



# CHIN WELL HOLDINGS BERHAD

(371551-T)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 - UNAUDITED

	Unaudited As at 31.12.18 RM'000	Audited As at 30.06.18 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	155,344	138,961
Investment properties	4,824	4,858
Other investment	168	168
	<u>160,336</u>	<u>143,987</u>
<b>Current assets</b>		
Inventories	265,842	237,172
Trade and other receivables	149,411	161,149
Current tax assets	5,191	5,121
Cash and bank balances	119,380	117,656
	<u>539,824</u>	<u>521,098</u>
<b>TOTAL ASSETS</b>	<b><u>700,160</u></b>	<b><u>665,085</u></b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	177,929	177,929
Reserves	389,054	365,296
<b>Total equity</b>	<b><u>566,983</u></b>	<b><u>543,225</u></b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	7,632	7,905
<b>Current liabilities</b>		
Trade and other payables	41,459	38,599
Borrowings	83,016	73,072
Current tax liabilities	1,070	2,284
	<u>125,545</u>	<u>113,955</u>
<b>Total liabilities</b>	<b><u>133,177</u></b>	<b><u>121,860</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>700,160</u></b>	<b><u>665,085</u></b>
Net assets per share (RM)	1.93	1.85

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 2018. 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 2018 - UNAUDITED

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.12.18 RM'000	31.12.17 RM'000	31.12.18 RM'000	31.12.17 RM'000
Revenue	165,144	160,532	341,480	298,471
Cost of sales	<u>(136,975)</u>	<u>(130,707)</u>	<u>(286,561)</u>	<u>(243,525)</u>
<b>Gross profit</b>	28,169	29,825	54,919	54,946
Other income	1,231	1,622	4,257	3,510
Administrative expenses	(7,050)	(7,595)	(11,684)	(13,735)
Selling and distribution expenses	<u>(2,992)</u>	<u>(4,762)</u>	<u>(5,980)</u>	<u>(8,684)</u>
<b>Operating profit</b>	19,358	19,090	41,512	36,037
Finance costs	<u>(832)</u>	<u>(197)</u>	<u>(1,460)</u>	<u>(445)</u>
<b>Profit before tax</b>	18,526	18,893	40,052	35,592
Tax expense	<u>(2,858)</u>	<u>(3,538)</u>	<u>(6,452)</u>	<u>(6,264)</u>
<b>Profit for the financial period/year</b>	15,668	15,355	33,600	29,328
<b>Other comprehensive income/(loss), net of tax</b>				
<b>Item that will be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	<u>1,070</u>	<u>(522)</u>	<u>2,852</u>	<u>(3,594)</u>
<b>Total comprehensive income attributable to the owners of the company for the financial period/year</b>	<u>16,738</u>	<u>14,833</u>	<u>36,452</u>	<u>25,734</u>
<b>Earnings per share attributable to owners of the Company (sen)</b>				
- Basic/Diluted	<u>5.33</u>	<u>5.14</u>	<u>11.44</u>	<u>9.82</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 2018. 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 2018 - UNAUDITED

	----- Non-distributable -----			Distributable		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
<b>At 1 July 2018</b>	177,929	- <i>Note (1)</i>	(9,424)	26,425	348,295	543,225
Foreign exchange differences on translation	-	-	-	2,852	-	2,852
Profit for the financial year	-	-	-	-	33,600	33,600
Total comprehensive income for the financial year	-	-	-	2,852	33,600	36,452
<b>Transactions with owners:</b>						
Purchase of treasury shares	-	-	(648)	-	-	(648)
Dividends	-	-	-	-	(12,046)	(12,046)
Total transactions with owners	-	-	(648)	-	(12,046)	(12,694)
<b>At 31 December 2018</b>	<u>177,929</u>	<u>-</u>	<u>(10,072)</u>	<u>29,277</u>	<u>369,849</u>	<u>566,983</u>
<b>At 1 July 2017</b>	177,929	-	(3)	41,818	313,780	533,524
Foreign exchange differences on translation	-	-	-	(3,594)	-	(3,594)
Profit for the financial year	-	-	-	-	29,328	29,328
Total comprehensive income for the financial year	-	-	-	(3,594)	29,328	25,734
<b>Transaction with owners:</b>						
Purchase of treasury shares	-	-	(7,660)	-	-	(7,660)
Dividends	-	-	-	-	(9,882)	(9,882)
Total transactions with owners	-	-	(7,660)	-	(9,882)	(17,542)
Transition to no-par value regime on 31 January 2017	-	-	-	-	-	-
<b>At 31 December 2017</b>	<u>177,929</u>	<u>-</u>	<u>(7,663)</u>	<u>38,224</u>	<u>333,226</u>	<u>541,716</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 2018. 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 2018 - UNAUDITED**

	<b>31.12.18</b>	<b>31.12.17</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	40,052	35,592
Adjustments for:		
Depreciation	5,460	10,483
Gain on disposal of property, plant and equipment	(20)	(91)
Impairment loss charge on receivables	108	339
Interest expense	1,460	445
Interest income	(1,213)	(1,629)
Property, plant and equipment written off	-	5
Inventory written down	-	
Unrealised loss on foreign exchange	152	2,526
Operating profit before working capital changes	45,999	47,670
(Increase)/Decrease in inventories	(27,276)	19,260
Decrease/(Increase) in receivables	11,739	(41,460)
Increase/(Decrease) in payables	2,421	(512)
Cash from operation	32,883	24,958
Interest paid	(1,460)	(445)
Income tax paid	(8,027)	(6,655)
Net cash from operating activities	23,396	17,858
<b>Cash flows from investing activities</b>		
Interest received	1,213	1,629
Proceeds from disposal of property, plant and equipment	2	94
Purchase of property, plant and equipment	(21,005)	(4,347)
Net cash used in investing activities	(19,790)	(2,624)
<b>Cash flows from financing activities</b>		
Dividend paid	(12,046)	(9,882)
Net change in borrowings	10,645	(2,023)
Purchase of treasury shares	(648)	(7,660)
Net cash used in financing activities	(2,049)	(19,565)
<b>Net increase/(decrease) in cash and bank balances</b>	1,557	(4,331)
<b>Effect of changes in exchange rate on cash and bank balances</b>	167	(917)
<b>Cash and bank balances at beginning</b>	117,656	113,914
<b>Cash and bank balances at end</b>	119,380	108,666

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 2018. The accompanying notes are an integral part of these interim financial statements.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### 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 2018 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 2018.

#### A2. Significant Accounting Policies

##### A2.1 Adoption of MFRS and amendments to MFRS

The following MFRS and amendments to MFRS have come into effect during the current financial period:

###### **Effective for annual periods beginning on or after 1 January 2018**

*MFRS 9 Financial Instruments*

*MFRS 15 Revenue from Contracts with Customers*

*Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions*

*Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

*Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures*

*Amendments to MFRS 140 Investment Property: Transfers of Investment Property*

*Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)*

*IC Interpretation ("IC Int") 22 Foreign Currency Transactions and Advance Consideration*

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 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*

###### **Effective for annual period beginning on or after 1 January 2021**

*MFRS 17 Insurance Contracts*

###### **Effective date yet to be confirmed**

*Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

#### A3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the financial year ended 30 June 2018 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	421,700	648,054
Repurchase of own shares as of 31.12.2018	5,827,800	10,072,035

**A8. Dividend Paid**

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

	Financial period ended 31.12.18 RM
Second interim single tier dividend paid on 27 September 2018 for the financial year ended 30 June 2018 - 4.1 sen per ordinary share	12,046,405
	<u>12,046,405</u>
	Financial period ended 31.12.17 RM
Second interim single tier dividend paid on 23 November 2017 for the financial year ended 30 June 2017 - 3.3 sen per ordinary share	9,881,951
	<u>9,881,951</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
<b>6 months ended 31 December 2018</b>					
<b>Revenue</b>					
External revenue	257,938	83,542	-	-	341,480
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>257,938</u>	<u>83,542</u>	<u>-</u>	<u>-</u>	<u>341,480</u>
<b>Results</b>					
Segment profit	40,089	5,395	277	-	45,761
Finance costs	(870)	(591)	-	-	(1,461)
Interest income	896	35	281	-	1,212
Depreciation	(4,033)	(1,427)	-	-	(5,460)
Profit before tax	<u>36,082</u>	<u>3,412</u>	<u>558</u>	<u>-</u>	<u>40,052</u>
<b>Segment assets</b>	<u>552,896</u>	<u>127,816</u>	<u>336,795</u>	<u>(317,347)</u>	<u>700,160</u>
<b>Segment liabilities</b>	<u>106,744</u>	<u>44,122</u>	<u>208</u>	<u>(17,897)</u>	<u>133,177</u>

	<b>Fastener Products RM'000</b>	<b>Wire Products RM'000</b>	<b>Investment Holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>6 months ended 31 December 2017</b>					
<b>Revenue</b>					
External revenue	233,027	65,444	-	-	298,471
Inter-segment revenue	-	-	30,387	(30,387)	-
Total revenue	<u>233,027</u>	<u>65,444</u>	<u>30,387</u>	<u>(30,387)</u>	<u>298,471</u>
<b>Results</b>					
Segment profit	41,591	3,945	29,862	(30,507)	44,891
Finance costs	(334)	(111)	-	-	(445)
Interest income	1,452	55	122	-	1,629
Depreciation	(9,147)	(1,336)	-	-	(10,483)
Profit before tax	<u>33,562</u>	<u>2,553</u>	<u>29,984</u>	<u>(30,507)</u>	<u>35,592</u>
<b>Segment assets</b>	<u>513,702</u>	<u>103,715</u>	<u>338,470</u>	<u>(328,035)</u>	<u>627,852</u>
<b>Segment liabilities</b>	<u>64,250</u>	<u>24,226</u>	<u>65</u>	<u>(2,405)</u>	<u>86,136</u>

(ii) Analysis by geographical segments

	<b>Revenue 12 months</b>		<b>Non-current Assets*</b>	
	<b>ended 31.12.18 RM'000</b>	<b>ended 31.12.17 RM'000</b>	<b>as at 31.12.18 RM'000</b>	<b>as at 31.12.17 RM'000</b>
Malaysia	115,300	95,950	96,128	85,731
Vietnam	3,464	2,053	64,040	61,555
Other Asian countries	48,035	24,237	-	-
European countries	133,140	142,116	-	-
Others	41,541	34,115	-	-
	<u>341,480</u>	<u>298,471</u>	<u>160,168</u>	<u>147,286</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 2018.

**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 following:

Approved and contracted for:	<b>RM'000</b>
- Property, plant and equipment	<u>3,710</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

	<u>Individual Quarter</u>		Changes		<u>Cumulative Quarter</u>		Changes	
	<u>3 months ended</u>		RM'000	%	<u>6 months ended</u>		RM'000	%
	31.12.18 RM'000	31.12.17 RM'000			31.12.18 RM'000	31.12.17 RM'000		
<u>Revenue - Business Segments</u>								
-- Fasteners Products	123,293	121,761	1,532	1.3%	257,938	233,027	24,911	10.7%
-- Wire Products	41,851	38,771	3,080	7.9%	83,542	65,444	18,098	27.7%
	<u>165,144</u>	<u>160,532</u>	4,612	2.9%	<u>341,480</u>	<u>298,471</u>	43,009	14.4%
<u>Profit/(Loss) before interest &amp; tax</u>								
-- Fasteners Products	17,570	17,569	1	0.0%	36,951	33,896	3,055	9.0%
-- Wire Products	1,569	1,810	(241)	-13.3%	4,003	2,664	1,339	50.3%
-- Investment Holding	219	(289)	508	-175.8%	558	(523)	1,081	-206.7%
	<u>19,358</u>	<u>19,090</u>	268	1.4%	<u>41,512</u>	<u>36,037</u>	5,475	15.2%
<u>Profit/(Loss) before tax</u>								
-- Fasteners Products	17,100	17,424	(324)	-1.9%	36,082	33,562	2,520	7.5%
-- Wire Products	1,207	1,758	(551)	-31.3%	3,412	2,553	859	33.6%
-- Investment Holding	219	(289)	508	-175.8%	558	(523)	1,081	-206.7%
	<u>18,526</u>	<u>18,893</u>	(367)	-1.9%	<u>40,052</u>	<u>35,592</u>	4,460	12.5%
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>								
-- Fasteners Products	14,688	14,312	376	2.6%	30,608	27,915	2,693	9.6%
-- Wire Products	918	1,335	(417)	-31.2%	2,593	1,940	653	33.7%
-- Investment Holding	62	(292)	354	-121.2%	399	(527)	926	-175.7%
	<u>15,668</u>	<u>15,355</u>	313	2.0%	<u>33,600</u>	<u>29,328</u>	4,272	14.6%

**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 RM341.48 million and RM40.05 million respectively. Both the Fasteners and Wire Products Division had contributed positively to the 14.4% increase in the Group revenue. The higher revenue together with lower administrative and selling and distribution expenses contributed to the improvement of profit before tax by 12.5%.

The equity attributable to the owners of the Company stands at RM566.98 million as at 31.12.2018 as compared to RM543.23 million as at 30.6.2018 after the declaration of dividends amounting to RM12.05 million in the current financial period (2nd interim dividend for FY2018). The increase in Group's borrowings by RM9.94 million to RM83.02 million as at the end of the current reporting period were mainly utilised to finance the purchase of raw material which resulted in the higher inventory as of the end of the current reporting period. However the Group is still in a net cash position of RM36.36 million.

As compared to the preceding year corresponding period, more cash had been utilised in the current reporting period for capital expenditure in the construction of an automated warehouse and upgrading of facilities in the Wire Division. Dividend amounting to RM12.05 million had been paid to the shareholders during the current reporting period. There was an increase in raw material purchased during the current reporting period which was financed by the additional draw down of short-term borrowings of RM10.65 million as compared to the repayment of bank borrowings of RM2.02 million in the preceding year corresponding period. As a result, the Group's bank balance increased to RM119.38 million as of the end of the current reporting period as compared to RM108.67 million as at 31.12.2017.

**Individual Quarter:**

**Fasteners Products**

The Fasteners Products Division recorded a marginal increase in revenue of RM123.29 million in the current reporting quarter which represents an increase of 1.3% as compared to the preceding year corresponding quarter. There was no significant variation in the profit before tax of the Division whereby RM17.10 million was recorded in the current reporting quarter as compared to RM17.42 million in the preceding year corresponding quarter.

**Wire Products**

The Wire Products Division recorded a turnover of RM 41.85 million an increase of 7.9% in its current quarter as compared to RM38.77 million in the preceding year corresponding quarter. However the profit before tax of the Division reduced by RM0.55mil in the current quarter as the profit margin had been eroded by the higher material cost.



**Financial Year-To-Date Results:**

The Group recorded a total revenue of RM341.48 million and a profit before tax of RM40.05 million for the current financial year to date.

**Fasteners Products Division**

The Division recorded a total revenue of RM257.94 million and profit before tax of RM36.08 million in the current financial period to date which represents an increase of 10.7% in revenue and 7.5% in profit before tax. The increase in revenue together with the reduction in administration expenses and selling and distribution cost had resulted in the improvement of performance of the Division.

**Wire Products Division**

The Wire Products Division recorded revenue of RM83.54 million and profit before tax of RM3.41 million in the current financial period to date. The increase of revenue by 27.7% in the current reporting period contributed to the better result of the division where its profit before tax of RM 3.41 million improved by 33.6%.

**B2. Variation of Results Against Preceding Quarter**

	3 months ended		Changes	
	31.12.18 RM'000	30.09.18 RM'000	RM'000	%
<u>Revenue - Business Segments</u>				
-- Fasteners Products	123,293	134,645	(11,352)	-8.43%
-- Wire Products	41,851	41,691	160	0.38%
	<u>165,144</u>	<u>176,336</u>	(11,192)	-6.35%
<u>Profit/(Loss) before interest &amp; tax</u>				
-- Fasteners Products	17,570	19,381	(1,811)	-9.34%
-- Wire Products	1,569	2,434	(865)	-35.54%
-- Investment Holding	219	339	(120)	-35.40%
	<u>19,358</u>	<u>22,154</u>	(2,796)	-12.62%
<u>Profit/(Loss) before tax</u>				
-- Fasteners Products	17,100	18,982	(1,882)	-9.91%
-- Wire Products	1,207	2,205	(998)	-45.26%
-- Investment Holding	219	339	(120)	35.40%
	<u>18,526</u>	<u>21,526</u>	(3,000)	-13.94%
<u>Profit/(Loss) after tax attributable to ordinary equity holders of the parent</u>				
-- Fasteners Products	14,688	15,920	(1,232)	-7.74%
-- Wire Products	918	1,675	(757)	45.19%
-- Investment Holding	62	336	(274)	81.55%
	<u>15,668</u>	<u>17,931</u>	(2,263)	-12.62%

The Group recorded a total revenue of RM165.14 million and profit before tax of RM18.53 million for the current quarter under review.

**Fasteners Products**

The revenue for the Fastener Products Division was RM 123.29 million in the current quarter as compared to RM134.65 million in the immediate preceding quarter. The decrease of revenue by 8.43% in the current quarter in addition to the higher administration expenses had lead to the lower profit before tax by 9.91%.

**Wire Products**

The Wire Products Division recorded a revenue of RM41.85 million in the current reporting quarter as compared to the RM41.69 million in the immediate preceding quarter. However, the profit before tax of the Wire division was RM998k lower as compared to RM2.21 million in the immediate preceding quarter due to the rising raw material cost in the current quarter which had eroded the profit margin of the division.

**B3. Prospects**

The market outlook for the Group in the current financial year is expected to remain challenging. The main factors that may affect the Group's performance will be the trend of the market demand in addition to the volatility of the raw material price. The unexpected global market movement and political issues will impact the changes in the raw material cost and bottom line of the Group. In order to cushion the stress from the safeguard duty which was imposed by the Malaysian government towards the end of the financial year ended 30 June 2017 on the wire rod imported from China, the Group had sourced its raw material from other alternative countries such as the Middle East and Vietnam which are duty exempted and without compromising the quality of our products.

The trade war between the US government and China had created the market uncertainties in Europe and US but at the same time it has also offered opportunity for the Group to strengthen its position in the region in the event that imported goods from China to the US market reduce in future. The Group expects its DIY segment will continue to contribute positively to the Group's performance through the increase of its distribution network in the European and US markets. While for the Wire division, with the expansion in the production of new product lines such as welded fencing, gabion and poultry mesh, it is expected to enhance the division's result in long term with its high value added margin.

In addition to the existing core business, from time to time, the Group will explore into 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 date are as follows:

	<b>Current quarter RM'000</b>	<b>Current Year To date RM'000</b>
Depreciation	3,123	5,460
Impairment loss reverse on receivables	(21)	108
Interest expense	832	1,460
Interest income	(633)	(1,213)
Gain on disposal of property, plant and equipment	(20)	(20)
Unrealised loss on foreign exchange	759	152
Realised gain on foreign exchange	346	(1,390)
Rental income	(103)	(206)

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**

	<u>Individual Quarter</u> 3 months ended		<u>Cumulative Quarter</u> 6 months ended	
	31.12.18 RM'000	31.12.17 RM'000	31.12.18 RM'000	31.12.17 RM'000
- Current tax	(2,858)	(3,347)	(6,452)	(6,073)
- Deferred tax liabilities	-	(191)	-	(191)
	<u>(2,858)</u>	<u>(3,538)</u>	<u>(6,452)</u>	<u>(6,264)</u>
	-	-	-	-

The Group's effective tax rate for the current quarter and financial year under review is lower than the Malaysian statutory tax rate of 24%. This is mainly due to the lower tax rate enjoyed by the subsidiary in Vietnam.

**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 31.12.2018	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
<b>Secured:</b>			
<b>Short term</b>			
Bankers acceptance	-	19,016	19,016
Onshore foreign currency loans	56,918	-	56,918
Short term loans	7,082	-	7,082
	<u>64,000</u>	<u>19,016</u>	<u>83,016</u>
<b>As as 31.12.2017</b>			
<b>Secured:</b>			
<b>Short term</b>			
Bankers acceptance	-	15,927	15,927
Onshore foreign currency loans	29,992	-	29,992
Short term loans	-	-	-
	<u>29,992</u>	<u>15,927</u>	<u>45,919</u>

- a. The total borrowings as at the end of the reporting period had been increased to RM83.02 million as compared to RM45.92 million as of 31.12.2017. Additional borrowings had been drawn down during the current financial period to date to finance the purchases of raw materials. Hence the total finance cost in the current financial period to date increased to RM1.46 mil as compared to RM0.45 mil in the preceding year.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

	<b>31.12.18</b>	<b>31.12.17</b>
	%	%
Borrowings denominated in RM		
- Bankers acceptance	3.84	3.60
Borrowings denominated in USD		
- Onshore foreign currency loans	2.75	1.61
- Short term loans	5.56	-

All the borrowings are based on floating interest rates.

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

**B9. Material Litigation**

There was no material litigation during the financial period under review.

**B11. Proposed Dividend**

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

	<b>Current Quarter</b>	<b>Corresponding Quarter</b>
Interim dividend for the financial year	30.6.2019	30.6.2018
Declared and approved on	26.2.2019	27.2.2018
Entitlement date	26.4.2019	26.4.2018
Payment date	21.5.2019	24.5.2018
Dividend per share	4.50 sen	3.90 sen
Dividend % (Single Tier)	9.0% (single tier)	7.8% (single tier)
Net dividend payable	RM13,214,199	RM11,513,536

- b. The total dividend declared for the current financial year ended 30 June 2019 is 4.50 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.18</b>	<b>31.12.17</b>	<b>31.12.18</b>	<b>31.12.17</b>
Profit after tax				
Attributable to owners of the Company (RM'000)	15,668	15,355	33,600	29,328
Weighted average number of ordinary shares ('000)	293,831	298,673	293,831	298,673
Basic Earnings Per Share (sen)	5.33	5.14	11.44	9.82

**(ii) Diluted Earnings Per Share**

Diluted Earnings Per Share (sen)	5.33	5.14	11.44	9.82
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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.