



CHIN WELL HOLDINGS BERHAD

(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DEC 2017 - UNAUDITED

	Unaudited As at 31.12.17 RM'000	Audited As at 30.06.17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	142,395	149,519
Investment properties	4,891	4,925
Other investment	180	180
	<u>147,466</u>	<u>154,624</u>
Current assets		
Inventories	206,803	227,476
Trade and other receivables	160,640	122,059
Current tax assets	4,277	3,202
Cash and bank balances	108,666	113,914
	<u>480,386</u>	<u>466,651</u>
TOTAL ASSETS	<u>627,852</u>	<u>621,275</u>
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	363,787	355,595
Total equity	<u>541,716</u>	<u>533,524</u>
Non-current liabilities		
Deferred tax liabilities	8,209	8,400
Current liabilities		
Trade and other payables	29,724	29,801
Borrowings	45,919	48,113
Current tax liabilities	2,284	1,437
	<u>77,927</u>	<u>79,351</u>
Total liabilities	<u>86,136</u>	<u>87,751</u>
TOTAL EQUITY AND LIABILITIES	<u>627,852</u>	<u>621,275</u>
Net assets per share (RM)	1.83	1.78

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 2017. 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 2017 - UNAUDITED

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.17	31.12.16	31.12.17	31.12.16
	RM'000	RM'000	RM'000	RM'000
Revenue	160,532	126,278	298,471	239,587
Cost of sales	<u>(130,707)</u>	<u>(103,321)</u>	<u>(243,525)</u>	<u>(195,738)</u>
Gross profit	29,825	22,957	54,946	43,849
Other income	1,622	5,205	3,510	7,525
Administrative expenses	(7,595)	(4,260)	(13,735)	(8,030)
Selling and distribution expenses	<u>(4,762)</u>	<u>(5,145)</u>	<u>(8,684)</u>	<u>(9,128)</u>
Operating profit	19,090	18,757	36,037	34,216
Finance costs	<u>(197)</u>	<u>(236)</u>	<u>(445)</u>	<u>(489)</u>
Profit before tax	18,893	18,521	35,592	33,727
Tax expense	<u>(3,538)</u>	<u>(4,118)</u>	<u>(6,264)</u>	<u>(6,660)</u>
Profit for the financial period	15,355	14,403	29,328	27,067
Other comprehensive (loss)/income, net of tax				
Item that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	<u>(522)</u>	<u>13,812</u>	<u>(3,594)</u>	<u>20,526</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u>14,833</u>	<u>28,215</u>	<u>25,734</u>	<u>47,593</u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u>5.14</u>	<u>4.81</u>	<u>9.82</u>	<u>9.04</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 2017. 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 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	
At 1 July 2017	177,929	Note (1) -	(3)	41,818	313,780	533,524
Foreign exchange differences on translation	-	-	-	(3,594)	-	(3,594)
Profit for the financial period	-	-	-	-	29,328	29,328
Total comprehensive income for the financial period	-	-	-	(3,594)	29,328	25,734
Transactions with owners:						
Purchase of treasury shares	-	-	(7,660)	-	-	(7,660)
Dividend	-	-	-	-	(9,882)	(9,882)
Total transactions with owners	-	-	(7,660)	-	(9,882)	(17,542)
At 31 Dec 2017	<u>177,929</u>	<u>-</u>	<u>(7,663)</u>	<u>38,224</u>	<u>333,226</u>	<u>541,716</u>
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)
Dividends	-	-	-	-	(13,479)	(13,479)
Total transactions with owners	-	-	(2)	-	(13,479)	(13,481)
At 31 Dec 2016	<u>149,767</u>	<u>28,163</u>	<u>(2)</u>	<u>51,474</u>	<u>300,427</u>	<u>529,829</u>

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 2017. 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 2017 - UNAUDITED

	31.12.17	31.12.16
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	35,592	33,727
Adjustments for:		
Depreciation	10,483	9,977
Gain on disposal of property, plant and equipment	(91)	-
Impairment loss charge on receivables	339	14
Interest expense	445	489
Interest income	(1,629)	(906)
Property, plant and equipment written off	5	-
Unrealised loss/(gain) on foreign exchange	2,526	(3,270)
Operating profit before working capital changes	47,670	40,031
Decrease in inventories	19,260	11,673
Increase in receivables	(41,460)	(6,231)
(Decrease)/Increase in payables	(512)	2,089
Cash from operation	24,958	47,562
Interest paid	(445)	(489)
Income tax paid	(6,655)	(5,612)
Net cash from operating activities	17,858	41,461
Cash flows from investing activities		
Interest received	1,629	906
Proceeds from disposal of property, plant and equipment	94	-
Purchase of property, plant and equipment	(4,347)	(4,968)
Net cash used in investing activities	(2,624)	(4,062)
Cash flows from financing activities		
Dividend paid	(9,882)	(13,479)
Net change in borrowings	(2,023)	(23,218)
Purchase of treasury shares	(7,660)	(2)
Net cash used in financing activities	(19,565)	(36,699)
Net (decrease)/increase in cash and bank balances	(4,331)	700
Effect of changes in exchange rate on cash and bank balances	(917)	6,035
Cash and bank balances at beginning	113,914	132,962
Cash and bank balances at end	108,666	139,697

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 2017. 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 2017 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 2017.

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 period:

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

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 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

IC Interpretation 23 Uncertainty over Income Tax Treatments

Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015-2017 Cycle

Effective for annual period beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

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 2017 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 period 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 period 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 under review, except as follows:

	Treasury shares	
	No. of Shares	RM
Repurchase of own shares during the current period to date	4,312,300	7,659,233
Repurchase of own shares as of 31.12.2017	4,314,300	7,662,543

A8. Dividend Paid

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

	Financial period ended 31.12.17 RM
Second interim single tier dividend paid on 23 November 2017 for the financial year ended 30 June 2017 - 3.3 sen per ordinary share	<u>9,881,951</u>
	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>

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 2017					
Revenue					
External revenue	233,027	65,444	-	-	298,471
Inter-segment revenue	-	-	30,387	(30,387)	-
Total revenue	<u>233,027</u>	<u>65,444</u>	<u>30,387</u>	<u>(30,387)</u>	<u>298,471</u>
Results					
Segment profit	41,591	3,945	29,862	(30,507)	44,891
Finance costs	(334)	(111)	-	-	(445)
Interest income	1,452	55	122	-	1,629
Depreciation	(9,147)	(1,336)	-	-	(10,483)
Profit before tax	<u>33,562</u>	<u>2,553</u>	<u>29,984</u>	<u>(30,507)</u>	<u>35,592</u>
Segment assets	<u>513,702</u>	<u>103,715</u>	<u>338,470</u>	<u>(328,035)</u>	<u>627,852</u>
Segment liabilities	<u>64,250</u>	<u>24,226</u>	<u>65</u>	<u>(2,405)</u>	<u>86,136</u>

	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination 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>

(ii) Analysis by geographical segments

	Revenue 6 months		Non-current Assets*	
	ended 31.12.17 RM'000	ended 31.12.16 RM'000	as at 31.12.17 RM'000	as at 31.12.16 RM'000
Malaysia	95,950	83,385	85,731	81,474
Vietnam	2,053	5,649	61,555	78,329
Other Asian countries	24,237	25,500	-	-
European countries	142,116	111,137	-	-
Others	34,115	13,916	-	-
	<u>298,471</u>	<u>239,587</u>	<u>147,286</u>	<u>159,803</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 2017.

A11. Event Subsequent to the End of the Reporting Period

There were no 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 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>9,838</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		<u>Cumulative Quarter</u>		Changes	
	<u>3 months ended</u>				<u>6 months ended</u>			
	<u>31.12.17</u>	<u>31.12.16</u>	<u>RM'000</u>	<u>%</u>	<u>31.12.17</u>	<u>31.12.16</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>			<u>RM'000</u>	<u>RM'000</u>		
<u>Revenue - Business Segments</u>								
-- Fasteners Products	121,761	101,461	20,300	20.0%	233,027	198,290	34,737	17.5%
-- Wire Products	38,771	24,817	13,954	56.2%	65,444	41,297	24,147	58.5%
	<u>160,532</u>	<u>126,278</u>	<u>34,254</u>	<u>27.1%</u>	<u>298,471</u>	<u>239,587</u>	<u>58,884</u>	<u>24.6%</u>
<u>Profit/(Loss) before interest & tax</u>								
-- Fasteners Products	17,569	13,488	4,081	30.3%	33,896	27,327	6,569	24.0%
-- Wire Products	1,810	5,507	(3,697)	-67.1%	2,664	7,154	(4,490)	-62.8%
-- Investment Holding	(289)	(238)	(51)	21.4%	(523)	(265)	(258)	97.4%
	<u>19,090</u>	<u>18,757</u>	<u>333</u>	<u>1.8%</u>	<u>36,037</u>	<u>34,216</u>	<u>1,821</u>	<u>5.3%</u>
<u>Profit/(Loss) before tax</u>								
-- Fasteners Products	17,424	13,282	4,142	31.2%	33,562	26,892	6,670	24.8%
-- Wire Products	1,758	5,477	(3,719)	-67.9%	2,553	7,100	(4,547)	-64.0%
-- Investment Holding	(289)	(238)	(51)	21.4%	(523)	(265)	(258)	97.4%
	<u>18,893</u>	<u>18,521</u>	<u>372</u>	<u>2.0%</u>	<u>35,592</u>	<u>33,727</u>	<u>1,865</u>	<u>5.5%</u>
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>								
-- Fasteners Products	14,312	10,479	3,833	36.6%	27,915	21,936	5,979	27.3%
-- Wire Products	1,335	4,162	(2,827)	-67.9%	1,940	5,396	(3,456)	-64.0%
-- Investment Holding	(292)	(238)	(54)	22.7%	(527)	(265)	(262)	98.9%
	<u>15,355</u>	<u>14,403</u>	<u>952</u>	<u>6.6%</u>	<u>29,328</u>	<u>27,067</u>	<u>2,261</u>	<u>8.4%</u>

Overall Review of Group' Financial Performance

During the current financial period to date, the Group recorded a total revenue and total profit before tax of RM298.47 million and RM35.59 million respectively. Fasteners as well as Wire division had contributed positively to the 24.6% hike in the Group revenue. In tandem with the higher revenue, the profit margin derived in the current period had increased accordingly. However, it is partially eroded by the higher administrative expenses as a result of higher forex loss recorded in the current period under review.

The equity attributable to the owners of the Company increased in line with the higher retained earnings from RM533.52 million as of 30.6.2017 to RM541.71 million as of 31.12.2017 after the declaration of the second interim single tier dividend for FY 2017 amounted to RM9.88 million. The Group's borrowings reduced by RM2.19 million to RM45.92 million as at the date of the current financial period end and the Group remains to have net cash position of RM62.75 million.

As compared to the preceding year corresponding period, more cash was utilised in the current financial period for payment of deposit for the purchases of raw materials. Besides, there is higher trade receivables as of the current closing period in accordance with its higher revenue. RM7.66 million had been utilised to purchase back the treasury shares from the market and further reduced the Group's bank balance to RM108.67 million as of the current closing date as compared to RM139.70 million as of 31.12.2016.

Individual Quarter and Cumulative Results:

Fasteners Products

Fasteners Products posted a revenue of RM121.76 million and profit before tax of RM17.42 million respectively in the current reporting quarter. The revenue and its profit before tax improved by 20.0% and 31.2% respectively in the current reporting period as compared to the preceding year corresponding quarter. Higher export sales to European countries has contributed to the higher revenue and improved the results of the division in the current quarter. However, the margin of the division was partially set off by the higher unrealised forex loss recorded in the division as a result of the strengthening of Malaysian Ringgit against USD in the current quarter.

Wire Products

Wire division achieved an increase of 56.2% in its current quarter revenue as compared to RM24.82 million in the preceding year corresponding quarter. The higher revenue did not contribute to higher bottom line in the current quarter. The raw material cost hike at a faster pace than its average selling price and eroded part of the profit margin. Couple with higher administrative cost and selling expenses, the profit before tax of the division dropped by 67.9% to RM1.76 million in the current quarter.

Financial Year-To-Date Results:

The Group recorded a total revenue of RM298.47million and a profit before tax of RM35.59million in the current financial year to date.

Fasteners Products Division

The division recorded a total revenue of RM233.03million and profit before tax of RM33.56million in the current financial period to date. These represent an increase of approximately 17.5% in its revenue and 24.8% in its profit before tax. Export to European countries resumed from the down trend since the second half of the last financial year. In addition to the higher revenue, the rise in the average selling price of the division had also contributed to the better performance of the division. However, the profit margin generated was partially set off by the higher unrealised forex loss resulting from the strengthening of the Malaysia Ringgit against USD in the current financial period to date.

Wire Products Division

The Wire division recorded the total revenue of RM65.44million and profit before tax of RM2.55million in the current financial year as compared to the preceding year to date. However, the higher demand for its grill mesh products did not contribute to the better result of the division due to the fast hike in its raw material cost couple with the higher administrative and selling expenses in accordance with the higher revenue.

B2. Variation of Results Against Preceding Quarter

	3 months ended	3 months	Changes	
	31.12.17	ended		
	RM'000	30.09.17	RM'000	%
		RM'000		
<u>Revenue - Business Segments</u>				
-- Fasteners Products	121,761	111,266	10,495	9.43%
-- Wire Products	38,771	26,673	12,098	45.36%
	<u>160,532</u>	<u>137,939</u>	22,593	16.38%
<u>Profit/(Loss) before interest & tax</u>				
-- Fasteners Products	17,569	16,327	1,242	7.61%
-- Wire Products	1,810	854	956	111.94%
-- Investment Holding	(289)	(234)	(55)	23.50%
	<u>19,090</u>	<u>16,947</u>	2,143	12.65%
<u>Profit/(Loss) before tax</u>				
-- Fasteners Products	17,424	16,138	1,286	7.97%
-- Wire Products	1,758	795	963	121.13%
-- Investment Holding	(289)	(234)	(55)	23.50%
	<u>18,893</u>	<u>16,699</u>	2,194	13.14%
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>				
-- Fasteners Products	14,312	13,603	709	5.21%
-- Wire Products	1,335	605	730	120.66%
-- Investment Holding	(292)	(235)	(57)	24.26%
	<u>15,355</u>	<u>13,973</u>	1,382	9.89%

The Group posted a total revenue of RM160.53 million and profit before tax of RM18.89 million in the current quarter under review.

Fasteners Products

The revenue in Fastener division was RM121.76 million in the current quarter as compared to the immediate preceding quarter of RM111.27 million, an increase of 9.43%. Higher export sales to European countries had contributed to the higher revenue in the current quarter. However, part of the profit margin was eroded by the higher unrealised forex loss recorded in the current quarter.

Wire Products

Wire Products posted a revenue of RM38.77 million which represents an increase of 45.36% in the current reporting quarter as compared to the immediate preceding quarter. Higher sales volume couple with higher selling price had improved the profit before tax by RM963k to RM1.76 million in the current reporting quarter.

B3. Prospects

The market outlook for the Group is expected to remain challenging in the remaining quarters. 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 ended 30 June 2017 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 few months.

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 this 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 current financial year.

B4. Profit Forecast

There was no profit forecast made in any public document.

B5. Profit For The Period

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

	Current quarter RM'000	Current Year To date RM'000
Depreciation	4,789	10,483
Impairment loss on receivables charged	103	339
Interest expense	197	445
Interest income	(353)	(1,629)
Gain on disposal of property, plant and equipment	(15)	(91)
Property, plant and equipment written off	5	5
Unrealised loss on foreign exchange	1,515	2,526
Realised gain on foreign exchange	(312)	(326)
Rental income	(159)	(260)

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> 3 months ended		<u>Cumulative Quarter</u> 6 months ended	
	31.12.17R M'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Malaysian income tax				
- Current tax	(3,347)	(4,268)	(6,073)	(6,810)
- Deferred tax liabilities	(191)	150	(191)	150
	<u>(3,538)</u>	<u>(4,118)</u>	<u>(6,264)</u>	<u>(6,660)</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 the subsidiary in Vietnam.

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 31.12.2017	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	15,927	15,927
Onshore foreign currency loans	29,992	-	29,992
	<u>29,992</u>	<u>15,927</u>	<u>45,919</u>
As as 31.12.2016			
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>

a. The total borrowings as at the end of the reporting period had increased to RM45.92 million as compared to RM38.48 million as of 31.12.2016. Additional borrowings had been drawn down toward end of the current quarter to finance the purchases of raw materials. Hence the total finance cost incurred in the current quarter is RM197k as compared to RM236k in the preceding year corresponding quarter.

b. The average interest rates of borrowings during the current reporting period to date are as follows:

	31.12.17 %	31.12.16 %
Borrowings denominated in RM	3.60	3.62
- Bankers acceptance		
Borrowings denominated in USD		
- Onshore foreign currency loans	1.61	0.80

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 proceeds 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:

	Current Quarter	Corresponding Quarter
Interim dividend for the financial year	30.6.2018	30.6.2017
Declared and approved on	27.2.2018	27.2.2017
Entitlement date	26.4.2018	28.4.2017
Payment date	24.5.2018	25.5.2017
Dividend per share	3.90 sen	3.5 sen
Dividend % (Single Tier)	7.8% (single tier)	7% (single tier)
Net dividend payable	RM11,513,536	RM10,483,626

b. The total dividend declared for the current financial year ended 30 June 2018 is 3.90 sen per 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 period:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>31.12.17</u>	<u>31.12.16</u>	<u>31.12.17</u>	<u>31.12.16</u>
Profit after tax				
Attributable to owners of the Company (RM'000)	15,355	14,403	29,328	27,067
Weighted average number of ordinary shares ('000)	298,673	299,533	298,773	299,533
Basic Earnings Per Share (sen)	5.14	4.81	9.82	9.04

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	5.14	4.81	9.82	9.04
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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

	(Audited)	
	As at	As at
	31.12.17	30.6.17
	RM'000	RM'000
Total retained profits of the Company and of its subsidiaries:		
- Realised	459,796	439,199
- Unrealised	(7,840)	(6,687)
	451,956	432,512
Less: Consolidation adjustments	(118,730)	(118,732)
Total retained profits	333,226	313,780