

CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 - UNAUDITED

	Unaudited	Audited
	As at	As at
	31.12.20	30.06.20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	155,078	162,278
Investment properties	4,690	4,723
Right of use assets	852	983
Other receivable	29,613	-
Deferred tax assets	-	-
	190,233	167,984
Current assets		
Inventories	251,787	262,643
Trade and other receivables	102,384	126,370
Current tax assets	10,355	11,226
Cash and bank balances	90,579	110,322
	455,105	510,561
TOTAL ASSETS	645,338	678,545
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	391,871	390,833
Total equity	569,800	568,762
Non-current liabilities		
Lease liabilities	633	751
Deferred tax liabilities	9,556	9,328
	10,189	10,079
Current liabilities		
Trade and other payables	33,964	27,547
Contract Liabilities	-	1,573
Borrowings	31,145	70,344
Lease liabilities	240	240
Current tax liabilities	-	-
	65,349	99,704
Total liabilities	75,538	109,783
TOTAL EQUITY AND LIABILITIES	645,338	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 6 MONTHS PERIOD ENDED 31 DECEMBER 2020 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.12.20 RM'000	31.12.19 RM'000	31.12.20 RM'000	31.12.19 RM'000
Revenue	118,604	147,703	225,996	303,168
Cost of sales	<u>(103,157)</u>	<u>(136,211)</u>	<u>(197,409)</u>	<u>(276,833)</u>
Gross profit	15,447	11,492	28,587	26,335
Other income	1,687	1,028	2,802	2,195
Administrative expenses	(5,832)	(4,471)	(10,986)	(9,137)
Selling and distribution expenses	<u>(2,971)</u>	<u>(2,016)</u>	<u>(4,997)</u>	<u>(4,103)</u>
Operating profit	8,331	6,033	15,406	15,290
Finance costs	<u>(145)</u>	<u>(626)</u>	<u>(379)</u>	<u>(1,339)</u>
Profit before tax	8,186	5,407	15,027	13,951
Tax expense	<u>(2,444)</u>	<u>(1,131)</u>	<u>(4,120)</u>	<u>(2,962)</u>
Profit for the financial period/year	5,742	4,276	10,907	10,989
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>(4,497)</u>	<u>(4,651)</u>	<u>(9,331)</u>	<u>(1,271)</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u><u>1,245</u></u>	<u><u>(375)</u></u>	<u><u>1,576</u></u>	<u><u>9,718</u></u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u><u>1.99</u></u>	<u><u>1.46</u></u>	<u><u>3.77</u></u>	<u><u>3.74</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 6 MONTHS PERIOD ENDED 31 DECEMBER 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 2020	177,929	-	(15,301)	37,297	368,837	568,762
Foreign exchange differences on translation	-	-	-	(9,331)	-	(9,331)
Profit for the financial year	-	-	-	-	10,907	10,907
Total comprehensive income for the financial year	-	-	-	(9,331)	10,907	1,576
Transactions with owners:						
Purchase of treasury shares	-	-	(538)	-	-	(538)
Dividends	-	-	-	-	-	-
Total transactions with owners	-	-	(538)	-	-	(538)
At 31 December 2020	<u>177,929</u>	<u>-</u>	<u>(15,839)</u>	<u>27,966</u>	<u>379,744</u>	<u>569,800</u>
At 1 July 2019	177,929	-	(10,164)	28,991	380,612	577,368
Foreign exchange differences on translation	-	-	-	(1,271)	-	(1,271)
Profit for the financial year	-	-	-	-	10,989	10,989
Total comprehensive income for the financial year	-	-	-	(1,271)	10,989	9,718
Transaction with owners:						
Purchase of treasury shares	-	-	(1,328)	-	-	(1,328)
Dividends	-	-	-	-	(9,835)	(9,835)
Total transactions with owners	-	-	(1,328)	-	(9,835)	(11,163)
At 31 December 2019	<u>177,929</u>	<u>-</u>	<u>(11,492)</u>	<u>27,720</u>	<u>381,766</u>	<u>575,923</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 6 MONTHS PERIOD ENDED 31 DECEMBER 2020 - UNAUDITED

	31.12.20	31.12.19
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	15,027	13,951
Adjustments for:		
Depreciation	6,596	6,091
Gain on disposal of property, plant and equipment	-	(51)
Impairment loss charge on receivables	1,514	597
Interest expense	378	1,339
Interest income	(781)	(1,413)
Loss/(Gain) on disposal of property, plant and equipment	(855)	-
Property, plant and equipment written off	5	185
Inventory written down	-	-
Unrealised loss on foreign exchange	1,320	218
	23,204	20,917
Operating profit before working capital changes	23,204	20,917
(Increase)/Decrease in inventories	5,147	(3,520)
Increase in receivables	(10,360)	(7,821)
Increase in payables	9,219	3,656
	27,210	13,232
Cash from operation	27,210	13,232
Interest paid	(378)	(1,339)
Income tax paid	(2,947)	(7,857)
	23,885	4,036
Net cash from operating activities	23,885	4,036
Cash flows from investing activities		
Interest received	781	1,413
Proceeds from disposal of property, plant and equipment	1,149	51
Purchase of property, plant and equipment	(3,311)	(11,358)
Net cash used in investing activities	(1,381)	(9,894)
Cash flows from financing activities		
Dividend paid	-	(9,835)
Net change in borrowings	(39,199)	7,709
Payment of principal portion of lease liabilities	(115)	
Purchase of treasury shares	(538)	(1,328)
Net cash used in financing activities	(39,852)	(3,454)
Net decrease in cash and bank balances	(17,348)	(9,312)
Effect of changes in exchange rate on cash and bank balances	(2,395)	(224)
Cash and bank balances at beginning	110,322	124,217
Cash and bank balances at end	90,579	114,681

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
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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	<u>530,500</u>	<u>538,340</u>
Repurchase of own shares as of 31.12.2020	<u>10,717,900</u>	<u>15,839,407</u>

A8. Dividend Paid

There is no dividend paid during the current reporting period to date and the dividend paid in the previous corresponding period are as below:

	Financial period ended 31.12.19
	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
	<u>9,835,160</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
6 months ended 31 December 2020					
Revenue					
External revenue	157,452	68,544	-	-	225,996
Inter-segment revenue	-	-	22,393	(22,393)	-
Total revenue	157,452	68,544	22,393	(22,393)	225,996
Results					
Segment profit	13,572	8,032	22,009	(22,393)	21,220
Finance costs	(240)	(138)	-	-	(378)
Interest income	636	35	110	-	781
Depreciation	(4,695)	(1,901)	-	-	(6,596)
Profit before tax	9,273	6,028	22,119	(22,393)	15,027
Segment assets	524,840	118,148	353,101	(350,751)	645,338
Segment liabilities	140,515	29,646	228	(94,851)	75,538
6 months ended 31 December 2019					
Revenue					
External revenue	246,921	56,247	-	-	303,168
Inter-segment revenue	-	-	-	-	-
Total revenue	246,921	56,247	-	-	303,168
Results					
Segment profit	17,340	2,605	23	-	19,968
Finance costs	(1,000)	(339)	-	-	(1,339)
Interest income	968	74	371	-	1,413
Depreciation	(4,186)	(1,905)	-	-	(6,091)
Profit before tax	13,122	435	394	-	13,951
Segment assets	584,941	110,974	338,610	(320,016)	714,509
Segment liabilities	117,189	27,582	39	(6,224)	138,586

(ii) Analysis by geographical segments

	Revenue		Non-current Assets*	
	6 months		as at	as at
	ended	ended	31.12.20	31.12.19
	31.12.20	31.12.19	31.12.20	31.12.19
	RM'000	RM'000	RM'000	RM'000
Malaysia	75,677	160,772	128,119	101,907
Vietnam	1,607	2,116	62,114	61,832
Other Asian countries	21,780	32,353	-	-
European countries	50,726	53,905	-	-
North America	73,417	49,175	-	-
Others	2,789	4,847	-	-
	<u>225,996</u>	<u>303,168</u>	<u>190,233</u>	<u>163,739</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>5,652</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	%	6 months ended		RM'000	%	
	31.12.20	31.12.19			31.12.20	31.12.19			
	RM'000	RM'000			RM'000	RM'000			
Revenue - Business Segments									
-- Fasteners Products	82,575	119,373	(36,798)	-30.8%	157,452	246,921	(89,469)	-36.2%	
-- Wire Products	36,029	28,330	7,699	27.2%	68,544	56,247	12,297	21.9%	
	<u>118,604</u>	<u>147,703</u>	<u>(29,099)</u>	<u>-19.7%</u>	<u>225,996</u>	<u>303,168</u>	<u>(77,172)</u>	<u>-25.5%</u>	
		147,703							
Profit/(Loss) before interest & tax									
-- Fasteners Products	5,082	5,547	(465)	-8.4%	9,513	14,122	(4,609)	-32.6%	
-- Wire Products	3,500	277	3,223	1163.5%	6,166	774	5,392	696.6%	
-- Investment Holding	(252)	209	(461)	-220.6%	(274)	394	(668)	-169.5%	
	<u>8,330</u>	<u>6,033</u>	<u>2,297</u>	<u>38.1%</u>	<u>15,405</u>	<u>15,290</u>	<u>115</u>	<u>0.8%</u>	
Profit/(Loss) before tax									
-- Fasteners Products	5,043	5,045	(2)	0.0%	9,273	13,122	(3,849)	-29.3%	
-- Wire Products	3,395	153	3,242	2119.0%	6,028	435	5,593	1285.7%	
-- Investment Holding	(252)	209	(461)	-220.6%	(274)	394	(668)	-169.5%	
	<u>8,186</u>	<u>5,407</u>	<u>2,779</u>	<u>51.4%</u>	<u>15,027</u>	<u>13,951</u>	<u>1,076</u>	<u>7.7%</u>	
		5,407			15,027	13,951	1,076	7.7%	
Profit/(Loss) after tax attributable to ordinary equity holders of the parent									
-- Fasteners Products	3,413	3,953	(540)	-13.7%	6,624	10,293	(3,669)	-35.6%	
-- Wire Products	2,581	114	2,467	2164.0%	4,557	305	4,252	1394.1%	
-- Investment Holding	(252)	209	(461)	-220.6%	(274)	391	(665)	-170.1%	
	<u>5,742</u>	<u>4,276</u>	<u>1,466</u>	<u>34.3%</u>	<u>10,907</u>	<u>10,989</u>	<u>(82)</u>	<u>-0.7%</u>	
		4,276			10,907	10,989	(82)	-1%	

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 RM226.00 million and RM15.03 million respectively. Total revenue of the Group reduced by 25.5% in the current period to date. The main reason for lower revenue is due to no trading of steel bar in the current year to date. Nevertheless the Group was able to achieve higher profit before tax at RM15.03 million as compared to RM 13.95 million in the corresponding period of the immediate preceding year. This was mainly due to better margin achieved by the Wire division and DIY products in the current reporting period to date.

The equity attributable to the owners of the Company increased to RM569.8 million as at 31.12.2020 as compared to RM568.76 million as at 30.6.2020 after recognition of the profit after tax of RM10.91 million set off with the foreign exchange differences on translation in the current financial period by RM9.33 million. The Company had bought back its own share from the market with a total value of RM0.54 million in the current reporting period to date.

The Group maintained a tight control on its cash flow during the current reporting period, reducing working capital and the purchase of fixed assets. Bank borrowings amounting to RM39.20 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 RM90.58 million lower by RM19.74 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 RM82.58 million in the current reporting quarter which represents a decrease of 30.8% as compared to the preceding year corresponding period. There was minimal trading of steel bar in the current quarter which resulted in lower turnover in the division. Nevertheless, the division was able to record profit before tax of at RM5.04 million in the current reporting quarter as compared to the preceding year corresponding period ,contributed by increased DIY sale.

Wire Products

The Wire Products division achieved a higher sales of 27.2% to RM36.03 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 resulting in higher profit before tax of RM3.40million as compared to RM0.15 million in the preceding year corresponding period.

Cumulative Quarter

The Group recorded a total revenue of RM226.00 million and a profit before tax of RM15.03 million in the current financial year to date.

Fasteners Products Division

The division recorded a total revenue of RM157.45 million in the current financial period to date which represents a decrease of 36.2% as compared to the preceding financial year. The reduction in turnover is mainly due to the drop in the trading of steel bar in the current period to date. 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 29.3% to RM9.27 million in the current reporting period to date.

Wire Products Division

The Wire Products Division recorded a revenue of RM68.54 million and profit before tax of RM6.03 million in the current financial period to date contributed by higher local demand for product with better margin.

B2. Variation of Results Against Preceding Quarter

	3 months	3 months	Changes	
	ended	ended		
	31.12.20	30.09.20		
	RM'000	RM'000	RM'000	%
Revenue - Business Segments				
-- Fasteners Products	82,575	74,877	7,698	10.28%
-- Wire Products	36,029	32,515	3,514	10.81%
	<u>118,604</u>	<u>107,392</u>	11,212	10.44%
Profit/(Loss) before interest & tax				
-- Fasteners Products	5,082	4,431	651	14.69%
-- Wire Products	3,500	2,666	834	31.28%
-- Investment Holding	(252)	(22)	(230)	1045.45%
	<u>8,330</u>	<u>7,075</u>	1,255	17.74%
Profit/(Loss) before tax				
-- Fasteners Products	5,043	4,230	813	19.22%
-- Wire Products	3,395	2,633	762	28.94%
-- Investment Holding	(252)	(22)	(230)	-1045.45%
	<u>8,186</u>	<u>6,841</u>	1,345	19.66%
Profit/(Loss) after tax attributable to ordinary equity holders of the parent				
-- Fasteners Products	3,413	3,211	202	6.29%
-- Wire Products	2,581	1,976	605	-30.62%
-- Investment Holding	(252)	(22)	(230)	-1045.45%
	<u>5,742</u>	<u>5,165</u>	577	11.17%

The Group recorded a total revenue of RM118.60 million and profit before tax of RM8.19 million for the current quarter under review.

Fasteners Products

The revenue of the Fastener Products Division is RM82.58 million in the current quarter as compared to RM74.88 million in the immediate preceding quarter. The higher sales in the current quarter was mainly due to the gradual recovery in demand after 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 RM5.04 million, increase by 19.22% as compared to RM4.23 million recorded in the last reporting quarter.

Wire Products

The Wire Products Division recorded a revenue of RM36.03 million in the current reporting quarter representing an increase of 10.81% as compared to the RM32.52 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 RM3.40 million in the current quarter as compared to RM2.63 million in the immediate preceding quarter.

B3. Prospects of Remaining Quarters

The market outlook for the Group in the remaining quarters of the current financial year is expected to remain challenging. The global 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. However the deliveries to the US market were not significantly interrupted. The orders from the US market is expected to continue for the rest of the year. Despite the challenges, the Group expects more orders to be secured by the Fasteners division in the second half of the current financial year as the customers in Europe market starts to replenish their inventory in addition to the increasing wire rod market price.

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 financial year 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	3,381	6,596
Impairment loss charge on receivables	841	1,514
Interest expense	190	378
Interest income	(543)	(781)
Gain on disposal of property, plant and equipment	(855)	(855)
Property, plant and equipment written off	6	5
Unrealised loss/(gain) on foreign exchange	626	1,320
Realised gain on foreign exchange	(817)	(2,194)
Rental income	(108)	(215)

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 6 months ended	
	31.12.20 RM'000	31.12.19 RM'000	31.12.20 RM'000	31.12.19 RM'000
- Current tax	(2,672)	(1,099)	(4,348)	(2,930)
- Deferred tax liabilities	228	(32)	228	(32)
	<u>(2,444)</u>	<u>(1,131)</u>	<u>(4,120)</u>	<u>(2,962)</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 mainly due some of the expenses are not tax deductible.

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 31.12.2020	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	-	-
Overdraft	-	-	-
Onshore foreign currency loans	26,772	-	26,772
Short term loans	4,373	-	4,373
	<u>31,145</u>	<u>-</u>	<u>31,145</u>
As as 31.12.19			
Secured:			
Short term			
Bankers acceptance	-	56,763	56,763
Onshore foreign currency loans	22,228	-	22,228
Short term loans	17,881	-	17,881
	<u>40,109</u>	<u>56,763</u>	<u>96,872</u>

a. The total borrowings as at the end of the reporting period reduced to RM31.15 million as compared to RM96.87 million as of 31.12.2019. As such the total finance cost in the current financial period decreased to RM0.38 million as compared to RM1.34 million in the preceding year.

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

	31.12.20 %	31.12.19 %
Borrowings denominated in RM		
- Bankers acceptance	-	3.53
- Overdraft	-	0.00
Borrowings denominated in USD		
- Onshore foreign currency loans	0.62	2.14
- Short term loans	2.30	4.37

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 except the followings:

- a. On 10 December 2020, Chin Well Service Centre (“CWSC”), the wholly-owned subsidiary of the Company, filed a Writ of Summons and a Statement of Claim dated 10 December 2020 in the High Court of Malaya at Kuala Lumpur against Lifomax Woodbuild Sdn Bhd and Novamas Enterprise Sdn Bhd (collectively, “the Defendants”) through a firm of lawyers acting on its behalf.

The Claim sets out that 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 product purportedly because of the non-delivery of the products that the filing of this action has become necessary.

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.

Both Lifomax Woodbuild Sdn Bhd (“Lifomax”) and Novamas Enterprise Sdn Bhd (“Novamas”) have filed their respective Defence to the claim and CWSC intends to file a Reply to both Defence.

- b. On 8 December 2020, Chin Well Service Centre (“CWSC”), the wholly-owned subsidiary of the Company, filed a Writ of Summons and a Statement of Claim dated 8 December 2020 in the High Court of Malaya at Kuala Lumpur against NHJ Marketing Sdn Bhd (“NHJ”), Ng Han John and Ng Han Jim (collectively “the Defendants”) through a firm of lawyers acting on its behalf. Ng Han John and Ng Han Jim are the directors of NHJ.

The Claim sets out that CWSC had placed orders of various steel products with NHJ on diverse dates in 2019 and 2020 for NHJ to deliver the products to a customer of CWSC, namely NBH Service Centre Sdn Bhd. On NHJ producing invoices accompanied by delivery orders affording evidence of the delivery of the products to NBHSC, CWSC was induced to pay NHJ the aggregate sum of RM19,800,000 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.

CWSC is claiming the sum of :

- i. RM19,800,000 against the NHJ;
- ii. A Declaration that the Ng Han John and Ng Han Jim are liable personally in the sum of RM19,800,000.00 to CWSC;
- iii. Judgment for the sum of RM19,800,000.00 against Ng Han John and Ng Han Jim; and
- iv. Costs of this action to be paid by the Defendants to CWSC on client-solicitor basis; and
- v. Such further and other relief and order the Honorable Court deems fit.

The Defendants have filed their respective Defence to the claim and CWSC intends to file a Reply to the respective Defence.

B11. Proposed Dividend

- a. Dividend declared during the current reporting quarter and the corresponding quarter:

	Current Quarter	Current Quarter
Interim dividend for the financial year	30.6.2021	30.6.2020
Declared and approved on	26.2.2021	27.2.2020
Entitlement date	23.4.2021	24.4.2020
Payment date	21.5.2021	22.5.2020
Dividend per share	1.50 sen	1.50 sen
Dividend % (Single Tier)	3.0%(single tier)	3.0% (single tier)
Net dividend payable	RM4,331,329	RM4,387,857

- 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 6 months ended	
	30.09.20	31.12.19	30.09.20	31.12.19
Profit after tax Attributable to owners of the Company (RM'000)	5,742	4,276	10,907	10,989
Weighted average number of ordinary shares ('000)	289,218	293,435	289,218	293,435
Basic Earnings Per Share (sen)	1.99	1.46	3.77	3.74

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	1.99	1.46	3.77	3.74
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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.