

CHIN WELL HOLDINGS BERHAD

(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 - UNAUDITED

	Unaudited	Audited
	As at	As at
	30.09.19	30.06.19
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	155,898	154,282
Investment properties	4,774	4,790
Other investment	-	-
	<u>160,672</u>	<u>159,072</u>
Current assets		
Inventories	252,710	266,299
Trade and other receivables	154,920	149,078
Current tax assets	7,647	5,537
Cash and bank balances	118,383	124,217
	<u>533,660</u>	<u>545,131</u>
TOTAL ASSETS	<u>694,332</u>	<u>704,203</u>
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	399,594	399,439
Total equity	<u>577,523</u>	<u>577,368</u>
Non-current liabilities		
Deferred tax liabilities	8,417	8,396
Current liabilities		
Trade and other payables	29,206	29,275
Borrowings	69,349	89,164
Dividend payables	9,837	-
Current tax liabilities	-	-
	<u>108,392</u>	<u>118,439</u>
Total liabilities	<u>116,809</u>	<u>126,835</u>
TOTAL EQUITY AND LIABILITIES	<u>694,332</u>	<u>704,203</u>
Net assets per share (RM)	1.97	1.97

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 2019. 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 2019 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Revenue	155,465	176,336	155,465	176,336
Cost of sales	<u>(140,622)</u>	<u>(149,586)</u>	<u>(140,622)</u>	<u>(149,586)</u>
Gross profit	14,843	26,750	14,843	26,750
Other income	1,167	3,026	1,167	3,026
Administrative expenses	(4,666)	(4,634)	(4,666)	(4,634)
Selling and distribution expenses	<u>(2,087)</u>	<u>(2,988)</u>	<u>(2,087)</u>	<u>(2,988)</u>
Operating profit	9,257	22,154	9,257	22,154
Finance costs	<u>(713)</u>	<u>(628)</u>	<u>(713)</u>	<u>(628)</u>
Profit before tax	8,544	21,526	8,544	21,526
Tax expense	<u>(1,831)</u>	<u>(3,594)</u>	<u>(1,831)</u>	<u>(3,594)</u>
Profit for the financial period/year	6,713	17,932	6,713	17,932
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>3,380</u>	<u>1,782</u>	<u>3,380</u>	<u>1,782</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u>10,093</u>	<u>19,714</u>	<u>10,093</u>	<u>19,714</u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u>2.29</u>	<u>6.10</u>	<u>2.29</u>	<u>6.10</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 2019. 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 2019 - 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 2019	177,929	-	(10,164)	28,991	380,612	577,368
Foreign exchange differences on translation	-	-	-	3,380	-	3,380
Profit for the financial year	-	-	-	-	6,713	6,713
Total comprehensive income for the financial year	-	-	-	3,380	6,713	10,093
Transactions with owners:						
Purchase of treasury shares	-	-	(101)	-	-	(101)
Dividends	-	-	-	-	(9,837)	(9,837)
Total transactions with owners	-	-	(101)	-	(9,837)	(9,938)
At 30 Sept 2019	177,929	-	(10,265)	32,371	377,488	577,523
At 1 July 2018	177,929	-	(9,424)	26,425	348,295	543,225
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
Transaction with owners:						
Purchase of treasury shares	-	-	(475)	-	-	(475)
Dividends	-	-	-	-	(12,046)	(12,046)
Total transactions with owners	-	-	(475)	-	(12,046)	(12,521)
At 30 Sept 2018	177,929	-	(9,899)	28,207	354,181	550,418

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 2019. The accompanying notes are an integral part of these interim financial statements.

CHIN WELL HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2019 - UNAUDITED

	30.09.19	30.09.18
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	8,544	21,526
Adjustments for:		
Depreciation	2,961	2,337
Gain on disposal of property, plant and equipment	(51)	-
Impairment loss charge on receivables	96	129
Interest expense	713	628
Interest income	(417)	(580)
Property, plant and equipment written off	245	-
Unrealised gain on foreign exchange	(437)	(607)
	<hr/>	<hr/>
Operating profit before working capital changes	11,654	23,433
Decrease in inventories	15,234	1,213
Increase in receivables	(5,123)	(6,759)
Decrease in payables	(341)	(4,415)
	<hr/>	<hr/>
Cash from operation	21,424	13,472
Interest paid	(713)	(628)
Income tax paid	(3,946)	(2,779)
	<hr/>	<hr/>
Net cash from operating activities	16,765	10,065
Cash flows from investing activities		
Interest received	417	580
Proceeds from disposal of property, plant and equipment	51	2
Purchase of property, plant and equipment	(3,893)	(2,093)
Net cash used in investing activities	(3,425)	(1,511)
Cash flows from financing activities		
Dividend paid	-	(12,046)
Net change in borrowings	(19,827)	1,805
Purchase of treasury shares	(101)	(475)
Net cash used in financing activities	(19,928)	(10,716)
	<hr/>	<hr/>
Net decrease in cash and bank balances	(6,588)	(2,162)
Effect of changes in exchange rate on cash and bank balances	754	368
Cash and bank balances at beginning	<hr/>	<hr/>
	124,217	117,656
Cash and bank balances at end	<hr/> <hr/>	<hr/> <hr/>
	118,383	115,862

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 2019. The accompanying notes are an integral part of these interim financial statements.

CHIN WELL HOLDINGS BERHAD
(371551-T)

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 2019 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 2019.

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 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

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 period beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Business Combinations: Definition of a Business

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108

Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

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 2019 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	61,000	101,353
Repurchase of own shares as of 30.09.2019	5,946,300	10,265,041

A8. Dividend Paid

There is no dividend paid during the current reporting period and the previous corresponding 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 2019					
Revenue					
External revenue	127,548	27,917	-	-	155,465
Inter-segment revenue	-	-	21,979	(21,979)	-
Total revenue	<u>127,548</u>	<u>27,917</u>	<u>21,979</u>	<u>(21,979)</u>	<u>155,465</u>
Results					
Segment profit	10,267	1,488	22,025	(21,979)	11,801
Finance costs	(498)	(215)	-	-	(713)
Interest income	321	(43)	139	-	417
Depreciation	(2,013)	(948)	-	-	(2,961)
Profit before tax	<u>8,077</u>	<u>282</u>	<u>22,164</u>	<u>(21,979)</u>	<u>8,544</u>
Segment assets	<u>566,810</u>	<u>104,695</u>	<u>349,803</u>	<u>(326,976)</u>	<u>694,332</u>
Segment liabilities	<u>98,626</u>	<u>21,153</u>	<u>10,216</u>	<u>(13,186)</u>	<u>116,809</u>

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

(ii) Analysis by geographical segments

	Revenue 3 months		Non-current Assets*	
	ended 30.09.19 RM'000	ended 30.09.18 RM'000	as at 30.09.19 RM'000	as at 30.09.18 RM'000
Malaysia	82,248	59,876	98,254	87,620
Vietnam	1,281	1,769	62,418	56,443
Other Asian countries	15,877	20,977	-	-
European countries	26,294	74,869	-	-
North America	26,717	5,191	-	-
Others	3,048	13,654	-	-
	<u>155,465</u>	<u>176,336</u>	<u>160,672</u>	<u>144,063</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 2019.

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 followings:

Approved and contracted for:	RM'000
- Property, plant and equipment	<u>7,920</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>		<u>Changes</u>		<u>Cumulative Quarter</u>		<u>Changes</u>	
	<u>3 months ended</u>				<u>3 months ended</u>			
	<u>30.09.19</u>	<u>30.09.18</u>	<u>RM'000</u>	<u>%</u>	<u>30.09.19</u>	<u>30.09.18</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	127,548	134,645	(7,097)	-5.3%	127,548	134,645	(7,097)	-5.3%
-- Wire Products	27,917	41,691	(13,774)	-33.0%	27,917	41,691	(13,774)	-33.0%
	<u>155,465</u>	<u>176,336</u>	<u>(20,871)</u>	<u>-11.8%</u>	<u>155,465</u>	<u>176,336</u>	<u>(20,871)</u>	<u>-11.8%</u>
<u>Profit/(Loss) before interest & tax</u>								
-- Fasteners Products	8,575	19,381	(10,806)	-55.8%	8,575	19,381	(10,806)	-55.8%
-- Wire Products	497	2,434	(1,937)	-79.6%	497	2,434	(1,937)	-79.6%
-- Investment Holding	185	339	(154)	-45.4%	185	339	(154)	-45.4%
	<u>9,257</u>	<u>22,154</u>	<u>(12,897)</u>	<u>-58.2%</u>	<u>9,257</u>	<u>22,154</u>	<u>(12,897)</u>	<u>-58.2%</u>
<u>Profit/(Loss) before tax</u>								
-- Fasteners Products	8,077	18,982	(10,905)	-57.4%	8,077	18,982	(10,905)	-57.4%
-- Wire Products	282	2,205	(1,923)	-87.2%	282	2,205	(1,923)	-87.2%
-- Investment Holding	185	339	(154)	-45.4%	185	339	(154)	-45.4%
	<u>8,544</u>	<u>21,526</u>	<u>(12,982)</u>	<u>-60.3%</u>	<u>8,544</u>	<u>21,526</u>	<u>(12,982)</u>	<u>-60.3%</u>
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>								
-- Fasteners Products	6,340	15,920	(9,580)	-60.2%	6,340	15,920	(9,580)	-60.2%
-- Wire Products	191	1,675	(1,484)	-88.6%	191	1,675	(1,484)	-88.6%
-- Investment Holding	182	337	(155)	-46.0%	182	337	(155)	-46.0%
	<u>6,713</u>	<u>17,932</u>	<u>(11,219)</u>	<u>-62.6%</u>	<u>6,713</u>	<u>17,932</u>	<u>(11,219)</u>	<u>-62.6%</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 RM155.47 million and RM8.54 million respectively. Total revenue of the Group dropped by 11.8% in the current period to date. The fall in demand is due to both the slow down of the economy and market uncertainties in the European market which resulted in both lower turnover and deferred orders. The current trade war between US and China had further impacted the Group turnover as market became more competitive in Asia resulting in lower sales prices after China diverted their exports from US. As a result, performance of the Group is adversely affected.

The equity attributable to the owners of the Company stands at RM577.52 million as at 30.09.2019 as compared to RM577.37 million as at 30.6.2019 after the declaration of dividends amounting to RM9.84 million set off with the earnings generated in the current financial period. The Group's borrowings decreased by RM19.82 million to RM69.35 million as at the end of the current reporting period and the Group is still in a net cash position of RM49.03 million.

As compared to the preceding year corresponding period, more cash is generated from the operating activities due to the lower purchase of raw material in the current reporting period. In addition, no dividend is paid during the current reporting period and therefore more cash is available for repayment of bank borrowings which reduced the bank borrowings by 22.2% to RM69.35 million as of the closing date.

Individual Quarter & Cumulative Quarter:

Fasteners Products

The Fasteners Products Division recorded a lower revenue of RM127.55 million in the current reporting quarter which represents a decrease of 5.3% as compared to the preceding year corresponding quarter. The demand from Europe is adversely affected by the economy slow down in the region while the US market is influenced by the uncertainties of the trade war. The flood of Chinese made products in Asia market has caused the market selling price to become more competitive in the region and eroded the profit margin of the division. The delay of the set up of new machineries in an expanded production plating line in Malaysia has postponed some of the shipments in the current reporting period and further reduced the division's revenue. As a result, profit before tax of the division in the current quarter is recorded at RM8.08 million as compared to RM18.98 million in the preceding year corresponding quarter.

Wire Products

The Wire Products Division recorded a decrease of 33.0% in its current quarter revenue as compared to RM41.69 million in the preceding year corresponding quarter. The market was very competitive during the current quarter and the demand from the Middle East reduced. In line with the lower revenue, the profit before tax of RM0.28 million is recorded in the current reporting quarter as compared to RM2.21 million in the corresponding quarter in the immediate preceding year.

B2. Variation of Results Against Preceding Quarter

	3 months ended 30.09.19 RM'000	3 months ended 30.06.19 RM'000	Changes	
			RM'000	%
<u>Revenue - Business Segments</u>				
-- Fasteners Products	127,548	126,881	667	0.53%
-- Wire Products	27,917	39,344	(11,427)	-29.04%
	<u>155,465</u>	<u>166,225</u>	(10,760)	-6.47%
<u>Profit/(Loss) before interest & tax</u>				
-- Fasteners Products	8,575	15,264	(6,689)	-43.82%
-- Wire Products	497	(252)	749	-297.22%
-- Investment Holding	185	(312)	497	-159.29%
	<u>9,257</u>	<u>14,700</u>	(5,443)	-37.03%
<u>Profit/(Loss) before tax</u>				
-- Fasteners Products	8,077	14,853	(6,776)	-45.62%
-- Wire Products	282	(611)	893	-146.15%
-- Investment Holding	185	(312)	497	159.29%
	<u>8,544</u>	<u>13,930</u>	(5,386)	-38.66%
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>				
-- Fasteners Products	6,340	12,614	(6,274)	-49.74%
-- Wire Products	191	(745)	936	125.64%
-- Investment Holding	182	(213)	395	185.45%
	<u>6,713</u>	<u>11,656</u>	(4,943)	-42.41%

The Group recorded a total revenue of RM155.47 million and profit before tax of RM8.54 million for the current quarter under review.

Fasteners Products

The revenue of the Fastener Products Division was RM 127.55 million in the current quarter as compared to RM126.88 million in the immediate preceding quarter. However, the profit before tax of the division decreased to RM8.08 million in the current quarter as compared to previous quarter of RM14.85 million. The global market was very challenging during the reporting quarter as it was affected by the economic slow down in Europe and market uncertainties in US. There was a decline in the fasteners average selling price due to the drop in the global wire rod market price and price competition from China after their products were diverted into Europe and Asia from US market.

Wire Products

The Wire Products Division recorded a revenue of RM27.92 million in the current reporting quarter as compared to the RM39.34 million in the immediate preceding quarter. The Wire division registered a profit before tax of RM0.28 million in the current quarter as compared to a loss before tax of RM0.61 million in the immediate preceding quarter. The loss recorded in the immediate preceding quarter was mainly due to the set up cost incurred for a new production line in April 2019.

B3. Prospects

The market outlook for the Group in the remaining quarters of 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 trade war between the US government and 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 in the event that imported goods from China to the US market reduce in future. It is expected more orders could be secured by the Group from US market in the second half of the financial year with the completion of an expanded production plating line in Malaysia. The production of the reinforcement bar in Vietnam is also expected to contribute to higher Group's revenue. The existing DIY segment will continue to bring positive contribution 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, which had commenced production in the last quarter is expected to enhance the division's result in the 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	2,961	2,961
Impairment loss charge on receivables	96	96
Interest expense	713	713
Interest income	(417)	(417)
Gain on disposal of property, plant and equipment	(51)	(51)
Property, plant and equipment written off	245	245
Unrealised loss/(gain) on foreign exchange	(437)	(437)
Realised loss/(gain) on foreign exchange	68	68
Rental income	(108)	(108)

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	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
- Current tax	(1,831)	(3,596)	(1,831)	(3,596)
- Deferred tax liabilities	-	2	-	2
	<u>(1,831)</u>	<u>(3,594)</u>	<u>(1,831)</u>	<u>(3,594)</u>

The Group's effective tax rate for the current quarter under review is lower than the Malaysian statutory income tax rate of 24%. This is mainly due to the lower tax rate enjoyed by the subsidiary in Vietnam. However, the Group's effective tax rate in the current quarter is higher than the corresponding quarter in the immediate preceding year mainly due to the expiry of tax reduction period for the subsidiary in Vietnam. With effect from the current reporting quarter, the statutory income tax rate applied by our Vietnam subsidiary is 20% as compared to 10% in the corresponding financial year.

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 30.09.2019	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	39,894	39,894
Onshore foreign currency loans	24,248	-	24,248
Short term loans	5,207	-	5,207
	<u>29,455</u>	<u>39,894</u>	<u>69,349</u>
As as 30.09.2018			
Secured:			
Short term			
Bankers acceptance	-	37,051	37,051
Onshore foreign currency loans	35,111	-	35,111
Short term loans	2,077	-	2,077
	<u>37,188</u>	<u>37,051</u>	<u>74,239</u>

a. The total borrowings as at the end of the reporting period decreased to RM69.35 million as compared to RM74.24 million as of 30.9.2018. Borrowings had been reduced during the current financial period due to availability of higher operating cash. However the total finance cost in the current financial period increased marginally to RM0.71 mil as compared to RM0.63 mil in the preceding year.

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

	30.09.19 %	30.09.18 %
Borrowings denominated in RM		
- Bankers acceptance	3.78	3.88
- Overdraft	-	-
Borrowings denominated in USD		
- Onshore foreign currency loans	2.61	2.53
- Short term loans	4.42	3.50

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	30.6.2019	30.6.2018
Declared and approved on	28.8.2019	27.8.2018
Entitlement date	25.10.2019	13.9.2018
Payment date	22.11.2019	27.9.2018
Dividend per share	3.35 sen	4.10 sen
Dividend % (Single Tier)	6.70% (single tier)	8.20% (single tier)
Net dividend payable	RM9,837,204	RM12,046,405

b. There is no dividend declared for the current financial year ended 30 June 2020.

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>3 months ended</u>	<u>3 months ended</u>	<u>3 months ended</u>
	<u>30.09.19</u>	<u>30.09.18</u>	<u>30.09.19</u>	<u>30.09.18</u>
Profit after tax				
Attributable to owners of the Company (RM'000)	6,713	17,932	6,713	17,932
Weighted average number of ordinary shares ('000)	293,640	293,858	293,640	293,858
Basic Earnings Per Share (sen)	2.29	6.10	2.29	6.10

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	2.29	6.10	2.29	6.10
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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.