owners of the Company (RM'000)	<u>(3,865)</u>	<u>9,310</u>	<u>6,422</u>	<u>82,537</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>(2.52)</u>	<u>6.06</u>	<u>4.18</u>	<u>53.76</u>
Diluted earnings per share (sen)	<u>(2.52)</u>	<u>6.06</u>	<u>4.18</u>	<u>53.77</u>

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

11. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Quarter	Current Year To Date
	RM'000	RM'000
Interest income	453	888
Interest expense	227	1,097
Depreciation and amortization	3,282	14,278
Foreign exchange loss	12,880	6,283
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(414)	1,092

BY ORDER OF THE BOARD

Tsai Yi Ting
Managing Director
Dated this 27 February 2024