



# CHIN WELL HOLDINGS BERHAD

(371551-T)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017 - UNAUDITED

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.17</b>	<b>30.06.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	149,519	152,958
Investment properties	4,925	4,992
Other investment	180	172
	<u>154,624</u>	<u>158,122</u>
<b>Current assets</b>		
Inventories	228,721	195,430
Trade and other receivables	121,944	122,223
Current tax assets	3,216	1,749
Cash and bank balances	113,645	132,962
	<u>467,526</u>	<u>452,364</u>
<b>TOTAL ASSETS</b>	<b><u>622,150</u></b>	<b><u>610,486</u></b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	177,930	149,767
Reserves	355,550	345,950
<b>Total equity</b>	<b><u>533,480</u></b>	<b><u>495,717</u></b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	8,400	8,475
<b>Current liabilities</b>		
Trade and other payables	30,720	44,459
Borrowings	48,113	60,344
Current tax liabilities	1,437	1,491
	<u>80,270</u>	<u>106,294</u>
<b>Total liabilities</b>	<b><u>88,670</u></b>	<b><u>114,769</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>622,150</u></b>	<b><u>610,486</u></b>
Net assets per share (RM)	1.78	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 12 MONTHS PERIOD ENDED 30 JUNE 2017 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Revenue	141,096	133,345	521,288	508,134
Cost of sales	<u>(119,844)</u>	<u>(108,116)</u>	<u>(429,548)</u>	<u>(400,927)</u>
<b>Gross profit</b>	21,252	25,229	91,740	107,207
Other income	2,860	636	10,740	5,483
Administrative expenses	(7,784)	(3,351)	(20,792)	(19,554)
Selling and distribution expenses	<u>(4,881)</u>	<u>(4,131)</u>	<u>(18,435)</u>	<u>(17,090)</u>
<b>Operating profit</b>	11,447	18,383	63,253	76,046
Finance costs	<u>(361)</u>	<u>(391)</u>	<u>(1,135)</u>	<u>(1,245)</u>
<b>Profit before tax</b>	11,086	17,992	62,118	74,801
Tax expense	<u>(1,965)</u>	<u>(2,300)</u>	<u>(11,259)</u>	<u>(11,432)</u>
<b>Profit for the financial period/year</b>	9,121	15,692	50,859	63,369
<b>Other comprehensive (loss)/income, net of tax</b>				
<b>Item that will be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	<u>(6,824)</u>	<u>5,218</u>	<u>10,870</u>	<u>7,832</u>
<b>Total comprehensive income attributable to the owner of the company for the financial period/year</b>	<u>2,297</u>	<u>20,910</u>	<u>61,729</u>	<u>71,201</u>
<b>Earnings per share attributable to owners of the Company (sen)</b>				
- Basic/Diluted	<u>3.05</u>	<u>5.24</u>	<u>16.98</u>	<u>21.16</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 12 MONTHS PERIOD ENDED 30 JUNE 2017 - UNAUDITED

	----- Non-distributable -----			Distributable		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Retained Profits RM'000	
<b>At 1 July 2016</b>	149,767	28,163	-	30,948	286,839	495,717
Foreign exchange differences on translation	-	-	-	10,870	-	10,870
Profit for the financial year	-	-	-	-	50,859	50,859
Total comprehensive income for the financial year	-	-	-	10,870	50,859	61,729
<b>Transactions with owners:</b>						
Purchase of own shares	-	-	(3)	-	-	(3)
Dividends	-	-	-	-	(23,963)	(23,963)
Total transactions with owners	-	-	(3)	-	(23,963)	(23,966)
Transfer in accordance with Section 618(2) of the Companies Act 2016 to no-par value regime on 31 January 2017 <sup>(1)</sup>	28,163	(28,163)	-	-	-	-
<b>At 30 June 2017</b>	177,930	-	(3)	41,818	313,735	533,480
<b>At 1 July 2015</b>	149,767	28,163	-	23,116	246,953	447,999
Foreign exchange differences on translation	-	-	-	7,832	-	7,832
Profit for the financial year	-	-	-	-	63,369	63,369
Total comprehensive income for the financial year	-	-	-	7,832	63,369	71,201
<b>Transaction with owners:</b>						
Dividends	-	-	-	-	(23,483)	(23,483)
<b>At 30 June 2016</b>	149,767	28,163	-	30,948	286,839	495,717

**Note:**

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM28,162,800 for purposes as set out in Sections 618 (3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 12 MONTHS PERIOD ENDED 30 JUNE 2017 - UNAUDITED**

	<b>30.06.17</b>	<b>30.06.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	62,118	74,801
Adjustments for:		
Depreciation	20,506	19,879
Fair value loss on derivative financial instruments	-	279
Impairment loss charge/(reverse) on receivables	866	(64)
Interest expense	1,135	506
Interest income	(3,240)	(1,399)
Gain on disposal of property, plant & equipment	(562)	(50)
Property, plant & equipment written off	-	44
Reversal of credit effect on discounting of non-current payable	-	739
Unrealised (gain)/loss on foreign exchange	(1,195)	93
Operating profit before working capital changes	79,628	94,828
(Increase)/Decrease in inventories	(29,539)	21,631
Decrease in receivables	2,078	13,156
Decrease in payables	(14,161)	(16,070)
Cash from operation	38,006	113,545
Interest paid	(1,135)	(506)
Income tax paid	(12,927)	(11,244)
Retirement benefits paid	-	(914)
Net cash from operating activities	23,944	100,881
<b>Cash flows from investing activities</b>		
Interest received	3,240	1,399
Proceed from disposal of property, plant & equipment	658	50
Purchase of property, plant and equipment	(13,372)	(8,626)
Net cash used in investing activities	(9,474)	(7,177)
<b>Cash flows from financing activities</b>		
Dividends paid	(23,963)	(23,483)
Net change in borrowings	(13,222)	8,295
Repurchase of treasury shares	(3)	-
Net cash used in financing activities	(37,188)	(15,188)
<b>Net (decrease)/increase in cash and bank balances</b>	(22,718)	78,516
<b>Effect of changes in exchange rate on cash and bank balances</b>	3,401	(717)
<b>Cash and bank balances at beginning</b>	132,962	55,163
<b>Cash and bank balances at end</b>	113,645	132,962

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**

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**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 Accounts*

*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 current 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 year under review, except as follows:

	<u>Treasury shares</u>	
	<u>No. of Share:</u>	<u>RM</u>
Repurchase of own shares	2,000	3,309

**A8. Dividend Paid**

The following dividends were paid during the current reporting period and previous corresponding period:

	Financial year ended 30.6.17 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	13,478,993
First interim single tier dividend paid on 25 May 2017 for the financial year ended 30 June 2017 - 3.5 sen per ordinary share	10,483,626
	<u>23,962,619</u>
	Financial year ended 30.6.16 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	11,502,074
First interim single tier dividend paid on 26 April 2016 for the financial year ended 30 June 2016 - 4.00 sen per ordinary share	11,981,326
	<u>23,483,400</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**

	<b>Fastener Products RM'000</b>	<b>Wire Products RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination/ Adjustment RM'000</b>	<b>Group RM'000</b>
<b>12 months ended 30 June 2017</b>					
<b>Revenue</b>					
External revenue	428,188	93,100	-	-	521,288
Inter-segment revenue	-	-	43,632	(43,632)	-
Total revenue	428,188	93,100	43,632	(43,632)	521,288
<b>Results</b>					
Segment profit	65,389	16,028	42,734	(43,632)	80,519
Finance costs	(963)	(172)	-	-	(1,135)
Interest income	2,818	363	59	-	3,240
Depreciation	(18,148)	(2,358)	-	-	(20,506)
Profit before tax	49,096	13,861	42,793	(43,632)	62,118
<b>Segment assets</b>					
	526,219	96,951	336,105	(337,125)	622,150
<b>Segment liabilities</b>					
	70,706	19,197	382	(1,615)	88,670
	<b>Fastener Products RM'000</b>	<b>Wire Products RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>12 months ended 30 June 2016</b>					
<b>Revenue</b>					
External revenue	415,995	92,139	-	-	508,134
Inter-segment revenue	-	-	39,501	(39,501)	-
Total revenue	415,995	92,139	39,501	(39,501)	508,134
<b>Results</b>					
Segment profit	84,253	10,779	38,995	(39,501)	94,526
Finance costs	(400)	(106)	-	-	(506)
Interest income	1,130	256	13	-	1,399
Reversal of credit effect on discounting of non-current payable	-	-	(739)	-	(739)
Depreciation	(17,544)	(2,335)	-	-	(19,879)
Profit before tax	67,439	8,594	38,269	(39,501)	74,801
<b>Segment assets</b>					
	519,405	93,059	314,658	(316,637)	610,485
<b>Segment liabilities</b>					
	74,950	22,840	20,263	(3,284)	114,769

(ii) Analysis by geographical segments

	Revenue 12 months		Non-current Assets*	
	ended 30.06.17	ended 30.06.16	ended 30.06.17	ended 30.06.16
	RM'000	RM'000	RM'000	RM'000
Malaysia	190,960	150,892	85,107	81,180
Vietnam	8,143	13,665	69,337	76,770
Other Asian countries	49,224	38,673	-	-
European countries	239,625	261,918	-	-
Others	33,336	42,986	-	-
	<u>521,288</u>	<u>508,134</u>	<u>154,444</u>	<u>157,950</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 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 year 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:	<b>RM'000</b>
- 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

Comparison with the corresponding quarter and financial year to date in the previous financial year

	<u>Individual Quarter</u>		Changes (Amount/ %)	<u>Cumulative Quarter</u>		Changes (Amount/ %)
	<u>3 months ended</u>			<u>12 months ended</u>		
	<u>30.06.17</u>	<u>30.6.16</u>		<u>30.06.17</u>	<u>30.6.16</u>	
	RM'000	RM'000		RM'000	RM'000	
<u>Revenue - Business Segments</u>						
-- Fasteners Products	114,790	106,196	8,594 / 8.09	428,188	415,995	12,193 / 2.93
-- Wire Products	26,306	27,149	(843) / -3.11	93,100	92,139	961 / 1.04
	<u>141,096</u>	<u>133,345</u>	<u>7,751 / 5.81</u>	<u>521,288</u>	<u>508,134</u>	<u>13,154 / 2.59</u>
<u>Profit/(Loss) before interest &amp; tax</u>						
-- Fasteners Products	10,298	17,220	(6,922) / -40.20	50,059	67,839	(17,780) / -26.21
-- Wire Products	1,521	1,573	(52) / -3.31	14,033	8,700	5,333 / 61.30
-- Investment Holding	(372)	(595)	223 / 36.45	(839)	(1,232)	393 / -31.90
	<u>11,447</u>	<u>18,198</u>	<u>(6,566) / -36.45</u>	<u>63,253</u>	<u>75,307</u>	<u>(12,054) / -16.01</u>
<u>Profit/(Loss) before tax</u>						
-- Fasteners Products	9,999	17,055	(7056) / -41.37	49,096	67,439	(18,343) / -27.20
-- Wire Products	1,459	1,531	(72) / -4.70	13,861	8,594	5,267 / 61.29
-- Investment Holding	(372)	(594)	222 / -37.37	(839)	(1,232)	393 / -31.90
	<u>11,086</u>	<u>17,992</u>	<u>(6,906) / -38.38</u>	<u>62,118</u>	<u>74,801</u>	<u>(12,683) / -16.96</u>
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>						
-- Fasteners Products	8,396	15,233	(6,837) / -44.88	41,175	58,192	(17,017) / -29.24
-- Wire Products	1,109	1,058	51 / 4.82	10,535	6,413	4,122 / 64.28
-- Investment Holding	(384)	(599)	215 / -35.89	(851)	(1,236)	385 / -31.15
	<u>9,121</u>	<u>15,692</u>	<u>(6,571) / -41.87</u>	<u>50,859</u>	<u>63,369</u>	<u>(12,510) / -19.74</u>

**Overall Review of Group' Financial Performance**

During the current financial year to date, the Group recorded a total revenue and total profit before tax of RM521.29 million and RM62.12 million respectively. The main contributor to the rise in the Group's revenue is the trading of steel bar in the current financial year. However, the higher revenue did not keep the profit before tax in line as the margin from the trading of steel bar is much lower as compared to the sales of manufactured fasteners products. Nevertheless, the impact of the drop in business margin had been mitigated by the higher interest income of RM3.20 million and higher forex gain of RM5.96 million recognised as other income in the current financial year.

The equity attributable to the owners of the Company increased in line with the higher retained earnings from RM495.72 million as of last financial year end to RM533.48 million as of the current financial year ended 30.6.2017. The Group's borrowings reduced by RM12.23 million to RM48.11 million as of the date of the current financial year end. The Group has net cash position of RM65.53 million.

As compared to the immediate preceding financial year, more cash was utilised in the current financial year to replenish the inventories in addition to the purchase of new machineries especially for the production expansion of the Wire division. Besides, the Group had repaid its bank borrowings by RM12.23 million. As a result the Group's total cash and bank balance as of 30.6.2017 reduced by 15% to RM113.64 million as compared to 30.6.2016.

**Individual Quarter results:**

***Fasteners Products***

Fasteners Products posted a revenue of RM114.79 million and profit before tax of RM10.0 million respectively in the current reporting quarter. Export of DIY products managed to cushion the lower sales in other fastener products. However, the profit before tax of the division dropped by 41.37% in the current quarter, mainly due to the higher raw material cost following the increase of wire rod price globally. Imposition of the safeguard duty by the Malaysian authorities on the wire rod imported from China has further increased the product cost and squeezed down the profit margin of the Malaysian subsidiaries in the division. Higher administrative expenses is recorded in the current reporting quarter due to the provision of impairment loss on trade receivables and reversal of forex loss recorded in the previous year corresponding quarter.

***Wire Products***

Wire Products division managed to sustain its performance in the current reporting quarter. The total revenue and profit before tax generated by the division in the current reporting quarter is RM26.31 million and RM1.46 million respectively which indicates marginally drop of 3.31% and 4.70% respectively as compared to the preceding year corresponding quarter.

**Financial Year-To-Date Results:**

The Group recorded a total revenue of RM521.29 million and a profit before tax of RM62.12 million in the current financial year.

***Fasteners Products Division***

The total revenue generated by the division increased marginally by approximately 2.93% in the current reporting period mainly contributed by the higher trading sales of steel bar. However, the profit before tax of the division dropped by 27.20% for the current financial year under review. During the financial year, the worldwide wire rod price which is the main raw material of the division, had rose substantially as compared to the preceding year. In order to stay competitive in the market, the selling price of the fasteners product was lower down. Furthermore, the shortage of direct labour in Malaysia plant had adversely affected the production volume and sales quantity of the fasteners. These factors had eroded the profit margin of the division. The imposition of the safeguard duty by the Malaysian authorities on the wire rod imported from China had further squeezed down the profit margin of the division during the fourth quarter. As a result, the division recorded a lower profit before tax of RM49.10 million in the current financial year under review, as compared to RM67.44 million in the preceding year.

***Wire Products Division***

The Wire division recorded the total revenue of RM93.10 million and profit before tax of RM13.86 million in the current financial year as compared to the preceding year to date. The higher demand for its grill mesh products and better product mix in the current financial year are the main factors that contributed to the better result of the division.

**B2. Variation of Results Against Preceding Quarter**

	<b>3 months ended 30.06.17 RM'000</b>	<b>3 months ended 31.03.17 RM'000</b>	<b>Changes (Amount/ %)</b>
<u>Revenue - Business Segments</u>			
-- Fasteners Products	114,790	115,108	(318) / -0.28
-- Wire Products	26,306	25,497	809 / 3.17
	<u>141,096</u>	<u>140,605</u>	491 / 0.35
<u>Profit/(Loss) before interest &amp; tax</u>			
-- Fasteners Products	10,298	12,434	(2,136) / -17.18
-- Wire Products	1,521	5,358	(3,837) / -71.61
-- Investment Holding	(372)	(202)	(170) / 84.16
	<u>11,447</u>	<u>17,590</u>	(6,143) / -34.92
<u>Profit/(Loss) before tax</u>			
-- Fasteners Products	9,999	12,205	(2,206) / -18.07
-- Wire Products	1,459	5,302	(3,843) / -72.48
-- Investment Holding	(372)	(202)	(170) / 84.16
	<u>11,086</u>	<u>17,305</u>	(6,219) / -35.94
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>			
-- Fasteners Products	8,396	10,831	(2,435) / -22.48
-- Wire Products	1,109	4,030	(2,921) / -72.48
-- Investment Holding	(384)	(190)	(194) / 102.11
	<u>9,121</u>	<u>14,671</u>	(5,550) / -37.83

The Group posted a total revenue of RM141.10 million and profit before tax of RM11.09 million in the current quarter under review.

**Fasteners Products**

The revenue in Fastener division was RM114.79 million in the current quarter as compared to the immediate preceding quarter of RM115.11 million, a marginal drop of 0.28%. In tandem with a lower revenue, the profit before tax of the division dropped by 18.07% due to the increase in raw material cost and the imposition of safeguard duty by the Malaysian authorities on the wire rod imported from China had further increased the product cost and squeezed down the profit margin of the division.

**Wire Products**

Wire Products posted a marginal increase by 3.17% in its revenue in the current reporting quarter as compared to the immediate preceding quarter. The demand for grill mesh products stays strong and had enabled the division to register a total revenue of RM26.31 million. However, the profit before tax dropped by RM3.84 million in the current reporting quarter due to the increased in raw material cost and the imposition of safeguard duty by the Malaysian government on the wire rod imported from China.

**B3. Prospects**

The market outlook for the Group is expected to remain challenging in the next financial year. The main factors that may affect the Group's performance will be the trend of the market demand in addition to the volatility of the raw material price. The unexpected market movement and rapid changes in the raw material cost will affect the production volume, product cost and bottom line of the Group. In order to cushion the stress from the safeguard duty which imposed by the Malaysian government towards the end of the financial year on the wire rod imported from China, the Group had sourced its raw material from other alternative countries such as the Middle East and Vietnam which are duty exempted and without compromising the quality of our products. Application to the authorities for the exemption of the duty is in the progress with the hope to obtain the approval in the next financial year.

The Group expects its DIY segment will continue to contribute positively to the Group's performance through the increase of its distribution network in the European and US markets. While for the Wire division, with the expansion in the production of new product lines such as welded fencing, gabion and poultry mesh, it is expected to further enhance the division's result in the next financial year with its high value added margin.

In addition to the existing core business, from time to time, the Group will explore into other new business ventures which will potentially benefit to the growth of the Group.

Barring any unforeseen circumstances, the Group anticipates satisfactory performance in the next financial year.

**B4. Profit Forecast**

There was no profit forecast made in any public document.

**B5. Profit For The Period/Year**

Included in profit or loss for the current quarter and financial year to date are as follows:

	<b>Current quarter RM'000</b>	<b>Current Year To date RM'000</b>
Depreciation	5,691	20,506
Impairment loss on receivables charged/(reversed)	875	866
Interest expense	361	1,135
Interest income	(1,659)	(3,240)
Loss/(Gain) on disposal of property, plant and equipment	(562)	(562)
Unrealised loss/(gain) on foreign exchange	1,122	(1,195)
Realised gain on foreign exchange	(1,527)	(4,769)
Rental income	(97)	(389)

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**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		12 months ended	
	30.06.17	30.6.16	30.06.17	30.6.16
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	(2,040)	(3,132)	(11,334)	(11,718)
- Deferred tax liabilities	75	832	75	286
	<u>(1,965)</u>	<u>(2,300)</u>	<u>(11,259)</u>	<u>(11,432)</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.

**B7. Status of Corporate Proposals**

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

**B8. Borrowings and Debt Securities**

The Group's borrowings :

As as 30.6.2017	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
<b>Secured:</b>			
<b>Short term</b>			
Bankers acceptance	-	11,579	11,579
Onshore foreign currency loans	<u>36,534</u>	<u>-</u>	<u>36,534</u>
	<u>36,534</u>	<u>11,579</u>	<u>48,113</u>
<b>As as 30.6.2016</b>			
<b>Secured:</b>			
<b>Short term</b>			
Bankers acceptance	-	19,213	19,213
Onshore foreign currency loans	<u>41,131</u>	<u>-</u>	<u>41,131</u>
	<u>41,131</u>	<u>19,213</u>	<u>60,344</u>

- a. The total borrowings as at the end of the reporting period had been reduced to RM48.11 million as compared to RM60.34 million as of 30.6.2016. The total interest expenses for the Group has increased from RM506k as reported in the preceding financial year to RM1.14 million in the current financial year mainly due to more bankers acceptance was drawn to finance the purchase of steel bar and the increase of interest rate in the onshore foreign currency loans in the current financial year.

- b. The weighted average interest rate of borrowings during the current reporting period to date:

	30.06.17	30.06.16
	%	%
Borrowings denominated in RM	3.35	3.80
- Bankers acceptance		
Borrowings denominated in USD		
- Onshore foreign currency loans	1.65	1.05

All the borrowings are based on floating interest rates.

- c. Borrowings denominated in USD are not hedged to RM as the borrowings will be paid off from the export proceed of the respective subsidiaries denominated in foreign currencies.

**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:

	<b>Current Quarter</b>	<b>Corresponding Quarter</b>
Interim dividend for the financial year	30.6.2017	30.6.2016
Declared and approved on	29.8.2017	25.8.2016
Entitlement date	2.11.2017	28.10.2016
Payment date	23.11.2017	18.11.2016
Dividend per share	3.30 sen	4.50 sen
Net dividend payable	RM9,884,529	RM13,478,993

b. The total single tier dividends declared for the current financial year ended 30 June 2017 is 6.80 sen (30 June 2016: 8.50 sen) 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>30.06.17</b>	<b>30.6.16</b>	<b>30.06.17</b>	<b>30.6.16</b>
Profit after tax				
Attributable to owners of the Company (RM'000)	9,121	15,692	50,859	63,369
Weighted average number of ordinary shares ('000)	299,533	299,533	299,533	299,533
Basic Earnings Per Share (sen)	3.05	5.24	16.98	21.16

(ii) **Diluted Earnings Per Share**

Diluted Earnings Per Share (sen)	3.05	5.24	16.98	21.16
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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**

	<b>(Audited)</b>	
	<b>As at</b>	<b>As at</b>
	<b>30.06.17</b>	<b>30.6.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and of its subsidiaries:		
- Realised	435,982	412,519
- Unrealised	(3,460)	(6,973)
	432,522	405,546
Less: Consolidation adjustments	(118,787)	(118,707)
Total retained profits	313,735	286,839