



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	<u>30.6.2017</u>	<u>31.3.2017</u>
	Unaudited	Audited
	RM'000	RM'000
<b>Assets</b>		
<u>Non-Current Assets</u>		
Property, plant & equipment	95,124	88,858
Investment properties	57,122	57,122
Investment in associates	308,209	306,028
Other investments	167,004	191,563
Other non-current assets	43,363	43,660
	<u>670,822</u>	<u>687,231</u>
<u>Current Assets</u>		
Inventories	33,448	41,476
Trade and other receivables	82,431	58,370
Cash and bank balances	105,502	125,027
Other current assets	13,291	15,510
	<u>234,672</u>	<u>240,383</u>
Total assets	<u><u>905,494</u></u>	<u><u>927,614</u></u>



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (Cont'd)

	<u>30.6.2017</u>	<u>31.3.2017</u>
	Unaudited	Audited
	RM'000	RM'000
<b>Equity and liabilities</b>		
<u>Current Liabilities</u>		
Trade and other payables	58,314	50,029
Loans and borrowings	127,357	128,589
Current tax payable	379	701
	<u>186,050</u>	<u>179,319</u>
<u>Non-Current Liabilities</u>		
Loans and borrowings	40,361	42,335
Deferred tax liabilities	1,066	1,232
Deferred income	11,335	11,423
	<u>52,762</u>	<u>54,990</u>
Total liabilities	238,812	234,309
<u>Equity</u>		
Share capital	255,145	255,145
Reserves	398,842	425,273
Treasury shares	(1,931)	(1,931)
	<u>652,056</u>	<u>678,487</u>
Non-controlling interests	14,626	14,818
Total equity	<u>666,682</u>	<u>693,305</u>
Total equity and liabilities	<u>905,494</u>	<u>927,614</u>
Net assets per share (RM)	2.83	2.95

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Accounts for the year ended 31 March 2017)



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

	Cumulative 3 months <u>30.6.2017</u> RM'000	Comparative 3 months <u>30.6.2016</u> RM'000
Revenue	100,566	91,961
Cost of sales	<u>(84,174)</u>	<u>(72,712)</u>
Gross profit	16,392	19,249
Interest income	562	334
Other income	766	1,069
Other operating expenses	<u>(10,595)</u>	<u>(14,311)</u>
Operating profit	7,125	6,341
Finance costs	<u>(2,517)</u>	<u>(3,050)</u>
Share of results of associates	<u>2,530</u>	<u>2,172</u>
Profit before tax	7,138	5,463
Income tax expense	<u>(1,447)</u>	<u>(1,748)</u>
Profit net of tax	<u>5,691</u>	<u>3,715</u>
Other comprehensive income:		
Fair value loss on available-for-sale financial assets	(24,559)	(15,856)
Foreign currency translation	<u>(3,150)</u>	<u>2,847</u>
	<u>(27,709)</u>	<u>(13,009)</u>
Total comprehensive income	<u>(22,018)</u>	<u>(9,294)</u>
Profit attributable to:		
Owners of the parent	5,574	3,601
Non-controlling interests	<u>117</u>	<u>114</u>
	<u>5,691</u>	<u>3,715</u>
Total comprehensive income attributable to:		
Owners of the parent	(21,826)	(9,737)
Non-controlling interests	<u>(192)</u>	<u>443</u>
	<u>(22,018)</u>	<u>(9,294)</u>
Basic earnings per share (sen)	2.42	1.56

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Accounts for the year ended 31 March 2017)



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

	< ----- Attributable to owners of the parent ----- >						Total Equity RM'000
	Share Capital RM'000	Non-distributable Treasury Shares RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
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>
At 1.4.2017	255,145	(1,931)	92,277	332,996	678,487	14,818	693,305
Total comprehensive income	-	-	(27,400)	5,574	(21,826)	(192)	(22,018)
Dividend paid	-	-	-	(4,605)	(4,605)	-	(4,605)
At 30.6.2017	<u>255,145</u>	<u>(1,931)</u>	<u>64,877</u>	<u>333,965</u>	<u>652,056</u>	<u>14,626</u>	<u>666,682</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with  
with the Annual Audited Accounts for the year ended 31 March 2017)



## MWE HOLDINGS BERHAD (5713-D)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

	3 months ended	
	<u>30.6.2017</u>	<u>30.6.2016</u>
	Unaudited	Unaudited
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	7,138	5,463
Adjustment for :		
Amortisation of biological assets	153	153
Amortisation of intangible assets	16	5
Amortisation of land use rights	122	106
Depreciation of property, plant and equipment	998	903
Impairment loss on investment in associates	-	4,533
Land use rights written off	-	517
Loss on disposal of property, plant and equipment	17	-
Net fair value gain on derivatives assets	-	(79)
Net unrealised foreign exchange loss/(gain)	171	(306)
Property, plant and equipment written off	-	3
Share of results of associates	(2,530)	(2,172)
Dividend income	-	(2,641)
Interest income	(562)	(334)
Interest expenses	2,517	3,050
Operating profit before working capital changes	8,040	9,201
Changes in inventories	7,736	17,569
Changes in property development activities	(4)	-
Changes in receivables	(23,006)	(13,784)
Changes in payables	8,779	8,204
Changes in trade line borrowings	2,466	-
Cash generated from operations	4,011	21,190
Interest received	562	334
Interest paid	(2,517)	(3,050)
Net income tax paid	(1,325)	(1,765)
Net cash generated from operating activities	731	16,709



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017 (Cont'd)**

	3 months ended	
	30.6.2017 Unaudited RM'000	30.6.2016 Unaudited RM'000
<b>Cash flows from investing activities</b>		
Addition in investment in an associate	-	(5,417)
Dividends received	-	2,641
Proceeds from disposal of property, plant and equipment	189	-
Purchase of property, plant and equipment	(8,195)	(1,896)
Net cash used in investing activities	(8,006)	(4,672)
<b>Cash flows from financing activities</b>		
Bank borrowings raised	1,048	4,450
Dividends paid to shareholders	(4,605)	(4,605)
Placement in short term deposits	1,224	(130)
Repayment of bank borrowings	(6,695)	(1,096)
Repayment of hire purchase and finance lease instalments	(19)	(123)
Net cash used in financing activities	(9,047)	(1,504)
Net increase in cash & cash equivalents	(16,322)	10,533
Effects of foreign exchange rate changes	(17)	(61)
	(16,339)	10,472
Cash & cash equivalents at beginning of year	120,852	99,378
Effects of foreign exchange rate changes	(1,957)	1,852
	118,895	101,230
Cash & cash equivalents at end of period	102,556	111,702
<i>Represented by :</i>		
Cash & bank balances	105,502	113,966
Deposits with licensed banks with maturity of more than 3 months	(2,847)	(1,660)
Bank overdrafts	(99)	(604)
	102,556	111,702

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Audited Accounts for the year ended 31 March 2017)



## MWE HOLDINGS BERHAD (5713-D)

### EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

#### 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 2017.

##### 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 107	Disclosure initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRSs 2012-2014 Cycle
Amendments to FRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to FRS 9	Financial Instruments
Amendments to FRS 10 & FRS 128	Sale or contribution of Assets between an Investor and its Associate or Joint Venture

##### 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.

MFRS 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/or IC Interpretation 15 Agreements for Construction of Real Estate, including the entities' parent, significant investor and venturer (referred to as "Transitioning Entities" collectively). Transitioning Entities are allowed to defer adoption of MFRS framework, and continue to use the existing FRS framework until the MFRS framework is effective. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS framework.

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS Framework by the Transitioning Entities was deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.



**2. ACCOUNTING POLICIES (cont'd)**

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

On the same day, MASB also issued MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants. MFRS 15 is effective for annual periods beginning on or after 1 January 2018 while the Amendments to MFRS 116 and MFRS 141 is effective for annual periods beginning on or after 1 January 2016. On 17 November 2014, MASB issued MFRS 9 Financial Instruments, which is effective for annual periods beginning on or after 1 January 2018.

Based on the MASB announcement on 8 September 2015, the effective date for the adoption of MFRS Framework by the Transitioning Entities was deferred from annual periods beginning on or after 1 January 2017 to annual periods beginning on or after 1 January 2018.

Accordingly, the Group has elected to continue to apply the FRS framework up to its financial year ending 31 March 2018. The Group will adopt the MFRS framework and prepare its first set of MFRS framework financial statements for the financial year ending 31 March 2019.

**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**

There were no material changes in the composition of the Group during the reporting quarter.

**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 2017, 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 2017.

**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>	<u>Unsecured</u>	<u>Total</u>
	RM '000	RM '000	RM '000
<b><u>30.6.2017</u></b>			
<b>Short term</b>			
Obligations under finance lease	100	-	100
Trade Line	-	2,466	2,466
Bank overdrafts	-	99	99
Revolving credit	114,500	900	115,400
Term loans	9,292	-	9,292
	<u>123,892</u>	<u>3,465</u>	<u>127,357</u>
<b>Long term</b>			
Obligations under finance lease	37	-	37
Term loans	40,324	-	40,324
	<u>40,361</u>	<u>-</u>	<u>40,361</u>
	<u>164,253</u>	<u>3,465</u>	<u>167,718</u>

There were no foreign borrowings as at 30 June 2017.

**14. DERIVATIVE FINANCIAL INSTRUMENTS**

There were no outstanding forward contracts at the end of the reporting period.

**15. SEGMENT INFORMATION**

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

	Textile <u>RM'000</u>	Tele- communication <u>RM'000</u>	Properties <u>RM'000</u>	Other Operations <u>RM'000</u>	Total <u>RM'000</u>
<b>30 June 2017</b>					
<b><u>Revenue</u></b>					
External sales	80,575	11,080	1,118	7,793	100,566
Inter-segment sales	-	-	93	339	432
Total revenue	<u>80,575</u>	<u>11,080</u>	<u>1,211</u>	<u>8,132</u>	<u>100,998</u>
<b><u>Results</u></b>					
Segment profit/(loss)	<u>7,179</u>	<u>539</u>	<u>97</u>	<u>(690)</u>	<u>7,125</u>
Finance costs					(2,517)
Share of results of associates	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>2,569</u>	<u>2,530</u>
Profit before tax					<u>7,138</u>
<b>30 June 2016</b>					
<b><u>Revenue</u></b>					
External sales	68,259	12,586	991	10,125	91,961
Inter-segment sales	-	-	90	16	106
Total revenue	<u>68,259</u>	<u>12,586</u>	<u>1,081</u>	<u>10,141</u>	<u>92,067</u>
<b><u>Results</u></b>					
Segment profit/(loss)	<u>8,580</u>	<u>826</u>	<u>(206)</u>	<u>(2,859)</u>	<u>6,341</u>
Finance costs					(3,050)
Share of results of associates	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>2,176</u>	<u>2,172</u>
Profit before tax					<u>5,463</u>



## 16. PERFORMANCE REVIEW

### Group performance

For the first quarter ended 30 June 2017, the Group's revenue increased to RM100.6 million, RM8.6 million higher than preceding year corresponding quarter, mainly attributed to higher sales from both Textile and Industrial divisions. Pre-tax profit also reported higher at RM7.1 million as compare to RM5.5 million in FY2017.

For the current reporting quarter, the Group recorded lower profit contribution from Textile division and lower dividend income from quoted investment. However, the higher pre-tax profit of RM7.1 million was achieved despite the above as impairment loss for investment for associate is not required for current quarter. The Group provided RM4.5 million impairment loss in preceding year corresponding quarter.

### Textile division

Textile division reported RM80.6 million in revenue, RM12.3 million higher as compared to RM68.3 million recorded in preceding year corresponding quarter, mainly derived from strengthening of USD against Ringgit which translated into higher sale. Despite the increase in revenue, pre-tax profit reduced to RM6.8 million as compared to RM8.3 million in FY2017, mainly attributed to higher wages and operation costs incurred by our Vietnam's subsidiary.

### Telecommunications division

For current reporting quarter, Telecommunications division reported lower revenue at RM11.1 million as compared to RM12.6 million in FY2017, mainly due to lower sales recorded from ODM business. Some of the ODM orders were affected by materials constraints and factory relocation. Pre-tax profit also reported lower at RM0.5 million.

### Properties division

Properties division reported RM1.1 million in revenue, increased slightly by RM0.1 million as compared to RM1.0 million recorded in FY2017. Pre-tax profit reported at RM0.01 million.

### Other operations

Industrial division reported RM4.2 million in revenue, RM0.4 million lower as compared to RM3.8 million in FY2017, mainly attributed to lower spare parts and workshop sales.

Plantation division reported higher revenue for current reporting quarter mainly due to better crop yields. As a result, the division managed to turn around from its RM0.3 million losses to RM0.01 million pre-tax profit.



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

The Group registered RM100.6 million in revenue for current reporting quarter, increased by 9% as compared to RM91.9 million reported in the preceding fourth quarter. Higher revenue recorded by Textile division during the quarter mainly attributed to seasonal orders. The Group reported RM7.1 million in pre-tax profit for current quarter as compared to RM119.0 for preceding fourth quarter. Higher pre-tax profit for preceding fourth quarter was mainly due to RM68.0 million impairment write back for investment in associate as well as RM45.2 million gain from disposal of investment in the preceding quarter.

**18. PROSPECTS FOR FINANCIAL YEAR 2018**

The construction of both factories in Vietnam (Textile division) and Penang (Telecommunication division) have been completed. New production lines will be gradually increased in our Vietnam factory during this financial year. As for the Penang factory, the production is fully operated after the relocation from the previous rented factory. With the additional new facilities, the management expects the expansion and development of new products will further enhance the future earnings of both divisions.

The West Coast Expressway project undertaken by our associate, WCE Holdings Bhd (WCE), is progressing well and expected to contribute positively to its revenue and earnings.

**19. PROFIT BEFORE TAX**

Included in the profit before tax are the following items:

	Current quarter <u>30.6.2017</u> RM'000	Comparative Quarter <u>30.6.2016</u> RM'000
Amortisation of biological assets	153	153
Amortisation of intangible assets	16	5
Amortisation of land use rights	122	106
Depreciation of property, plant and equipment	998	903
Impairment loss on investment in associates	-	4,533
Land use rights written off	-	517
Loss on disposal of property, plant and equipment	17	-
Net fair value gain on derivatives assets	-	(79)
Net unrealised foreign exchange loss/(gain)	171	(306)
Property, plant and equipment written off	-	3
Interest income	(562)	(334)
Interest expenses	<u>2,517</u>	<u>3,050</u>

**20. INCOME TAX EXPENSE**

The tax expense consists of:

	Current quarter <u>30.6.2017</u> RM'000	Comparative Quarter <u>30.6.2016</u> RM'000
Current income tax		
- current period	1,643	1,664
- over provision in prior years	(33)	-
Deferred tax		
- current period	(143)	84
- over provision in prior years	(20)	-
Income tax expense	<u>1,447</u>	<u>1,748</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>30.6.2017</u> RM'000	Comparative Quarter <u>30.6.2016</u> RM'000
Profit before tax	7,138	5,463
Taxation at 24%	1,713	1,311
Expenses not deductible	1,040	1,743
Deferred tax assets not recognised	19	-
Income not subject to tax	(139)	(285)
Utilisation of previously unrecognised deductible temporary differences	(53)	(22)
Tax effect of differences in tax rate	(473)	(478)
Under provision of tax in prior years	(53)	-
Share of results of associates	(607)	(521)
	<u>1,447</u>	<u>1,748</u>

**21. SUBSEQUENT EVENT**

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

**22. 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>30.6.2017</u> RM'000	Comparative Quarter <u>30.6.2016</u> RM'000
Profit for the period	<u>5,574</u>	<u>3,601</u>
No. of ordinary shares after deducting treasury shares	230,235	230,235
Basic EPS (sen)	<u>2.42</u>	<u>1.56</u>

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

	Current quarter <u>30.6.2017</u> RM'000	Comparative Quarter <u>30.6.2016</u> RM'000
Total retained earnings of the Group:		
- Realised profit	259,082	123,442
- Unrealised profit	<u>6,106</u>	<u>3,479</u>
	265,188	126,921
Total share of retained profits from associates:		
- Realised loss	<u>(7,674)</u>	<u>(16,971)</u>
	257,514	109,950
Add: Consolidation adjustments	76,451	90,072
Retained profits as per financial statements	<u>333,965</u>	<u>200,022</u>

**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 2017**