

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 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
30 June 2024				
Segment assets	498,675	137,991	1,237	637,903
Segment liabilities	23,888	20,693	11	44,592
External revenue	176,588	86,344	0	261,932
Segment profit/(loss)	1,491	6,887	(43)	8,335

	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 June 2023				
Segment assets	511,738	139,313	408	651,459
Segment liabilities	17,842	26,603	8	44,453
External revenue	269,925	76,939	0	346,864
Segment profit/(loss)	8,633	3,864	(1,183)	11,314

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b. Geographical information

In RM'000	External revenue		Non-current assets	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Malaysia	81,113	63,592	55,845	53,598
Thailand	12,526	8,856	87,957	88,761
Germany	21,579	37,048	0	0
Taiwan	27,398	107,929	0	0
United States of America	68,669	63,091	0	0
Other countries	50,647	66,348	0	0
	<u>261,932</u>	<u>346,864</u>	<u>143,802</u>	<u>142,359</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:

	30/6/2024 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>1,808</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 August 2024.

A13. Contingent liabilities

	30/06/2024 RM'000	30/06/2023 RM'000
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>274,111</u>	<u>275,272</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 (2 nd quarter)				Cumulative Period			
	30/06/24	30/06/23	Changes		30/06/24	30/06/23	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	131,087	160,211	(29,124)	(18.18)	261,932	346,864	(84,932)	(24.49)
Gross Profit	9,496	7,383	(2,113)	(28.62)	17,522	22,332	(4,810)	(21.54)
Profit Before Interest and Tax	5,376	7,431	(2,055)	(27.65)	11,591	15,714	(4,123)	(26.24)
Profit Before Tax	5,131	7,187	(2,056)	(28.61)	11,128	15,098	(3,970)	(26.29)
Profit After Tax	3,830	5,602	(1,772)	(31.63)	8,335	11,314	(2,979)	(26.33)
Profit attributable to owners of the Company	2,039	4,624	(2,585)	(55.90)	4,879	9,367	(4,488)	(47.91)

The Group recorded revenue of RM131.09 million for current quarter as compared to RM160.21 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 RM4.81 million or 21.54% to RM17.52 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		
	30/06/24	31/03/24	Changes	
	RM'000	RM'000	RM'000	%
Revenue	131,087	130,845	242	0.18
Gross Profit	9,496	8,026	1,470	18.32
Profit Before Interest and Tax	5,376	6,215	(839)	(13.50)
Profit Before Tax	5,131	5,997	(866)	(14.44)
Profit After Tax	3,830	4,505	(675)	(14.98)
Profit attributable to owners of the Company	2,039	2,840	(801)	(28.20)

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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 RM131.09 million and profit before tax of RM5.13 million for the current quarter as compared to the revenue of RM130.85 million and profit before tax of RM6 million in the immediate preceding quarter. Increase of the revenue were mainly resulted from the increase in sales volume generated for Aluminium segments. The increase in revenue also resulted in the increase in gross profit by RM1.47 million from RM8.03 million to RM9.5 million.

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 3 months ended 30 June		Cumulative Quarter ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax based on results for the year:-				
Current tax	1,355	1,627	2,809	3,812
Deferred tax	(54)	(42)	(16)	(28)
	<u>1,301</u>	<u>1,585</u>	<u>2,793</u>	<u>3,784</u>

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6. Group borrowings and debt securities

The Group's loans and borrowings are as follows:

	30/06/2024	30/06/2023
	RM'000	RM'000
<u>Unsecured</u>		
Short term borrowings		
Bankers' acceptance	4,765	10,585
Onshore foreign currency loans	0	641
Foreign currency trust receipts	7,642	11,668
Total	<u>12,407</u>	<u>22,893</u>
Disclosed as:-		
- Current liabilities	12,407	22,893
- Non-current liabilities	0	0
	<u>12,407</u>	<u>22,893</u>

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

	30/06/2024	30/06/2023
	RM'000	RM'000
<u>Bank loans and borrowings</u>		
US Dollars	7,642	12,308
Malaysian Ringgit	4,765	10,585
	<u>12,407</u>	<u>22,893</u>

7. Material pending litigation

The Group is not engaged in any material litigation as at 19 August 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 30 June 2024, the outstanding forward exchange contracts are as follows:

	30/06/2024		30/06//2023	
	To sell '000	To buy '000	To sell '000	To buy '000
Contract I	EUR 2,450	USD 2,669	EUR 1,950	USD 2,149
Contract II	EUR 1,300	MYR 6,601	EUR 1,600	MYR 7,868
Contract III	NIL	NIL	USD 500	THB 17,275

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	
	30 June		30 June	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit for the year attributable to owners of the Company (RM'000)	<u>2,039</u>	<u>4,624</u>	<u>4,879</u>	<u>9,367</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>1.33</u>	<u>3.01</u>	<u>3.18</u>	<u>6.10</u>
Diluted earnings per share (sen)	<u>1.33</u>	<u>3.01</u>	<u>3.18</u>	<u>6.10</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	125	511
Interest expense	245	463
Depreciation and amortization	3,451	6,725
Foreign exchange gain	11	2,974
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	777	1,670

BY ORDER OF THE BOARD

Tsai Yi Ting
Managing Director
Dated this 26 August 2024