

CHIN WELL HOLDINGS BERHAD
(371551-T)

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

	Unaudited As at 30.09.20 RM'000	Audited As at 30.06.20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	157,859	162,278
Investment properties	4,706	4,723
Right of use assets	917	983
Other receivable	30,271	-
Deferred tax assets	-	-
	193,753	167,984
Current assets		
Inventories	250,356	262,643
Trade and other receivables	93,759	126,370
Current tax assets	12,778	11,226
Cash and bank balances	98,973	110,322
	455,866	510,561
TOTAL ASSETS	649,619	678,545
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	391,132	390,833
Total equity	569,061	568,762
Non-current liabilities		
Lease liabilities	692	751
Deferred tax liabilities	9,356	9,328
	10,048	10,079
Current liabilities		
Trade and other payables	27,466	27,547
Contract Liabilities	326	1,573
Borrowings	42,478	70,344
Lease liabilities	240	240
Current tax liabilities	-	-
	70,510	99,704
Total liabilities	80,558	109,783
TOTAL EQUITY AND LIABILITIES	649,619	678,545
 Net assets per share (RM)	 1.97	 1.94

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 2020. 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 2020 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Revenue	107,392	155,465	107,392	155,465
Cost of sales	<u>(94,252)</u>	<u>(140,622)</u>	<u>(94,252)</u>	<u>(140,622)</u>
Gross profit	13,140	14,843	13,140	14,843
Other income	1,115	1,167	1,115	1,167
Administrative expenses	(5,154)	(4,666)	(5,154)	(4,666)
Selling and distribution expenses	<u>(2,026)</u>	<u>(2,087)</u>	<u>(2,026)</u>	<u>(2,087)</u>
Operating profit	7,075	9,257	7,075	9,257
Finance costs	<u>(234)</u>	<u>(713)</u>	<u>(234)</u>	<u>(713)</u>
Profit before tax	6,841	8,544	6,841	8,544
Tax expense	<u>(1,676)</u>	<u>(1,831)</u>	<u>(1,676)</u>	<u>(1,831)</u>
Profit for the financial period/year	5,165	6,713	5,165	6,713
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>(4,834)</u>	<u>3,380</u>	<u>(4,834)</u>	<u>3,380</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u><u>331</u></u>	<u><u>10,093</u></u>	<u><u>331</u></u>	<u><u>10,093</u></u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u><u>1.78</u></u>	<u><u>2.29</u></u>	<u><u>1.78</u></u>	<u><u>2.29</u></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 2020. 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 2020 - UNAUDITED

	----- Non-distributable -----			Distributable		
	Share Capital	Share Premium	Treasury Shares	Foreign Translation Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	177,929	-	(15,301)	37,297	368,837	568,762
		Note (1)				
Foreign exchange differences on translation	-	-	-	(4,834)	-	(4,834)
Profit for the financial year	-	-	-	-	5,165	5,165
Total comprehensive income for the financial year	-	-	-	(4,834)	5,165	331
Transactions with owners:						
Purchase of treasury shares	-	-	(32)	-	-	(32)
Dividends	-	-	-	-	-	-
Total transactions with owners	-	-	(32)	-	-	(32)
At 30 September 2020	<u>177,929</u>	<u>-</u>	<u>(15,333)</u>	<u>32,463</u>	<u>374,002</u>	<u>569,061</u>
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
Transaction with owners:						
Purchase of treasury shares	-	-	(101)	-	-	(101)
Dividends	-	-	-	-	(9,837)	(9,837)
Total transactions with owners	-	-	(101)	-	(9,837)	(9,938)
At 30 September 2019	<u>177,929</u>	<u>-</u>	<u>(10,265)</u>	<u>32,371</u>	<u>377,488</u>	<u>577,523</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 2020. 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 2020 - UNAUDITED

	30.09.20	30.09.19
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	6,841	8,544
Adjustments for:		
Depreciation	3,215	2,961
Gain on disposal of property, plant and equipment	-	(51)
Impairment loss charge on receivables	673	96
Interest expense	188	713
Interest income	(238)	(417)
Other investment written off	-	
Property, plant and equipment written off	(1)	245
Inventory written down	-	
Unrealised loss/(gain) on foreign exchange	694	(437)
Operating profit before working capital changes	11,372	11,654
(Increase)/Decrease in inventories	9,534	15,234
Increase in receivables	(946)	(5,123)
Increase/(Decrease) in payables	1,934	(341)
Cash from operation	21,894	21,424
Interest paid	(188)	(713)
Income tax paid	(3,175)	(3,946)
Net cash from operating activities	18,531	16,765
Cash flows from investing activities		
Interest received	238	417
Proceeds from disposal of property, plant and equipment	-	51
Purchase of property, plant and equipment	(547)	(3,893)
Net cash used in investing activities	(309)	(3,425)
Cash flows from financing activities		
Dividend paid	-	-
Net change in borrowings	(27,867)	(19,827)
Payment of principal portion of lease liabilities	(58)	-
Purchase of treasury shares	(32)	(101)
Net cash used in financing activities	(27,957)	(19,928)
Net decrease in cash and bank balances	(9,735)	(6,588)
Effect of changes in exchange rate on cash and bank balances	(1,614)	754
Cash and bank balances at beginning	110,322	124,217
Cash and bank balances at end	98,973	118,383

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 2020. 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 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

Amendments to MFRS9, MFRS139 and MFRS7 Interest Rate Benchmark Reform

Effective for annual period beginning on or after 1 June 2020

Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions

Effective for annual period beginning on or after 1 June 2021

Amendment to MFRS 9 Financial Instruments, MFRS139 Financial Instruments: Recognition and Measurement, MFRS7 Financial Instruments:

Disclosure, MFRS4 Insurance Contracts and MFRS 16 Lease: Interest Rate Benchmark Reform - Phase 2

Effective for annual period beginning on or after 1 January 2022

Amendments to MFRS3 Business Combination: Reference to the Conceptual Framework

Amendments to MFRS116 Property, Plant and Equipment: Property, Plant and Equipment-Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts-Cost of Fulfilling a Contract

Annual Improvement to MFRS Standards 2018-2020

Effective for annual period beginning on or after 1 January 2023

MFRS17 Insurance Contracts

Amendments to MFRS17 Insurance Contracts

Amendments to MFRS101 Presentation of Financial Statement: Classification of Liabilities as Current or Non-current

Effective date yet to be confirmed

Amendments to MFRS10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.

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 2020 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	32,000	31,811
Repurchase of own shares as of 30.09.2020	10,187,400	15,332,947

A8. Dividend Paid

There is no dividend paid during the current reporting period to date and the previous corresponding period.

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 2020					
Revenue					
External revenue	74,877	32,515	-	-	107,392
Inter-segment revenue	-	-	22,627	(22,627)	-
Total revenue	<u>74,877</u>	<u>32,515</u>	<u>22,627</u>	<u>(22,627)</u>	<u>107,392</u>
Results					
Segment profit	6,552	3,598	22,528	(22,627)	10,051
Finance costs	(201)	(33)	-	-	(234)
Interest income	144	17	77	-	238
Depreciation	(2,265)	(949)	-	-	(3,214)
Profit before tax	<u>4,230</u>	<u>2,633</u>	<u>22,605</u>	<u>(22,627)</u>	<u>6,841</u>
Segment assets	<u>537,574</u>	<u>107,054</u>	<u>354,160</u>	<u>(349,169)</u>	<u>649,619</u>
Segment liabilities	<u>83,999</u>	<u>21,131</u>	<u>529</u>	<u>(25,101)</u>	<u>80,558</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
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>

(ii) Analysis by geographical segments

	Revenue 3 months		Non-current Assets*	
	ended 30.09.20 RM'000	ended 30.09.19 RM'000	as at 30.09.20 RM'000	as at 30.09.19 RM'000
Malaysia	34,813	82,248	130,045	98,254
Vietnam	702	1,281	63,708	62,418
Other Asian countries	9,099	15,877	-	-
European countries	21,482	26,294	-	-
North America	39,396	26,717	-	-
Others	1,900	3,048	-	-
	<u>107,392</u>	<u>155,465</u>	<u>193,753</u>	<u>160,672</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 2020.

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	%	3 months ended		RM'000	%
	30.06.20 RM'000	30.09.19 RM'000			30.06.20 RM'000	30.09.19 RM'000		
Revenue - Business Segments								
-- Fasteners Products	74,877	127,548	(52,671)	-41.3%	74,877	127,548	(52,671)	-41.3%
-- Wire Products	32,515	27,917	4,598	16.5%	32,515	27,917	4,598	16.5%
	<u>107,392</u>	<u>155,465</u>	<u>(48,073)</u>	<u>-30.9%</u>	<u>107,392</u>	<u>155,465</u>	<u>(48,073)</u>	<u>-30.9%</u>
Profit/(Loss) before interest & tax								
-- Fasteners Products	4,431	8,575	(4,144)	-48.3%	4,431	8,575	(4,144)	-48.3%
-- Wire Products	2,666	497	2,169	436.4%	2,666	497	2,169	436.4%
-- Investment Holding	(22)	185	(207)	-111.9%	(22)	185	(207)	-111.9%
	<u>7,075</u>	<u>9,257</u>	<u>(2,182)</u>	<u>-23.6%</u>	<u>7,075</u>	<u>9,257</u>	<u>(2,182)</u>	<u>-23.6%</u>
Profit/(Loss) before tax								
-- Fasteners Products	4,230	8,077	(3,847)	-47.6%	4,230	8,077	(3,847)	-47.6%
-- Wire Products	2,633	282	2,351	833.7%	2,633	282	2,351	833.7%
-- Investment Holding	(22)	185	(207)	-111.9%	(22)	185	(207)	-111.9%
	<u>6,841</u>	<u>8,544</u>	<u>(1,703)</u>	<u>-19.9%</u>	<u>6,841</u>	<u>8,544</u>	<u>(1,703)</u>	<u>-19.9%</u>
Profit/(Loss) after tax attributable to ordinary equity holders of the parent								
-- Fasteners Products	3,211	6,340	(3,129)	-49.4%	3,211	6,340	(3,129)	-49.4%
-- Wire Products	1,976	191	1,785	934.6%	1,976	191	1,785	934.6%
-- Investment Holding	(22)	182	(204)	-112.1%	(22)	182	(204)	-112.1%
	<u>5,165</u>	<u>6,713</u>	<u>(1,548)</u>	<u>-23.1%</u>	<u>5,165</u>	<u>6,713</u>	<u>(1,548)</u>	<u>-23.1%</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 RM107.39 million and RM6.84 million respectively. Total revenue of the Group reduced by 30.9% in the current period to date. Global market uncertainties and COVID-19 pandemic continue to adversely impact the performance of the Group. The profit before tax of the Group in the current reporting period was RM6.84 million as compared to RM8.54 million in the corresponding period of the immediate preceding year, a reduction of 19.9%.

The equity attributable to the owners of the Company increased to RM569.06 million as at 30.09.2020 as compared to RM568.76 million as at 30.6.2020 after recognition of the profit after tax set off with the foreign exchange differences on translation in the current financial period. The Company has bought back its own share from the market with a total value of RM32,000 in the current reporting period to date.

The Group maintained a tight control on its cash flow during the current reporting period, reducing the purchase of fixed assets. Bank borrowings amounting to RM27.87 million had been repaid by the Group in the current reporting period resulting in lower finance cost. The total cash and bank balance of the Group as of the closing date stood at RM98.97 million lower by RM11.35 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 RM74.88 million in the current reporting quarter which represents a decrease of 41.3% as compared to the preceding year corresponding period. The COVID-19 pandemic continued to have an adverse impact on the sales of the division. In line with the lower revenue, the profit before tax of the division reduced by 47.6% to RM4.23 million in the current reporting quarter as compared to the preceding year corresponding period.

Wire Products

The Wire Products division achieved a higher sales of 16.5% to RM32.52 million in the current reporting period as compared to the corresponding period in the immediate preceding year. The division managed to secure more local orders with better profit margin offsetting the reduction in export sales. As a result, the division posted a higher profit before tax of RM2.63 million as compared to RM0.28 million in the preceding year corresponding period.

B2. Variation of Results Against Preceding Quarter

	3 months ended 30.09.20 RM'000	3 months ended 30.06.20 RM'000	Changes	
			RM'000	%
Revenue - Business Segments				
-- Fasteners Products	74,877	65,903	8,974	13.62%
-- Wire Products	32,515	15,436	17,079	110.64%
	<u>107,392</u>	<u>81,339</u>	26,053	32.03%
Profit/(Loss) before interest & tax				
-- Fasteners Products	4,431	(15,364)	19,795	128.84%
-- Wire Products	2,666	(306)	2,972	971.24%
-- Investment Holding	(22)	(168)	146	86.89%
	<u>7,075</u>	<u>(15,838)</u>	22,913	144.67%
Profit/(Loss) before tax				
-- Fasteners Products	4,230	(15,739)	19,969	126.88%
-- Wire Products	2,633	(375)	3,008	802.13%
-- Investment Holding	(22)	(168)	146	86.89%
	<u>6,841</u>	<u>(16,282)</u>	23,123	142.02%
Profit/(Loss) after tax attributable to ordinary equity holders of the parent				
-- Fasteners Products	3,211	(16,176)	19,387	119.85%
-- Wire Products	1,976	(291)	2,267	778.69%
-- Investment Holding	(22)	(124)	102	82.23%
	<u>5,165</u>	<u>(16,591)</u>	21,756	131.13%

The Group recorded a total revenue of RM107.39 million and profit before tax of RM6.84 million for the current quarter under review.

Fasteners Products

The revenue of the Fastener Products Division is RM74.88 million in the current quarter as compared to RM65.90 million in the immediate preceding quarter. The lower sales in the last quarter was mainly due to reduction of deliveries arising from the lock down of the economy in many countries following the outbreak of COVID 19. Profit before tax of the division in the current reporting quarter is RM4.23 million as compared to a loss before tax of RM15.74 million recorded in the last reporting quarter as there was a provision for impairment in trade receivables for RM17.98 million in the last quarter.

Wire Products

The Wire Products Division recorded a revenue of RM32.52 million in the current reporting quarter as compared to the RM15.44 million in the immediate preceding quarter. The increase is mainly due to the higher demand from local market where the profit margin is better than the export sales. As a result, the profit before tax of the Wire division was RM2.63 million in the current quarter as compared to a loss before tax of RM0.38 million in the immediate preceding quarter.

B3. Prospects of Current Financial Year

The market outlook for the Group in the remaining quarters of the current financial year is expected to remain challenging in view of uncertainties in the global economy due to the ongoing Covid-19 pandemic. 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 current financial year are expected to remain slow. However the deliveries to the US market were not significantly interrupted. The orders from the US market is expected to continue in the remaining of the 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. The Wire Product division with the expansion in production from new product lines such as welded fencing, gabion and poultry mesh, which commenced 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 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	3,215	3,215
Impairment loss charge on receivables	673	673
Interest expense	188	188
Interest income	(238)	(238)
Gain on disposal of property, plant and equipment	-	-
Property, plant and equipment written off	(1)	(1)
Unrealised loss/(gain) on foreign exchange	694	694
Realised gain on foreign exchange	(1,377)	(1,377)
Rental income	(107)	(107)

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 3 months ended	
	30.06.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
- Current tax	(1,704)	(1,831)	(1,704)	(1,831)
- Deferred tax liabilities	28	-	28	-
	<u>(1,676)</u>	<u>(1,831)</u>	<u>(1,676)</u>	<u>(1,831)</u>

The Group's effective tax rate for the current period under review is lower than the Malaysian statutory income tax rate of 24%. This mainly due to the statutory income tax rate applied by our Vietnam subsidiary is 20% which is lower than the Malaysian tax rate.

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 30.09.2020	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	-	-
Overdraft	-	-	-
Onshore foreign currency loans	33,929	-	33,929
Short term loans	8,549	-	8,549
	<u>42,478</u>	<u>-</u>	<u>42,478</u>
As as 30.09.19			
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>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

a. The total borrowings as at the end of the reporting period reduced to RM42.48 million as compared to RM69.35 million as of 30.09.2019. As such the total finance cost in the current financial period decreased to RM0.23 million as compared to RM0.71 million in the preceding year.

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

	30.09.20	30.09.19
	%	%
Borrowings denominated in RM		
- Bankers acceptance	-	3.78
- Overdraft	-	0.00
Borrowings denominated in USD		
- Onshore foreign currency loans	0.60	2.61
- Short term loans	1.36	4.42

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

On 23 November 2020, Chin Well Service Centre (CWSC), the wholly-owned subsidiary of the Company had filed a Writ of Summons and a Statement of Claim dated 23 November 2020 in the High Court of Malaya at Penang against Lifomax Woodbuild Sdn Bhd and Novamas Enterprise Sdn Bhd (the Defendants) through a firm of lawyers acting on its behalf.

CWSC placed orders of various steel products with the Defendants on diverse dates in 2019 and 2020 for the Defendants to deliver the products to a customer of CWSC namely NBH Service Centre Sdn Bhd (NBHSC). On the Defendants producing invoices accompanied by delivery orders affording evidence of the delivery of the products to NBHSC, CWSC was induced to pay the Defendants the aggregate sum of RM26,340,980 for the products.

The payment to the Defendants was made in discharge of CWSC's obligations as a buyer and it was only upon NBHSC denying receipt of the products purportedly because of the non-delivery of the products that the filing of this action has become necessary. To date, the Defendants have not denied receiving the payment from CWSC without delivering the products to NBHSC as required under their contract with CWSC.

CWSC is claiming the sum of :

- i. RM15,288,100 against Lifomax Woodbuild Sdn Bhd;
- ii. RM11,052,880 against Novamas Enterprise Sdn Bhd;
- iii. Such further and other relief and order the Honourable Court deems fit.

The case has been fixed for Case Management on 7 December 2020.

B11. Proposed Dividend

a. There is no dividend proposed during the current reporting quarter.

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	3 months ended	
	30.09.20	30.09.19	30.09.20	30.09.19
Profit after tax				
Attributable to owners of the Company (RM'000)	5,165	6,713	5,165	6,713
Weighted average number of ordinary shares ('000)	289,361	293,640	289,361	293,640
Basic Earnings Per Share (sen)	1.78	2.29	1.78	2.29

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	1.78	2.29	1.78	2.29
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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.