

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

	<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>30 September 2024</b>				
Segment assets	484,913	140,777	3,778	629,468
Segment liabilities	22,538	24,583	10	47,131
External revenue	277,183	124,432	0	401,615
Segment profit/(loss)	(10,344)	10,903	(51)	508

	<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>30 September 2023</b>				
Segment assets	504,563	134,717	365	639,645
Segment liabilities	16,450	20,732	13	37,195
External revenue	364,089	111,884	0	475,973
Segment profit/(loss)	8,916	5,240	(1,231)	12,925

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**b. Geographical information**

In RM'000	External revenue		Non-current assets	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
Malaysia	115,572	94,994	54,625	53,608
Thailand	15,806	13,344	86,638	87,217
Germany	32,762	47,900	0	0
Taiwan	59,441	132,589	0	0
United States of America	103,530	90,723	0	0
Other countries	74,504	96,423	0	0
	401,615	475,973	141,263	140,825

**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:

	<b>30/9/2024</b> <b>RM'000</b>
<u>Property, plant and equipment</u>	
Contracted but not provided for	2,666

**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 18 November 2024.

**A13. Contingent liabilities**

	<b>30/09/2024</b> <b>RM'000</b>	<b>30/09/2023</b> <b>RM'000</b>
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	263,468	273,816

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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 (3rd quarter)		Changes		Cumulative Period		Changes	
	30/09/24	30/09/23			30/09/24	30/09/23		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	139,683	129,109	10,574	8.19	401,615	475,973	(74,358)	(15.62)
Gross Profit	7,827	5,842	1,985	33.98	25,349	28,174	(2,825)	(10.03)
(Loss)/Profit Before Interest and Tax	(6,790)	2,923	(9,713)	(332.30)	4,801	18,637	(13,836)	(74.24)
(Loss)/Profit Before Tax	(6,962)	2,669	(9,631)	(360.85)	4,166	17,767	(13,601)	(76.55)
(Loss)/Profit After Tax	(7,827)	1,611	(9,438)	(585.85)	508	12,925	(12,417)	(96.07)
(Loss)/Profit attributable to owners of the Company	(9,842)	920	(10,762)	(1169.78)	(4,962)	10,287	(15,249)	(148.24)

The Group recorded revenue of RM139.68 million for current quarter as compared to RM129.11 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 decreased by RM2.83 million or 10.03% to RM25.35 million. However, the gross profit margin for the cumulative period had been improved from 5.9% to 6.3%. 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	
	30/09/24	30/06/24	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	139,683	131,087	8,596	6.58
Gross Profit	7,827	9,496	(1,669)	(17.58)
(Loss)/Profit Before Interest and Tax	(6,790)	5,376	(12,166)	(226.30)
(Loss)/Profit Before Tax	(6,962)	5,131	(12,093)	(235.69)
(Loss)/Profit After Tax	(7,827)	3,830	(11,657)	(304.36)
(Loss)/Profit attributable to owners of the Company	(9,842)	2,039	(11,881)	(582.69)

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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 RM139.68 million and loss before tax of RM6.96 million for the current quarter as compared to the revenue of RM131.09 million and profit before tax of RM5.13 million in the immediate preceding quarter. Increase of the revenue were mainly resulted from the increase in sales volume generated for Aluminium and Fasteners segments. However, the gross profit had decrease from RM9.49 million to RM7.87 million resulted from the 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax based on results for the year:-				
Current tax	875	1,048	3,684	4,860
Deferred tax	(10)	10	(26)	(18)
	865	1,058	3,658	4,842
	865	1,058	3,658	4,842

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**6. Group borrowings and debt securities**

The Group's loans and borrowings are as follows:

	<b>30/09/2024</b>	<b>30/09/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Unsecured</u></b>		
Short term borrowings		
Bankers' acceptance	150	8,448
Onshore foreign currency loans	2,826	0
Foreign currency trust receipts	13,936	6,462
Total	<u>16,913</u>	<u>14,910</u>
Disclosed as:-		
- Current liabilities	16,913	14,910
- Non-current liabilities	0	0
	<u>16,913</u>	<u>14,910</u>

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

	<b>30/09/2024</b>	<b>30/09/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank loans and borrowings</u></b>		
US Dollars	16,763	6,462
Malaysian Ringgit	150	8,448
	<u>16,913</u>	<u>14,910</u>

**7. Material pending litigation**

The Group is not engaged in any material litigation as at 18 November 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 September 2024, the outstanding forward exchange contracts are as follows:

	30/09/2024		30/09//2023	
	To sell '000	To buy '000	To sell '000	To buy '000
Contract I	EUR 2,015	USD 2,226	EUR 1,370	USD 1,514
Contract II	EUR 400	MYR 2,031	EUR 700	MYR 3,512
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	
	30 September		30 September	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
(Loss)/Profit for the year attributable to owners of the Company (RM'000)	<u>(9,842)</u>	<u>920</u>	<u>(4,962)</u>	<u>10,287</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>(6.41)</u>	<u>0.60</u>	<u>(3.23)</u>	<u>6.70</u>
Diluted earnings per share (sen)	<u>(6.41)</u>	<u>0.60</u>	<u>(3.23)</u>	<u>6.70</u>

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**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	372	833
Interest expense	172	635
Depreciation and amortization	3,624	10,349
Foreign exchange loss	6,924	3,950
Fair value (loss)/gain on financial instruments mandatorily measured at fair value through profit or loss	(550)	1,666

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BY ORDER OF THE BOARD

Tsai Yi Ting  
Managing Director  
Dated this 25 November 2024