



SALIRAN GROUP BERHAD

Registration No. 202001022591 (1378911-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2024**

SALIRAN GROUP BERHAD

Registration No. 202001022591 (1378911-A)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2024⁽¹⁾

| | Note | Individual Quarter | | Cumulative Quarter | |
|---|------|--|---|---|--|
| | | Current Quarter 31.12.2024 Unaudited RM'000 | Preceding Corresponding Quarter ⁽²⁾ 31.12.2023 Unaudited RM'000 | Current Year-to-date 31.12.2024 Unaudited RM'000 | Preceding Year-to-date ⁽²⁾ 31.12.2023 Unaudited RM'000 |
| Revenue | | 95,565 | N/A | 344,515 | N/A |
| Cost of sales | | (79,027) | N/A | (285,605) | N/A |
| Gross profit | | 16,538 | N/A | 58,910 | N/A |
| Other operating income | | 1,488 | N/A | 2,076 | N/A |
| Administrative expenses | | (10,187) | N/A | (34,112) | N/A |
| Operating profit | | 7,839 | N/A | 26,874 | N/A |
| Finance costs | | (1,785) | N/A | (6,798) | N/A |
| Profit before tax | B12 | 6,054 | N/A | 20,076 | N/A |
| Tax expenses | B5 | (2,331) | N/A | (6,833) | N/A |
| Profit after tax/ Total comprehensive income | | 3,723 | N/A | 13,243 | N/A |
| Profit attributable to: | | | | | |
| - Owners of the Company | | 3,723 | N/A | 13,243 | N/A |
| Total comprehensive profit attributable to: | | | | | |
| - Owners of the Company | | 3,723 | N/A | 13,243 | N/A |
| Basic and diluted earnings per share ("EPS") (sen) ⁽³⁾ | B11 | 1.23 | N/A | 4.38 | N/A |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2024⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 19 February 2025 ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.
 - (2) This is the first interim financial report being announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and year-to-date as Saliran Group Berhad ("**Saliran**" or "**Company**") will only be listed on the ACE Market of Bursa Securities on 13 March 2025 and as such no interim financial report was prepared for the comparative financial period concerned.
 - (3) Basic and diluted EPS is calculated based on the Company's enlarged issued share capital of 302,500,000 ordinary shares ("**Shares**") before the initial public offering of the Company ("**IPO**"). Diluted EPS is equivalent to the basic EPS as there were no potential dilutive securities in issue during the financial quarter under review (refer to Note B11).
- N/A Not applicable.

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SALIRAN GROUP BERHAD

Registration No. 202001022591 (1378911-A)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024⁽¹⁾

| | | Unaudited As at 31.12.2024 | Audited As at 31.12.2023 |
|---|-------------|---|---|
| | Note | RM'000 | RM'000 |
| Non-current assets | | | |
| Property, plant and equipment | | 9,425 | 9,520 |
| Investment properties | | 14,403 | 14,614 |
| Right-of-use assets | | 13,640 | 14,594 |
| Other investments | | 2,500 | 2,458 |
| | | <u>39,968</u> | <u>41,186</u> |
| Current assets | | | |
| Inventories | | 10,416 | 12,477 |
| Trade receivables | | 75,578 | 65,968 |
| Other receivables, deposits and prepayments | | 1,369 | 719 |
| Fixed deposits with licensed banks | | 17,436 | 9,246 |
| Cash and bank balances | | 38,279 | 18,254 |
| | | <u>143,078</u> | <u>106,664</u> |
| Total assets | | <u>183,046</u> | <u>147,850</u> |
| Equity attributable to owners of the Company | | | |
| Share capital | | 30,253 | 3 |
| Invested equity | | - | 3,480 |
| Merger reserve | | (26,770) | - |
| Retained earnings | | 39,992 | 26,749 |
| Total equity | | <u>43,475</u> | <u>30,232</u> |
| Non-current liabilities | | | |
| Borrowings | B8 | 30,186 | 31,008 |
| Lease liabilities | | 1,331 | 1,840 |
| Deferred tax liabilities | | 120 | 33 |
| | | <u>31,637</u> | <u>32,881</u> |
| Current liabilities | | | |
| Trade payables | | 19,800 | 22,989 |
| Other payables and accruals | | 4,059 | 5,227 |
| Borrowings | B8 | 76,813 | 51,334 |
| Lease liabilities | | 848 | 894 |
| Current tax liabilities | | 6,414 | 4,293 |
| | | <u>107,934</u> | <u>84,737</u> |
| Total liabilities | | <u>139,571</u> | <u>117,618</u> |
| Total equity and liabilities | | <u>183,046</u> | <u>147,850</u> |
| Net assets per share (RM) ⁽²⁾ | | <u>0.14</u> | <u>0.10</u> |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's enlarged issued share capital of 302,500,000 Shares before the IPO (refer to Note A11).

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SALIRAN GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024⁽¹⁾

| | Share capital RM'000 | Invested equity RM'000 | Merger reserve RM'000 | Retained earnings RM'000 | Total equity RM'000 |
|---|-------------------------|---------------------------|--------------------------|-----------------------------|------------------------|
| Balance as at 1 January 2024 | 3 | 3,480 | - | 26,749 | 30,232 |
| Acquisition of subsidiaries | | (3,480) | (26,770) | - | (30,250) |
| Issuance of shares | 30,250 | - | - | - | 30,250 |
| Total comprehensive income for the financial year | - | - | - | 13,243 | 13,243 |
| Balance as at 31 December 2024 (Unaudited) | 30,253 | - | (26,770) | 39,992 | 43,475 |

Note:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024⁽¹⁾

| | Current Year-to-date 31.12.2024 RM'000 | Preceding Year-to-date⁽²⁾ 31.12.2023 RM'000 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 20,076 | N/A |
| Adjustments for: | | |
| Depreciation of: | | N/A |
| - property, plant and equipment | 545 | N/A |
| - investment properties | 211 | N/A |
| - right-of-use assets | 1,017 | N/A |
| Loss on disposal of property, plant and equipment | 3 | N/A |
| Loss on disposal of other investment | 91 | N/A |
| Impairment loss on trade receivables | 9 | N/A |
| Interest expenses | 6,798 | N/A |
| Interest income | (562) | N/A |
| Unrealised gain on foreign exchange | (630) | N/A |
| Operating profit before changes in working capital | 27,558 | N/A |
| Changes in working capital: | | |
| Inventories | 2,061 | N/A |
| Trade receivables | (8,977) | N/A |
| Other receivables, deposits and prepayments | (650) | N/A |
| Trade payables | (3,157) | N/A |
| Other payables and accruals | (1,168) | N/A |
| Cash generated from operations | 15,667 | N/A |
| Interest paid | (6,798) | N/A |
| Interest received | 562 | N/A |
| Tax paid | (4,624) | N/A |
| Net cash from operating activities | 4,807 | N/A |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (16) | N/A |
| Purchase of rights-of-use assets | (45) | N/A |
| Purchase of other investments | (500) | N/A |
| Proceeds from disposal of property, plant and equipment | 20 | N/A |
| Proceeds from disposal of other investment | 367 | N/A |
| Net cash used in investing activities | (174) | N/A |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net drawdown of bankers' acceptances | 111 | N/A |
| Net drawdown of invoicing financing | 13,281 | N/A |
| Net drawdown of trust receipts | 12,734 | N/A |
| Net repayment of revolving credit | (87) | N/A |
| Net repayment of lease liabilities | (1,030) | N/A |
| Drawdown of term loan | 5,610 | N/A |
| Repayment of term loans | (6,458) | N/A |
| Increase in fixed deposits pledged | (8,190) | N/A |
| Net cash generated from financing activities | 15,971 | N/A |

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| | Current Year-to-date 31.12.2024 RM'000 | Preceding Year-to-date⁽²⁾ 31.12.2023 RM'000 |
|---|---|---|
| Net changes in cash and cash equivalents | 20,604 | N/A |
| Net effect on foreign exchange | (44) | - |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | <u>13,293</u> | <u>N/A</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | <u>33,853</u> | <u>N/A</u> |
| Cash and cash equivalents comprised of: | | |
| Cash and bank balances | 38,279 | N/A |
| Fixed deposits with licensed banks | 17,436 | N/A |
| | <u>55,715</u> | <u>N/A</u> |
| Less: | | |
| Fixed deposits pledged to licensed banks | (17,436) | N/A |
| Bank overdraft | (4,426) | N/A |
| | <u>33,853</u> | <u>N/A</u> |

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 13 March 2025 and as such no interim financial report was prepared for the comparative financial period concerned.
- N/A Not applicable.

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial report of Saliran and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 13 March 2025 and as such no interim financial report was prepared for the comparative financial period concerned.

The interim financial statements should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying notes attached to this interim financial report.

A2. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountants’ Report as disclosed in the Prospectus dated 19 February 2025 in relation to its IPO, except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

Effective for annual periods beginning on or after 1 January 2025

- *Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

Effective for annual periods beginning on or after 1 January 2026

- *Amendments to MFRS 7, Financial Instruments : Disclosures and MFRS 9, Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments*
- *Annual Improvements to MFRS Accounting Standards – Volume 11*

Effective for annual periods beginning on or after 1 January 2027

- *MFRS 18, Presentation and Disclosures in Financial Statements*
- *MFRS 19, Subsidiaries without Public Accountability : Disclosures*

Effective for date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards are not expected to have any material impact to the consolidated financial statements of the Group upon its first adoption.

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONT’D)

A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no qualifications on the audited financial statements of the Group for the financial year ended 31 December 2023.

A4. SEASONAL OR CYCLICAL FACTORS

The Group’s operation was not significantly affected by any unusual seasonal or cyclical factors.

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the current quarter and financial year-to-date under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current quarter and financial year-to-date under review.

A7. DEBT AND EQUITY SECURITIES

Save as disclosed in Note A11, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. DIVIDEND PAID

There was no dividend paid by the Company during the current financial quarter under review.

A9. SEGMENTAL INFORMATION

The Group operates predominantly in two operating segments, namely the supply and distribution of pipes, fittings and flanges, steel products, related parts and accessories and manufacturing of fittings and flanges products.

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the information by operating segments has not been reported separately.

Segmental information is provided based on contribution by geographical factors.

Majority of the assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/detail of the segment assets of the Group.

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONT’D)

A9. SEGMENTAL INFORMATION (CONT’D)

Revenue contribution by geographical factors

| Countries | Quarter Ended | | Year-to-Date Ended | |
|-----------------------|-----------------------------------|--|-----------------------------------|--|
| | 31.12.2024 Unaudited RM’000 | 31.12.2023 ⁽¹⁾ Unaudited RM’000 | 31.12.2024 Unaudited RM’000 | 31.12.2023 ⁽¹⁾ Unaudited RM’000 |
| Malaysia | 60,454 | N/A | 227,557 | N/A |
| Overseas | | | | |
| - Indonesia | 34,507 | N/A | 115,018 | N/A |
| - Singapore | 345 | N/A | 1,591 | N/A |
| Others ⁽²⁾ | 259 | N/A | 349 | N/A |
| Total | 95,565 | N/A | 344,515 | N/A |

Notes:

- (1) This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 13 March 2025 and as such no interim financial report was prepared for the comparative financial period concerned.
- (2) Other countries include China, Vietnam, Thailand, and Bahrain.
- N/A Not applicable.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment in the current financial quarter under review.

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONT’D)

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report :

(a) IPO

On 19 February 2025, the Company issued the Prospectus for the IPO in conjunction with the Company’s listing on the ACE Market of Bursa Securities comprising:

- (i) Public issue of 80,400,000 new Shares in the following manner:
 - 19,145,000 new Shares available for application by the Malaysian Public;
 - 7,658,000 new Shares available for application by the eligible Directors and employees of the Group;
 - 47,862,500 new Shares available by way of private placement to selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry; and
 - 5,734,500 new Shares available by way of private placement to selected investors;

and

- (ii) Offer for sale of 38,290,000 existing Shares by way of private placement to selected investors.

The listing and quotation of the Company’s enlarged issued share capital comprising 382,900,000 Shares on the ACE Market of Bursa Securities is expected to be completed on 13 March 2025.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no other material changes in the composition of the Group and for the current financial quarter under review.

A13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Save for the material litigation as disclosed in Note B9, there were no contingent liabilities or contingent assets in the Group as at the date of this interim report.

A14. CAPITAL COMMITMENTS

Saved as disclosed in the utilisation of proceeds from the IPO in Note B7, there is no material commitment for capital expenditure, which upon becoming enforceable, may have a material effect on the Group’s financial position as at the date of this interim financial report.

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONT’D)

A15. RELATED PARTY TRANSACTIONS DISCLOSURES

The Group has not carried out any transactions with any related parties during the financial period.

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PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

| | <u>Quarter Ended</u> | | <u>Year-To-Date Ended</u> | |
|-------------------|----------------------|---------------------------------|---------------------------|---------------------------------|
| | <u>31.12.2024</u> | <u>31.12.2023⁽¹⁾</u> | <u>31.12.2024</u> | <u>31.12.2023⁽¹⁾</u> |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Revenue | 95,565 | N/A | 344,515 | N/A |
| Profit before tax | 6,054 | N/A | 20,076 | N/A |
| Profit after tax | 3,723 | N/A | 13,243 | N/A |

Note:

- (1) This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 13 March 2025 and as such no interim financial report was prepared for the comparative financial period concerned.

N/A Not applicable.

The Group recorded a revenue of RM95.57 million and RM344.52 million in the current financial quarter and financial year-to-date ended 31 December 2024 respectively. Malaysia was the Group's largest overall market, recording revenue of RM60.45 million (63.26% of the Group's revenue) for the current financial quarter and RM227.56 million (66.06% of the Group's revenue) for the financial year-to-date under review.

The Group recognised a profit before tax of RM6.05 million for the current financial quarter and RM20.08 million for the financial year-to-date ended 31 December 2024 after deducting expenses which are mainly attributed to staff costs and directors' remuneration, realised losses on foreign exchange, depreciation of property, plant and equipment, investment properties and right-of-use assets, and listing expenses attributable to the IPO.

B2. COMPARISON WITH IMMEDIATE-PRECEDING QUARTER'S RESULTS

This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 13 March 2025 and as such no interim financial report was prepared for the comparative financial period concerned.

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PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. PROSPECTS OF THE GROUP

The global steel market continues to face challenges, with the World Steel Association projecting a 0.9% contraction in 2024 as published in October 2024. The decline is primarily caused by subdued demand in China due to ongoing weakness in its real estate and manufacturing sectors. The concluded United States Presidential election may also have future implications which may affect global economic policies, and trade relations amongst other countries.

Malaysia's growth outlook, however, remains positive and supported by domestic spending, and governments frugal policies. The government's latest forecast projects Malaysia's economy to grow between +4.5 to 5.5% in 2025. The positive market outlook, fuelled by sustained growth from our domestic oil and gas industry and infrastructure development is expected to drive sales growth. This confidence is bolstered by the anticipated increase activities in the construction sector which is supported by the RM86 billion allocation for Development Expenditures in the recent Budget 2025. The impending carbon tax on the steel industry, announced in Budget 2025 and set for implementation by 2026, presents both challenges and opportunities. The upstream Joint Venture entity is closely assessing how to align with these new environmental regulations, which could impact operational costs.

Nevertheless, the Group believes that its prospects in the supply and distribution of pipes, fittings and flanges as well as steel products primarily for the oil and gas industry are favourable taking into consideration the Group's competitive strengths as set out in Section 7.13 of the Prospectus, the Group's business strategies as set out in Section 7.14 of the Prospectus as well as the outlook of the pipes, fittings and flanges as well as steel products industry as set out in the Independent Market Research Report in Section 8 of the Prospectus dated 19 February 2025.

As disclosed in Section 7.14 of the Prospectus, the Group's strategies are to continue with its existing business as well as grow its business as follows:

- (a) To expand the Company's business in Indonesia by establishing a regional office in Indonesia;
- (b) To increase inventory levels for the on-going expansion of the supply and distribution business;
- (c) To enhance quality assurance/quality control procedures by acquiring new machinery;
- (d) To expand fleet of delivery trucks to handle more product delivery in-house and to accommodate increased needs for product delivery as we continue to grow our business; and
- (e) to further develop and grow the supply and distribution of the Group's jointly-owned brand products, i.e. "THF" products.

B4. VARIANCE OF ACTUAL PROFITS FROM FORECAST PROFITS

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

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PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B5. INCOME TAX EXPENSES

| | <u>Quarter Ended</u> | | <u>Year-to-Date Ended</u> | |
|------------------------|----------------------|---------------------------------|---------------------------|---------------------------------|
| | <u>31.12.2024</u> | <u>31.12.2023⁽¹⁾</u> | <u>31.12.2024</u> | <u>31.12.2023⁽¹⁾</u> |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Income tax expenses | 2,331 | N/A | 6,833 | N/A |
| Effective tax rate (%) | 38.50 | N/A | 34.04 | N/A |
| Statutory tax rate (%) | 24.00 | N/A | 24.00 | N/A |

Note:

(1) This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company will only be listed on the ACE Market of Bursa Securities on 13 March 2025 and as such no interim financial report was prepared for the comparative financial period concerned.

N/A Not applicable.

The Group's effective tax rate was higher than statutory tax rate mainly due to certain expenses not being deductible for tax purposes such as listing expenses and deferred tax assets charged out during the year due to realisation of realised losses on foreign exchange.

B6. STATUS OF CORPORATE PROPOSALS

Save as disclosed in A11, there were no corporate proposals announced but not completed as at the date of this interim report.

B7. UTILISATION OF PROCEEDS FROM IPO

In conjunction with the IPO, the Company will raise gross proceeds from the public issue amounting to RM21.71 million.

| <u>Utilisation of proceeds⁽¹⁾</u> | <u>Proposed</u> <u>Utilisation</u> <u>RM'000</u> | <u>Actual</u> <u>Utilisation⁽²⁾</u> <u>RM'000</u> | <u>Estimated</u> <u>timeframe for</u> <u>utilisation from</u> <u>Listing</u> |
|--|--|--|---|
| Establishment of a sales office in Indonesia | 1,200 | N/A | Within 42 months |
| Purchase of machinery and delivery trucks | 1,440 | N/A | Within 24 months |
| Repayment of bank borrowings | 7,000 | N/A | Within 24 months |
| General working capital | 8,368 | N/A | Within 12 months |
| Estimated listing expenses | 3,700 | N/A | Within 1 month |
| Total | 21,708 | N/A | |

Notes:

(1) The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus.

(2) As at the date of this interim financial report, the listing exercise of the Company is pending completion. Hence, no proceeds are being raised and utilised by the Group.

N/A Not applicable.

SALIRAN GROUP BERHAD

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PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. GROUP BORROWINGS AND DEBTS SECURITIES

The Group's bank borrowings were as follows:

| | <u>Unaudited</u> As at 31.12.2024 RM'000 | <u>Audited</u> As at 31.12.2023 RM'000 |
|---------------------------|--|--|
| <u>Current</u> | | |
| <i>Secured</i> | | |
| Bank overdrafts | 4,426 | 4,961 |
| Bankers' acceptances | 1,562 | 1,451 |
| Invoice financing | 28,745 | 15,464 |
| Revolving credit | 1,308 | 1,395 |
| Trust receipts | 38,497 | 25,763 |
| Term loans | 2,275 | 2,300 |
| | <u>76,813</u> | <u>51,334</u> |
| | | |
| <u>Non-current</u> | | |
| <i>Secured</i> | | |
| Term loans | 30,186 | 31,008 |
| | <u>30,186</u> | <u>31,008</u> |
| Total | <u>106,999</u> | <u>82,342</u> |

The bank borrowings are secured and denominated in Ringgit Malaysia.

B9. MATERIAL LITIGATION

Save as disclosed below, the Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect its position or business as at the date of this interim report:

- (i) Shah Alam High Court Winding-Up Petition No. BA-28NCC-548-10/2023 ("**Petition**")

Saliran Industrial Supplies Sdn Bhd, a wholly-owned subsidiary of the Company ("**Saliran Industrial Supplies**")

Orient Arotek Engineering & Trading Sdn Bhd ("**Respondent**")

On 27 June 2023, Saliran Industrial Supplies through its solicitor, issued a letter of demand to the Respondent, demanding the sum of RM2,813,139.93 which represents the outstanding sum for the goods sold and delivered by Saliran Industrial Supplies to the Respondent during the period between 14 December 2022 to 1 June 2023 ("**Owing Sum**"). The Respondent failed, neglected, and refused to pay the Owing Sum or any part thereof. Consequently, on 9 November 2023, Saliran Industrial Supplies filed a winding-up petition against the Respondent for the Owing Sum. Saliran Industrial Supplies is claiming for the following:

- (a) the winding up of the Respondent;
- (b) the appointment of the official receiver as liquidator of the Respondent;
- (c) the allowance of costs and incidentals to the Petition to be paid out of the assets of the Respondent; and
- (d) any other orders the High Court deems fit.

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PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9. MATERIAL LITIGATION (CONT'D)

On 8 January 2024, the Respondent's solicitors filed a notice of intention to appear on petition for and on behalf of the Respondent. On the same day, the Respondent filed its affidavit in reply and denied the amount claimed by Saliran Industrial Supplies and stated the following:

- (aa) Saliran Industrial Supplies had failed to fulfil the replacement request by the Respondent in relation to the damaged and defective goods supplied by Saliran Industrial Supplies;
- (bb) the amount claimed in the Petition is wrong and not bona fide; and
- (cc) the Petition is flawed as the Respondent had obtained an order from the High Court on 23 November 2023 for a scheme of arrangement and obtained a draft restraining order from the High Court on 4 January 2024 to restrain all creditors, including Saliran Industrial Supplies, from proceeding with legal action against the Respondent.

For information, the Respondent was wound up on 15 May 2024 in relation to a petition filed by third-party. In relation thereto, the Petition was struck-out by the High Court on 1 July 2024 with liberty to file afresh with no order as to cost and the deposit of RM3,000.00 paid to the Director of General of Insolvency Department is to be refunded Saliran Industrial Supplies.

- (ii) Shah Alam High Court Suit No. BA-22NCVC-29-01/2024 ("**Suit**")

Saliran Industrial Supplies

Orient Arotek Engineering & Trading Sdn Bhd ("**Defendant**")

On 13 June 2023, Saliran Industrial Supplies entered into a sales and purchase agreement ("**SPA**") with the Defendant for the acquisition of a freehold property located at No. 17, Jalan Kasuarina 7/KS7, Ambang Botanic, 41200 Klang, Selangor ("**Property**") for a purchase price of RM1,100,000.00 ("**Purchase Price**").

On 24 October 2023, Saliran Industrial Supplies received a letter from the chargee of the Property i.e. Public Bank Berhad, stating that the redemption sum for the Property is RM1,602,000.00. Pursuant to the SPA, the Defendant confirms and warrants that the redemption sum due to the Saliran Industrial Supplies shall not exceed the Purchase Price. In the event that the redemption sum exceeds the Purchase Price, the Defendant shall deposit the shortfall between the redemption sum and the Purchase Price to Saliran Industrial Supplies ("**Shortfall**"). Failure to do so will entitle the Saliran Industrial Supplies to commence legal proceedings for specific performance of the SPA.

On 30 January 2024, Saliran Industrial Supplies initiated civil proceedings against the Defendant for breach of the SPA. Saliran Industrial Supplies is claiming for the followings:

- (a) a specific performance order to compel the Defendant to fulfil its obligations under the SPA;
- (b) the Property's assessment tax and quit rent, totaling RM7,682.10;
- (c) in the event of the Defendant's failure to remit the Shortfall payment, Saliran Industrial Supplies shall be entitled to discharge said shortfall and offset said amount from the Purchase Price;
- (d) costs; and
- (e) any other relief that the High Court deems fit.

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PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9. MATERIAL LITIGATION (CONT'D)

The Respondent filed an application for judicial management on 9 April 2024. The aforementioned application for judicial management had been withdrawn by the High Court on 10 May 2024.

On 5 June 2024, the Defendant's solicitors had informed the court that the Defendant had been wound up on 15 May 2024 and a liquidator has since been appointed over the Defendant's assets. In relation to the aforementioned matter, the Suit was withdrawn by Saliran Industrial Supplies on 2 July 2024.

B10. DIVIDENDS

No dividend has been proposed or declared for the current financial quarter under review.

B11. EARNINGS PER SHARE

The basic and diluted EPS for the current quarter and financial year-to-date are computed as follows:

| | <u>Quarter Ended</u> | | <u>Year-to-Date Ended</u> | |
|---|----------------------|---------------------------------|---------------------------|---------------------------------|
| | 31.12.2024 | 31.12.2023⁽¹⁾ | 31.12.2024 | 31.12.2023⁽¹⁾ |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to the Owners of the Company (RM'000) | 3,723 | N/A | 13,243 | N/A |
| Number of ordinary shares in issue ('000) | 302,500 | N/A | 302,500 | N/A |
| Basic and diluted EPS (sen) ⁽²⁾ | 1.23 | N/A | 4.38 | N/A |

Notes:

(1) No comparative figures for the preceding quarter are available as this is the Company's first interim financial report on its consolidated results for the fourth quarter ended 31 December 2024 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

(2) Basic and diluted EPS is calculated based on the Company's enlarged share capital of 302,500,000 Shares before the IPO of the Company. Diluted EPS is equivalent to the basic EPS as there were no potential dilutive securities in issue during the financial quarter under review.

N/A Not applicable.

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PART B – ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

| | <u>Quarter Ended</u> | | <u>Year-to-Date Ended</u> | |
|--|----------------------|---------------------------------|---------------------------|---------------------------------|
| | <u>31.12.2024</u> | <u>31.12.2023⁽¹⁾</u> | <u>31.12.2024</u> | <u>31.12.2023⁽¹⁾</u> |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Profit for the period was derived after taking into consideration of the following: | | | | |
| Interest expense | 1,785 | N/A | 6,798 | N/A |
| Depreciation expenses | 448 | N/A | 1,773 | N/A |
| Loss on disposal of property, plant and equipment | - | N/A | 3 | N/A |
| Loss on disposal of other investment | - | N/A | 91 | N/A |
| Impairment loss on trade receivables | - | N/A | 9 | N/A |
| Realised loss on foreign exchange | 472 | N/A | 2,114 | N/A |
| and after crediting: | | | | |
| Interest income | (515) | N/A | (562) | N/A |
| Unrealised gain on foreign exchange | (630) | N/A | (630) | N/A |

Notes:

- (1) No comparative figures for the preceding quarter are available as this is the Company's first interim financial report on its consolidated results for the fourth quarter ended 31 December 2024 being announced by the Company in compliance with the Listing Requirements of Bursa Securities.

N/A Not applicable.

B13. AUTHORISATION FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors of the Company on 11 March 2025.

**BY ORDER OF THE BOARD
SALIRAN GROUP BERHAD**