



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 first quarter ended 30 September 2017. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/09/2017 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2016 RM'000	Current Year To Date 30/09/2017 RM'000	Preceding Year Corresponding Period 30/09/2016 RM'000
Revenue	30,204	21,624	30,204	21,624
Operating expenses	(26,582)	(19,779)	(26,582)	(19,779)
Other operating income	292	126	292	126
Finance costs	(333)	(359)	(333)	(359)
Profit before tax	3,581	1,612	3,581	1,612
Tax expense	(742)	(324)	(742)	(324)
Profit for the period	2,839	1,288	2,839	1,288
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>2,839</u>	<u>1,288</u>	<u>2,839</u>	<u>1,288</u>
Earnings per share (sen)				
- Basic	3.37	1.53	3.37	1.53
- Diluted	3.37	1.53	3.37	1.53

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At End Of Current Quarter 30/09/2017 <u>RM'000</u>	Audited As At Preceding Financial Year Ended 30/06/2017 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	<u>40,479</u>	<u>39,637</u>
Current Assets		
Inventories	38,200	39,096
Trade and other receivables	17,434	18,157
Derivative asset	-	30
Current tax assets	-	3
Cash and bank balances	<u>1,739</u>	<u>3,429</u>
	<u>57,373</u>	<u>60,715</u>
TOTAL ASSETS	<u>97,852</u>	<u>100,352</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	42,097	42,097
Reserves	<u>16,826</u>	<u>13,987</u>
Total Equity	<u>58,923</u>	<u>56,084</u>
Non-Current Liabilities		
Borrowings	5,168	4,783
Retirement benefits	587	572
Deferred tax liabilities	<u>3,424</u>	<u>3,603</u>
	<u>9,179</u>	<u>8,958</u>
Current Liabilities		
Trade and other payables	10,352	15,928
Borrowings	18,369	18,682
Current tax liabilities	<u>1,029</u>	<u>700</u>
	<u>29,750</u>	<u>35,310</u>
Total Liabilities	<u>38,929</u>	<u>44,268</u>
TOTAL EQUITY AND LIABILITIES	<u>97,852</u>	<u>100,352</u>
Net Assets per Share (sen)	70	67

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2017 - unaudited	Non-distributable			Distributable	Total Equity RM'000
	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Retained earnings RM'000	
Balance as at 01/07/2016	42,097	-	164	8,851	51,112
Profit (representing total comprehensive income) for the period	-	-	-	1,288	1,288
Balance as at 30/09/2016	<u>42,097</u>	<u>-</u>	<u>164</u>	<u>10,139</u>	<u>52,400</u>
Balance as at 01/07/2017	42,097	164	-	13,823	56,084
Profit (representing total comprehensive income) for the period	-	-	-	2,839	2,839
Balance as at 30/09/2017	<u>42,097</u>	<u>164</u>	<u>-</u>	<u>16,662</u>	<u>58,923</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year 3 Months Ended 30/09/2017 RM'000	Preceding Year Corresponding 3 Months Ended 30/09/2016 RM'000
Cash Flows From Operating Activities		
Profit before tax	3,581	1,612
Adjustments for:		
Depreciation of property, plant and equipment	894	836
Deposits forfeited	(3)	-
Interest expense	333	359
Interest income	(12)	-
Inventories written down	53	87
Provision for retirement benefits	15	14
Fair value adjustment on derivative financial instruments	30	16
Unrealised loss/(gain) on foreign exchange	113	(125)
Operating profit before changes in working capital	5,004	2,799
Changes in:-		
Inventories	843	(2,485)
Receivables and prepayments	727	1,596
Payables and advance payments	(5,576)	(4,153)
Cash generated from/(used in) operations	998	(2,243)
Tax paid	(589)	(220)
Net cash from/(used in) operating activities	409	(2,463)
Cash Flows From Investing Activities		
Interest received	12	-
Purchase of property, plant and equipment	(176)	(6)
Net cash used in investing activities	(164)	(6)
Cash Flows From Financing Activities		
Interest paid	(353)	(355)
Net increase/(decrease) in short-term borrowings	319	(26)
Repayment of hire purchase obligations	(530)	(305)
Repayment of term loan	(156)	(156)
Net cash used in financing activities	(720)	(842)
Net change in cash and cash equivalents	(475)	(3,311)
Cash and cash equivalents at beginning of the period	1,676	(1,123)
Effect of changes in exchange rates on cash and cash equivalents	(2)	1
Cash and cash equivalents at end of the period	1,199	(4,433)
Cash and cash equivalents at end of the period consist of:		
Cash and bank balances	1,739	620
Bank overdrafts	(540)	(5,053)
	1,199	(4,433)

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2017 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 Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017. 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 2017.

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 for the year ended 30 June 2017.

The Group has adopted the MFRSs, Amendments to MFRSs and IC interpretations effective for the financial period beginning on or after 1 July 2017 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 managed to improve its result for the first quarter of current financial year. Consequently, the Group's revenue is lower in the third quarter as compared to the other quarters in each financial year.

A4 Unusual Items

There were no items affecting the current quarter'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 current quarter.

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 quarter.

A7 Dividends Paid

No dividend was paid during the current quarter.

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	4,655	4,655
Asia (exclude Malaysia)	9,986	9,986
Oceania	7,952	7,952
Europe	2,188	2,188
Africa	4,778	4,778
America	645	645
	<u>30,204</u>	<u>30,204</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.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A9 Events After The Interim Period

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

A10 Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current quarter under review.

A11 Contingent Liabilities Or Assets

There were no contingent liabilities or contingent assets since last financial year ended 30 June 2017.

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 September 2017:

	<u>RM'000</u>
Contracted but not provided for	<u>1,490</u>

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

B1 Review Of Performance

For the three months ended 30 September 2017, the Group generated a revenue of RM30.204 million as compared to the preceding year corresponding quarter of RM21.624 million. The increase in revenue of RM8.580 million or 40% was mainly due to higher sales of the export market. As a result of the higher sales, the Group recorded a profit before tax of RM3.581 million for the current quarter as compared to the preceding year corresponding quarter of RM1.612 million, an increase of RM1.969 million.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	30/09/2017 RM'000	30/06/2017 RM'000	RM'000	%
Revenue	30,204	27,757	2,447	9
Profit before tax	<u>3,581</u>	<u>510</u>	<u>3,071</u>	<u>602</u>

The Group's revenue generated in the current quarter was RM30.204 million as compared to RM27.757 million in the immediate preceding quarter was mainly due to higher sales from export market. The Group recorded a higher profit before tax of RM3.581 million in current quarter as compared to RM0.510 million in the immediate preceding quarter mainly due to higher revenue achieved in the current quarter while immediate preceding quarter has incurred higher expenses for corporate exercise and impairment loss on receivable of RM0.787 million and RM0.334 million respectively.

B3 Prospects

The Board anticipates that the Group will maintain profitable for the remaining three quarters of the current 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 quarter ended 30 September 2017 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	921	921
Deferred tax:		
Current year	(179)	(179)
	<u>742</u>	<u>742</u>



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B5 Tax Expense (Continued)

The effective tax rate of the Group for the current year to date was lower than the statutory tax rate was mainly due to utilisation of capital allowances and unabsorbed losses against the profit of certain subsidiaries.

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 Chee Wah Corporation Berhad ("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 Holdings Berhad (formerly known as CWC Holdings Berhad) ("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.

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 delisting of CWCB Shares and with the listing of CWG Shares. Consequently, CWCB became a wholly-owned subsidiary of CWG.

On 28 August 2017, the Company proposed a renounceable rights issue of up to 42,096,701 new ordinary shares at an issue price of RM0.50 per Rights Share on the basis of 1 Rights Share for every 2 existing CWG Shares held on 14 September 2017.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6 Status Of Corporate Proposal (Continued)

On 6 October 2017, RHB Investment Bank had, on behalf of the Board of Directors of CWG, announced that as at the close of acceptance and payment for the Rights Issue on 2 October 2017, the total valid acceptances and total excess applications received for the Rights Issue were 49,974,150 Rights Share, which represents an over subscription of 18.71% over the total 42,096,701 Rights Shares available under the Rights Issue. Accordingly, the Excess Rights Shares will be allocated in accordance with the priority as stated in Section 10.7.1 of the Abridged Prospectus. The Rights Issue has been completed on 16 October 2017 following the listing of and quotation for the 42,096,701 Rights Shares on the Main Market of Bursa Securities.

B7 Group Borrowings And Debt Securities

Group borrowings as at 30 September 2017 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	540
Bankers' acceptances and trust receipts	-	15,083
Hire purchase payables	2,121	-
Term loan	625	-
	<u>2,746</u>	<u>15,623</u>
b) <u>Long term borrowings</u>		
Hire purchase payables	2,147	-
Term loan	3,021	-
	<u>5,168</u>	<u>-</u>

c) The Group borrowings are denominated in Ringgit Malaysia.

B8 Changes In Material Litigation

The Group is not engaged in any material litigation as at 23 November 2017.

B9 Proposed Dividends

No dividend has been declared or paid during the current quarter.

B10 Earnings Per Share

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the period	<u>2,839</u>	<u>2,839</u>
	No. of Shares '000	No. of Shares '000
Number of ordinary shares	<u>84,193</u>	<u>84,193</u>
Weighted average number of shares	<u>84,193</u>	<u>84,193</u>
Basic earnings per share (sen)	<u>3.37</u>	<u>3.37</u>

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 period.

B11 Auditors' Report On Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2017 were not subject to any qualification.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B12 Realised And Unrealised Profits Or Losses

	Financial Period Ended 30/09/2017 RM'000	Financial Year Ended 30/06/2017 RM'000
Total retained profits of CWG and its subsidiaries:		
- Realised	7,076	4,386
- Unrealised	2,678	2,533
	<u>9,754</u>	<u>6,919</u>
Add: Consolidation adjustments and eliminations	6,908	6,904
Total Group retained profits as per consolidated accounts	<u>16,662</u>	<u>13,823</u>

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the period is arrived at after crediting/(charging):		
- Allowance of inventories written down	(53)	(53)
- Deposits forfeited	3	3
- Depreciation of property, plant and equipment	(894)	(894)
- Interest expenses	(333)	(333)
- Interest income	12	12
- Loss on derivative financial instruments	(30)	(30)
- Loss on foreign exchange	(256)	(256)

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 23 November 2017.