



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	<u>30.9.2017</u> Unaudited RM'000	<u>31.3.2017</u> Audited RM'000
Assets		
<u>Non-Current Assets</u>		
Property, plant & equipment	97,122	88,858
Investment properties	57,122	57,122
Investment in associates	310,039	306,028
Other investments	163,951	191,563
Other non-current assets	43,071	43,660
	<u>671,305</u>	<u>687,231</u>
<u>Current Assets</u>		
Inventories	42,159	41,476
Trade and other receivables	52,395	58,370
Cash and bank balances	97,668	125,027
Other current assets	26,865	15,510
	<u>219,087</u>	<u>240,383</u>
Total assets	<u><u>890,392</u></u>	<u><u>927,614</u></u>



MWE HOLDINGS BERHAD (5713-D)

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

	<u>30.9.2017</u>	<u>31.3.2017</u>
	Unaudited	Audited
	RM'000	RM'000
Equity and liabilities		
<u>Current Liabilities</u>		
Trade and other payables	52,951	50,029
Loans and borrowings	120,679	128,589
Current tax payable	471	701
	<u>174,101</u>	<u>179,319</u>
<u>Non-Current Liabilities</u>		
Loans and borrowings	41,044	42,335
Deferred tax liabilities	1,041	1,232
Deferred income	11,217	11,423
	<u>53,302</u>	<u>54,990</u>
Total liabilities	227,403	234,309
<u>Equity</u>		
Share capital	255,145	255,145
Reserves	395,239	425,273
Treasury shares	(1,931)	(1,931)
	<u>648,453</u>	<u>678,487</u>
Non-controlling interests	14,536	14,818
Total equity	<u>662,989</u>	<u>693,305</u>
Total equity and liabilities	<u>890,392</u>	<u>927,614</u>
Net assets per share (RM)	2.82	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 SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2017

	Current 3 months <u>30.9.2017</u> RM'000	Comparative 3 months <u>30.9.2016</u> RM'000	Cumulative 6 months <u>30.9.2017</u> RM'000	Comparative 6 months <u>30.9.2016</u> RM'000
Revenue	70,222	78,920	170,788	170,881
Cost of sales	<u>(57,301)</u>	<u>(63,084)</u>	<u>(141,475)</u>	<u>(135,796)</u>
Gross profit	12,921	15,836	29,313	35,085
Interest income	478	437	1,040	771
Other income	440	1,913	1,206	2,982
Other operating expenses	<u>(11,266)</u>	<u>(18,257)</u>	<u>(21,861)</u>	<u>(32,568)</u>
Operating profit/(loss)	2,573	(71)	9,698	6,270
Finance costs	<u>(2,779)</u>	<u>(2,970)</u>	<u>(5,296)</u>	<u>(6,020)</u>
Share of results of associates	1,830	2,264	4,360	4,436
Profit/(Loss) before tax	1,624	(777)	8,762	4,686
Income tax expense	<u>(579)</u>	<u>(630)</u>	<u>(2,026)</u>	<u>(2,378)</u>
Profit/(Loss) net of tax	<u>1,045</u>	<u>(1,407)</u>	<u>6,736</u>	<u>2,308</u>
Other comprehensive income:				
Fair value loss on available- for-sale financial assets	(3,053)	(2,331)	(27,612)	(18,187)
Foreign currency translation	<u>(1,685)</u>	<u>1,095</u>	<u>(4,835)</u>	<u>3,942</u>
	<u>(4,738)</u>	<u>(1,236)</u>	<u>(32,447)</u>	<u>(14,245)</u>
Total comprehensive income	<u>(3,693)</u>	<u>(2,643)</u>	<u>(25,711)</u>	<u>(11,937)</u>
Profit attributable to:				
Owners of the parent	952	(1,472)	6,526	2,129
Non-controlling interests	<u>93</u>	<u>65</u>	<u>210</u>	<u>179</u>
	<u>1,045</u>	<u>(1,407)</u>	<u>6,736</u>	<u>2,308</u>
Total comprehensive income attributable to:				
Owners of the parent	(3,603)	(2,828)	(25,429)	(12,565)
Non-controlling interests	<u>(90)</u>	<u>185</u>	<u>(282)</u>	<u>628</u>
	<u>(3,693)</u>	<u>(2,643)</u>	<u>(25,711)</u>	<u>(11,937)</u>
Basic earnings per share (sen)	0.41	(0.64)	2.83	0.92

(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 SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2017

	< ----- Attributable to owners of the parent ----- >						Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Other Reserves	Distributable Retained Earnings	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1.4.2016	231,559	(1,931)	129,446	201,026	560,100	12,791	572,891	
Total comprehensive income	-	-	(14,694)	2,129	(12,565)	628	(11,937)	
Dividend paid	-	-	-	(4,605)	(4,605)	-	(4,605)	
At 30.9.2016	<u>231,559</u>	<u>(1,931)</u>	<u>114,752</u>	<u>198,550</u>	<u>542,930</u>	<u>13,419</u>	<u>556,349</u>	
At 1.4.2017	255,145	(1,931)	92,277	332,996	678,487	14,818	693,305	
Total comprehensive income	-	-	(31,955)	6,526	(25,429)	(282)	(25,711)	
Dividend paid	-	-	-	(4,605)	(4,605)	-	(4,605)	
At 30.9.2017	<u>255,145</u>	<u>(1,931)</u>	<u>60,322</u>	<u>334,917</u>	<u>648,453</u>	<u>14,536</u>	<u>662,989</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 SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2017

	6 months ended	
	<u>30.9.2017</u>	<u>30.9.2016</u>
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	8,762	4,686
Adjustment for :		
Amortisation of biological assets	307	307
Amortisation of intangible assets	30	30
Amortisation of land use rights	244	213
Depreciation of property, plant and equipment	2,210	2,035
Impairment loss on investment in associates	-	12,200
Investment in associate written off	-	273
Land use rights written off	-	517
Loss on disposal of property, plant and equipment	17	-
Net fair value gain on derivatives assets	-	(138)
Net unrealised foreign exchange (gain)/loss	137	(284)
Property, plant and equipment written off	-	3
Reversal of impairment loss on receivables	(5)	-
Share of results of associates	(4,360)	(4,436)
Dividend income	(1,981)	(4,622)
Interest income	(1,040)	(771)
Interest expenses	5,296	6,020
Operating profit before working capital changes	9,617	16,033
Changes in inventories	(1,149)	16,676
Changes in property development activities	(15)	(9)
Changes in receivables	(6,270)	(15,629)
Changes in payables	3,622	11,743
Changes in trade line borrowings	-	160
Cash generated from operations	5,805	28,974
Interest received	1,040	711
Interest paid	(5,296)	(6,020)
Net income tax paid	(2,381)	(4,456)
Net cash (used in)/generated from operating activities	(832)	19,269



MWE HOLDINGS BERHAD (5713-D)

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

	6 months ended	
	30.9.2017 Unaudited RM'000	30.9.2016 Unaudited RM'000
Cash flows from investing activities		
Addition investment in an associate	-	(5,417)
Dividends received	1,981	4,622
Proceeds from disposal of property, plant and equipment	188	-
Purchase of property, plant and equipment	(11,906)	(7,184)
Net cash used in investing activities	(9,737)	(7,979)
Cash flows from financing activities		
Bank borrowings raised	1,928	11,150
Dividends paid to shareholders	(4,605)	(4,605)
Placement in short term deposits	857	(1,931)
Repayment of bank borrowings	(10,991)	(2,191)
Repayment of hire purchase and finance lease instalments	(48)	(229)
Net cash (used in)/generated from financing activities	(12,859)	2,194
Net increase in cash & cash equivalents	(23,428)	13,484
Effects of foreign exchange rate changes	139	99
	(23,289)	13,583
Cash & cash equivalents at beginning of year	120,852	99,378
Effects of foreign exchange rate changes	(3,123)	2,552
	117,729	101,930
Cash & cash equivalents at end of period	94,440	115,513
<i>Represented by :</i>		
Cash & bank balances	97,668	119,250
Deposits with licensed banks with maturity of more than 3 months	(3,214)	(3,737)
Bank overdrafts	(14)	-
	94,440	115,513

(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 SIX-MONTH PERIOD ENDED 30 SEPTEMBER 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 period.

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 sen per share 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> RM '000	<u>Unsecured</u> RM '000	<u>Total</u> RM '000
<u>30.9.2017</u>			
Short term			
Obligations under finance lease	85	-	85
Bank overdrafts	-	14	14
Revolving credit	112,300	900	113,200
Term loans	<u>7,380</u>	<u>-</u>	<u>7,380</u>
	<u>119,765</u>	<u>914</u>	<u>120,679</u>
Long term			
Obligations under finance lease	23	-	23
Term loans	<u>41,021</u>	<u>-</u>	<u>41,021</u>
	<u>41,044</u>	<u>-</u>	<u>41,044</u>
	<u>160,809</u>	<u>914</u>	<u>161,723</u>

There were no foreign borrowings as at 30 September 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 RM'000	Tele- communication RM'000	Properties RM'000	Other Operations RM'000	Total RM'000
<u>30 September 2017</u>					
Revenue					
External sales	125,784	23,339	2,260	19,405	170,788
Inter-segment sales	-	-	184	705	889
Total revenue	<u>125,784</u>	<u>23,339</u>	<u>2,444</u>	<u>20,110</u>	<u>171,677</u>
Results					
Segment profit/(loss)	8,348	1,133	(68)	285	9,698
Finance costs					(5,296)
Share of results of associates	-	-	6	4,354	4,360
Profit before tax					<u>8,762</u>
<u>30 September 2016</u>					
Revenue					
External sales	123,514	23,486	2,852	21,029	170,881
Inter-segment sales	-	-	180	20	200
Total revenue	<u>123,514</u>	<u>23,486</u>	<u>3,032</u>	<u>21,049</u>	<u>171,081</u>
Results					
Segment profit/(loss)	13,631	1,038	306	(8,705)	6,270
Finance costs					(6,020)
Share of results of associates	-	-	(7)	4,443	4,436
Profit before tax					<u>4,686</u>



16. PERFORMANCE REVIEW

Group performance

For the current six-month period, the Group's maintained its revenue at RM171 million. Gross profit reported lower at RM29.3 million, mainly attributed to higher production wages and maintenance costs incurred by Textile division. However, pre-tax profit stood higher at RM6.7 million as compared to RM2.3 million as no impairment was provided for investment in associate for current period.

During the reporting quarter, the Group posted total revenue of RM70.2 million, RM8.7 million lower as compared to RM78.9 million in preceding year corresponding quarter. Textile division's revenue reduced by RM10.0 million but offset by the increased of revenue of RM1.4 million in Telecommunication division. The reduction in Textile revenue mainly attributed to slowdown of US consumers market. Pre-tax profit reported higher at RM1.0 million as compared to pre-tax loss of RM1.4 million in preceding year quarter, as no impairment was provided for investment in associate for current quarter.

Textile division

Textile division reported RM125.8 million in revenue, RM2.3 million higher as compared to RM123.5 million recorded in preceding year corresponding period, mainly derived from strengthening of USD against Ringgit which translated into higher sale. However, pre-tax profit reported lower at RM7.6 million as compared to RM13.0 million in preceding year. The reduction is mainly due to higher maintenance costs coupled with the annual wage increment imposed by Vietnam authority as well as increase in head counts for the new production lines in Vietnam factory.

Telecommunications division

For current period, Telecommunication division reported RM23.3 million in revenue, slightly lower as compared to RM23.5 million reported in preceding year corresponding period. Pre-tax profit also reported lower at RM0.9 million as compared to RM1.0 million in preceding year.

Properties division

Properties division reported RM2.3 million in revenue, RM0.6 million lower as compared to RM2.9 million recorded in FY2017. Higher revenue recorded in prior year mainly due to disposal of residential land. RM0.1 million pre-tax loss was reported for current period.

Other operations

Industrial division reported RM10.5 million in revenue, RM1.4 million higher as compared to RM9.1 million in FY2017, mainly attributed to higher truck sales. The division managed to turn around from RM0.2 million pre-tax loss to RM0.02 million profit.

Plantation division reported higher revenue for current reporting period mainly due to better crop yields. As a result, the division managed to reduced its losses from RM0.5 million in FY2017 to RM0.1 million for current period.

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

The Group registered RM70.2 million in revenue for current reporting quarter, reduced by 30% as compared to RM100.6 million reported in the preceding first quarter. Reduction in US sales orders had badly affected our Textile division. Pre-tax profit also reduced to RM1.0 million.

18. PROSPECTS FOR FINANCIAL YEAR 2018

The slowdown of US markets had badly affected our garments sales. The sales forecast for the remaining quarters is highly dependent whether the sales orders will pick up from US markets. However, Telecommunication division managed to secure some new orders and anticipate that the orders from Mobile Help will increase in the coming quarters.

The contribution from our associate, WCE Holdings Bhd (WCE) is expected to continue positively for financial year ending 2018.

19. PROFIT/(LOSS) BEFORE TAX

Included in the profit/(loss) before tax are the following items:

	Current quarter <u>30.9.2017</u> RM'000	Comparative Quarter <u>30.9.2016</u> RM'000	Cumulative 6 months <u>30.9.2017</u> RM'000	Comparative 6 months <u>30.9.2016</u> RM'000
Amortisation of biological assets	154	154	307	307
Amortisation of intangible assets	14	25	30	30
Amortisation of land use rights	122	107	244	213
Depreciation of property, plant and equipment	1,212	1,132	2,210	2,035
Impairment loss on				
- investment in associates	-	7,667	-	12,200
Land use rights written off	-	-	-	517
Loss on disposal of				
- property, plant and equipment	-	-	17	-
Net fair value gain on derivatives assets	-	(59)	-	(138)
Net unrealised foreign exchange (gain)/loss	(34)	22	137	(284)
Property, plant and equipment written off	-	-	-	3
Reversal of impairment loss on receivables	(5)	-	(5)	-
Interest income	(478)	(437)	(1,040)	(771)
Interest expenses	2,779	2,970	5,296	6,020

**20. INCOME TAX EXPENSE**

The tax expense consists of:

	Current quarter <u>30.9.2017</u> RM'000	Comparative Quarter <u>30.9.2016</u> RM'000	Cumulative 6 months <u>30.9.2017</u> RM'000	Comparative 6 months <u>30.9.2016</u> RM'000
Current income tax				
- current period	386	688	2,029	2,352
- over provision in prior years	217	-	184	-
Deferred tax				
- current period	(24)	(58)	(167)	26
- over provision in prior years	-	-	(20)	-
Income tax expense	<u>579</u>	<u>630</u>	<u>2,026</u>	<u>2,378</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>30.9.2017</u> RM'000	Comparative Quarter <u>30.9.2016</u> RM'000	Cumulative 6 months <u>30.9.2017</u> RM'000	Comparative 6 months <u>30.9.2016</u> RM'000
Profit/(Loss) before tax	1,624	(777)	8,762	4,686
Taxation at 24%	390	(186)	2,103	1,125
Expenses not deductible	1,143	2,228	2,183	3,971
Deferred tax assets not recognised	18	-	37	-
Income not subject to tax	(497)	(624)	(636)	(909)
Utilisation of previously unrecognised deductible temporary differences	4	(46)	(49)	(68)
Tax effect of differences in tax rate	(257)	(198)	(730)	(676)
Under provision of tax in prior years	217	-	164	-
Share of results of associates	(439)	(544)	(1,046)	(1,065)
	<u>579</u>	<u>630</u>	<u>2,026</u>	<u>2,378</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>30.9.2017</u> RM'000	Comparative Quarter <u>30.9.2016</u> RM'000	Cumulative 6 months <u>30.9.2017</u> RM'000	Comparative 6 months <u>30.9.2016</u> RM'000
Profit for the period	<u>952</u>	<u>(1,472)</u>	<u>6,526</u>	<u>2,129</u>
No. of ordinary shares after deducting treasury shares	230,235	230,235	230,235	230,235
Basic EPS (sen)	<u>0.41</u>	<u>(0.64)</u>	<u>2.83</u>	<u>0.92</u>

24. BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	Current quarter <u>30.9.2017</u> RM'000	Comparative Quarter <u>30.9.2016</u> RM'000
Total retained earnings of the Group:		
- Realised profit	258,080	121,714
- Unrealised profit	<u>6,165</u>	<u>3,659</u>
	264,245	125,373
Less: Share of realised loss from associates	(5,844)	(14,653)
Add: Consolidation adjustments	76,516	87,830
Retained profits as per financial statements	<u>334,917</u>	<u>198,550</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
27 November 2017**