

CHIN WELL HOLDINGS BERHAD
(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 - UNAUDITED

	Unaudited	Audited
	As at	As at
	30.06.21	30.06.20
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	157,222	162,278
Investment properties	5,341	4,723
Right of use assets	721	983
Other receivable	23,331	-
Deferred tax assets	136	-
	<u>186,751</u>	<u>167,984</u>
Current assets		
Inventories	325,432	262,643
Trade and other receivables	110,330	126,370
Current tax assets	6,563	11,226
Cash and bank balances	85,815	110,322
	<u>528,140</u>	<u>510,561</u>
TOTAL ASSETS	714,891	678,545
EQUITY AND LIABILITIES		
Share capital	177,929	177,929
Reserves	402,502	390,833
Total equity	<u>580,431</u>	<u>568,762</u>
Non-current liabilities		
Lease liabilities	257	751
Deferred tax liabilities	8,379	9,328
	<u>8,636</u>	<u>10,079</u>
Current liabilities		
Trade and other payables	33,986	27,547
Contract Liabilities	978	1,573
Borrowings	89,357	70,344
Lease liabilities	494	240
Provision for Tax	1,009	-
	<u>125,824</u>	<u>99,704</u>
Total liabilities	<u>134,460</u>	<u>109,783</u>
TOTAL EQUITY AND LIABILITIES	714,891	678,545
Net assets per share (RM)	2.01	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 12 MONTHS PERIOD ENDED 30 JUNE 2021 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.21 RM'000	30.06.20 RM'000	30.06.21 RM'000	30.06.20 RM'000
Revenue	130,345	81,339	491,655	534,908
Cost of sales	<u>(109,126)</u>	<u>(73,942)</u>	<u>(419,133)</u>	<u>(486,625)</u>
Gross profit	21,219	7,397	72,522	48,283
Other income	2,713	2,009	6,543	7,105
Administrative expenses	(9,064)	(23,496)	(27,471)	(37,440)
Selling and distribution expenses	<u>(3,266)</u>	<u>(1,750)</u>	<u>(15,123)</u>	<u>(8,233)</u>
Operating profit	11,602	(15,840)	36,471	9,715
Finance costs	<u>(2,823)</u>	<u>(444)</u>	<u>(3,391)</u>	<u>(2,414)</u>
Profit before tax	8,779	(16,284)	33,080	7,301
Tax expense	<u>(3,671)</u>	<u>(309)</u>	<u>(9,687)</u>	<u>(4,883)</u>
Profit for the financial period/year	5,108	(16,593)	23,393	2,418
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>5,523</u>	<u>2,614</u>	<u>(3,852)</u>	<u>8,306</u>
Total comprehensive income attributable to the owners of the company for the financial period/year	<u><u>10,631</u></u>	<u><u>(13,979)</u></u>	<u><u>19,541</u></u>	<u><u>10,724</u></u>
Earnings per share attributable to owners of the Company (sen)				
- Basic/Diluted	<u><u>1.77</u></u>	<u><u>(5.66)</u></u>	<u><u>8.11</u></u>	<u><u>0.83</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.

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(371551-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS PERIOD ENDED 30 JUNE 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	-	-	-	(3,852)	-	(3,852)
Profit for the financial year	-	-	-	-	23,393	23,393
Total comprehensive income for the financial year	-	-	-	(3,852)	23,393	19,541
Transactions with owners:						
Purchase of treasury shares	-	-	(3,564)	-	-	(3,564)
Dividends	-	-	-	-	(4,308)	(4,308)
Total transactions with owners	-	-	(3,564)	-	(4,308)	(7,872)
At 30 June 2021	<u>177,929</u>	<u>-</u>	<u>(18,865)</u>	<u>33,445</u>	<u>387,922</u>	<u>580,431</u>
At 1 July 2019	177,929	-	(10,164)	28,991	380,612	577,368
Foreign exchange differences on translation	-	-	-	8,306	-	8,306
Profit for the financial year	-	-	-	-	2,418	2,418
Total comprehensive income for the financial year	-	-	-	8,306	2,418	10,724
Transaction with owners:						
Purchase of treasury shares	-	-	(5,137)	-	-	(5,137)
Dividends	-	-	-	-	(14,193)	(14,193)
Total transactions with owners	-	-	(5,137)	-	(14,193)	(19,330)
At 30 June 2020	<u>177,929</u>	<u>-</u>	<u>(15,301)</u>	<u>37,297</u>	<u>368,837</u>	<u>568,762</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

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 12 MONTHS PERIOD ENDED 30 JUNE 2021 - UNAUDITED

	30.06.21	30.06.20
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	33,080	7,300
Adjustments for:		
Depreciation	13,751	13,114
Gain on disposal of property, plant and equipment	(853)	(51)
Impairment loss charge on receivables	5,560	18,599
Interest expense	773	2,414
Interest income	(1,814)	(3,761)
Unwinding interest	2,618	-
Property, plant and equipment written off	1	185
Inventory written down	-	521
Unrealised loss on foreign exchange	1,012	401
	54,128	38,722
Operating profit before working capital changes	54,128	38,722
(Increase)/Decrease in inventories	(65,092)	7,024
(Increase)/Decrease in receivables	(17,215)	4,816
Increase/(Decrease) in payables	7,674	(1,769)
	(20,505)	48,793
Cash (used in)/from operation	(20,505)	48,793
Interest paid	(773)	(2,414)
Income tax paid	(5,058)	(9,705)
	(26,336)	36,674
Net cash (used in)/from operating activities	(26,336)	36,674
Cash flows from investing activities		
Interest received	1,814	3,761
Proceeds from disposal of property, plant and equipment	1,150	51
Purchase of property, plant and equipment	(10,941)	(18,806)
Net cash used in investing activities	(7,977)	(14,994)
Cash flows from financing activities		
Dividend paid	(4,307)	(14,193)
Net change in borrowings	19,093	(19,091)
Payment of principal portion of lease liabilities	(300)	(58)
Purchase of treasury shares	(3,564)	(5,137)
Net cash from/(used in) financing activities	10,922	(38,479)
Net decrease in cash and bank balances	(23,391)	(16,799)
Effect of changes in exchange rate on cash and bank balances	(1,116)	2,904
Cash and bank balances at beginning	110,322	124,217
Cash and bank balances at end	85,815	110,322

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

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

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 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 o

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	2,914,400	3,564,059
Repurchase of own shares as of 30.06.2021	13,069,800	18,865,126

A8. Dividend Paid

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

	Financial period ended 30.06.21 RM
First interim single tier dividend paid on 21 May 2021 for the financial year ended 30 June 2021 - 1.50 sen per ordinary share	4,307,407
	<u>4,307,407</u>
	Financial period ended 30.06.20 RM
Second interim single tier dividend paid on 22 November 2019 for the financial year ended 30 June 2019 - 3.35 sen per ordinary share	9,835,160
First interim single tier dividend paid on 22 May 2020 for the financial year ended 30 June 2020 - 1.50 sen per ordinary share	4,357,504
	<u>14,192,664</u>

A9. Segment Information

Segment information is presented in respect of the Group's business segments. Inter-segment pricing is determined based on negotiated basis.

(i) Analysis by business segments

	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination/ Adjustment RM'000	Group RM'000
12 months ended 30 June 2021					
Revenue					
External revenue	352,293	139,362	-	-	491,655
Inter-segment revenue	-	-	22,633	(22,633)	-
Total revenue	<u>352,293</u>	<u>139,362</u>	<u>22,633</u>	<u>(22,633)</u>	<u>491,655</u>
Results					
Segment profit	31,712	18,014	21,890	(23,208)	48,408
Finance costs	(3,267)	(361)	-	237	(3,391)
Interest income	1,527	71	453	(237)	1,814
Depreciation	(9,915)	(3,836)	-	-	(13,751)
Profit before tax	<u>20,057</u>	<u>13,888</u>	<u>22,343</u>	<u>(23,208)</u>	<u>33,080</u>
Segment assets	<u>577,587</u>	<u>142,216</u>	<u>345,997</u>	<u>(350,909)</u>	<u>714,891</u>
Segment liabilities	<u>172,980</u>	<u>48,472</u>	<u>533</u>	<u>(87,525)</u>	<u>134,460</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	Fastener Products RM'000	Wire Products RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
12 months ended 30 June 2020					
Revenue					
External revenue	436,338	98,570	-	-	534,908
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>436,338</u>	<u>98,570</u>	<u>-</u>	<u>-</u>	<u>534,908</u>
Results					
Segment profit	13,900	5,367	(198)	-	19,069
Finance costs	(1,843)	(571)	-	-	(2,414)
Interest income	2,907	123	731	-	3,761
Depreciation	(9,270)	(3,844)	-	-	(13,114)
Profit before tax	<u>5,694</u>	<u>1,074</u>	<u>533</u>	<u>-</u>	<u>7,301</u>
Segment assets	<u>553,582</u>	<u>100,152</u>	<u>346,168</u>	<u>(321,357)</u>	<u>678,545</u>
Segment liabilities	<u>158,836</u>	<u>16,229</u>	<u>539</u>	<u>(65,821)</u>	<u>109,783</u>

(ii) Analysis by geographical segments

	Revenue 12 months		Non-current Assets*	
	ended 30.06.21 RM'000	ended 30.06.20 RM'000	as at 30.06.21 RM'000	as at 30.06.20 RM'000
Malaysia	156,570	251,647	119,567	101,150
Vietnam	2,940	3,331	67,184	66,834
Other Asian countries	44,730	55,984	-	-
European countries	137,680	96,207	-	-
North America	140,856	120,786	-	-
Others	8,879	6,953	-	-
	<u>491,655</u>	<u>534,908</u>	<u>186,751</u>	<u>167,984</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>1,861</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 3 months ended		Changes		Cumulative Quarter 12 months ended		Changes	
	30.06.21 RM'000	30.06.20 RM'000	RM'000	%	30.06.21 RM'000	30.06.20 RM'000	RM'000	%
Revenue - Business Segments								
-- Fasteners Products	98,472	65,903	32,569	49.4%	352,293	436,338	(84,045)	-19.3%
-- Wire Products	31,873	15,436	16,437	106.5%	139,362	98,570	40,792	41.4%
	<u>130,345</u>	<u>81,339</u>	<u>49,006</u>	<u>60.2%</u>	<u>491,655</u>	<u>534,908</u>	<u>(43,253)</u>	<u>-8.1%</u>
Profit/(Loss) before interest & tax								
-- Fasteners Products	7,957	(15,366)	23,323	-151.8%	23,324	7,531	15,793	209.7%
-- Wire Products	4,474	(306)	4,780	-1562.1%	14,249	1,645	12,604	766.2%
-- Investment Holding	(829)	(168)	(661)	394.0%	(1,102)	539	(1,641)	-304.4%
	<u>11,602</u>	<u>(15,840)</u>	<u>27,442</u>	<u>-173.2%</u>	<u>36,471</u>	<u>9,715</u>	<u>26,756</u>	<u>275.4%</u>
Profit/(Loss) before tax								
-- Fasteners Products	5,002	(15,741)	20,743	-131.8%	20,057	5,694	14,363	252.2%
-- Wire Products	4,369	(375)	4,744	-1265.1%	13,888	1,074	12,814	1193.1%
-- Investment Holding	(592)	(168)	(424)	252.7%	(865)	533	(1,398)	-262.3%
	<u>8,779</u>	<u>(16,284)</u>	<u>25,063</u>	<u>-153.9%</u>	<u>33,080</u>	<u>7,301</u>	<u>25,779</u>	<u>353.1%</u>
Profit/(Loss) after tax attributable to ordinary equity holders of the parent								
-- Fasteners Products	2,178	(16,178)	18,356	-113.5%	13,526	1,050	12,476	1188.2%
-- Wire Products	3,579	(291)	3,870	-1329.3%	10,789	835	9,954	1192.3%
-- Investment Holding	(649)	(124)	(525)	424.1%	(922)	533	(1,455)	-272.9%
	<u>5,108</u>	<u>(16,593)</u>	<u>21,701</u>	<u>-130.8%</u>	<u>23,393</u>	<u>2,418</u>	<u>20,975</u>	<u>867.4%</u>

Overall Review of Group' Financial Performance

During the current financial year, the Group recorded a total revenue and total profit before tax of RM491.66 million and RM33.08 million respectively. Total revenue of the Group reduced by 8.1% in the current financial year. The main reason for the lower revenue is due to there being no trading of steel bar in the current financial year. Despite the lower revenue, the Group was able to achieve higher profit before tax of RM33.08 million as compared to RM 7.30 million in the immediate preceding year. This was mainly due to better profit margins achieved by both the Fasteners and Wire divisions from its sales in the current financial year and the lower provision for impairment in trade receivables for RM5.56 mil in the current financial year as compared to impairment of RM18.60 mil which was provided in the last financial year.

The equity attributable to the owners of the Company increased to RM580.43 million as at 30.06.2021 as compared to RM568.76 million as at 30.6.2020 after recognition of the profit after tax and declaration of dividend of RM 23.39 million and RM4.31 million respectively. The equity of the Group is reduced by the foreign exchange loss from the translation in the current financial year by RM3.85 million. The Company has bought back its own share from the market with a total value of RM3.56 million in the current financial year.

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 financial year as compared to 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 year as compared to the corresponding financial year. Toward the end of the financial year, the Group had drawdown additional bank borrowings for RM 19.09 mil. The total cash and bank balance of the Group as at the closing date stood at RM85.82 million lower by RM24.51 million as compared to the corresponding period in the last financial year.

Individual Quarter

Fasteners Products

The Fasteners Products Division recorded a higher revenue of RM98.47 million in the current reporting quarter which represented an increase of 49.40% as compared to the preceding year corresponding period. The lower revenue in the preceding year was due to the adverse effect on economic activities as a result of the country lock down following the outbreak of the COVID-19 pandemic in March 2020. In the current reporting period, the demand from the European market had bounced back while the local demand had gradually returned. In addition to the higher revenue generated in the current quarter, the performance of the division in the current reporting quarter improved by RM20.74 million as compared to the preceding year corresponding period as the provision for impairment in trade debtors is lower in the current quarter.

Wire Products

The Wire Products division achieved higher sales of RM31.87 million in the current reporting period which represents an increase of RM16.44mil 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 RM4.37 million as compared to a loss before tax of RM0.38 million in the preceding year corresponding period.

Cumulative Quarter

The Group recorded a total revenue of RM491.66 million and a profit before tax of RM33.08 million in the current financial year.

Fasteners Products Division

The division recorded a total revenue of RM352.29 million in the current financial year which represents a decrease of 19.3% 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 financial year. Despite the lower revenue, the profit before tax of the division improved by RM14.36 mil mainly due to the higher selling price in couple with the lower provision for impairment of trade receivable for RM5.56 mil in the current financial year as compared to the provision for impairment of trade receivables of RM18.60 million in the preceding financial year.

Wire Products Division

The Wire Products Division recorded a higher revenue of RM139.36 million and profit before tax of RM13.89 million in the current financial year due to higher local demand with better margin following the recovery of construction activities from the lockdown of the country in the last quarter of immediate preceding financial year.

B2. Variation of Results Against Preceding Quarter

	3 months ended 30.06.21 RM'000	3 months ended 31.03.21 RM'000	Changes	
			RM'000	%
Revenue - Business Segments				
-- Fasteners Products	98,472	96,369	2,103	2.18%
-- Wire Products	31,873	38,945	(7,072)	-18.16%
	<u>130,345</u>	<u>135,314</u>	(4,969)	-3.67%
Profit/(Loss) before interest & tax				
-- Fasteners Products	7,957	5,854	2,103	35.92%
-- Wire Products	4,474	3,609	865	23.97%
-- Investment Holding	(829)	1	(830)	-83000.00%
	<u>11,602</u>	<u>9,464</u>	2,138	22.59%
Profit/(Loss) before tax				
-- Fasteners Products	5,002	5,782	(780)	-13.49%
-- Wire Products	4,369	3,491	878	25.15%
-- Investment Holding	(592)	1	(593)	-59300.00%
	<u>8,779</u>	<u>9,274</u>	(495)	-5.34%
Profit/(Loss) after tax attributable to ordinary equity holders of the parent				
-- Fasteners Products	2,178	4,724	(2,546)	-53.90%
-- Wire Products	3,579	2,653	926	-34.90%
-- Investment Holding	(649)	1	(650)	-65000.00%
	<u>5,108</u>	<u>7,378</u>	(2,270)	-30.77%

The Group recorded a total revenue of RM130.35 million and profit before tax of RM8.78 million for the current quarter under review.

Fasteners Products

The revenue of the Fastener Products Division is RM98.47 million in the current quarter as compared to RM96.37 mil in the immediate preceding quarter. The profit before tax of the division in the current quarter decreased by 13.49% to RM5.00 mil mainly due to provision for unwinding interest for the non-current receivables.

Wire Products

The Wire Products Division recorded a revenue of RM31.87 million in the current reporting quarter representing a decrease of 18.16% as compared to the RM38.95 million in the immediate preceding quarter. The decrease is mainly due to the adverse impact on production as a result of the full movement control order implemented in June 2021. Nevertheless, division managed to record its profit before tax of at RM4.37 million in the current quarter as compared to RM3.49 million in the immediate preceding quarter.

B3. Prospects of Next Financial Year

The market outlook for the Group in the next financial year is expected to be better as compared to the current financial year. Despite the on-going global uncertainties, the Group expect the global industrial fastener demand will gradually return to pre-pandemic levels in the foreseeable future. In view of the positive progress of the vaccination programme in the country, the Group expect the construction projects in Malaysia which was adversely affected since the Movement Control Order (MCO) period to progressively restart resulting in deliveries to customers in the related industry. The orders from US and Europe are expected to continue to increase in the next financial year. The increasing wire rod market price is also expected to benefit the performance of the Group.

The existing DIY segment in Vietnam 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 an improved performance in the next financial year.

B4. Profit Forecast

There was no profit forecast made in any public document.

B5. Profit For The Period

Included in profit or loss for the current quarter and financial year to to date are as follows:

	Current quarter RM'000	Current Year To date RM'000
Depreciation	3,929	13,751
Impairment loss charge on receivables	3,039	5,560
Interest expense	205	773
Interest income	(789)	(1,814)
Gain on disposal of property, plant and equipment	1	(853)
Unwinding interest	2,618	2,618
Unrealised loss/(gain) on foreign exchange	617	1,012
Realised gain on foreign exchange	(788)	(2,515)
Rental income	(107)	(429)

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments or properties, write off of inventories as well as other exceptional items.

B6. Tax Expense

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30.06.21 RM'000	30.06.20 RM'000	30.06.21 RM'000	30.06.20 RM'000
- Current tax	(2,722)	717	(8,738)	(3,806)
- Deferred tax liabilities	(949)	(1,026)	(949)	(1,077)
	<u>(3,671)</u>	<u>(309)</u>	<u>(9,687)</u>	<u>(4,883)</u>

The Group's effective tax rate for the current period under review is higher than the Malaysian statutory income tax rate of 24%. This is mainly due some of the expenses such as provision for impairment and unwinding interest in trade debtor 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 30.06.2021	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
Secured:			
Short term			
Bankers acceptance	-	1,364	1,364
Overdraft	-	-	-
Onshore foreign currency loans	69,681	-	69,681
Short term loans	18,312	-	18,312
	<u>87,993</u>	<u>1,364</u>	<u>89,357</u>
			-
As as 30.06.20			
Secured:			
Bankers acceptance	-	30,245	30,245
Overdraft	-	-	-
Onshore foreign currency loans	32,789	-	32,789
Short term loans	7,310	-	7,310
	<u>40,099</u>	<u>30,245</u>	<u>70,344</u>
			0

a. The total borrowings as at the end of the reporting period increased to RM89.36 million as compared to RM70.34 million as of 30.06.2020. More bank borrowings was drawdown towards the end of the financial year to stock up on raw material. Lower borrowings during the current financial year coupled with the lower interest rate resulted in the total finance cost in the current financial period decreasing to RM0.77 million as compared to RM2.41 million in the preceding year.

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

	30.06.21 %	30.06.20 %
Borrowings denominated in RM		
- Bankers acceptance	2.04	3.41
Borrowings denominated in USD		
- Onshore foreign currency loans	0.43	1.97
- Short term loans	2.21	2.16

All the borrowings are based on floating interest rates.

c. Borrowings denominated in USD are not hedged to RM as the borrowings will be paid off from the export proceeds of the respective subsidiaries denominated in foreign currencies.

B9. Material Litigation

There was no material litigation during the financial period under review 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 Lifomax/Novamas Claim").

The Lifomax/Novamas 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 Defendants have filed their respective Defences to the claim and CWSC has filed its Reply to both Defences.

The Defendants have also filed applications to strike out the Claim which CWSC is strenuously objecting. The said application to strike out is fixed for hearing on 6 October 2021.

- b. On 8 December 2020, CWSC 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 NHJ Claim").

The NHJ 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 product to a customer of CWSC, namely NBHSC. On NHJ producing invoices accompanied by delivery orders affording evidence of the delivery 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
- v. Such further and other relief and order the Honorable Court deems fit.

The Defendants have filed their respective Defences to the claim and CWSC has filed its Reply to the respective Defences.

The Defendants have also filed applications to strike out the Claim which CWSC is strenuously objecting. The said application to strike out is fixed for hearing on 6 October 2021.

- c. CWSC has succeeded in an application to transfer the NHJ Claim to be heard with the Lifomax/Novamas Claim.

B10. Proposed Dividend

- a. There was no dividend declared in the corresponding quarter in the immediate preceding year and the dividend declared during the current reporting quarter is per below:

	Current Quarter
Interim dividend for the financial year	30.6.2021
Declared and approved on	15.9.2021
Entitlement date	28.10.2021
Payment date	26.11.2021
Dividend per share	1.80 sen
Dividend % (Single Tier)	3.60%(single tier)
Net dividend payable	RM5,156,341

- b. The total dividend declared for the current financial year ended 30 June 2021 is 3.30 sen per share.

B11. 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		12 months ended	
	30.06.21	31.03.20	30.06.21	31.03.20
Profit after tax			-	-
Attributable to owners of the Company (RM'000)	5,108	(16,593)	23,393	2,418
Weighted average number of ordinary shares ('000)	288,570	292,966	288,570	293,084
Basic Earnings Per Share (sen)	1.77	(5.66)	8.11	0.83

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share (sen)	1.77	(5.66)	8.11	0.83
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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.