



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

The Board of Directors of CWG HOLDINGS BERHAD is pleased to announce the consolidated results for the second quarter ended 31 December 2017. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2017 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2016 RM'000	Current Year To Date 31/12/2017 RM'000	Preceding Year Corresponding Period 31/12/2016 RM'000
Revenue	31,853	30,770	62,057	52,394
Operating expenses	(28,907)	(25,505)	(55,489)	(45,284)
Other operating income	317	542	609	668
Finance costs	(230)	(389)	(563)	(748)
Profit before tax	3,033	5,418	6,614	7,030
Tax expense	(529)	(1,077)	(1,271)	(1,401)
Profit for the period	2,504	4,341	5,343	5,629
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>2,504</u>	<u>4,341</u>	<u>5,343</u>	<u>5,629</u>
Earnings per share (sen)				
- Basic	1.98	5.10	4.99	6.62
- Diluted	1.98	5.10	4.99	6.62

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 31/12/2017 <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>39,956</u>	<u>39,637</u>
Current Assets		
Inventories	33,423	39,096
Trade and other receivables	25,425	18,157
Derivative asset	-	30
Current tax assets	-	3
Cash and bank balances	<u>5,701</u>	<u>3,429</u>
	<u>64,549</u>	<u>60,715</u>
TOTAL ASSETS	<u>104,505</u>	<u>100,352</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,145	42,097
Reserves	<u>17,436</u>	<u>13,987</u>
Total Equity	<u>80,581</u>	<u>56,084</u>
Non-Current Liabilities		
Borrowings	4,556	4,783
Retirement benefits	652	572
Deferred tax liabilities	<u>3,349</u>	<u>3,603</u>
	<u>8,557</u>	<u>8,958</u>
Current Liabilities		
Trade and other payables	9,304	15,928
Borrowings	4,792	18,682
Current tax liabilities	<u>1,271</u>	<u>700</u>
	<u>15,367</u>	<u>35,310</u>
Total Liabilities	<u>23,924</u>	<u>44,268</u>
TOTAL EQUITY AND LIABILITIES	<u>104,505</u>	<u>100,352</u>
Net Assets per Share (sen)	64	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 six months ended 31 December 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	-	-	-	5,629	5,629
Balance as at 31/12/2016	<u>42,097</u>	<u>-</u>	<u>164</u>	<u>14,480</u>	<u>56,741</u>
Balance as at 01/07/2017	42,097	164	-	13,823	56,084
Issuance of shares pursuant to rights issue	21,048	-	-	-	21,048
Profit (representing total comprehensive income) for the period	-	-	-	5,343	5,343
Dividend	-	-	-	(1,894)	(1,894)
Balance as at 31/12/2017	<u>63,145</u>	<u>164</u>	<u>-</u>	<u>17,272</u>	<u>80,581</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 6 Months Ended 31/12/2017 RM'000	Preceding Year Corresponding 6 Months Ended 31/12/2016 RM'000
Cash Flows From Operating Activities		
Profit before tax	6,614	7,030
Adjustments for:		
Bad debts written off	2	-
Deposits forfeited	(3)	-
Depreciation of property, plant and equipment	1,791	1,699
Fair value adjustment on derivative financial instruments	30	14
Interest expense	563	748
Interest income	(76)	-
Inventories written down	-	106
Reversal of inventories written down	(292)	-
Loss/(Gain) on disposal of property, plant and equipment	11	(54)
Provision for retirement benefits	80	28
Unrealised loss/(gain) on foreign exchange	271	(198)
Operating profit before changes in working capital	8,991	9,373
Changes in:-		
Inventories	5,965	1,378
Receivables and prepayments	(7,533)	(5,675)
Payables and advance payments	(6,624)	(3,290)
Cash generated from operations	799	1,786
Tax paid	(954)	(355)
Tax refunded	3	-
Net cash (used in)/from operating activities	(152)	1,431
Cash Flows From Investing Activities		
Interest received	76	-
Purchase of property, plant and equipment	(562)	(232)
Proceeds from disposal of property, plant and equipment	1	54
Net cash used in investing activities	(485)	(178)
Cash Flows From Financing Activities		
Dividend paid	(1,894)	-
Interest paid	(472)	(752)
Net (decrease)/increase in short-term borrowings	(12,631)	2,830
Proceeds from rights issue	21,048	-
Repayment of hire purchase obligations	(1,073)	(693)
Repayment of term loan	(312)	(312)
Net cash from financing activities	4,666	1,073
Net change in cash and cash equivalents	4,029	2,326
Cash and cash equivalents at beginning of the period	1,676	(1,123)
Effect of changes in exchange rates on cash and cash equivalents	(4)	1
Cash and cash equivalents at end of the period	5,701	1,204
Cash and cash equivalents at end of the period consist of :-		
Cash and bank balances	2,201	3,487
Deposits with licensed bank	3,500	-
Bank overdrafts	-	(2,283)
	5,701	1,204

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 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 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 and current year to date except the renounceable rights issue of 42,096,701 Rights Share on the basis of 1 Rights Share for every 2 existing shares of the Company at an issue price of RM0.50 per Rights Share. The rights issue was completed on 16 October 2017.

A7 Dividends Paid

A first and final single-tier dividend of 1.5 sen per ordinary share amounted to RM1,894,352 in respect of the financial year ended 30 June 2017 was paid on 28 December 2017, which has been approved by shareholders at the Annual General Meeting held on 23 November 2017.

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 RM'000	Current Year To Date RM'000
Malaysia	9,781	14,436
Asia (exclude Malaysia)	10,206	20,192
Oceania	9,768	17,720
Europe	951	3,139
Africa	712	5,490
America	435	1,080
	<u>31,853</u>	<u>62,057</u>

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A8 Segment Information (Continued)

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 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 31 December 2017:

	<u>RM'000</u>
Contracted but not provided for	<u>252</u>

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

B1 Review Of Performance

For the current quarter ended 31 December 2017, the Group generated a revenue of RM31.853 million as compared to the preceding year corresponding quarter of RM30.770 million. The increase in revenue of RM1.083 million or 4% was mainly due to higher sales of the export market. The Group recorded a profit before tax of RM3.033 million for the current quarter as compared to the preceding year corresponding quarter of RM5.418 million. The decrease in profit before tax of RM2.385 million or 44% was mainly due to strengthening of Ringgit Malaysia which affected the profit margin of export sales and increase in cost of raw materials. The increase in cost of raw materials were impacted by higher price of paper as a result of tight supply in the global market.

For the six months ended 31 December 2017, the Group generated a revenue of RM62.057 million as compared to the preceding year corresponding period of RM52.394 million. The increase in revenue of RM9.663 million or 18% was mainly due to higher sales from the export market. The Group recorded a profit before tax of RM6.614 million for the current quarter as compared to the preceding year corresponding quarter of RM7.030 million. The decrease in profit before tax of RM0.416 million or 6% was mainly due to same reason as above.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	31/12/2017 RM'000	30/09/2017 RM'000	RM'000	%
Revenue	31,853	30,204	1,649	5
Profit before tax	<u>3,033</u>	<u>3,581</u>	<u>(548)</u>	<u>(15)</u>

The Group's revenue generated in the current quarter was RM31.853 million as compared to RM30.204 million in the immediate preceding quarter was mainly due to higher sales from export market. The Group recorded a profit before tax of RM3.033 million in current quarter as compared to RM3.581 million in the immediate preceding quarter. The decrease in profit before tax of RM0.548 million was mainly due to loss on foreign exchange.

B3 Prospects

The Board anticipates that the performance of the Group will be affected by the impact of the tightly supply of paper in the global market. However, the Group expects to remain profitable in the next six months of current financial year.

B4 Profit Forecast/Profit Guarantee

Not applicable as there were no profit forecasts published.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B5 Tax Expense

Breakdown of tax expense for the quarter ended 31 December 2017 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	604	1,525
Deferred tax:		
Current year	(75)	(254)
	<u>529</u>	<u>1,271</u>

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.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6 Status Of Corporate Proposal (Continued)

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.

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.

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.

The total proceeds raised from the Rights Issue were amounted to RM21,048,351. The status of utilisation of proceeds as at 31 December 2017 are summarised as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Balance to be Utilised RM'000	%
Repayment of bank borrowings	12,698	12,698	Within 3 months	-	-
Working capital	7,500	6,394	Within 12 months	1,106	5.25
Estimated expenses for the Corporate Exercises	850	850	Within 1 month	-	-
Total	21,048	19,942		1,106	5.25

B7 Group Borrowings And Debt Securities

Group borrowings as at 31 December 2017 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	-
Bankers' acceptances and trust receipts	-	2,133
Hire purchase payables	2,034	-
Term loan	625	-
	<u>2,659</u>	<u>2,133</u>
b) <u>Long term borrowings</u>		
Hire purchase payables	1,691	-
Term loan	2,865	-
	<u>4,556</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 22 February 2018.

B9 Proposed Dividends

There was no dividend proposed in the current and previous corresponding quarter.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B10 Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2017 RM '000	Preceding Year Corresponding Quarter Ended 31/12/2016 RM '000	Current Year To Date 31/12/2017 RM '000	Preceding Year Corresponding Period 31/12/2016 RM '000
Profit for the period	2,504	4,341	5,343	5,629
	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	126,290	85,035	107,008	85,035
Basic earnings per share (sen)	1.98	5.10	4.99	6.62

The calculation of the earnings per share has been adjusted to effect the Rights Issue of 42,096,701 new ordinary shares which was completed on 16 October 2017 as disclosed in Note B6.

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.

B12 Realised And Unrealised Profits Or Losses

	Financial Period Ended 31/12/2017 RM'000	Financial Year Ended 30/06/2017 RM'000
Total retained profits of CWG and its subsidiaries:		
- Realised	7,612	4,386
- Unrealised	2,748	2,533
	10,360	6,919
Add: Consolidation adjustments and eliminations	6,912	6,904
Total Group retained profits as per consolidated accounts	17,272	13,823

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):		
- Bad debts written off	(2)	(2)
- Deposits forfeited	-	3
- Depreciation of property, plant and equipment	(897)	(1,791)
- Loss on disposal of property, plant and equipment	(11)	(11)
- Interest expenses	(230)	(563)
- Interest income	64	76
- Loss on derivative financial instruments	-	(30)
- Loss on foreign exchange	(460)	(716)
- Reversal of inventories written down	345	292
- Reversal of impairment loss on receivables	104	104

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 22 February 2018.