



CHIN WELL HOLDINGS BERHAD

(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 - UNAUDITED

	Unaudited	Audited
	As at	As at
	31.12.16	30.06.16
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	154,845	152,958
Investment properties	4,958	4,992
Other investment	188	172
	<u>159,991</u>	<u>158,122</u>
Current assets		
Inventories	190,942	195,430
Trade and other receivables	134,633	122,223
Current tax assets	655	1,749
Cash and bank balances	139,697	132,962
	<u>465,927</u>	<u>452,364</u>
TOTAL ASSETS	<u>625,918</u>	<u>610,486</u>
EQUITY AND LIABILITIES		
Share capital	149,767	149,767
Reserves	380,062	345,950
Total equity	<u>529,829</u>	<u>495,717</u>
Non-current liabilities		
Deferred tax liabilities	8,325	8,475
Current liabilities		
Trade and other payables	47,572	44,459
Borrowings	38,475	60,344
Current tax liabilities	1,717	1,491
	<u>87,764</u>	<u>106,294</u>
Total liabilities	<u>96,089</u>	<u>114,769</u>
TOTAL EQUITY AND LIABILITIES	<u>625,918</u>	<u>610,486</u>
Net assets per share (RM)	1.77	1.65

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2016. The accompanying notes are an integral part of these interim financial statements.



CHIN WELL HOLDINGS BERHAD

(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS PERIOD ENDED 31 DECEMBER 2016 - UNAUDITED

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Revenue	126,278	122,925	239,587	263,552
Cost of sales	<u>(103,321)</u>	<u>(93,251)</u>	<u>(195,738)</u>	<u>(210,039)</u>
Gross profit	22,957	29,674	43,849	53,513
Other income	5,205	1,926	7,525	7,767
Administrative expenses	(4,260)	(5,241)	(8,030)	(9,199)
Selling and distribution expenses	<u>(5,145)</u>	<u>(4,588)</u>	<u>(9,128)</u>	<u>(8,185)</u>
Operating profit	18,757	21,771	34,216	43,896
Finance costs	<u>(236)</u>	<u>(330)</u>	<u>(489)</u>	<u>(628)</u>
Profit before tax	18,521	21,441	33,727	43,268
Tax expense	<u>(4,118)</u>	<u>(2,769)</u>	<u>(6,660)</u>	<u>(6,416)</u>
Profit for the financial period	14,403	18,672	27,067	36,852
Other comprehensive income, net of tax				
Item that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	<u>13,812</u>	<u>(9,577)</u>	<u>20,526</u>	<u>20,227</u>
Total comprehensive income attributable to the owner of the company for the financial period	<u>28,215</u>	<u>9,095</u>	<u>47,593</u>	<u>57,079</u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u>4.81</u>	<u>6.23</u>	<u>9.04</u>	<u>12.30</u>

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2016. The accompanying notes are an integral part of these interim financial statements.



CHIN WELL HOLDINGS BERHAD

(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS PERIOD ENDED 31 DECEMBER 2016 - UNAUDITED

	----- Attributable to Owners of the Company -----					Total Equity RM'000
	----- Non-distributable -----			Distributable		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Retained Profits RM'000	
At 1 July 2016	149,767	28,163	-	30,948	286,839	495,717
Foreign exchange differences on translation	-	-	-	20,526	-	20,526
Profit for the financial period	-	-	-	-	27,067	27,067
Total comprehensive income for the financial period	-	-	-	20,526	27,067	47,593
Transaction with owners:						
Purchase of own shares	-	-	(2)	-	-	(2)
Dividend	-	-	-	-	(13,479)	(13,479)
	-	-	(2)	-	(13,479)	(13,481)
At 31 December 2016	<u>149,767</u>	<u>28,163</u>	<u>(2)</u>	<u>51,474</u>	<u>300,427</u>	<u>529,829</u>
At 1 July 2015	149,767	28,163	-	23,115	246,953	447,998
Foreign exchange differences on translation	-	-	-	20,227	-	20,227
Profit for the financial period	-	-	-	-	36,852	36,852
Total comprehensive income for the financial period	-	-	-	20,227	36,852	57,079
Transaction with owners:						
Dividends	-	-	-	-	(11,502)	(11,502)
At 31 Dec 2015	<u>149,767</u>	<u>28,163</u>	<u>-</u>	<u>43,342</u>	<u>272,303</u>	<u>493,575</u>

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2016. The accompanying notes are an integral part of these interim financial statements.



CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 31 DECEMBER 2016 - UNAUDITED

	31.12.16	31.12.15
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	33,727	43,268
Adjustments for:		
Depreciation	9,977	9,993
Fair value loss/(gain) on derivative financial instruments	-	436
Impairment loss charge on receivables	14	73
Interest expense	489	259
Interest income	(906)	(709)
Reversal of credit effect on discounting of non-current payable	-	369
Unrealised gain on foreign exchange	(3,270)	(3,956)
Operating profit before working capital changes	40,031	49,733
Decrease in inventories	11,673	18,343
(Increase)/Decrease in receivables	(6,231)	16,498
Increase in payables	2,089	2,796
Cash from operation	47,562	87,370
Interest paid	(489)	(259)
Income tax paid	(5,612)	(4,930)
Retirement benefits paid	-	(457)
Net cash from operating activities	41,461	81,724
Cash flows from investing activities		
Interest received	906	709
Purchase of property, plant and equipment	(4,968)	(3,715)
Net cash used in investing activities	(4,062)	(3,006)
Cash flows from financing activities		
Dividend paid	(13,479)	(11,502)
Net change in borrowings	(23,218)	(23,832)
Repurchase of treasury shares	(2)	-
Net cash used in financing activities	(36,699)	(11,502)
Net increase in cash and bank balances	700	67,216
Effect of changes in exchange rate on cash and bank balances	6,035	2,574
Cash and bank balances at beginning	132,962	55,163
Cash and bank balances at end	139,697	124,953

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2016. The accompanying notes are an integral part of these interim financial statements.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Part A - Explanatory Notes Pursuant To MFRS 134

A1. Basis of Preparation

The condensed consolidated interim financial statements ("Report") have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The audited financial statements of the Group for the financial year ended 30 June 2016 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing this Report are consistent with those of the audited financial statements for the financial year ended 30 June 2016.

A2. Significant Accounting Policies

A2.1 Adoption of MFRS and amendments to MFRS

The following MFRS and amendments to MFRS have come into effect during the current financial year:

Effective for annual periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
Amendments to MFRS 127 Equity Method in Separate Financial Statements
Annual Improvements to MFRS 2012–2014 Cycle

The initial application of the above standards does not have any financial impacts to the Group's financial statements.

A2.2 Standards issued but not yet effective

At the date of authorisation of this Report, the following standards were issued but not yet effective and have not been early applied by the Group:

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 12 Disclosure of Interests in Other Entities (under Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives
Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 140 Investment Property: Transfers of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases

Effective date yet to be confirmed

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

A3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the financial year ended 30 June 2016 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business of the Group was not affected by seasonal or cyclical factors. Factors such as world economic growth might have implication on the Group's revenue.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year under review.

A6. Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the financial year under review.

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period year under review, except as follows:

	<u>Treasury shares</u>	
	<u>No. of Shares</u>	<u>RM</u>
Repurchase of shares	1,000	1,540

A8. Dividend Paid

The following dividend was paid during the current reporting period and previous corresponding period:

	Financial period ended 31.12.16 RM
Second interim single tier dividend paid on 18 November 2016 for the financial year ended 30 June 2016 - 4.5 sen per ordinary share	<u>13,478,993</u>
	Financial period ended 31.12.15 RM
Second interim single tier dividend paid on 23 November 2015 for the financial year ended 30 June 2015 - 3.84 sen per ordinary share	<u>11,502,074</u>

A9. Segment Information

Segment information is presented in respect of the Group's business segments. Inter-segment pricing is determined based on negotiated basis.

(i) Analysis by business segments

	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination/ Adjustment RM'000	Group RM'000
6 months ended 31 Dec 2016					
Revenue					
External revenue	198,290	41,297	-	-	239,587
Inter-segment revenue	-	-	13,118	(13,118)	-
Total revenue	<u>198,290</u>	<u>41,297</u>	<u>13,118</u>	<u>(13,118)</u>	<u>239,587</u>
Results					
Segment profit	35,331	8,271	12,803	(13,118)	43,287
Finance costs	(435)	(54)	-	-	(489)
Interest income	832	24	50	-	906
Depreciation	(8,836)	(1,141)	-	-	(9,977)
Profit before tax	<u>26,892</u>	<u>7,100</u>	<u>12,853</u>	<u>(13,118)</u>	<u>33,727</u>
Segment assets	<u>535,199</u>	<u>90,252</u>	<u>313,820</u>	<u>(313,353)</u>	<u>625,918</u>
Segment liabilities	<u>61,397</u>	<u>14,636</u>	<u>20,056</u>	<u>-</u>	<u>96,089</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	Fastener Products	Wire Products	Investment Holding	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 31 Dec 2015					
Revenue					
External revenue	220,538	43,014	-	-	263,552
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>220,538</u>	<u>43,014</u>	<u>-</u>	<u>-</u>	<u>263,552</u>
Results					
Segment profit	45,629	6,482	1,069	-	53,180
Finance costs	(191)	(68)	-	-	(259)
Interest income	622	87	-	-	709
Reversal of credit effect on discounting of non-current payable	-	-	(369)	-	(369)
Depreciation	(8,705)	(1,288)	-	-	(9,993)
Profit before tax	<u>37,355</u>	<u>5,213</u>	<u>700</u>	<u>-</u>	<u>43,268</u>
Segment assets	<u>505,794</u>	<u>77,995</u>	<u>329,313</u>	<u>(314,519)</u>	<u>598,583</u>
Segment liabilities	<u>61,271</u>	<u>10,239</u>	<u>34,665</u>	<u>(1,167)</u>	<u>105,008</u>

(ii) Analysis by geographical segments

	Revenue		Non-current Assets*	
	6 months		6 months	
	ended	ended	ended	ended
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Malaysia	83,385	74,194	81,474	80,756
Vietnam	5,649	6,260	78,329	86,936
Other Asian countries	25,500	13,592	-	-
European countries	111,137	149,968	-	-
Others	13,916	19,538	-	-
	<u>239,587</u>	<u>263,552</u>	<u>159,803</u>	<u>167,692</u>

* Non-current assets information presented excludes financial assets.

A10. Valuations of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 30 June 2016.

A11. Event Subsequent to the End of the Reporting Period

There were no other material events subsequent to the end of the current reporting period.

A12. Contingencies

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

A13. Changes in Group's Composition

There were no changes in the composition of the Group during the financial period under review.

A14. Capital Commitments

The Group has no major capital commitments as at the end of the reporting period except the following:

Contracted but not provided for:	RM'000
- Property, plant and equipment	<u>5,376</u>

Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

B1. Performance Analysis of all Operating Segments

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		6 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
<u>Revenue - Business Segments</u>				
-- Fasteners Products	101,461	100,660	198,290	220,538
-- Wire Products	24,817	22,265	41,297	43,014
	<u>126,278</u>	<u>122,925</u>	<u>239,587</u>	<u>263,552</u>
	-	-	-	-
<u>Profit/(Loss) before tax</u>				
-- Fasteners Products	13,282	17,405	26,892	37,355
-- Wire Products	5,477	3,119	7,100	5,213
-- Investment Holding	(238)	917	(265)	700
	<u>18,521</u>	<u>21,441</u>	<u>33,727</u>	<u>43,268</u>

Individual Quarter & Cumulative Quarter

During the current quarter under review, the Group recorded total revenue and total profit before tax of RM126.28 million and RM18.52 million respectively.

Fasteners Products

Fasteners Products posted a revenue of RM101.46 million and profit before tax of RM13.28 million respectively in the current reporting quarter. Export of fasteners products to European countries in the current quarter had dropped about 23.0% as compared to the preceding year corresponding quarter. In order to stay competitive in the market, the Fasteners division had marked down its selling price and thus contributed to the lower profit before tax in the current quarter. Nevertheless, the trading of steel bar managed to partially cushion the drop in the sale of fasteners products in the current quarter and sustains the total revenue of the division in the current quarter as compared to the preceding year corresponding quarter.

Wire Products

Wire division recorded a total revenue of RM24.82 million which represents an increase of 11.46% in its turnover. In line with the higher turnover, the profit before tax had also increased to RM5.48 million in the current quarter as compared to the preceding year corresponding quarter.

Cumulative Quarter

The Group recorded a total revenue of RM239.59 million and a profit before tax of RM33.73 million in the current reporting period.

Fasteners Products Division

The total revenue generated by the division dropped by approximately 10.09% in the current reporting period mainly caused by the lower demand from the European market. In couple with the lower selling price, the division recorded a lower profit before tax of RM26.89 million in the current reporting period, represents a drop of 28.01% as compared to the preceding year corresponding period.

Wire Products Division

The Wire division recorded the total revenue of RM41.30 million and profit before tax of RM7.10 million in the current reporting period as compared to the preceding corresponding period. The better product mix in the current reporting period is the main factor that contributed to the better result of the division.

B2. Variation of Results Against Preceding Quarter

	3 months ended 31.12.16 RM'000	3 months ended 30.09.16 RM'000
<u>Revenue - Business Segments</u>		
-- Fasteners Products	101,461	96,829
-- Wire Products	24,817	16,480
	<u>126,278</u>	<u>113,309</u>
	-	-
<u>Profit/(Loss) before tax</u>		
-- Fasteners Products	13,282	13,610
-- Wire Products	5,477	1,623
-- Investment Holding	(238)	(27)
	<u>18,521</u>	<u>15,206</u>
	-	-

The Group posted a total revenue of RM126.28 million and profit before tax of RM18.52 million in the current quarter under review.

Fasteners Products

The revenue in Fastener division increased by 4.78% to RM101.46 million in the current quarter as compared to the immediate preceding quarter. Higher export to Asian countries and European market had contributed to the higher revenue in the current quarter. However, the profit margin did not increase simultaneously as the selling price had been marked down in order to stay competitive in the market.

Wire Products

Wire Products division recorded a revenue of RM24.82 million and profit before tax of RM5.48 million during the current quarter. This represents an increase of 50.59% in its revenue and more than 2 times higher in its profit before tax. The better results of the division in the current reporting quarter is mainly due to the more favourable product mixed.

B3. Prospects

The outlook for global political and economic condition remains uncertain and the Group will continue with ongoing efforts to raise operational efficiency and productivity so as to further enhance its competitive edge in this challenging market environment. In addition, the Group will explore other new business ventures which will potentially benefit to the growth of the Group.

Barring any unforeseen circumstances, the Group anticipates satisfactory performance and growth in the remaining quarters of the year.

B4. Profit Forecast

There was no profit forecast made in any public document.

B5. Profit For The Period

Included in profit for the reporting period are as follows:

	Current quarter RM'000	Current Year To date RM'000
Depreciation	5,348	9,977
Impairment loss on receivables charged/(reversed)	45	14
Interest expense	236	489
Interest income	(435)	(906)
Unrealised loss/(gain) on foreign exchange	(2,499)	(3,270)
Realised gain on foreign exchange	(790)	(1,762)

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments or properties, write off of inventories as well as other exceptional items.

B6. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	(4,268)	(2,337)	(6,810)	(5,978)
- Deferred tax liabilities	150	(432)	150	(438)
	<u>(4,118)</u>	<u>(2,769)</u>	<u>(6,660)</u>	<u>(6,416)</u>

The Group's effective tax rate for the current quarter and financial year under review is lower than the Malaysian statutory tax rate of 24%. This is mainly due to the lower tax rate enjoyed by our Vietnam subsidiary. However, the effective tax rate for the current quarter is higher than the preceding year corresponding quarter mainly due to the increase of statutory tax rate in the Vietnam subsidiary.

B7. Status of Corporate Proposals

There were no corporate proposals announced but not yet completed as at the date of this report.

B8. Borrowings and Debt Securities

The Group's borrowings as at 31 Dec 2016 were as follows:

	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	16,537	16,537
Onshore foreign currency loans	21,938	-	21,938
	<u>21,938</u>	<u>16,537</u>	<u>38,475</u>

B9. Material Litigation

There was no material litigation during the financial period under review.

B11. Proposed Dividend

a. Dividend declared during the current reporting quarter and the corresponding quarter:

	Current Quarter	Corresponding Quarter
Interim dividend for the financial year	30.6.2017	30.6.2016
Declared and approved on	27.2.2017	26.2.2016
Entitlement date	28.4.2017	5.4.2016
Payment date	25.5.2017	26.4.2016
Dividend per share	3.5 sen	4 sen
Dividend % (Single Tier)	7% (single tier)	8% (Single tier)
Net dividend payable	RM10,483,626	RM11,981,327

b. The total dividend declared for the current financial year ended 30 June 2017 is 3.50 sen (single tier) per ordinary share.

B12. Earnings Per Share

(i) **Basic earnings per share**

The basic earnings per share has been calculated based on the Group's profit after tax attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>6 months ended</u>	<u>6 months ended</u>
	30.09.16	31.12.15	30.09.16	31.12.15
Profit after tax				
Attributable to owners of the Company (RM'000)	14,403	18,672	27,067	36,852
Weighted average number of ordinary shares of RM0.50 each ('000)	299,533	299,533	299,533	299,533
Basic Earnings Per Share (sen)	4.81	6.23	9.04	12.30
(ii) Diluted Earnings Per Share				
Diluted Earnings Per Share (sen)	4.81	6.23	9.04	12.30

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

B13. Realised and Unrealised Profits Disclosure

	As at	(Audited)
	31.12.16	As at 30.6.16
	RM'000	RM'000
Total retained profits of the Company and of its subsidiaries:		
- Realised	422,594	412,519
- Unrealised	(3,460)	(6,973)
	419,134	405,546
Less: Consolidation adjustments	(118,707)	(118,707)
Total retained profits	300,427	286,839