

CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 - UNAUDITED

	Unaudited	Audited
	As at	As at
	30.06.20	30.06.19
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	162,280	154,282
Investment properties	4,723	4,790
Right of use assets	983	-
Deferred tax assets	140	-
	168,126	159,072
Current assets		
Inventories	262,643	266,299
Trade and other receivables	126,371	149,078
Current tax assets	12,923	5,537
Cash and bank balances	110,322	124,217
	512,259	545,131
TOTAL ASSETS	680,385	704,203
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	390,835	399,439
Total equity	568,764	577,368
Non-current liabilities		
Lease liabilities	751	-
Deferred tax liabilities	9,477	8,396
	10,228	8,396
Current liabilities		
Trade and other payables	27,547	29,275
Contract Liabilities	1,574	1,593
Borrowings	70,344	87,571
Lease liabilities	240	-
Current tax liabilities	1,688	-
	101,393	118,439
Total liabilities	111,621	126,835
TOTAL EQUITY AND LIABILITIES	680,385	704,203
Net assets per share (RM)	1.94	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 12 MONTHS PERIOD ENDED 30 JUNE 2020 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Revenue	82,215	166,225	535,784	680,729
Cost of sales	<u>(74,809)</u>	<u>(146,970)</u>	<u>(487,492)</u>	<u>(582,768)</u>
Gross profit	7,406	19,255	48,292	97,961
Other income	2,000	3,808	7,096	8,824
Administrative expenses	(23,494)	(5,914)	(37,438)	(23,495)
Selling and distribution expenses	<u>(1,750)</u>	<u>(2,449)</u>	<u>(8,233)</u>	<u>(11,444)</u>
Operating profit	(15,838)	14,700	9,717	71,846
Finance costs	<u>(444)</u>	<u>(770)</u>	<u>(2,414)</u>	<u>(3,024)</u>
Profit before tax	(16,282)	13,930	7,303	68,822
Tax expense	<u>(309)</u>	<u>(2,274)</u>	<u>(4,883)</u>	<u>(11,245)</u>
Profit for the financial period/year	(16,591)	11,656	2,420	57,577
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>2,614</u>	<u>2,252</u>	<u>8,306</u>	<u>2,566</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u>(13,977)</u>	<u>13,908</u>	<u>10,726</u>	<u>60,143</u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u>(5.66)</u>	<u>3.97</u>	<u>0.83</u>	<u>19.60</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 12 MONTHS PERIOD ENDED 30 JUNE 2020 - 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 2019	177,929	-	(10,164)	28,991	380,612	577,368
Foreign exchange differences on translation	-	-	-	8,306	-	8,306
Profit for the financial year	-	-	-	-	2,420	2,420
Total comprehensive income for the financial year	-	-	-	8,306	2,420	10,726
Transactions with owners:						
Purchase of treasury shares	-	-	(5,137)	-	-	(5,137)
Dividends	-	-	-	-	(14,193)	(14,193)
Total transactions with owners	-	-	(5,137)	-	(14,193)	(19,330)
At 30 June 2020	<u>177,929</u>	<u>-</u>	<u>(15,301)</u>	<u>37,297</u>	<u>368,839</u>	<u>568,764</u>
At 1 July 2018	177,929	-	(9,424)	26,425	348,295	543,225
Foreign exchange differences on translation	-	-	-	2,566	-	2,566
Profit for the financial year	-	-	-	-	57,577	57,577
Total comprehensive income for the financial year	-	-	-	2,566	57,577	60,143
Transaction with owners:						
Purchase of treasury shares	-	-	(740)	-	-	(740)
Dividends	-	-	-	-	(25,260)	(25,260)
Total transactions with owners	-	-	(740)	-	(25,260)	(26,000)
At 30 June 2019	<u>177,929</u>	<u>-</u>	<u>(10,164)</u>	<u>28,991</u>	<u>380,612</u>	<u>577,368</u>

Note:

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

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 30 June 2019. 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 2020 - UNAUDITED

	30.06.20	30.06.19
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	7,303	68,823
Adjustments for:		
Depreciation	13,112	11,727
Gain on disposal of property, plant and equipment	(51)	(25)
Impairment loss charge/(reverse) on receivables	18,855	(97)
Interest expense	2,414	3,024
Interest income	(3,475)	(3,579)
Other investment written off	-	170
Property, plant and equipment written off	185	2
Inventory written down	-	127
Unrealised loss on foreign exchange	298	850
Operating profit before working capital changes	38,641	81,022
(Increase)/Decrease in inventories	7,545	(28,196)
Decrease in receivables	4,560	11,233
Decrease in payables	(1,769)	(9,522)
Cash from operation	48,977	54,537
Interest paid	(2,414)	(3,024)
Income tax paid	(9,705)	(13,475)
Net cash from operating activities	36,858	38,038
Cash flows from investing activities		
Interest received	3,475	3,580
Proceeds from disposal of property, plant and equipment	51	24
Purchase of property, plant and equipment	(18,806)	(26,366)
Net cash used in investing activities	(15,280)	(22,762)
Cash flows from financing activities		
Dividend paid	(14,193)	(25,261)
Net change in borrowings	(18,988)	17,561
Payment of principal portion of lease liabilities	(58)	-
Purchase of treasury shares	(5,137)	(740)
Net cash used in financing activities	(38,376)	(8,440)
Net (decrease)/increase in cash and bank balances	(16,798)	6,836
Effect of changes in exchange rate on cash and bank balances	2,903	460
Cash and bank balances at beginning	124,217	116,921
Cash and bank balances at end	110,322	124,217

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 2020 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 2020.

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 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

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	4,270,100	5,137,431
Repurchase of own shares as of 30.06.2020	10,155,400	15,301,066

A8. Dividend Paid

The dividend paid during the current reporting period to date and the previous corresponding period is as per below:

	Financial period ended 30.06.20 RM
Second interim single tier dividend paid on 22 November 2019 for the financial year ended 30 June 2019 - 3.35 sen per ordinary share	9,835,160
First interim single tier dividend paid on 22 May 2020 for the financial year ended 30 June 2020 - 1.50 sen per ordinary share	4,357,504
	<u>14,192,664</u>
	Financial period ended 30.06.19 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
First interim single tier dividend paid on 21 May 2019 for the financial year ended 30 June 2019 - 4.5 sen per ordinary share	13,214,199
	<u>25,260,604</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 2020					
Revenue					
External revenue	437,214	98,570	-	-	535,784
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>437,214</u>	<u>98,570</u>	<u>-</u>	<u>-</u>	<u>535,784</u>
Results					
Segment profit	14,181	5,365	(192)	-	19,354
Finance costs	(1,843)	(571)	-	-	(2,414)
Interest income	2,622	123	731	-	3,475
Depreciation	(9,270)	(3,842)	-	-	(13,112)
Profit before tax	<u>5,690</u>	<u>1,074</u>	<u>539</u>	<u>-</u>	<u>7,303</u>
Segment assets	<u>555,422</u>	<u>100,152</u>	<u>346,169</u>	<u>(321,358)</u>	<u>680,385</u>
Segment liabilities	<u>102,522</u>	<u>16,230</u>	<u>539</u>	<u>(7,670)</u>	<u>111,621</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
12 months ended 30 June 2019					
Revenue					
External revenue	515,495	165,234	-	-	680,729
Inter-segment revenue	-	-	20,501	(20,501)	-
Total revenue	<u>515,495</u>	<u>165,234</u>	<u>20,501</u>	<u>(20,501)</u>	<u>680,729</u>
Results					
Segment profit	73,502	6,770	22,708	(22,987)	79,993
Finance costs	(1,755)	(1,269)	-	-	(3,024)
Interest income	2,773	139	668	-	3,580
Depreciation	(8,630)	(3,097)	-	-	(11,727)
Profit before tax	<u>65,890</u>	<u>2,543</u>	<u>23,376</u>	<u>(22,987)</u>	<u>68,822</u>
Segment assets	<u>579,068</u>	<u>122,899</u>	<u>327,749</u>	<u>(325,513)</u>	<u>704,203</u>
Segment liabilities	<u>98,360</u>	<u>39,838</u>	<u>386</u>	<u>(11,749)</u>	<u>126,835</u>

(ii) Analysis by geographical segments

	Revenue		Non-current Assets*	
	12 months		as at	as at
	ended 30.06.20 RM'000	ended 30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Malaysia	252,340	259,920	101,152	97,769
Vietnam	3,317	5,976	66,974	61,303
Other Asian countries	56,087	91,933	-	-
European countries	96,379	211,243	-	-
North America	120,708	73,395	-	-
Others	6,953	38,262	-	-
	<u>535,784</u>	<u>680,729</u>	<u>168,126</u>	<u>159,072</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>6,724</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

	Individual Quarter		Changes		Cumulative Quarter		Changes	
	3 months ended		RM'000	%	12 months ended		RM'000	%
	30.06.20 RM'000	30.06.19 RM'000			30.06.20 RM'000	30.06.19 RM'000		
Revenue - Business Segments								
-- Fasteners Products	66,779	126,881	(60,102)	-47.4%	437,214	515,495	(78,281)	-15.2%
-- Wire Products	15,436	39,344	(23,908)	-60.8%	98,570	165,234	(66,664)	-40.3%
	<u>82,215</u>	<u>166,225</u>	<u>(84,010)</u>	<u>-50.5%</u>	<u>535,784</u>	<u>680,729</u>	<u>(144,945)</u>	<u>-21.3%</u>
Profit/(Loss) before interest & tax								
-- Fasteners Products	(15,364)	15,264	(30,628)	-200.7%	7,533	67,645	(60,112)	-88.9%
-- Wire Products	(306)	(252)	(54)	21.4%	1,645	3,812	(2,167)	-56.8%
-- Investment Holding	(168)	(312)	144	-46.2%	539	389	150	38.6%
	<u>(15,838)</u>	<u>14,700</u>	<u>(30,538)</u>	<u>-207.7%</u>	<u>9,717</u>	<u>71,846</u>	<u>(62,129)</u>	<u>-86.5%</u>
Profit/(Loss) before tax								
-- Fasteners Products	(15,739)	14,853	(30,592)	-206.0%	5,690	65,890	(60,200)	-91.4%
-- Wire Products	(375)	(611)	236	-38.6%	1,074	2,543	(1,469)	-57.8%
-- Investment Holding	(168)	(312)	144	-46.2%	539	389	150	38.6%
	<u>(16,282)</u>	<u>13,930</u>	<u>(30,212)</u>	<u>-216.9%</u>	<u>7,303</u>	<u>68,822</u>	<u>(61,519)</u>	<u>-89.4%</u>
Profit/(Loss) after tax attributable to ordinary equity holders of the parent								
-- Fasteners Products	(16,176)	12,614	(28,790)	-228.2%	1,052	55,554	(54,502)	-98.1%
-- Wire Products	(291)	(745)	454	-60.9%	835	1,652	(817)	-49.5%
-- Investment Holding	(124)	(213)	89	-41.9%	533	371	162	43.7%
	<u>(16,591)</u>	<u>11,656</u>	<u>(28,247)</u>	<u>-242.3%</u>	<u>2,420</u>	<u>57,577</u>	<u>(55,157)</u>	<u>-95.8%</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 RM535.78 million and RM7.30 million respectively. Total revenue of the Group reduced by 21.3% in the current period to date. The Group was impacted by unfavourable global market conditions such as continuing trade tension between United States of America and People Republic of China, uncertainties posted by COVID-19 pandemic and impending global market recession which resulted in both lower turnover achieved for the current financial period and orders secured being deferred to the future. Besides the lower turnover, the Group profit before tax was reduced due to stiff competition which resulted in lower margin and there was provision for impairment in trade receivables amounting to RM18.86 million in the subsidiaries resulting in the Group profit before tax dropping by 89.4% for the current reporting period to date.

The equity attributable to the owners of the Company stands at RM568.76 million as at 30.06.2020 as compared to RM577.37 million as at 30.6.2019 after the declaration of dividends amounting to RM14.19 million and the loss after tax recorded in the current financial period. The Company has bought back its own share from the market with a total value of RM5.14 million in the current reporting period to date.

As for the cash flow, less cash was generated from the operating activities in line with the lower sales achieved arising mainly from the shut down of Malaysian production plant during Movement Control Order period following the outbreak of COVID 19 in the current cumulative quarter. Besides working capital, cash was expended for the purchase of fixed assets for RM18.81 million and RM5.14 million was utilised to buy back the company's shares from the open market. A lower dividend of RM14.19 million was declared and paid in line with the lower net profit recorded in the current financial period. Despite lower operating cash being generated in the current reporting period, the Group repaid bank borrowings amounting to RM18.99 million in the current financial year. The total cash and bank balance of the Group as of the closing date stood at RM110.32 million lower by RM13.89 million as compared to the corresponding period in the last financial year.

Individual Quarter

Fasteners Products

The Fasteners Products Division recorded a lower revenue of RM66.78 million in the current reporting quarter which represents a decrease of 47.4% as compared to the preceding year corresponding period. The operation plant in Malaysia was shut down during the movement control order (MCO) as implemented by the government following the outbreak of COVID-19 in mid March 2020 and resumed production in mid April 2020. The impact of COVID-19 pandemic, the unresolved global trade tension, the economic down turn in Europe and stiff competition in Asia had adversely affected the performance of the Fasteners Division in the current reporting quarter. In addition, the subsidiaries in the division made provision for impairment in its trade receivables amounting to RM18.86 million which resulted in the division recorded a loss before tax of RM15.74 million in the current reporting quarter.

Wire Products

The Wire Products Division recorded a decrease of 60.80% in its current quarter revenue to RM15.44 million as compared to RM39.34 million in the preceding year corresponding quarter. Similar to Fasteners Product Division, the factory in Wire Product Division was also shut down during the MCO, however the Division factory only resumed production in early May. This resulted in disrupted production and delivery to customers being postponed. The drop in profit margin is partially cushioned by the lower administration cost and finance cost in the current quarter which resulted in the lower loss before tax of RM0.38 million in the current reporting quarter as compared to a loss before tax of RM0.61 million in the corresponding period of last financial year.

Cumulative Quarter

The Group recorded a total revenue of RM535.78 million and a profit before tax of RM7.30 million in the current financial year to date.

Fasteners Products Division

The division recorded a total revenue of RM437.21 million in the current financial period to date which represents a decrease of 15.2% as compared to the preceding financial year. The increase in trading sales by RM15.23 million partially cushioned the decrease in sales of fasteners. However, the margin derived from trading is lower than that for manufacturing of fasteners. This coupled with the different product mix, stiff price competition and provision for impairment of trade receivables resulted in the profit before tax of the division decreasing by RM60.2 million to RM5.69 million in the current reporting period to date.

Wire Products Division

The Wire Products Division recorded a revenue of RM98.57 million and profit before tax of RM1.07 million in the current financial period to date which represented a drop of 40.3% and 57.8% respectively as compared to the corresponding reporting period.

B2. Variation of Results Against Preceding Quarter

	3 months	3 months	Changes	
	ended 30.06.20 RM'000	ended 31.03.20 RM'000	RM'000	%
Revenue - Business Segments				
-- Fasteners Products	66,779	123,514	(56,735)	-45.93%
-- Wire Products	15,436	26,887	(11,451)	-42.59%
	<u>82,215</u>	<u>150,401</u>	<u>(68,186)</u>	<u>-45.34%</u>
Profit/(Loss) before interest & tax				
-- Fasteners Products	(15,364)	8,775	(24,139)	-275.09%
-- Wire Products	(306)	1,177	(1,483)	-126.00%
-- Investment Holding	(168)	313	(481)	-153.62%
	<u>(15,838)</u>	<u>10,265</u>	<u>(26,103)</u>	<u>-254.29%</u>
Profit/(Loss) before tax				
-- Fasteners Products	(15,739)	8,307	(24,046)	-289.47%
-- Wire Products	(375)	1,014	(1,389)	-136.98%
-- Investment Holding	(168)	313	(481)	153.62%
	<u>(16,282)</u>	<u>9,634</u>	<u>(25,916)</u>	<u>-269.00%</u>
Profit/(Loss) after tax attributable to ordinary equity holders of the parent				
-- Fasteners Products	(16,176)	6,935	(23,111)	-333.25%
-- Wire Products	(291)	821	(1,112)	135.46%
-- Investment Holding	(124)	266	(390)	146.55%
	<u>(16,591)</u>	<u>8,022</u>	<u>(24,613)</u>	<u>-306.81%</u>

The Group recorded a total revenue of RM82.22 million and loss before tax of RM16.28 million for the current quarter under review.

Fasteners Products

The revenue of the Fastener Products Division is RM66.78 million in the current quarter as compared to RM123.51 million in the immediate preceding quarter. The lower sales is mainly due to reduced deliveries arising from the lock down of the economy in many countries following the outbreak of COVID 19. Provision of impairment in trade receivables together with the implication of pandemic COVID 19, the division recorded a loss before tax of the division of RM15.74 million in the current reporting quarter.

Wire Products

The Wire Products Division recorded a revenue of RM15.44 million in the current reporting quarter as compared to the RM26.89 million in the immediate preceding quarter. The Wire division registered a loss before tax of RM0.38 million in the current quarter as compared to a profit before tax of RM1.01 million in the immediate preceding quarter.

B3. Prospects of next Financial Year

The market outlook for the Group in the next financial year is expected to remain challenging in view of uncertainties in the global economy due to the ongoing Covid-19 pandemic and increasing trade tension between USA and China. These uncertainties has impacted us negatively with a downturn in our market in Europe and construction projects in Malaysia which was stopped during the Movement Control Order (MCO) period being progressively restarted resulting in deliveries to customers in the related industry being adversely affected. Demand in the first half of the next financial year are expected to remain slow. However we were fortunate that deliveries to the US market were not significantly interrupted. The orders from the US market is expected to continue in the next financial year.

The operation in our subsidiary in Vietnam was not significantly affected by the COVID-19 pandemic. 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 previous 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 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 to date are as follows:

	Current quarter RM'000	Current Year To date RM'000
Depreciation	3,582	13,112
Impairment loss charge on receivables	17,980	18,855
Interest expense	444	2,414
Interest income	(1,093)	(3,475)
Gain on disposal of property, plant and equipment	-	(51)
Property, plant and equipment written off	183	185
Unrealised loss/(gain) on foreign exchange	(1,532)	298
Realised gain on foreign exchange	1,058	(230)
Rental income	(102)	(429)

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

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
- Current tax	(1,390)	(2,056)	(5,964)	(11,245)
- Deferred tax liabilities	1,081	(218)	1,081	-
	<u>(309)</u>	<u>(2,274)</u>	<u>(4,883)</u>	<u>(11,245)</u>

The Group's effective tax rate for the current period under review is higher than the Malaysian statutory income tax rate of 24%. This is mainly due to some of the provisions are not tax deductible. In addition, tax reduction period for the subsidiary in Vietnam has expired in the current reporting year and thus the Group's effective tax rate is higher than the immediate preceding year. With effect from the current financial year, 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 30.06.2020	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	30,245	30,245
Overdraft	-	-	-
Onshore foreign currency loans	32,789	-	32,789
Short term loans	7,310	-	7,310
	<u>40,099</u>	<u>30,245</u>	<u>70,344</u>
As as 30.06.19			
Secured:			
Short term			
Bankers acceptance	-	55,930	55,930
Onshore foreign currency loans	33,234	-	33,234
Short term loans	-	-	-
	<u>33,234</u>	<u>55,930</u>	<u>89,164</u>

- a. The total borrowings as at the end of the reporting period reduced to RM70.34 million as compared to RM89.16 million as of 30.06.2019. Total finance cost in the current financial period decreased to RM2.41 million as compared to RM3.02 million in the preceding year.
- b. The average interest rates of borrowings during the current reporting period to date are as follows:

	30.06.20 %	30.06.19 %
Borrowings denominated in RM		
- Bankers acceptance	3.41	3.78
- Overdraft	-	-
Borrowings denominated in USD		
- Onshore foreign currency loans	1.97	2.63
- Short term loans	2.16	-

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. There is no dividend declared during the current reporting quarter.
- b. The total dividend declared for the current financial year ended 30 June 2020 is 1.50 sen per share.

B12. Earnings Per Share

(i) Basic earnings per share

The basic earnings per share has been calculated based on the Group's profit after tax attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial period:

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.20	30.06.19	30.06.20	30.06.19
Profit after tax Attributable to owners of the Company (RM'000)	(16,591)	11,656	2,420	57,577
Weighted average number of ordinary shares ('000)	293,084	293,742	293,084	293,742
Basic Earnings Per Share (sen)	(5.66)	3.97	0.83	19.60

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	(5.66)	3.97	0.83	19.60
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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.