

CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021 - UNAUDITED

	Unaudited	Audited
	As at	As at
	31.03.21	30.06.20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	156,628	162,278
Investment properties	4,673	4,723
Right of use assets	786	983
Other receivable	28,954	-
Deferred tax assets	-	-
	<u>191,041</u>	<u>167,984</u>
Current assets		
Inventories	272,232	262,643
Trade and other receivables	142,255	126,370
Current tax assets	5,967	11,226
Cash and bank balances	90,501	110,322
	<u>510,955</u>	<u>510,561</u>
TOTAL ASSETS	<u>701,996</u>	<u>678,545</u>
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	394,321	390,833
Total equity	<u>572,250</u>	<u>568,762</u>
Non-current liabilities		
Lease liabilities	572	751
Deferred tax liabilities	9,398	9,328
	<u>9,970</u>	<u>10,079</u>
Current liabilities		
Trade and other payables	42,095	27,547
Contract Liabilities	-	1,573
Borrowings	73,078	70,344
Lease liabilities	240	240
Dividend Payable	4,363	-
	<u>119,776</u>	<u>99,704</u>
Total liabilities	<u>129,746</u>	<u>109,783</u>
TOTAL EQUITY AND LIABILITIES	<u>701,996</u>	<u>678,545</u>
Net assets per share (RM)	1.99	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 9 MONTHS PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31.03.21 RM'000	31.03.20 RM'000	31.03.21 RM'000	31.03.20 RM'000
Revenue	135,314	150,401	361,310	453,569
Cost of sales	<u>(112,598)</u>	<u>(135,850)</u>	<u>(310,007)</u>	<u>(412,683)</u>
Gross profit	22,716	14,551	51,303	40,886
Other income	1,028	2,901	3,830	5,096
Administrative expenses	(7,421)	(4,807)	(18,407)	(13,944)
Selling and distribution expenses	<u>(6,860)</u>	<u>(2,380)</u>	<u>(11,857)</u>	<u>(6,483)</u>
Operating profit	9,463	10,265	24,869	25,555
Finance costs	<u>(189)</u>	<u>(631)</u>	<u>(568)</u>	<u>(1,970)</u>
Profit before tax	9,274	9,634	24,301	23,585
Tax expense	<u>(1,896)</u>	<u>(1,612)</u>	<u>(6,016)</u>	<u>(4,574)</u>
Profit for the financial period/year	7,378	8,022	18,285	19,011
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>(44)</u>	<u>6,963</u>	<u>(9,375)</u>	<u>5,692</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u><u>7,334</u></u>	<u><u>14,985</u></u>	<u><u>8,910</u></u>	<u><u>24,703</u></u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u><u>2.57</u></u>	<u><u>2.74</u></u>	<u><u>6.37</u></u>	<u><u>6.49</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 9 MONTHS PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	----- Non-distributable -----			Distributable		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000 Note (1)	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	-	-	-	(9,375)	-	(9,375)
Profit for the financial year	-	-	-	-	18,285	18,285
Total comprehensive income for the financial year	-	-	-	(9,375)	18,285	8,910
Transactions with owners:						
Purchase of treasury shares	-	-	(1,059)	-	-	(1,059)
Dividends	-	-	-	-	(4,363)	(4,363)
Total transactions with owners	-	-	(1,059)	-	(4,363)	(5,422)
At 31 March 2021	<u>177,929</u>	<u>-</u>	<u>(16,360)</u>	<u>27,922</u>	<u>382,759</u>	<u>572,250</u>
At 1 July 2019	177,929	-	(10,164)	28,991	380,612	577,368
Foreign exchange differences on translation	-	-	-	5,692	-	5,692
Profit for the financial year	-	-	-	-	19,011	19,011
Total comprehensive income for the financial year	-	-	-	5,692	19,011	24,703
Transaction with owners:						
Purchase of treasury shares	-	-	(3,913)	-	-	(3,913)
Dividends	-	-	-	-	(14,193)	(14,193)
Total transactions with owners	-	-	(3,913)	-	(14,193)	(18,106)
At 31 March 2020	<u>177,929</u>	<u>-</u>	<u>(14,077)</u>	<u>34,683</u>	<u>385,430</u>	<u>583,965</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 9 MONTHS PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	31.03.21	31.03.20
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	24,301	23,585
Adjustments for:		
Depreciation	9,822	9,530
Gain on disposal of property, plant and equipment	-	(51)
Impairment loss charge on receivables	2,521	875
Interest expense	568	1,970
Interest income	(1,025)	(2,382)
Loss/(Gain) on disposal of property, plant and equipment	(854)	-
Property, plant and equipment written off	-	2
Inventory written down	-	-
Unrealised loss/(gain) on foreign exchange	395	(1,830)
Operating profit before working capital changes	35,728	31,699
(Increase)/Decrease in inventories	(15,306)	4,550
Increase in receivables	(49,767)	(13,033)
Increase/(Decrease) in payables	17,424	(632)
Cash (used in)/from operation	(11,921)	22,584
Interest paid	(568)	(1,970)
Income tax paid	(588)	(10,444)
Net cash (used in)/from operating activities	(13,077)	10,170
Cash flows from investing activities		
Interest received	1,025	2,382
Proceeds from disposal of property, plant and equipment	1,149	51
Purchase of property, plant and equipment	(8,077)	(17,742)
Net cash used in investing activities	(5,903)	(15,309)
Cash flows from financing activities		
Dividend paid	-	(9,835)
Net change in borrowings	2,734	10,011
Payment of principal portion of lease liabilities	(178)	
Purchase of treasury shares	(1,059)	(3,913)
Net cash from/(used in) financing activities	1,497	(3,737)
Net decrease in cash and bank balances	(17,483)	(8,876)
Effect of changes in exchange rate on cash and bank balances	(2,338)	1,567
Cash and bank balances at beginning	110,322	124,217
Cash and bank balances at end	90,501	116,908

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.

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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	1,053,100	1,058,950
Repurchase of own shares as of 31.03.2021	11,208,500	16,360,017

A8. Dividend Paid

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

	Financial period ended 31.03.20 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
	<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
9 months ended 31 March 2021					
Revenue					
External revenue	253,821	107,489	-	-	361,310
Inter-segment revenue	-	-	22,393	(22,393)	-
Total revenue	<u>253,821</u>	<u>107,489</u>	<u>22,393</u>	<u>(22,393)</u>	<u>361,310</u>
Results					
Segment profit	21,513	12,593	21,953	(22,393)	33,666
Finance costs	(311)	(256)	-	-	(567)
Interest income	804	54	167	-	1,025
Depreciation	(6,951)	(2,872)	-	-	(9,823)
Profit before tax	<u>15,055</u>	<u>9,519</u>	<u>22,120</u>	<u>(22,393)</u>	<u>24,301</u>
Segment assets	<u>562,374</u>	<u>139,059</u>	<u>352,582</u>	<u>(352,019)</u>	<u>701,996</u>
Segment liabilities	<u>173,368</u>	<u>47,904</u>	<u>4,590</u>	<u>(96,116)</u>	<u>129,746</u>
	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
9 months ended 31 March 2010					
Revenue					
External revenue	370,435	83,134	-	-	453,569
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>370,435</u>	<u>83,134</u>	<u>-</u>	<u>-</u>	<u>453,569</u>
Results					
Segment profit	28,036	4,526	141	-	32,703
Finance costs	(1,468)	(502)	-	-	(1,970)
Interest income	1,524	292	566	-	2,382
Depreciation	(6,663)	(2,867)	-	-	(9,530)
Profit before tax	<u>21,429</u>	<u>1,449</u>	<u>707</u>	<u>-</u>	<u>23,585</u>
Segment assets	<u>588,677</u>	<u>112,684</u>	<u>345,011</u>	<u>(320,248)</u>	<u>726,124</u>
Segment liabilities	<u>115,697</u>	<u>28,522</u>	<u>4,399</u>	<u>(6,459)</u>	<u>142,159</u>

(ii) Analysis by geographical segments

	Revenue 9 months		Non-current Assets*	
	ended 31.03.21 RM'000	ended 31.03.20 RM'000	as at 31.03.21 RM'000	as at 31.03.20 RM'000
Malaysia	118,705	230,905	126,556	101,464
Vietnam	2,233	2,194	64,485	67,389
Other Asian countries	34,999	50,050	-	-
European countries	86,607	79,335	-	-
North America	112,609	84,758	-	-
Others	5,157	6,327	-	-
	<u>360,310</u>	<u>453,569</u>	<u>191,041</u>	<u>168,853</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>4,281</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	%	9 months ended		RM'000	%
	31.03.21	31.03.20			31.03.21	31.03.20		
	RM'000	RM'000			RM'000	RM'000		
Revenue - Business Segments								
-- Fasteners Products	96,369	123,514	(27,145)	-22.0%	253,821	370,435	(116,614)	-31.5%
-- Wire Products	38,945	26,887	12,058	44.8%	107,489	83,134	24,355	29.3%
	<u>135,314</u>	<u>150,401</u>	<u>(15,087)</u>	<u>-10.0%</u>	<u>361,310</u>	<u>453,569</u>	<u>(92,259)</u>	<u>-20.3%</u>
Profit/(Loss) before interest & tax								
-- Fasteners Products	5,854	8,775	(2,921)	-33.3%	15,367	22,897	(7,530)	-32.9%
-- Wire Products	3,609	1,177	2,432	206.6%	9,775	1,951	7,824	401.0%
-- Investment Holding	1	313	(312)	-99.7%	(273)	707	(980)	-138.6%
	<u>9,464</u>	<u>10,265</u>	<u>(801)</u>	<u>-7.8%</u>	<u>24,869</u>	<u>25,555</u>	<u>(686)</u>	<u>-2.7%</u>
Profit/(Loss) before tax								
-- Fasteners Products	5,782	8,307	(2,525)	-30.4%	15,055	21,429	(6,374)	-29.7%
-- Wire Products	3,491	1,014	2,477	244.3%	9,519	1,449	8,070	556.9%
-- Investment Holding	1	313	(312)	-99.7%	(273)	707	(980)	-138.6%
	<u>9,274</u>	<u>9,634</u>	<u>(360)</u>	<u>-3.7%</u>	<u>24,301</u>	<u>23,585</u>	<u>716</u>	<u>3.0%</u>
Profit/(Loss) after tax attributable to ordinary equity holders of the parent								
-- Fasteners Products	4,724	6,935	(2,211)	-31.9%	11,348	17,228	(5,880)	-34.1%
-- Wire Products	2,653	821	1,832	223.1%	7,210	1,126	6,084	540.3%
-- Investment Holding	1	266	(265)	-99.6%	(273)	657	(930)	-141.6%
	<u>7,378</u>	<u>8,022</u>	<u>(644)</u>	<u>-8.0%</u>	<u>18,285</u>	<u>19,011</u>	<u>(726)</u>	<u>-3.8%</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 RM361.31 million and RM24.30 million respectively. Total revenue of the Group reduced by 20.3% in the current period to date. The main reason for lower revenue is due to there being no trading of steel bar in the current year to date. Despite the lower revenue, the Group was able to improve its profit before tax to RM24.30 million as compared to RM 23.59 million in the corresponding period of the immediate preceding year due to better margin achieved which was mainly contributed by the Wire division in the current reporting period to date.

The equity attributable to the owners of the Company increased to RM572.25 million as at 31.03.2021 as compared to RM568.76 million as at 30.6.2020 after recognition of the profit after tax and dividend of RM13.92 million(declaration of dividend for RM4.36 million) , set off with the foreign exchange differences on translation in the current financial period of RM9.38 million. The Company has bought back its own share from the market with a total value of RM1.06 million in the current reporting period to date.

In view of the shortage of supply of wire rod in the global market, the Group had been stocking up its raw material to ensure that there is sufficient inventory for its production requirement. There is an increase in deposit paid to suppliers for purchases of raw material in the current reporting period to date as compared to the corresponding period in the last financial year. Due to the uncertain global economic conditions, the Group had tightened up its capital expenditure, incurring less expenditure on fixed assets in the current financial period to date as compared to the corresponding financial period to date. Lower bank borrowings had been drawn down 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 RM90.50 million lower by RM26.41 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 RM96.37 million in the current reporting quarter which represents a decrease of 22.0% as compared to the preceding year corresponding period. There was minimal trading of steel bar in the current quarter which resulted in lower turnover for the division. As a result the lower revenue generated, the profit before tax of the division dropped by 30.4% to RM5.78 million in the current reporting quarter as compared to the preceding year corresponding period. The profit before tax of the division also affected by the significant increase in international shipping cost.

Wire Products

The Wire Products division achieved higher sales of RM38.95 million in the current reporting period which represents an increase of 44.8% as compared to the corresponding period in the immediate preceding year. The division managed to secure more local orders with better profit margin leading to higher profit before tax of RM3.49 million as compared to RM1.01 million in the preceding year corresponding period.

Cumulative Quarter

The Group recorded a total revenue of RM361.31 million and a profit before tax of RM24.30 million in the current financial year to date.

Fasteners Products Division

The division recorded a total revenue of RM253.82 million in the current financial period to date which represents a decrease of 31.5% as compared to the preceding financial year. The reduction in turnover is mainly due to the drop in the trading of steel bar for the current period to date. This coupled with the surge of international shipping cost and provision for impairment of trade receivables of RM2.52 million resulted in the profit before tax of the division decreasing by 29.7% to RM15.06 million in the current reporting period to date.

Wire Products Division

The Wire Products Division recorded a higher revenue of RM107.49 million and profit before tax of RM9.52 million in the current financial period to date due to higher local demand with better margin.

B2. Variation of Results Against Preceding Quarter

	3 months ended 31.03.21 RM'000	3 months ended 31.12.20 RM'000	Changes	
			RM'000	%
Revenue - Business Segments				
-- Fasteners Products	96,369	82,575	13,794	16.70%
-- Wire Products	38,945	36,029	2,916	8.09%
	<u>135,314</u>	<u>118,604</u>	16,710	14.09%
Profit/(Loss) before interest & tax				
-- Fasteners Products	5,854	5,082	772	15.19%
-- Wire Products	3,609	3,500	109	3.11%
-- Investment Holding	1	(252)	253	-100.40%
	<u>9,464</u>	<u>8,330</u>	1,134	13.61%
Profit/(Loss) before tax				
-- Fasteners Products	5,782	5,043	739	14.65%
-- Wire Products	3,491	3,395	96	2.83%
-- Investment Holding	1	(252)	253	100.40%
	<u>9,274</u>	<u>8,186</u>	1,088	13.29%
Profit/(Loss) after tax attributable to ordinary equity holders of the parent				
-- Fasteners Products	4,724	3,413	1,311	38.41%
-- Wire Products	2,653	2,581	72	-2.79%
-- Investment Holding	1	(252)	253	100.40%
	<u>7,378</u>	<u>5,742</u>	1,636	28.49%

The Group recorded a total revenue of RM135.31 million and profit before tax of RM9.27 million for the current quarter under review.

Fasteners Products

The revenue of the Fastener Products Division is RM96.37 million in the current quarter as compared to RM82.58 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. Demand from Europe market rebounded as the customers started to replenish their stock. Accordingly, profit before tax of the division in the current reporting quarter increased by 14.65% to RM5.78 million in the current quarter.

Wire Products

The Wire Products Division recorded a revenue of RM38.95 million in the current reporting quarter representing an increase of 8.09% as compared to the RM36.03 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 RM3.49 million in the current quarter as compared to RM3.40 million in the immediate preceding quarter.

B3. Prospects of Remaining Quarter

The market outlook for the Group in the remaining quarter 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 in the remaining quarter of the financial year. Despite the challenges, the Group expects more orders may be secured by the Fasteners division in the remaining quarter of the current financial year as the customers in Europe market had started to replenish their inventory and the Division will benefit from 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 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	3,226	9,822
Impairment loss charge on receivables	1,007	2,521
Interest expense	190	568
Interest income	(244)	(1,025)
Gain on disposal of property, plant and equipment	1	(854)
Property, plant and equipment written off	(5)	-
Unrealised loss/(gain) on foreign exchange	(925)	395
Realised gain on foreign exchange	467	(1,727)
Rental income	(107)	(322)

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 9 months ended	
	31.03.21 RM'000	31.03.20 RM'000	31.03.21 RM'000	31.03.20 RM'000
- Current tax	(1,966)	(1,561)	(6,086)	(4,523)
- Deferred tax liabilities	70	(51)	70	(51)
	<u>(1,896)</u>	<u>(1,612)</u>	<u>(6,016)</u>	<u>(4,574)</u>

The Group's effective tax rate for the current period under review is slightly higher than the Malaysian statutory income tax rate of 24%. This is mainly due some of the expenses which 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 31.03.2021	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	7,775	7,775
Overdraft	-	-	-
Onshore foreign currency loans	48,585	-	48,585
Short term loans	16,718	-	16,718
	<u>65,303</u>	<u>7,775</u>	<u>73,078</u>
As as 31.03.20			
Secured:			
Short term			
Bankers acceptance	-	57,468	57,468
Onshore foreign currency loans	27,945	-	27,945
Short term loans	14,030	-	14,030
	<u>41,975</u>	<u>57,468</u>	<u>99,443</u>

a. The total borrowings as at the end of the reporting period reduced to RM73.08 million as compared to RM99.44 million as of 31.03.2020. The reduced borrowings together with the reduction in interest rate resulted in the total finance cost in the current financial period decreasing to RM0.57 million as compared to RM1.97 million in the preceding year.

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

	31.03.21 %	31.03.20 %
Borrowings denominated in RM		
- Bankers acceptance	2.04	3.25
- Overdraft	-	-
Borrowings denominated in USD		
- Onshore foreign currency loans	0.46	1.33
- Short term loans	2.19	2.61

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 had filed a Writ of Summon 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 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. 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 had filed a Writ of Summon 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 the 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 (NBHSC). On NHJ producing invoices accompanied by delivery orders affording evidence of the delivery of the of the products to NBHSC, CWSC 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
- iv. 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.

- c. CWSC has filed an application to consolidate the said suit against NHJ, Ng Han John and Ng Han Jim with the said suit against Lifomax and Novamas (the "Consolidation Application"). CWSC has further filed an application for stay of proceedings in respect of CWSC's suit against Lifomax and Novamas pending the disposal of the Consolidation Application.

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	RM4,363,021	RM4,387,857

- b. The total dividend declared for the current financial year ended 30 June 2021 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		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	31.03.21	31.03.20	31.03.21	31.03.20
Profit after tax				
Attributable to owners of the Company (RM'000)	7,378	8,022	18,285	19,011
Weighted average number of ordinary shares ('000)	286,965	292,966	286,965	292,966
Basic Earnings Per Share (sen)	2.57	2.74	6.37	6.49

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	2.57	2.74	6.37	6.49
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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.