



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

	<u>30.6.2016</u>	<u>31.3.2016</u>
	Unaudited	Audited
	RM'000	RM'000
<b>Assets</b>		
<u>Non-Current Assets</u>		
Property, plant & equipment	33,461	28,287
Investment properties	62,705	62,705
Investment in associates	240,103	237,043
Other investments	195,379	211,235
Other non-current assets	40,732	45,179
	<u>572,380</u>	<u>584,449</u>
<u>Current Assets</u>		
Property development costs	8,079	8,079
Inventories	29,066	46,407
Trade and other receivables	57,099	42,400
Prepayments	2,168	2,108
Tax recoverable	2,545	2,217
Cash and bank balances	113,966	100,487
	<u>212,923</u>	<u>201,698</u>
Assets of disposal group classified as held for sale	44,602	45,023
	<u>257,525</u>	<u>246,721</u>
Total assets	<u><u>829,905</u></u>	<u><u>831,170</u></u>



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016 (Cont'd)

	<u>30.6.2016</u> Unaudited RM'000	<u>31.3.2016</u> Audited RM'000
<b>Equity and liabilities</b>		
<u>Current Liabilities</u>		
Trade and other payables	40,802	32,034
Loans and borrowings	163,282	157,328
Current tax payable	1,612	1,337
Derivatives liabilities	108	187
	<u>205,804</u>	<u>190,886</u>
Liabilities directly associated with disposal group classified as held for sale	<u>15,543</u>	<u>15,802</u>
	<u>221,347</u>	<u>206,688</u>
<u>Non-Current Liabilities</u>		
Loans and borrowings	44,278	46,390
Deferred tax liabilities	5,288	5,201
	<u>49,566</u>	<u>51,591</u>
Total liabilities	270,913	258,279
<u>Equity</u>		
Share capital	231,559	231,559
Reserves	316,130	330,472
Treasury shares	(1,931)	(1,931)
	<u>545,758</u>	<u>560,100</u>
Non-controlling interests	13,234	12,791
Total equity	<u>558,992</u>	<u>572,891</u>
Total equity and liabilities	<u><u>829,905</u></u>	<u><u>831,170</u></u>
Net assets per share (RM)	2.37	2.43

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Accounts for the period ended 31 March 2016)



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2016

	Cumulative 3 months 30.6.2016 RM'000	Comparative 3 months 30.6.2015 RM'000
Revenue	90,587	83,139
Cost of sales	(71,251)	(63,005)
Gross profit	19,336	20,134
Interest income	734	413
Other income	505	686
Other operating expenses	(14,193)	(11,510)
Operating profit	6,382	9,723
Finance costs	(3,049)	(3,307)
Share of results of associates	2,172	2,676
Profit before tax	5,505	9,092
Income tax expense	(1,748)	(1,855)
Profit from continuing operations, net of tax	3,757	7,237
Loss from discontinued operations, net of tax	(42)	(7)
Profit net of tax	3,715	7,230
Other comprehensive income:		
Fair value loss on available-for-sale financial assets	(15,856)	(10,667)
Foreign currency translation	2,847	1,477
	(13,009)	(9,190)
Total comprehensive income	(9,294)	(1,960)
Profit attributable to:		
Owners of the parent	3,601	6,748
Non-controlling interests	114	482
	3,715	7,230
Total comprehensive income attributable to:		
Owners of the parent	(9,737)	(2,652)
Non-controlling interests	443	692
	(9,294)	(1,960)
Basic earnings per share (sen)	1.56	2.93

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Accounts for the period ended 31 March 2016)



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2016

	< ----- Attributable to owners of the parent ----- >						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
At 1.4.2015	231,559	(1,931)	156,348	240,787	626,763	14,040	640,803
Total comprehensive income	-	-	(9,400)	6,748	(2,652)	692	(1,960)
Dividend paid	-	-	-	(4,605)	(4,605)	-	(4,605)
At 30.6.2015	<u>231,559</u>	<u>(1,931)</u>	<u>146,948</u>	<u>242,930</u>	<u>619,506</u>	<u>14,732</u>	<u>634,238</u>
At 1.4.2016	231,559	(1,931)	129,446	201,026	560,100	12,791	572,891
Total comprehensive income	-	-	(13,338)	3,601	(9,737)	443	(9,294)
Dividend paid	-	-	-	(4,605)	(4,605)	-	(4,605)
At 30.6.2016	<u>231,559</u>	<u>(1,931)</u>	<u>116,108</u>	<u>200,022</u>	<u>545,758</u>	<u>13,234</u>	<u>558,992</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with  
with the Annual Audited Accounts for the period ended 31 March 2016)



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2015

	3 months ended	
	<u>30.6.2016</u>	<u>30.6.2015</u>
	Unaudited	Unaudited
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	5,505	9,092
Loss before tax from discontinued operations	(42)	(7)
	<hr/> 5,463	<hr/> 9,085
Adjustment for :		
Amortisation of biological assets	153	153
Amortisation of intangible assets	5	-
Amortisation of land use rights	106	109
Depreciation of property, plant and equipment	903	751
Gain on disposal of other investments	-	(360)
Land use rights written off	517	-
Net fair value gain on derivatives assets	(79)	-
Impairment loss on investment in associates	4,533	3,497
Net unrealised foreign exchange gain	(159)	-
Property, plant and equipment written off	3	-
Share of results of associates	(2,172)	(2,676)
Dividend income	(2,641)	(3,301)
Interest income	(734)	(413)
Interest expenses	3,049	3,321
Operating profit before working capital changes	<hr/> 8,947	<hr/> 10,166
Changes in inventories	17,569	(153)
Changes in receivables	(13,931)	(2,705)
Changes in payables	8,204	2,049
Changes in trade line borrowings	-	(1,234)
Cash generated from operations	<hr/> 20,789	<hr/> 8,123
Interest received	734	413
Interest paid	(3,049)	(3,321)
Net income tax paid	(1,765)	(1,305)
Net cash generated from operating activities	<hr/> 16,709	<hr/> 3,910



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2016 (Cont'd)

	3 months ended	
	30.6.2016	30.6.2015
	Unaudited RM'000	Unaudited RM'000
<b>Cash flows from investing activities</b>		
Addition in investment in an associate	(5,417)	-
Dividends received	2,641	3,301
Proceeds from disposal of other investments	-	3,135
Purchase of property, plant and equipment	(1,896)	(715)
Net cash (used in)/generated from investing activities	<u>(4,672)</u>	<u>5,721</u>
<b>Cash flows from financing activities</b>		
Bank borrowings raised	4,450	-
Dividends paid to shareholders	(4,605)	(4,605)
Placement in short term deposits	(130)	(11)
Repayment of bank borrowings	(1,096)	(2,296)
Repayment of hire purchase and finance lease instalments	(123)	(117)
Net cash used in financing activities	<u>(1,504)</u>	<u>(7,029)</u>
Net increase in cash & cash equivalents	10,533	2,602
Effects of foreign exchange rate changes	(61)	26
	10,472	2,628
Cash & cash equivalents at beginning of year	99,378	89,598
Effects of foreign exchange rate changes	1,852	819
	101,230	90,417
Cash & cash equivalents at end of period	<u>111,702</u>	<u>93,045</u>
<i>Represented by :</i>		
Cash & bank balances	113,966	94,924
Deposits with licensed banks with maturity of more than 3 months	(1,660)	(1,530)
Bank overdrafts	(604)	(349)
	<u>111,702</u>	<u>93,045</u>

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Audited Accounts for the period ended 31 March 2016)



## MWE HOLDINGS BERHAD (5713-D)

### EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2016

#### 1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

#### 2. ACCOUNTING POLICIES

The unaudited interim financial report has been prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies and methods of computation applied to the financial statements are consistent with those applied to the annual audited accounts for the year ended 31 March 2016.

##### Standards and interpretations issued but not yet effective

The Group intends to adopt the following standards, if applicable, when they become effective. The adoption of the following standards and interpretations will have no material impact on the financial statements of the Group.

Amendments to FRS 116 & 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 116 & 141	Agriculture: Bearer Plants
Amendments to FRS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 101	Disclosure Initiatives
Amendments to FRS 10, 12 & 128	Investment Entities: Applying the Consolidation Exception
FRS 14	Regulatory Deferral Accounts
FRS 9	Financial Instrument
Annual Improvements to FRSs 2012-2014 Cycle	

##### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012 with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').



## 2. ACCOUNTING POLICIES (cont'd)

### Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

The Company falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS. Accordingly, the Company will adopt the MFRS and present its first MFRS financial statements for the annual period beginning 1 April 2017. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

## 3. AUDIT OPINION ON THE PRECEDING FINANCIAL STATEMENTS

The preceding annual audited financial statements were not qualified by the Auditors.

## 4. EFFECT OF CHANGES IN COMPOSITION OF GROUP

During the reporting quarter,

- i) The Company and its indirect wholly-owned subsidiary, Melati Mewah Sdn Bhd ("MMSB") had on 5 May 2016 entered into separate conditional Sale and Purchase Agreements respectively with Newfields Land Sdn Bhd's ("NLSB") wholly-owned subsidiaries in relation to the disposals by:
  - a) MMSB of its nine (9) pieces of leasehold lands, all located in the Mukim of Raja, District of Petaling, Selangor Darul Ehsan measuring approximately 481,925 sq. meters to Pristine Primavera Sdn Bhd, a wholly-owned subsidiary of NLSB for a cash consideration of RM54,930,000; and
  - b) the Company of its entire shareholding of 25,000,000 ordinary shares of RM1 each representing 100% equity interest in MWE Golf & Country Club Berhad to Saujana Setara Sdn Bhd, a wholly-owned subsidiary of NLSB for a cash consideration of RM1.
- ii) First Cosmopolitan Sdn Bhd, a wholly-owned subsidiary of the Company, transfer its wholly-owned subsidiary, namely Devanna Limited, a company incorporated in British Virgin Islands, to the Company, for a consideration of RM4,000,005.
- iii) The Company purchased additional 6,000,000 shares in Kumpulan Europlus Berhad ("KEB"), an associate of the Company, for a total cash consideration of RM5,409,980. The Company increased its shareholding in KEB from 25% to 25.6%.
- iv) The Company had on 14 June 2016, announced that a Final Meeting of MWE Weaving Mills Sdn Bhd ("MWMSB"), a wholly-owned subsidiary of the Company, in relation to the Members' Voluntary Winding-up was concluded and a Return by Liquidators were lodged on the same date with the Companies Commission of Malaysia and the Receiver respectively. On the expiration of 3 months after the said lodgement, MWMSB will be dissolved.





**5. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

Textiles division is involved in manufacturing and sale of garments for export markets and thus mainly depends on US purchasing power and economy as a whole. As for Telecommunications segment which design and manufacture telecommunication products, faces a more volatile market that depends on global market conditions.

**6. UNUSUAL ITEMS**

There were no unusual items which affect assets, liabilities, equity, income or cash flows during the reporting period.

**7. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS PREVIOUSLY REPORTED**

There was no material changes in estimates of amounts previously reported.

**8. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, resale or repayments of debt and equity securities undertaken by the Company during the reporting period.

**9. DIVIDENDS PAID**

On 29 June 2016, the Company paid an interim single-tier dividend of 2% which amounted to RM4.6 million in respect of the financial year ended 31 March 2016.

**10. VARIANCE IN PROFIT FORECAST**

There was no profit forecast issued for the financial year.

**11. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced or pending as at the date of this report.

**12. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The values of property, plant and equipment of the Group have been brought forward without amendment from the previous annual audited accounts.

**13. GROUP BORROWINGS**

Particulars of Group borrowings at the end of the reporting period are as follows:

	<u>Secured</u> RM '000	<u>Unsecured</u> RM '000	<u>Total</u> RM '000
<b><u>30.6.2016</u></b>			
<b>Short term</b>			
Obligations under finance lease	191	-	191
Bank overdrafts	604	-	604
Revolving credit	154,800	1,300	156,100
Term loans	6,387	-	6,387
	<u>161,982</u>	<u>1,300</u>	<u>163,282</u>
<b>Long term</b>			
Obligations under finance lease	88	-	88
Term loans	44,190	-	44,190
	<u>44,278</u>	<u>-</u>	<u>44,278</u>
	<u>206,260</u>	<u>1,300</u>	<u>207,560</u>

There were no foreign borrowings as at 30 June 2016.

**14. DERIVATIVE FINANCIAL INSTRUMENTS**

Type of derivatives	Contract/Notional amount (RM'000)
Forward currency contracts - Less than 1 year	3,031

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

**15. SEGMENT INFORMATION**

The Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

	Textile RM'000	Tele- communication RM'000	Properties RM'000	Other Operations RM'000	Total RM'000
<b>30 June 2016</b>					
<b><u>Revenue</u></b>					
External sales	68,259	12,586	991	8,751	90,587
Discontinued operations	-	-	-	1,374	1,374
Inter-segment sales	-	-	90	16	106
<b>Total revenue</b>	<b>68,259</b>	<b>12,586</b>	<b>1,081</b>	<b>10,141</b>	<b>92,067</b>
<b><u>Results</u></b>					
Segment profit/(loss)	8,580	826	(159)	(2,865)	6,382
Finance costs					(3,049)
Share of results of associates	-	-	(4)	2,176	2,172
<b>Profit before tax</b>					<b>5,505</b>
<b>30 June 2015</b>					
<b><u>Revenue</u></b>					
External sales	51,775	20,448	1,122	9,794	83,139
Discontinued operations	-	-	-	1,712	1,712
Inter-segment sales	-	-	96	430	526
<b>Total revenue</b>	<b>51,775</b>	<b>20,448</b>	<b>1,218</b>	<b>11,936</b>	<b>85,377</b>
<b><u>Results</u></b>					
Segment profit/(loss)	8,741	2,086	(60)	(1,044)	9,723
Finance costs					(3,307)
Share of results of associates	(2)	-	-	2,678	2,676
<b>Profit before tax</b>					<b>9,092</b>



## 16. PERFORMANCE REVIEW

### **Group performance**

During the reporting quarter, the Group posted total revenue of RM90.6 million, RM7.5 million higher as compared to RM83.1 million recorded in preceding year corresponding quarter. However, the Group reported lower profit at RM5.5 million as compared to RM9.1 million in FY2016, mainly attributed to lower profit contribution from Telecommunication division as well as higher impairment loss on investment in associate.

### **Textile division**

Textile division registered RM68.3 million in revenue during the reporting quarter, contributing 75% of the revenue of the Group. Revenue increased to RM68.3 million as compared to RM51.8 million in FY2016, mainly derived from strengthening of USD against Ringgit which translated into higher sale. Despite the 31.8% increase in revenue, pre-tax profit marginally increased by 0.3%, mainly attributed to higher operation costs incurred by Vietnam factory for salaries and wages paid to workers.

### **Telecommunications division**

For the current three-month period, Telecommunications division reported lower revenue at RM12.6 million as compared to RM20.4 million in FY2016, mainly due to lower sales recorded from ODM business. Pre-tax profit also reported lower at RM0.8 million.

### **Properties division**

For current quarter, Properties division reported RM1.0 million in revenue, slightly lower than RM1.1 million recorded in FY2016. Pre-tax losses increased to RM0.2 million.

### **Other operations**

Plantation division reported higher revenue for current reporting quarter mainly due to higher crop yields. As a result, the division managed to reduce its losses from RM0.7 million to RM0.3 million.

Industrial division reported RM3.8 million in revenue, 33% lower as compared to RM5.6 million in FY2016, mainly attributed to lower sales from the Dongfeng heavy commercial vehicle.

For current reporting quarter, other operations reported pre-tax losses at RM3.3 million, mainly attributed to lower dividend received from quoted investment as well as higher impairment loss on investment in associate.

**17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAX**

During the reporting quarter, the Group posted total revenue of RM90.6 million, 9% higher as compared to RM83.1 million in FY2016. However, pre-tax profit was recorded lower at RM5.5 million as compared to RM9.1 million in FY2016, mainly attributed to lower profit contribution from Telecommunication division as well as higher impairment loss on investment in associate.

The Group registered RM90.6 million in revenue, increased by RM33.5 million as compared to RM57.1 million reported in the preceding period fourth quarter. The higher revenue mainly derived from both Textile and Telecommunication divisions. The Group reported higher pre-tax losses of RM28.8 million in preceding fourth quarter was mainly attributed to higher impairment loss on investment in associate.

**18. PROSPECTS FOR FINANCIAL YEAR 2017**

The continual uncertainties in developed and developing countries' economies and the rising operational costs had adversely affected our manufacturing sectors. However, with the strengthening of USD against Ringgit Malaysia, manufacturing divisions are expected to maintain their performance for the coming quarters.

**19. PROFIT BEFORE TAX**

Included in the profit before tax are the following items:

	Current quarter <u>30.6.2016</u> RM'000	Comparative Quarter <u>30.6.2015</u> RM'000
Amortisation of biological assets	153	153
Amortisation of intangible assets	5	-
Amortisation of land use rights	106	109
Depreciation of property, plant and equipment	903	751
Impairment loss on investment in associate	4,533	3,497
Interest expenses	3,049	3,321
Interest income	(734)	(413)
Gain on disposal of unquoted investment	-	(360)
Land use rights written off	517	-
Net fair value gain on derivatives assets	(79)	-
Net unrealised foreign exchange gain	(159)	-
Property, plant and equipment written off	3	-

**20. INCOME TAX EXPENSE**

The tax expense consists of:

	Current quarter <u>30.6.2016</u> RM'000	Comparative Quarter <u>30.6.2015</u> RM'000
Current income tax		
- current period	1,664	1,825
Deferred tax		
- current period	84	-
- under/(over) provision in prior years	-	30
Income tax expense	<u>1,748</u>	<u>1,855</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	Current quarter <u>30.6.2016</u> RM'000	Comparative Quarter <u>30.6.2015</u> RM'000
Profit before tax from continuing operations	5,505	9,092
Loss before tax from discontinued operations	(42)	(7)
Accounting profit before tax	<u>5,463</u>	<u>9,085</u>
Taxation at 24%	1,311	2,180
Expenses not deductible	1,743	1,390
Deferred tax assets not recognised	-	55
Income not subject to tax	(285)	(430)
Utilisation of previously unrecognised deductible temporary differences	(22)	(10)
Tax effect of differences in tax rate	(478)	(718)
Under provision of tax in prior years	-	30
Share of results of associates	(521)	(642)
	<u>1,748</u>	<u>1,855</u>



**21. SUBSEQUENT EVENT**

There are no material subsequent events at the date of this report.

**22. CHANGES IN MATERIAL LITIGATION**

There was no material litigation against the Group in the reporting period.

**23. EARNINGS PER SHARE (“EPS”)**

Computation of the EPS is as follows:

	Current Quarter <u>30.6.2016</u> RM'000	Comparative Quarter <u>30.6.2015</u> RM'000
Profit for the period	<u>3,601</u>	<u>6,748</u>
No. of ordinary shares after deducting treasury shares	230,235	230,235
Basic EPS (sen)	<u>1.56</u>	<u>2.93</u>

**24. BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED**

	Current quarter <u>30.6.2016</u> RM'000	Comparative Quarter <u>30.6.2015</u> RM'000
Total retained profits of the Group:		
- Realised profit	123,589	152,544
- Unrealised profit	<u>3,332</u>	<u>5,477</u>
	126,921	158,021
Total share of retained profits from associates:		
- Realised loss	(16,971)	(23,071)
Add: Consol adjustments	90,072	107,980
Retained profits as per financial statements	<u>200,022</u>	<u>242,930</u>



**MWE HOLDINGS BERHAD (5713-D)**

**25. DIVIDEND**

The Board of Directors does not recommend any dividend payment during this reporting quarter.

**By Order of the Board  
LIM KONG YOW  
Company Secretary  
23 August 2016**