



CHIN WELL HOLDINGS BERHAD

(371551-T)

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

| | Unaudited As at 30.09.18 RM'000 | Audited As at 30.06.18 RM'000 |
|-------------------------------------|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 139,222 | 138,961 |
| Investment properties | 4,841 | 4,858 |
| Other investment | 168 | 168 |
| | <u>144,231</u> | <u>143,987</u> |
| Current assets | | |
| Inventories | 236,749 | 237,172 |
| Trade and other receivables | 168,374 | 161,149 |
| Current tax assets | 4,333 | 5,121 |
| Cash and bank balances | 115,862 | 117,656 |
| | <u>525,318</u> | <u>521,098</u> |
| TOTAL ASSETS | <u>669,549</u> | <u>665,085</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 177,929 | 177,929 |
| Reserves | 372,489 | 365,296 |
| Total equity | <u>550,418</u> | <u>543,225</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 7,903 | 7,905 |
| Current liabilities | | |
| Trade and other payables | 34,668 | 38,599 |
| Borrowings | 74,239 | 73,072 |
| Current tax liabilities | 2,321 | 2,284 |
| | <u>111,228</u> | <u>113,955</u> |
| Total liabilities | <u>119,131</u> | <u>121,860</u> |
| TOTAL EQUITY AND LIABILITIES | <u>669,549</u> | <u>665,085</u> |
| Net assets per share (RM) | 1.87 | 1.85 |

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 2018. 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 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2018 - UNAUDITED

| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|---|--------------------------------------|--------------------|--------------------------------------|--------------------|
| | 30.09.18 RM'000 | 30.09.17 RM'000 | 30.09.18 RM'000 | 30.09.17 RM'000 |
| Revenue | 176,336 | 137,939 | 176,336 | 137,939 |
| Cost of sales | <u>(149,586)</u> | <u>(112,818)</u> | <u>(149,586)</u> | <u>(112,818)</u> |
| Gross profit | 26,750 | 25,121 | 26,750 | 25,121 |
| Other income | 3,026 | 1,888 | 3,026 | 1,888 |
| Administrative expenses | (4,634) | (6,140) | (4,634) | (6,140) |
| Selling and distribution expenses | <u>(2,988)</u> | <u>(3,922)</u> | <u>(2,988)</u> | <u>(3,922)</u> |
| Operating profit | 22,154 | 16,947 | 22,154 | 16,947 |
| Finance costs | <u>(628)</u> | <u>(248)</u> | <u>(628)</u> | <u>(248)</u> |
| Profit before tax | 21,526 | 16,699 | 21,526 | 16,699 |
| Tax expense | <u>(3,594)</u> | <u>(2,726)</u> | <u>(3,594)</u> | <u>(2,726)</u> |
| Profit for the financial period/year | 17,932 | 13,973 | 17,932 | 13,973 |
| 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>1,782</u> | <u>(3,072)</u> | <u>1,782</u> | <u>(3,072)</u> |
| Total comprehensive income attributable to the owners of the company for the financial period/year | <u>19,714</u> | <u>10,901</u> | <u>19,714</u> | <u>10,901</u> |
| Earnings per share attributable to owners of the Company (sen) | | | | |
| - Basic/Diluted | <u>6.10</u> | <u>4.67</u> | <u>6.10</u> | <u>4.67</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 2018. 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 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2018 - UNAUDITED

| | ----- Non-distributable ----- | | | Distributable | | |
|--|-------------------------------|----------------------------|------------------------------|---|-------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Treasury Shares RM'000 | Foreign Translation Reserve RM'000 | Retained Profits RM'000 | Total Equity RM'000 |
| At 1 July 2018 | 177,929 | - | (9,424) | 26,425 | 348,295 | 543,225 |
| | <i>Note (1)</i> | | | | | |
| Foreign exchange differences on translation | - | - | - | 1,782 | - | 1,782 |
| Profit for the financial year | - | - | - | - | 17,932 | 17,932 |
| Total comprehensive income for the financial year | - | - | - | 1,782 | 17,932 | 19,714 |
| Transactions with owners: | | | | | | |
| Purchase of treasury shares | - | - | (475) | - | - | (475) |
| Dividends | - | - | - | - | (12,046) | (12,046) |
| Total transactions with owners | - | - | (475) | - | (12,046) | (12,521) |
| At 30 September 2018 | 177,929 | - | (9,899) | 28,207 | 354,181 | 550,418 |
| At 1 July 2017 | 177,929 | - | (3) | 41,818 | 313,780 | 533,524 |
| Foreign exchange differences on translation | - | - | - | (3,072) | - | (3,072) |
| Profit for the financial year | - | - | - | - | 13,973 | 13,973 |
| Total comprehensive income for the financial year | - | - | - | (3,072) | 13,973 | 10,901 |
| Transaction with owners: | | | | | | |
| Purchase of treasury shares | - | - | (137) | - | - | (137) |
| Dividends | - | - | - | - | (9,882) | (9,882) |
| Total transactions with owners | - | - | (137) | - | (9,882) | (10,019) |
| Transition to no-par value regime on 31 January 2017 | - | - | - | - | - | - |
| At 30 September 2017 | 177,929 | - | (140) | 38,746 | 317,871 | 534,406 |

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 2018. 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 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2018 - UNAUDITED

| | 30.09.18 | 30.09.17 |
|---|-----------------|-----------------|
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 21,526 | 16,699 |
| Adjustments for: | | |
| Depreciation | 2,337 | 5,694 |
| Gain on disposal of property, plant and equipment | - | (76) |
| Impairment loss charge on receivables | 129 | 236 |
| Interest expense | 628 | 248 |
| Interest income | (580) | (1,276) |
| Property, plant and equipment written off | - | 5 |
| Inventory written down | - | - |
| Unrealised (gain)/loss on foreign exchange | (607) | 1,011 |
| Operating profit before working capital changes | 23,433 | 22,541 |
| Decrease in inventories | 1,213 | 6,934 |
| Increase in receivables | (6,759) | (21,115) |
| Decrease in payables | (4,415) | (145) |
| Cash from operation | 13,472 | 8,215 |
| Interest paid | (628) | (248) |
| Income tax paid | (2,779) | (8,164) |
| Net cash from/(used in) operating activities | 10,065 | (197) |
| Cash flows from investing activities | | |
| Interest received | 580 | 1,276 |
| Proceeds from disposal of property, plant and equipment | 2 | 94 |
| Purchase of property, plant and equipment | (2,093) | (847) |
| Net cash (used in)/from investing activities | (1,511) | 523 |
| Cash flows from financing activities | | |
| Dividend paid | (12,046) | - |
| Net change in borrowings | 1,805 | (18,067) |
| Purchase of treasury shares | (475) | (137) |
| Net cash used in financing activities | (10,716) | (18,204) |
| Net decrease in cash and bank balances | (2,162) | (17,878) |
| Effect of changes in exchange rate on cash and bank balances | 368 | (336) |
| Cash and bank balances at beginning | 117,656 | 113,914 |
| Cash and bank balances at end | 115,862 | 95,700 |

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 2018. 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 2018 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 2018.

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 2018

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 2 Share-based Payment: 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 ("IC Int") 22 Foreign Currency Transactions and Advance Consideration

The initial application of the above standards does not have any significant 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 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 2018 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 | 312,300 | 474,556 |
| Repurchase of own shares as of 30.09.2018 | 5,718,400 | 9,898,537 |

A8. Dividend Paid

There was no dividend paid during the previous corresponding period. The dividend paid during the current reporting period is as per below:

| | Financial period ended 30.09.18 RM |
|---|--|
| Second interim single tier dividend paid on 27 September 2018 for the financial year ended 30 June 2018 - 4.1 sen per ordinary share | 12,046,405 |
| | <u>12,046,405</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 |
|---|--------------------------------|-------------------------|---------------------------------|--------------------------------------|-----------------|
| 3 months ended 30 September 2018 | | | | | |
| Revenue | | | | | |
| External revenue | 134,645 | 41,691 | - | - | 176,336 |
| Inter-segment revenue | - | - | - | - | - |
| Total revenue | <u>134,645</u> | <u>41,691</u> | <u>-</u> | <u>-</u> | <u>176,336</u> |
| Results | | | | | |
| Segment profit | 20,574 | 3,130 | 207 | - | 23,911 |
| Finance costs | (399) | (229) | - | - | (628) |
| Interest income | 434 | 14 | 132 | - | 580 |
| Depreciation | (1,627) | (710) | - | - | (2,337) |
| Profit before tax | <u>18,982</u> | <u>2,205</u> | <u>339</u> | <u>-</u> | <u>21,526</u> |
| Segment assets | <u>539,718</u> | <u>121,795</u> | <u>336,966</u> | <u>(328,930)</u> | <u>669,549</u> |
| Segment liabilities | <u>100,468</u> | <u>39,018</u> | <u>371</u> | <u>(20,726)</u> | <u>119,131</u> |

| | Fastener Products RM'000 | Wire Products RM'000 | Investment Holding RM'000 | Elimination RM'000 | Group RM'000 |
|---|---|---------------------------------|--|-------------------------------|-------------------------|
| 3 months ended 30 September 2017 | | | | | |
| Revenue | | | | | |
| External revenue | 111,266 | 26,673 | - | - | 137,939 |
| Inter-segment revenue | - | - | 15,628 | (15,628) | - |
| Total revenue | <u>111,266</u> | <u>26,673</u> | <u>15,628</u> | <u>(15,628)</u> | <u>137,939</u> |
| Results | | | | | |
| Segment profit | 20,164 | 1,487 | 15,342 | (15,628) | 21,365 |
| Finance costs | (189) | (59) | - | - | (248) |
| Interest income | 1,186 | 38 | 52 | - | 1,276 |
| Depreciation | (5,023) | (671) | - | - | (5,694) |
| Profit before tax | <u>16,138</u> | <u>795</u> | <u>15,394</u> | <u>(15,628)</u> | <u>16,699</u> |
| Segment assets | <u>508,513</u> | <u>90,992</u> | <u>351,420</u> | <u>(338,106)</u> | <u>612,819</u> |
| Segment liabilities | <u>58,102</u> | <u>12,645</u> | <u>10,265</u> | <u>(2,597)</u> | <u>78,415</u> |

(ii) Analysis by geographical segments

| | Revenue 3 months | | Non-current Assets* | |
|-----------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | ended 30.09.18 RM'000 | ended 30.09.17 RM'000 | as at 30.09.18 RM'000 | as at 30.09.17 RM'000 |
| Malaysia | 59,876 | 49,779 | 87,620 | 83,906 |
| Vietnam | 1,769 | 1,134 | 56,443 | 64,633 |
| Other Asian countries | 23,023 | 8,971 | - | - |
| European countries | 74,869 | 69,969 | - | - |
| Others | 16,799 | 8,086 | - | - |
| | <u>176,336</u> | <u>137,939</u> | <u>144,063</u> | <u>148,539</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 2018.

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:
- Property, plant and equipment

RM'000
10,841

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>3 months ended</u> | | | |
| | <u>30.06.18</u> | <u>30.09.17</u> | <u>RM'000</u> | <u>%</u> | <u>30.09.18</u> | <u>30.09.17</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 | 134,645 | 111,266 | 23,379 | 21.0% | 134,645 | 111,266 | 23,379 | 21.0% |
| -- Wire Products | 41,691 | 26,673 | 15,018 | 56.3% | 41,691 | 26,673 | 15,018 | 56.3% |
| | <u>176,336</u> | <u>137,939</u> | <u>38,397</u> | <u>27.8%</u> | <u>176,336</u> | <u>137,939</u> | <u>38,397</u> | <u>27.8%</u> |
| <u>Profit/(Loss) before interest & tax</u> | | | | | | | | |
| -- Fasteners Products | 19,381 | 16,327 | 3,054 | 18.7% | 19,381 | 16,327 | 3,054 | 18.7% |
| -- Wire Products | 2,434 | 854 | 1,580 | 185.0% | 2,434 | 854 | 1,580 | 185.0% |
| -- Investment Holding | 339 | (234) | 573 | -244.9% | 339 | (234) | 573 | -244.9% |
| | <u>22,154</u> | <u>16,947</u> | <u>5,207</u> | <u>30.7%</u> | <u>22,154</u> | <u>16,947</u> | <u>5,207</u> | <u>30.7%</u> |
| <u>Profit/(Loss) before tax</u> | | | | | | | | |
| -- Fasteners Products | 18,982 | 16,138 | 2,844 | 17.6% | 18,982 | 16,138 | 2,844 | 17.6% |
| -- Wire Products | 2,205 | 795 | 1,410 | 177.4% | 2,205 | 795 | 1,410 | 177.4% |
| -- Investment Holding | 339 | (234) | 573 | -244.9% | 339 | (234) | 573 | -244.9% |
| | <u>21,526</u> | <u>16,699</u> | <u>4,827</u> | <u>28.9%</u> | <u>21,526</u> | <u>16,699</u> | <u>4,827</u> | <u>28.9%</u> |
| <u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u> | | | | | | | | |
| -- Fasteners Products | 15,920 | 13,603 | 2,317 | 17.0% | 15,920 | 13,603 | 2,317 | 17.0% |
| -- Wire Products | 1,675 | 605 | 1,070 | 176.9% | 1,675 | 605 | 1,070 | 176.9% |
| -- Investment Holding | 337 | (235) | 572 | -243.4% | 337 | (235) | 572 | -243.4% |
| | <u>17,932</u> | <u>13,973</u> | <u>3,959</u> | <u>28.3%</u> | <u>17,932</u> | <u>13,973</u> | <u>3,959</u> | <u>28.3%</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 RM176.34 million and RM21.53 million respectively. Both the Fasteners and Wire Products Division had contributed positively to the 27.8% increase in the Group revenue. The higher revenue ,lower administrative expenses and selling and distribution expenses contributed to the improvement in the profit before tax of the group by 28.9%

The equity attributable to the owners of the Company stands at RM550.42 million as at 30.9.2018 as compared to RM543.23 million as at 30.6.2018 after the declaration of dividends amounting to RM12.05 million in the current financial period (2nd interim dividend for FY2018). The Group's borrowings increased by RM1.17 million to RM74.24 million as at the end of the current reporting period and the Group is in a net cash position of RM41.62 million.

As compared to the preceding year corresponding period, more cash had been utilised in the current reporting period for capital expenditure. The Group repurchased its shares from the market amounting to RM0.48 million and also paid dividend amounting to RM12.05 million to its shareholders during the current reporting period. There was an increase in drawdown of short term borrowing during the current reporting quarter of RM 1.81 million as compared to the repayment of bank borrowings of RM18.08 million in the preceding year corresponding period. As a result, the Group's bank balance increased to RM115.86 million as of the end of the current reporting period as compared to RM95.70 million as at 30.09.2017.

Individual Quarter:

Fasteners Products

The Fasteners Products Division recorded a revenue of RM134.65 million in the current reporting quarter which represents an increase of 21.0% as compared to the preceding year corresponding quarter. In addition to the higher revenue, lower administrative as well as selling and distribution expenses had contributed to the higher profit before tax of the division by 17.60% in the current quarter.

Wire Products

The Wire Products Division achieved an increase in revenue of 56.30% to RM41.69 million in the current quarter as compared to RM26.67 million in the preceding year corresponding quarter. In addition to the higher revenue generated, the recognition of higher unrealised forex gain in the current reporting quarter had also contributed to the improvement in profit before tax of the division by RM1.41 mil as compared to the preceding year corresponding quarter.

B2. Variation of Results Against Preceding Quarter

| | 3 months ended | 3 months ended | Changes | |
|--|----------------|----------------|---------|----------|
| | 30.09.18 | 30.06.18 | RM'000 | % |
| | RM'000 | RM'000 | | |
| <u>Revenue - Business Segments</u> | | | | |
| -- Fasteners Products | 134,645 | 114,604 | 20,041 | 17.49% |
| -- Wire Products | 41,691 | 35,441 | 6,250 | 17.63% |
| | <u>176,336</u> | <u>150,045</u> | 26,291 | 17.52% |
| <u>Profit/(Loss) before interest & tax</u> | | | | |
| -- Fasteners Products | 19,381 | 19,828 | (447) | -2.25% |
| -- Wire Products | 2,434 | 2,102 | 332 | 15.79% |
| -- Investment Holding | 339 | (215) | 554 | -257.67% |
| | <u>22,154</u> | <u>21,715</u> | 439 | 2.02% |
| <u>Profit/(Loss) before tax</u> | | | | |
| -- Fasteners Products | 18,982 | 19,473 | (491) | -2.52% |
| -- Wire Products | 2,205 | 1,934 | 271 | 14.01% |
| -- Investment Holding | 339 | (215) | 554 | 257.67% |
| | <u>21,526</u> | <u>21,192</u> | 334 | 1.58% |
| <u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u> | | | | |
| -- Fasteners Products | 15,920 | 17,031 | (1,111) | -6.52% |
| -- Wire Products | 1,675 | 1,750 | (75) | 4.29% |
| -- Investment Holding | 337 | (207) | 544 | 262.80% |
| | <u>17,932</u> | <u>18,574</u> | (642) | -3.46% |

The Group recorded a total revenue of RM176.34 million and profit before tax of RM21.53 million for the current quarter under review.

Fasteners Products

The revenue for the Fastener Products Division was RM 134.65 million in the current quarter as compared to RM114.60 million in the immediate preceding quarter. However the increase in material cost had eroded the profit margin which resulted in the profit before tax of the division for the current quarter dropping marginally by 2.52% to RM18.98 million in the current quarter as compared to the immediate preceding quarter.

Wire Products

The Wire Products Division recorded a revenue of RM41.69 million which represents an increase of 17.63% in the current reporting quarter as compared to the immediate preceding quarter. This has resulted in the improvement in the profit before tax for the Wire division by 14.01% to RM2.2million as compared to RM1.93 million in the immediate preceding quarter.

B3. Prospects

The market outlook for the Group in the current 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 was 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.

The announcement of the US government to impose tariff on the steel and aluminium from China had created the market uncertainties in Europe and US but at the same time it has also offered opportunity for the Group to strengthen its position in the region as the imported goods from China to the US market will reduce subsequently. 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 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 | 2,337 | 2,337 |
| Impairment loss on receivables | 129 | 129 |
| Interest expense | 628 | 628 |
| Interest income | (580) | (580) |
| Unrealised gain on foreign exchange | (607) | (607) |
| Realised gain on foreign exchange | (1,736) | (1,736) |
| Rental income | (103) | (103) |

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> 3 months ended | |
|----------------------------|---|--------------------|---|--------------------|
| | 30.06.18 RM'000 | 30.09.17 RM'000 | 30.09.18 RM'000 | 30.09.17 RM'000 |
| - Current tax | (3,596) | (2,781) | (3,596) | (2,781) |
| - Deferred tax liabilities | 2 | 55 | 2 | 55 |
| | <u>(3,594)</u> | <u>(2,726)</u> | <u>(3,594)</u> | <u>(2,726)</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 30.09.2018 | Denominated in USD RM'000 | Denominated in RM RM'000 | Total RM'000 |
|--------------------------------|--|---|-------------------------|
| Secured: | | | |
| Short term | | | |
| Bankers acceptance | - | 37,051 | 37,051 |
| Onshore foreign currency loans | 35,111 | - | 35,111 |
| Short term loans | <u>2,077</u> | <u>-</u> | <u>2,077</u> |
| | <u>37,188</u> | <u>37,051</u> | <u>74,239</u> |
| As as 30.09.2017 | | | |
| Secured: | | | |
| Short term | | | |
| Bankers acceptance | - | 10,449 | 10,449 |
| Onshore foreign currency loans | 19,287 | - | 19,287 |
| Short term loans | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>19,287</u> | <u>10,449</u> | <u>29,736</u> |

- a. The total borrowings as at the end of the reporting period had been increased to RM74.24 million as compared to RM29.74 million as of 30.09.2017. 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 RM0.63 mil as compared to RM0.25 mil in the preceding year.

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

| | 30.09.18 | 30.09.17 |
|----------------------------------|-----------------|-----------------|
| | % | % |
| Borrowings denominated in RM | | |
| - Bankers acceptance | 3.88 | 3.60 |
| Borrowings denominated in USD | | |
| - Onshore foreign currency loans | 2.53 | 1.61 |
| - Short term loans | 3.50 | 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.

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 | 27.8.2018 | 29.8.2017 |
| Entitlement date | 13.9.2018 | 2.11.2017 |
| Payment date | 27.9.2018 | 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. There is no dividend declared for the current financial year ending 30 June 2019.

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:

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|-----------------|
| | 3 months ended | | 3 months ended | |
| | 30.09.18 | 30.09.17 | 30.09.18 | 30.09.17 |
| Profit after tax | | | | |
| Attributable to owners of the Company (RM'000) | 17,932 | 13,973 | 17,932 | 13,973 |
| Weighted average number of ordinary shares ('000) | 293,858 | 299,504 | 293,858 | 299,504 |
| Basic Earnings Per Share (sen) | 6.10 | 4.67 | 6.10 | 4.67 |

(ii) Diluted Earnings Per Share

| | | | | |
|----------------------------------|------|------|------|------|
| Diluted Earnings Per Share (sen) | 6.10 | 4.67 | 6.10 | 4.67 |
|----------------------------------|------|------|------|------|

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.