



CHIN WELL HOLDINGS BERHAD

(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 - UNAUDITED

| | Unaudited As at 30.06.18 RM'000 | Audited As at 30.06.17 RM'000 |
|-------------------------------------|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 138,961 | 149,519 |
| Investment properties | 4,858 | 4,925 |
| Other investment | 168 | 180 |
| | <u>143,987</u> | <u>154,624</u> |
| Current assets | | |
| Inventories | 237,172 | 227,476 |
| Trade and other receivables | 161,310 | 122,059 |
| Current tax assets | 5,121 | 3,202 |
| Cash and bank balances | 117,656 | 113,914 |
| | <u>521,259</u> | <u>466,651</u> |
| TOTAL ASSETS | <u>665,246</u> | <u>621,275</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 177,929 | 177,929 |
| Reserves | 365,295 | 355,595 |
| Total equity | <u>543,224</u> | <u>533,524</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 7,905 | 8,400 |
| Current liabilities | | |
| Trade and other payables | 38,760 | 29,801 |
| Borrowings | 73,073 | 48,113 |
| Current tax liabilities | 2,284 | 1,437 |
| | <u>114,117</u> | <u>79,351</u> |
| Total liabilities | <u>122,022</u> | <u>87,751</u> |
| TOTAL EQUITY AND LIABILITIES | <u>665,246</u> | <u>621,275</u> |
| Net assets per share (RM) | 1.85 | 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 12 MONTHS PERIOD ENDED 30 JUNE 2018 - UNAUDITED

| | Individual Quarter 3 months ended | | Cumulative Quarter 12 months ended | |
|---|--------------------------------------|--------------------|---------------------------------------|--------------------|
| | 30.06.18 RM'000 | 30.06.17 RM'000 | 30.06.18 RM'000 | 30.06.17 RM'000 |
| Revenue | 150,045 | 141,097 | 591,294 | 521,289 |
| Cost of sales | <u>(124,397)</u> | <u>(119,845)</u> | <u>(492,292)</u> | <u>(429,549)</u> |
| Gross profit | 25,648 | 21,252 | 99,002 | 91,740 |
| Other income | 2,802 | 2,860 | 7,817 | 10,740 |
| Administrative expenses | (4,748) | (7,784) | (23,634) | (20,792) |
| Selling and distribution expenses | <u>(2,563)</u> | <u>(4,881)</u> | <u>(15,069)</u> | <u>(18,435)</u> |
| Operating profit | 21,139 | 11,447 | 68,116 | 63,253 |
| Finance costs | <u>(523)</u> | <u>(303)</u> | <u>(1,380)</u> | <u>(1,077)</u> |
| Profit before tax | 20,616 | 11,144 | 66,736 | 62,176 |
| Tax expense | <u>(2,618)</u> | <u>(1,979)</u> | <u>(10,852)</u> | <u>(11,273)</u> |
| Profit for the financial period/year | 17,998 | 9,165 | 55,884 | 50,903 |
| Other comprehensive income/(loss), net of tax | | | | |
| Item that will be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | <u>8,108</u> | <u>(6,823)</u> | <u>(15,393)</u> | <u>10,871</u> |
| Total comprehensive income attributable to the owners of the company for the financial period/year | <u>26,106</u> | <u>2,342</u> | <u>40,491</u> | <u>61,774</u> |
| Earnings per share attributable to owners of the Company (sen) | | | | |
| - Basic/Diluted | <u>6.07</u> | <u>3.06</u> | <u>18.83</u> | <u>16.99</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 12 MONTHS PERIOD ENDED 30 JUNE 2018 - 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 | - | (3) | 41,818 | 313,780 | 533,524 |
| Foreign exchange differences on translation | - | - | - | (15,393) | - | (15,393) |
| Profit for the financial year | - | - | - | - | 55,884 | 55,884 |
| Total comprehensive income for the financial year | - | - | - | (15,393) | 55,884 | 40,491 |
| Transactions with owners: | | | | | | |
| Purchase of treasury shares | - | - | (9,421) | - | - | (9,421) |
| Dividends | - | - | - | - | (21,370) | (21,370) |
| Total transactions with owners | - | - | (9,421) | - | (21,370) | (30,791) |
| At 30 June 2018 | 177,929 | - | (9,424) | 26,425 | 348,294 | 543,224 |
| At 1 July 2016 | 149,766 | 28,163 | - | 30,948 | 286,839 | 495,716 |
| Foreign exchange differences on translation | - | - | - | 10,870 | - | 10,870 |
| Profit for the financial year | - | - | - | - | 50,904 | 50,904 |
| Total comprehensive income for the financial year | - | - | - | 10,870 | 50,904 | 61,774 |
| Transaction with owners: | | | | | | |
| Purchase of treasury shares | - | - | (3) | - | - | (3) |
| Dividends | - | - | - | - | (23,963) | (23,963) |
| Total transactions with owners | - | - | (3) | - | (23,963) | (23,966) |
| Transition to no-par value regime on 31 January 2017 | 28,163 | (28,163) | - | - | - | - |
| At 30 June 2017 | 177,929 | - | (3) | 41,818 | 313,780 | 533,524 |

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 12 MONTHS PERIOD ENDED 30 JUNE 2018 - UNAUDITED

| | 30.06.18 | 30.06.17 |
|---|-----------------|-----------------|
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 66,736 | 62,176 |
| Adjustments for: | | |
| Depreciation | 17,660 | 20,506 |
| Gain on disposal of property, plant and equipment | (171) | (562) |
| Impairment loss (reverse)/charge on receivables | (325) | 866 |
| Interest expense | 1,380 | 1,077 |
| Interest income | (3,970) | (3,396) |
| Property, plant and equipment written off | 39 | - |
| Inventory written down | 452 | 458 |
| Unrealised loss/(gain) on foreign exchange | 1,551 | (1,195) |
| Operating profit before working capital changes | 83,352 | 79,930 |
| Increase in inventories | (16,714) | (28,751) |
| (Increase)/Decrease in receivables | (41,696) | 1,963 |
| Increase/(Decrease) in payables | 9,843 | (15,081) |
| Cash from operation | 34,785 | 38,061 |
| Interest paid | (1,380) | (1,077) |
| Income tax paid | (12,392) | (12,927) |
| Net cash from operating activities | 21,013 | 24,057 |
| Cash flows from investing activities | | |
| Interest received | 3,970 | 3,396 |
| Proceeds from disposal of property, plant and equipment | 174 | 658 |
| Purchase of property, plant and equipment | (11,739) | (13,372) |
| Net cash used in investing activities | (7,595) | (9,318) |
| Cash flows from financing activities | | |
| Dividend paid | (21,370) | (23,963) |
| Net change in borrowings | 24,827 | (13,222) |
| Purchase of treasury shares | (9,421) | (3) |
| Net cash used in financing activities | (5,964) | (37,188) |
| Net increase/(decrease) in cash and bank balances | 7,454 | (22,449) |
| Effect of changes in exchange rate on cash and bank balances | (3,712) | 3,401 |
| Cash and bank balances at beginning | 113,914 | 132,962 |
| Cash and bank balances at end | 117,656 | 113,914 |

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

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

Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement

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

IC Int 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

Effective for annual period beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

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 | 5,404,100 | 9,420,672 |
| Repurchase of own shares as of 30.06.2018 | 5,406,100 | 9,423,981 |

A8. Dividend Paid

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

| | |
|--|---------------------------------|
| | Financial period ended 31.03.18 |
| | 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 | 9,881,951 |
| First interim single tier dividend paid on 24 May 2018 for the financial year ended 30 June 2018 | |
| -3.9 sen per ordinary share | 11,488,092 |
| | <u>21,370,043</u> |
| | Financial period ended 30.06.17 |
| | 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 |
| An 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> |

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 |
|-------------------------------------|--------------------------------|-------------------------|---------------------------------|--------------------------------------|-----------------|
| 12 months ended 30 June 2018 | | | | | |
| Revenue | | | | | |
| External revenue | 449,323 | 141,971 | - | - | 591,294 |
| Inter-segment revenue | - | - | 54,428 | (54,428) | - |
| Total revenue | <u>449,323</u> | <u>141,971</u> | <u>54,428</u> | <u>(54,428)</u> | <u>591,294</u> |
| Results | | | | | |
| Segment profit | 75,721 | 7,136 | 53,382 | (54,428) | 81,811 |
| Finance costs | (927) | (453) | - | - | (1,380) |
| Interest income | 3,538 | 83 | 344 | - | 3,965 |
| Depreciation | (14,944) | (2,716) | - | - | (17,660) |
| Profit before tax | <u>63,388</u> | <u>4,050</u> | <u>53,726</u> | <u>(54,428)</u> | <u>66,736</u> |
| Segment assets | <u>538,451</u> | <u>106,041</u> | <u>349,204</u> | <u>(328,450)</u> | <u>665,246</u> |
| Segment liabilities | <u>115,450</u> | <u>24,940</u> | <u>425</u> | <u>(18,793)</u> | <u>122,022</u> |

| | Fastener Products RM'000 | Wire Products RM'000 | Investment Holding RM'000 | Elimination RM'000 | Group RM'000 |
|-------------------------------------|--------------------------------|-------------------------|---------------------------------|-----------------------|-----------------|
| 12 months ended 30 June 2017 | | | | | |
| Revenue | | | | | |
| External revenue | 428,189 | 93,100 | - | - | 521,289 |
| Inter-segment revenue | - | - | 43,632 | (43,632) | - |
| Total revenue | <u>428,189</u> | <u>93,100</u> | <u>43,632</u> | <u>(43,632)</u> | <u>521,289</u> |
| Results | | | | | |
| Segment profit | 65,232 | 16,029 | 42,793 | (43,691) | 80,363 |
| Finance costs | (963) | (173) | - | 59 | (1,077) |
| Interest income | 2,974 | 363 | 59 | - | 3,396 |
| Depreciation | (18,148) | (2,358) | - | - | (20,506) |
| Profit before tax | <u>49,095</u> | <u>13,861</u> | <u>42,852</u> | <u>(43,632)</u> | <u>62,176</u> |
| Segment assets | <u>525,506</u> | <u>96,940</u> | <u>336,166</u> | <u>(337,337)</u> | <u>621,275</u> |
| Segment liabilities | <u>70,706</u> | <u>19,197</u> | <u>382</u> | <u>(1,615)</u> | <u>87,751</u> |

(ii) Analysis by geographical segments

| | Revenue | | Non-current Assets* | |
|-----------------------|------------------|-----------------|----------------------------|-----------------|
| | 12 months | | as at | as at |
| | ended | ended | 30.06.18 | 30.06.17 |
| | 30.06.18 | 30.06.17 | 30.06.18 | 30.06.17 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 208,268 | 190,960 | 87,122 | 85,107 |
| Vietnam | 5,606 | 8,144 | 56,697 | 69,337 |
| Other Asian countries | 66,753 | 49,224 | - | - |
| European countries | 245,990 | 239,625 | - | - |
| Others | 64,677 | 33,336 | - | - |
| | <u>591,294</u> | <u>521,289</u> | <u>143,819</u> | <u>154,444</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:

| | |
|---------------------------------|---------------|
| Approved and contracted for: | RM'000 |
| - Property, plant and equipment | <u>7,049</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>12 months ended</u> | | | |
| | <u>30.06.18</u> | <u>30.06.17</u> | <u>RM'000</u> | <u>%</u> | <u>30.06.18</u> | <u>30.06.17</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 | 114,604 | 114,791 | (187) | -0.2% | 449,323 | 428,189 | 21,134 | 4.9% |
| -- Wire Products | 35,441 | 26,306 | 9,135 | 34.7% | 141,971 | 93,100 | 48,871 | 52.5% |
| | <u>150,045</u> | <u>141,097</u> | 8,948 | 6.3% | <u>591,294</u> | <u>521,289</u> | 70,005 | 13.4% |
| | - | - | | | - | - | | |
| <u>Profit/(Loss) before interest & tax</u> | | | | | | | | |
| -- Fasteners Products | 19,252 | 10,298 | 8,954 | 86.9% | 64,315 | 50,059 | 14,256 | 28.5% |
| -- Wire Products | 2,102 | 1,521 | 581 | 38.2% | 4,503 | 14,033 | (9,530) | -67.9% |
| -- Investment Holding | (215) | (372) | 157 | -42.2% | (702) | (839) | 137 | -16.3% |
| | <u>21,139</u> | <u>11,447</u> | 9,692 | 84.7% | <u>68,116</u> | <u>63,253</u> | 4,863 | 7.7% |
| | - | - | | | - | - | | |
| <u>Profit/(Loss) before tax</u> | | | | | | | | |
| -- Fasteners Products | 18,897 | 9,998 | 8,899 | 89.0% | 63,388 | 49,095 | 14,293 | 29.1% |
| -- Wire Products | 1,934 | 1,459 | 475 | 32.6% | 4,050 | 13,861 | (9,811) | -70.8% |
| -- Investment Holding | (215) | (313) | 98 | -31.3% | (702) | (780) | 78 | -10.0% |
| | <u>20,616</u> | <u>11,144</u> | 9,472 | 85.0% | <u>66,736</u> | <u>62,176</u> | 4,560 | 7.3% |
| | - | - | | | - | - | | |
| <u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u> | | | | | | | | |
| -- Fasteners Products | 16,455 | 8,427 | 8,028 | 95.3% | 53,225 | 41,207 | 12,018 | 29.2% |
| -- Wire Products | 1,750 | 1,122 | 628 | 56.0% | 3,358 | 10,547 | (7,189) | -68.2% |
| -- Investment Holding | (207) | (384) | 177 | -46.1% | (699) | (851) | 152 | -17.9% |
| | <u>17,998</u> | <u>9,165</u> | 8,833 | 96.4% | <u>55,884</u> | <u>50,903</u> | 4,981 | 9.8% |

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 RM591.29 million and RM66.74 million respectively. Both the Fasteners and Wire Products Division had contributed positively to the 13.4% increase in the Group revenue. The gross profit of the Group increased by RM7.26 mil (or 7.9%) in line with the higher revenue. Although there was an increase in turnover of 13.4% the profit before tax of RM66.74 million was only RM4.56 million higher due to lower margin achieved by the Wire Products Division and forex loss recorded of RM 0.17 million (2017 total forex gain : RM 6.04 million).

The equity attributable to the owners of the Company stands at RM543.22 million as at 30.6.2018 as compared to RM533.52 million as at 30.6.2017 after the declaration and payment of total dividends amounting to RM21.37 million in the current financial period (2nd interim dividend for FY2017 and 1st interim dividend for FY2018) and reduction in the foreign translation reserve resulting from the strengthening of the MYR against VND and USD. Although the Group's borrowings increased by RM24.96 million to RM73.07 million as at the end of the current reporting period the Group is still in a net cash position of RM44.58 million.

The Group borrowings increased from RM48.11mil to RM73.07 mil as of 30.6.2018 mainly to finance the working capital needs. The Group's bank balance increased to RM117.66 mil as of the end of the current reporting period as compared to RM113.91 mil as of 30.6.2017.

Individual Quarter:

Fasteners Products

The Fasteners Products Division recorded a revenue of RM114.60 million in the current reporting quarter which represents a marginal reduction of 0.2% as compared to the preceding year corresponding quarter. The imposition of the safeguard duty by the Malaysian government in the preceding year corresponding quarter had adversely affected the division's gross profit margin during that reporting period. The gross profit margin improved in the current quarter after the increase in average selling price. Besides the better gross profit margin achieved, the profit before tax of the division had increased substantially by RM8.90 mil or 89.0% in the current quarter due to the lower selling and distribution expenses together with the reversal of the provision of impairment loss on its trade receivables.

Wire Products

The Wire Products Division achieved an increase of 34.7% in its current quarter revenue as compared to RM26.31million in the preceding year corresponding quarter. The increase in raw material cost at a faster pace than the increase in average selling price had resulted in a reduction of gross profit margin. However, the recognition of unrealised forex gain in the current quarter had cushioned the impact of the drop in the gross profit margin and hence the profit before tax of the division increased by RM0.48mil in the current quarter as compared to the preceding year corresponding quarter.

Financial Year-To-Date Results:

The Group recorded a total revenue of RM591.29 million and a profit before tax of RM66.74 million in the current financial year to date.

Fasteners Products Division

The division recorded a total revenue of RM449.32 million and profit before tax of RM63.39 million in the current financial period to date which represents an increase of 4.9% in revenue and 29.1% in profit before tax. The increase in the average selling price of the division improved its gross profit margin and together with reduction in administration expenses and selling and distribution cost had resulted in the improvement of performance of the division. However this improvement was partially set off by the forex loss of RM 0.75 million (2017: forex gain of RM 5.14 million) resulting from the strengthening of the Malaysian Ringgit against USD in the current financial period.

Wire Products Division

The Wire Products Division recorded revenue of RM141.97million and profit before tax of RM4.05million in the current financial period to date. The higher demand for its grill mesh products did not contribute to the better result of the division due to the increase of its raw material cost. The profit before tax was further reduced as a result of the strengthening of MYR against USD during the year which reduced the translation gain from the export sales.

B2. Variation of Results Against Preceding Quarter

| | 3 months ended | 3 months ended | Changes | |
|--|----------------|----------------|---------|----------|
| | 30.06.18 | 31.03.18 | RM'000 | % |
| | RM'000 | RM'000 | | |
| <u>Revenue - Business Segments</u> | | | | |
| -- Fasteners Products | 114,604 | 101,692 | 12,912 | 12.70% |
| -- Wire Products | 35,441 | 41,086 | (5,645) | -13.74% |
| | <u>150,045</u> | <u>142,778</u> | 7,267 | 5.09% |
| | - | - | - | - |
| <u>Profit/(Loss) before interest & tax</u> | | | | |
| -- Fasteners Products | 19,252 | 11,167 | 8,085 | 72.40% |
| -- Wire Products | 2,102 | (263) | 2,365 | -899.24% |
| -- Investment Holding | (215) | 36 | (251) | -697.22% |
| | <u>21,139</u> | <u>10,940</u> | 10,199 | 93.23% |
| | - | - | - | - |
| <u>Profit/(Loss) before tax</u> | | | | |
| -- Fasteners Products | 18,897 | 10,929 | 7,968 | 72.91% |
| -- Wire Products | 1,934 | (437) | 2,371 | 542.56% |
| -- Investment Holding | (215) | 36 | (251) | -697.22% |
| | <u>20,616</u> | <u>10,528</u> | 10,088 | 95.82% |
| | - | - | - | - |
| <u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u> | | | | |
| -- Fasteners Products | 16,455 | 8,855 | 7,600 | 85.83% |
| -- Wire Products | 1,750 | (332) | 2,082 | 627.11% |
| -- Investment Holding | (207) | 35 | (242) | -691.43% |
| | <u>17,998</u> | <u>8,558</u> | 9,440 | 110.31% |
| | - | - | - | - |

The Group recorded a total revenue of RM150.05 million and profit before tax of RM20.62 million for the current quarter under review.

Fasteners Products

The revenue for the Fastener Products Division was RM 114.60 million in the current quarter as compared to RM101.69 million in the immediate preceding quarter. The profit before tax increased by RM7.97mil to RM 18.90 mil in the current quarter. Export demand resumed after the prolong of winter season in Europe which had deferred some of their economy activities in the last quarter. The higher revenue and sales of product with higher margin in the current quarter had resulted in an improvement in performance for the current quarter.

Wire Products

The Wire Products Division recorded a revenue of RM35.44 million which represents a decrease of 13.74% in the current reporting quarter as compared to the immediate preceding quarter. However, the profit before tax in the current quarter increased by RM2.37mil as compared to the immediate preceding quarter due to the recognition of the foreign exchange gain in the current quarter.

B3. Prospects

The market outlook for the Group in the next financial year is expected to remain challenging. 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 global market movement and political issues will impact the changes in the raw material 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. Lately, the Group managed to obtain one year exemption of the duty from the authorities.

The announcement of the US government to impose tariff on the steel and aluminium from China had created the market uncertainties especially in Europe and United States. Nevertheless, 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 enhance the division's result in long term 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 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

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

| | Current quarter RM'000 | Current Year To date RM'000 |
|---|---------------------------------------|--|
| Depreciation | 3,475 | 17,660 |
| Impairment loss reverse on receivables | (605) | (325) |
| Interest expense | 523 | 1,380 |
| Interest income | (1,785) | (3,970) |
| Gain on disposal of property, plant and equipment | (1) | (171) |
| Property, plant and equipment written off | 34 | 39 |
| Unrealised loss on foreign exchange | (1,449) | 1,551 |
| Realised gain on foreign exchange | (76) | (1,379) |
| Rental income | (16) | (407) |

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 | |
| | 30.06.18 | 30.06.17 | 30.06.18 | 30.06.17 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - Current tax | (2,618) | (1,707) | (10,852) | (11,348) |
| - Deferred tax liabilities | - | (272) | - | 75 |
| | <u>(2,618)</u> | <u>(1,979)</u> | <u>(10,852)</u> | <u>(11,273)</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 30.06.2018 | Denominated in USD RM'000 | Denominated in RM RM'000 | Total RM'000 |
|--------------------------------|---------------------------------|--------------------------------|-----------------|
| Secured: | | | |
| Short term | | | |
| Bankers acceptance | - | 22,666 | 22,666 |
| Overdraft | - | 735 | 735 |
| Onshore foreign currency loans | 47,271 | - | 47,271 |
| Short term loans | <u>2,401</u> | <u>-</u> | <u>2,401</u> |
| | <u>49,672</u> | <u>23,401</u> | <u>73,073</u> |
| As as 30.06.2017 | | | |
| Secured: | | | |
| Short term | | | |
| Bankers acceptance | - | 17,150 | 17,150 |
| Onshore foreign currency loans | 24,505 | - | 24,505 |
| Short term loans | <u>6,458</u> | <u>-</u> | <u>6,458</u> |
| | <u>30,963</u> | <u>17,150</u> | <u>48,113</u> |

a. The total borrowings as at the end of the reporting period had been increased to RM73.07 million as compared to RM48.11 million as of 30.06.2017. Additional borrowings had been drawn down during the current financial year to finance the purchases of raw materials. Hence the total finance cost in the current period increased to RM1.38 mil as compared to RM1.08mil in the preceding year.

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

| | 30.06.18 % | 30.06.17 % |
|----------------------------------|---------------|---------------|
| Borrowings denominated in RM | | |
| - Bankers acceptance | 3.78 | 3.49 |
| Borrowings denominated in USD | | |
| - Onshore foreign currency loans | 2.40 | 1.51 |
| - Short term loans | 1.75 | 1.35 |

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.

B10. 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 | 27.8.2018 | 29.8.2017 |
| Entitlement date | 13.9.2018 | 2.11.2017 |
| Payment date | 27.09.2018 | 23.11.2017 |
| Dividend per share | 4.10 sen | 3.3 sen |
| Dividend % (Single Tier) | 8.20% (single tier) | 6.6% (single tier) |
| Net dividend payable | RM12,046,405 | RM9,884,529 |

b. The total dividend declared for the current financial year ending 30 June 2018 is 8.00 sen per share.

B11. 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>12 months ended</u> | |
| | <u>30.06.18</u> | <u>30.06.17</u> | <u>30.06.18</u> | <u>30.06.17</u> |
| Profit after tax | | | | |
| Attributable to owners of the Company (RM'000) | 17,998 | 9,165 | 55,884 | 50,903 |
| Weighted average number of ordinary shares ('000) | 296,720 | 299,533 | 296,720 | 299,533 |
| Basic Earnings Per Share (sen) | 6.07 | 3.06 | 18.83 | 16.99 |

(ii) Diluted Earnings Per Share

| | | | | |
|----------------------------------|------|------|-------|-------|
| Diluted Earnings Per Share (sen) | 6.07 | 3.06 | 18.83 | 16.99 |
|----------------------------------|------|------|-------|-------|

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.