



CWG HOLDINGS BERHAD (1206385-W)
 (Formerly known as CWC Holdings Berhad)
 (Incorporated in Malaysia)

The Board of Directors of CWG HOLDINGS BERHAD (formerly known as CWC Holdings Berhad) is pleased to announce the consolidated results for the fourth quarter ended 30 June 2017. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>30/06/2017</u> RM '000	Preceding Year Corresponding Quarter Ended <u>30/06/2016</u> RM '000	Current Year To Date <u>30/06/2017</u> RM '000	Preceding Year Corresponding Period <u>30/06/2016</u> RM '000
Revenue	27,757	26,069	100,712	92,352
Operating expenses	(27,290)	(23,773)	(91,670)	(82,510)
Other operating income/(expenses)	368	(228)	885	459
Finance costs	(325)	(345)	(1,402)	(1,413)
Profit before tax	510	1,723	8,525	8,888
Tax expense	(370)	(423)	(2,080)	(1,921)
Profit for the year	140	1,300	6,445	6,967
Other comprehensive income for the year <i>Items that will not be reclassified to profit or loss:-</i>				
- Remeasurement of defined benefit liability	-	(71)	-	(71)
- Deferred tax effect thereof	-	17	-	17
Total comprehensive income for the year	<u>140</u>	<u>1,246</u>	<u>6,445</u>	<u>6,913</u>
Earnings per share (sen)				
- Basic	0.17	1.54	7.66	8.28
- Diluted	0.17	1.54	7.66	8.28

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At End Of Current Year 30/06/2017 <u>RM'000</u>	Audited As At Preceding Financial Year Ended 30/06/2016 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	<u>39,637</u>	<u>40,869</u>
Current Assets		
Inventories	39,096	35,316
Trade and other receivables	18,157	13,426
Derivative assets	30	14
Current tax assets	3	2
Cash and bank balances	<u>3,429</u>	<u>2,243</u>
	<u>60,715</u>	<u>51,001</u>
TOTAL ASSETS	<u>100,352</u>	<u>91,870</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	42,261	42,097
Reserves	<u>13,823</u>	<u>9,015</u>
Total Equity	<u>56,084</u>	<u>51,112</u>
Non-Current Liabilities		
Borrowings	4,783	5,660
Retirement benefits	572	517
Deferred tax liabilities	<u>3,603</u>	<u>3,633</u>
	<u>8,958</u>	<u>9,810</u>
Current Liabilities		
Trade and other payables	15,928	10,907
Borrowings	18,682	19,868
Current tax liabilities	700	173
	<u>35,310</u>	<u>30,948</u>
Total Liabilities	<u>44,268</u>	<u>40,758</u>
TOTAL EQUITY AND LIABILITIES	<u>100,352</u>	<u>91,870</u>
Net Assets per Share* (sen)	67	61

* The calculation of the net assets per share for the comparative periods has been adjusted retrospectively as a result of an increase in the number of shares pursuant to the Share Exchange which was completed on 29 June 2017 via a Member's Scheme of Arrangement under Section 176 of the Companies Act, 1965. The adjustment is to reflect the effect of the Share Exchange as if it had occurred at the beginning of financial year 2016.

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 30 June 2017 - unaudited	Share capital RM '000	Non- distributable	Distributable	Total Equity RM '000
		Share premium RM '000	Retained earnings RM '000	
Balance as at 01/07/2015	42,097	164	2,780	45,041
Remeasurement of defined benefit liability	-	-	(71)	(71)
Deferred tax effect thereof	-	-	17	17
Other comprehensive income for the financial year	-	-	(54)	(54)
Profit for the financial year	-	-	6,967	6,967
Total comprehensive income for the financial year	-	-	6,913	6,913
Dividend (representing total transactions with owners)	-	-	(842)	(842)
Balance as at 30/06/2016	<u>42,097</u>	<u>164</u>	<u>8,851</u>	<u>51,112</u>
Balance as at 01/07/2016	42,097	164	8,851	51,112
Effect of the new Companies Act, 2016**	164	(164)	-	-
Profit (representing total comprehensive income) for the financial year	-	-	6,445	6,445
Dividend (representing total transactions with owners)	-	-	(1,473)	(1,473)
Balance as at 30/06/2017	<u>42,261</u>	<u>-</u>	<u>13,823</u>	<u>56,084</u>

** Pursuant to Section 618(2) of the Companies Act, 2016 ("CA 2016"), any outstanding share premium shall become part of share capital. The share premium included in share capital is available to be utilised in accordance with Section 618(3) of CA 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year 12 Months Ended 30/06/2017 RM '000	Preceding Year Corresponding 12 Months Ended 30/06/2016 RM '000
Cash Flows from Operating Activities		
Profit before tax	8,525	8,888
Adjustments for:		
Bad debts written off	14	-
Depreciation of property, plant and equipment	3,441	3,167
Deposits forfeited	(34)	-
Gain on disposal of property, plant and equipment	(45)	(54)
Impairment loss on loans and receivables	334	7
Interest expense	1,402	1,413
Interest income	(7)	-
Inventories written down	258	15
Provision for retirement benefits	55	48
Unrealised gain on derivative financial instruments	(30)	(14)
Unrealised loss/(gain) on foreign exchange	23	(13)
Operating profit before changes in working capital	13,936	13,457
Changes in:-		
Inventories	(4,038)	(8,606)
Receivables and prepayments	(5,069)	6,440
Payables and advance payments	5,021	556
Derivative assets	14	(3)
Cash generated from operations	9,864	11,844
Tax paid	(1,584)	(667)
Net cash from operating activities	8,280	11,177
Cash Flows from Investing Activities		
Interest received	7	-
Purchase of property, plant and equipment	(467)	(9,845)
Proceeds from disposal of property, plant and equipment	55	179
Net cash used in investing activities	(405)	(9,666)
Cash Flows from Financing activities		
Dividend paid	(1,473)	(842)
Interest paid	(1,393)	(1,465)
Net (decrease)/increase in short-term borrowings	(26)	271
Repayment of hire purchase obligations	(1,560)	(1,285)
Repayment of term loan	(625)	(573)
Term loan raised	-	5,000
Net cash (used in)/from financing activities	(5,077)	1,106
Currency Translation Differences	1	(5)
Net change in cash and cash equivalents	2,799	2,612
Cash and cash equivalents at beginning of the year	(1,123)	(3,735)
Cash and cash equivalents at end of the year	1,676	(1,123)
Cash and cash equivalents at end of the year consist of :-		
Cash and bank balances	3,429	2,243
Bank overdrafts	(1,753)	(3,366)
	1,676	(1,123)

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A : REQUIREMENTS OF MFRS 134: INTERIM FINANCIAL REPORTING

A1 Basis Of Preparation

The Condensed Consolidated Interim Financial Statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The internal reorganisation of Chee Wah Corporation Berhad ("CWCB") Group in which CWG Holdings Berhad (formerly known as CWC Holdings Berhad) ("CWG") was established as the new holding company of CWCB is accounted for when:

- a) CWG obtains control of CWCB Group via a two to one share exchange with the shareholders of CWCB;
- b) the assets and liabilities of CWCB Group are the same immediately before and after the reorganisation; and
- c) the owners of CWCB before the reorganisation have the same absolute and relative interests in the net assets of the CWCB Group and the new CWG Group immediately before and after the reorganisation.

In the separate financial statements of CWG, the cost of acquisition of CWCB Group is measured at the carrying amount of CWCB's share of the equity items shown in the separate financial statements of CWCB at the date of the reorganisation.

The consolidated financial statements of the new CWG Group are presented using the values from the consolidated financial statements of CWCB Group. Any resulting difference between the cost of acquisition and the aggregate carrying value of assets and liabilities of CWCB Group is taken directly to equity.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited financial statements of the CWCB Group for the financial year ended 30 June 2016. The explanatory notes attached to the Condensed Consolidated Interim Financial Statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

A2 Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those adopted in the audited financial statements of CWCB for the year ended 30 June 2016.

The Group has adopted the MFRSs, Amendments to MFRSs and IC interpretations effective for the financial period beginning on or after 1 July 2016 where applicable to the Group. The initial adoption of the these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations are not expected to have any significant impacts on the financial statements of the Group upon their initial application.

A3 Seasonal Or Cyclical Factors

To the nature of its products and the market demand, the Group's revenue is normally lower in the first and third quarters as compared to the other quarters in each financial year.

A4 Unusual Items

There were no items affecting the current financial year's assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A5 Changes In Estimates

There were no major changes in estimates from those of the prior financial year which have a material effect for the financial year under review.

A6 Issuance, Repurchases And Repayments Of Debt And Equity Securities

There were no issues, repurchase, cancellation resales and repayment of debt and equity securities during the current financial year under review.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A7 Dividends Paid

A first and final single-tier dividend of 3.5 sen per ordinary share of RM1 each amounted to RM1,473,385 in respect of the financial year ended 30 June 2016 was paid on 9 January 2017, which has been approved by shareholders at the Annual General Meeting held on 23 November 2016.

A8 Segment Information

The Group's activities fall within one business segment being the manufacture and sale of stationery and printing materials which are predominantly carried out in Malaysia. Apart from revenue from external customers by location of customers which are shown below, the required segmental information has already been disclosed in the interim financial statements:

	Current Year Quarter <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Malaysia	3,367	24,902
Asia (exclude Malaysia)	16,513	37,959
Oceania	2,742	22,748
Europe	4,985	12,230
Africa and America	150	2,873
	<u>27,757</u>	<u>100,712</u>

The directors are of the opinion that all inter-segment transfers have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Those transfers are eliminated on consolidation.

A9 Events After The Interim Period

There were no events subsequent to the end of the current financial year that have not been reflected in the financial statements for the current financial year.

A10 Changes In The Composition Of The Group

On 29 June 2017, the exchange of shares between the CWG and CWCB pertaining to the proposed internal reorganisation exercised was completed and CWCB is now a wholly-owned subsidiary of CWG.

A11 Contingent Liabilities Or Assets

There were no contingent liabilities or contingent assets since last financial year ended 30 June 2016.

A12 Material Related Parties Transactions

There were no material transactions entered by the Group with any related parties.

A13 Capital Commitments

The group has the following capital commitment in respect of property, plant and equipment as at 30 June 2017:

	<u>RM'000</u>
Contracted but not provided for	<u>1,640</u>

PART B : REQUIREMENTS OF APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS

B1 Review Of Performance

For the current quarter ended 30 June 2017, the Group generated a revenue of RM27.757 million as compared to the preceding year corresponding quarter of RM26.069 million. The increase in revenue of RM1.688 million or 6% was mainly due to higher sales from export market. The Group recorded a profit before tax of RM0.510 million for the current quarter as compared to the preceding year corresponding quarter of RM1.723 million. The decrease in profit before tax of RM1.213 million was mainly due to expenses incurred for a corporate exercise undertaken by the Group amounting to RM0.787 million and impairment loss on receivables of RM0.334 million in current quarter.

For the financial year ended 30 June 2017, the Group generated a revenue of RM100.712 million as compared to the preceding year corresponding period of RM92.352 million. The increase in revenue of RM8.360 million or 9% was mainly due to higher sales from export market. The Group generated a profit before tax of RM8.525 million as compared to the preceding year corresponding period of RM8.888 million. The decrease in profit before tax of RM0.363 million was not in line with the increase in revenue mainly due to the result of a non-recurring expenses incurred for corporate exercise and impairment loss on receivables.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	30/06/2017 RM'000	31/03/2017 RM'000	RM'000	%
Revenue	27,757	20,561	7,196	35
Profit before tax	<u>510</u>	<u>985</u>	<u>(475)</u>	<u>(48)</u>

The Group's revenue generated in the current quarter was RM27.757 million as compared to RM20.561 million in the immediate preceding quarter was mainly due to seasonal factor as stated in Note A3. However, the Group recorded a lower profit before tax of RM0.510 million in current quarter as compared to RM0.985 million in the immediate preceding quarter mainly due to the factors as explained in Note B1.

B3 Prospects

The Board anticipates that the performance of the Group remain challenging in the next financial year due to the uncertain macro-economic outlook. However, the Group expects to remain profitable in the next financial year.

B4 Profit Forecast/Profit Guarantee

Not applicable as there were no profit forecasts published.

B5 Tax Expense

Breakdown of tax expense for the financial year ended 30 June 2017 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current year	649	2,052
Prior year	-	58
Deferred tax:		
Current year	(238)	11
Prior year	(41)	(41)
	<u>370</u>	<u>2,080</u>

The effective tax rate of the Group for the current quarter was higher than statutory tax rate mainly due to non deductible expenses which relating to expenses incurred for corporate exercise in current quarter.

B6 Status Of Corporate Proposal

On 14 November 2016, RHB Investment Bank Berhad ("RHB Investment Bank") had, on behalf of the Board of Directors of CWCB, announced the following:

- a) internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 (the "Act") ("Internal Reorganisation") comprising the following proposals:
 - i) exchange of the entire 42,096,700 issued ordinary shares in CWCB ("CWCB Shares") with 84,193,400 new ordinary shares in CWG ("CWG Shares"), on the basis of 2 new CWG Shares for every 1 existing CWCB Share held on an entitlement date to be determined and announced ("Share Exchange"); and
 - ii) assumption of the listing status of CWCB by CWG and the admission of CWG to and withdrawal of CWCB from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for the entire CWG Shares on the Main Market of Bursa Securities ("Transfer of Listing"); and
- b) renounceable rights issue of up to 42,096,701 CWG Shares ("Rights Shares") on the basis of 1 Rights Share for every 2 CWG Shares held on an entitlement date to be determined and announced later ("Rights Issue").

For the purpose of the Internal Reorganisation, CWCB and CWG had, on the same day, entered into a conditional share exchange agreement.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6 Status Of Corporate Proposal (Continued)

On 20 December 2016, the relevant court papers were filed by CWCB to obtain the requisite order from the High Court of Malaya at Kuala Lumpur ("High Court") pursuant to Section 176 of the Act for leave to be granted to CWCB to convene a meeting of its members in relation to the Internal Reorganisation.

On 28 December 2016, the initial listing application and additional listing application in relation to the Internal Reorganisation and Rights Issue were submitted to Bursa Securities. On 10 January 2017, the High Court had, at the hearing, granted leave for CWCB to convene a meeting of its members pursuant to Section 176(1) of the Act in relation to the Internal Reorganisation within 6 months from 10 January 2017.

On 8 March 2017, Bursa Securities had, vide its letter dated 7 March 2017, approved the following:

- i) admission of CWG to the Official List of Bursa Securities and the listing of and quotation for the enlarged issued share capital of CWG of RM42,096,701 comprising 84,193,402 CWG Shares under the "Consumer Products" sector on the Main Market of Bursa Securities, in place of CWCB; and
- ii) listing and quotation of up to 42,096,701 Rights Shares to be issued pursuant to the Rights Issue.

The approval of shareholders of CWCB (who are now shareholders of CWG after the completion of the Internal Reorganisation on 13 July 2017) has been obtained at the Court Convened Meeting in relation to the Internal Reorganisation and Extraordinary General Meeting in relation to the Internal Reorganisation and Rights Issue held on 19 April 2017.

On 24 May 2017, the relevant court papers were filed by CWCB to obtain the requisite order from the High Court pursuant to Sections 176(3), (5) and (7) of the Act to approve the Internal Reorganisation.

On 29 June 2017, RHB Investment Bank had, on behalf of the Board of Directors of CWG, announced that the Internal Reorganisation had taken effect on 29 June 2017 pursuant to the lodgement of court order granted by the High Court on 31 May 2017 for the approval of the scheme of arrangement of CWCB under Section 176 of the Act to implement the Internal Reorganisation with the Registrar of Companies on 29 June 2017. The Internal Reorganisation was completed on 13 July 2017 following the de-listing of CWCB Shares and with the listing of CWG Shares. Consequently, CWCB became a wholly-owned subsidiary of CWG.

The Rights Issue is expected to be completed by October 2017.

B7 Group Borrowings And Debt Securities

Group borrowings as at 30 June 2017 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	1,753
Bankers' acceptances and trust receipts	-	14,672
Hire purchase payables	1,632	-
Term loan	625	-
	<u>2,257</u>	<u>16,425</u>
b) <u>Long term borrowings</u>		
Hire purchase payables	1,606	-
Term loan	3,177	-
	<u>4,783</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies:		
	Financial Year Ended 30/06/2017 RM'000	Financial Year Ended 30/06/2016 RM'000
Ringgit Malaysia	23,465	23,542
United States Dollars	-	1,986
	<u>23,465</u>	<u>25,528</u>

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B8 Changes In Material Litigation

The Group is not engaged in any material litigation as at 25 August 2017.

B9 Proposed Dividends

The Board recommends a first and final single-tier dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2017, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed dividend which will be recognised as an appropriation of retained earnings in the financial year ending 30 June 2018 when approved by shareholders.

B10 Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2017 RM '000	Preceding Year Corresponding Quarter Ended 30/06/2016 RM '000	Current Year To Date 30/06/2017 RM '000	Preceding Year Corresponding Period 30/06/2016 RM '000
Profit for the year	140	1,300	6,445	6,967
	No. of Shares '000	No. of Shares '000	No. of Shares '000	No. of Shares '000
Number of ordinary shares				
Weighted average number of shares	84,193	84,193	84,193	84,193
Basic earnings per share (sen)	0.17	1.54	7.66	8.28

The calculation of the earnings per share for the comparative periods has been adjusted retrospectively to reflect the changes in the number of shares as a result of the share exchange as if it had occurred at the beginning of financial year 2016.

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

B11 Auditors' Report On Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2016 were not subject to any qualification.

B12 Realised And Unrealised Profits Or Losses

	Financial Year Ended 30/06/2017 RM'000	Financial Year Ended 30/06/2016 RM'000
Total retained profits/(accumulated losses) of CWG and its subsidiaries:		
- Realised	4,386	(762)
- Unrealised	2,533	2,727
	6,919	1,965
Add: Consolidation adjustments and eliminations	6,904	6,886
Total Group retained profits as per consolidated accounts	13,823	8,851



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the year is arrived at after crediting/(charging):		
- Bad debts recovered	-	2
- Bad debts written off	(14)	(14)
- Impairment loss on loans and receivables	(334)	(334)
- Deposits forfeited	(9)	25
- Depreciation of property, plant and equipment	(872)	(3,441)
- Gain on disposal of property, plant and equipment	-	45
- (Loss)/Gain on foreign exchange	(287)	127
- Interest expenses	(325)	(1,402)
- Interest income	2	7
- Allowance of inventories written down	(88)	(258)
- Gain on derivative financial instruments	30	16

B14 Authorisation For Issue

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors passed on 25 August 2017.