



The Board of Directors of CWG HOLDINGS BERHAD is pleased to announce the consolidated results for the third quarter ended 31 March 2018. The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/2018 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000
<b>Revenue</b>	16,681	20,561	78,738	72,955
Operating expenses	(16,856)	(19,096)	(72,345)	(64,380)
Other operating income/(expenses)	343	(151)	952	517
Finance costs	(118)	(329)	(681)	(1,077)
<b>Profit before tax</b>	50	985	6,664	8,015
Tax expense	468	(309)	(803)	(1,710)
<b>Profit for the period</b>	518	676	5,861	6,305
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>518</u>	<u>676</u>	<u>5,861</u>	<u>6,305</u>
<b>Earnings per share (sen)</b>				
- Basic	0.41	0.79	5.17	7.41
- Diluted	0.41	0.79	5.17	7.41

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 31/03/2018 <u>RM'000</u>	Audited As At Preceding Financial Year Ended 30/06/2017 <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	<u>41,139</u>	<u>39,637</u>
<b>Current Assets</b>		
Inventories	44,138	39,096
Trade and other receivables	11,681	18,157
Derivative asset	-	30
Current tax assets	132	3
Cash and bank balances	<u>6,445</u>	<u>3,429</u>
	<u>62,396</u>	<u>60,715</u>
<b>TOTAL ASSETS</b>	<u>103,535</u>	<u>100,352</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	63,145	42,097
Reserves	<u>17,954</u>	<u>13,987</u>
<b>Total Equity</b>	<u>81,099</u>	<u>56,084</u>
<b>Non-Current Liabilities</b>		
Borrowings	3,982	4,783
Retirement benefits	817	572
Deferred tax liabilities	<u>3,527</u>	<u>3,603</u>
	<u>8,326</u>	<u>8,958</u>
<b>Current Liabilities</b>		
Trade and other payables	9,101	15,928
Borrowings	4,831	18,682
Current tax liabilities	178	700
	<u>14,110</u>	<u>35,310</u>
<b>Total Liabilities</b>	<u>22,436</u>	<u>44,268</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>103,535</u>	<u>100,352</u>
<b>Net Assets per Share (sen)</b>	<b>64</b>	<b>67</b>

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 nine months ended 31 March 2018 - 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	-	-	-	6,305	6,305
Dividend	-	-	-	(1,473)	(1,473)
Balance as at 31/03/2017	<u>42,097</u>	<u>-</u>	<u>164</u>	<u>13,683</u>	<u>55,944</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	-	-	-	5,861	5,861
Dividend	-	-	-	(1,894)	(1,894)
Balance as at 31/03/2018	<u>63,145</u>	<u>164</u>	<u>-</u>	<u>17,790</u>	<u>81,099</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 9 Months Ended 31/03/2018 <u>RM'000</u>	Preceding Year Corresponding 9 Months Ended 31/03/2017 <u>RM'000</u>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	6,664	8,015
Adjustments for:		
Bad debts written off	2	-
Deposits forfeited	(3)	(34)
Depreciation of property, plant and equipment	2,701	2,569
Fair value adjustment on derivative financial instruments	30	14
Interest expense	681	1,077
Interest income	(100)	(5)
Inventories written down	-	170
Reversal of inventories written down	(39)	-
Gain on disposal of property, plant and equipment	(142)	(45)
Provision for retirement benefits	245	42
Unrealised loss on foreign exchange	174	17
Operating profit before changes in working capital	10,213	11,820
Changes in:-		
Inventories	(5,003)	834
Receivables and prepayments	6,333	(2,119)
Payables and advance payments	(6,827)	(2,433)
Cash generated from operations	4,716	8,102
Tax paid	(1,533)	(530)
Tax refunded	3	-
Net cash from operating activities	3,186	7,572
<b>Cash Flows From Investing Activities</b>		
Interest received	100	5
Purchase of property, plant and equipment	(2,659)	(267)
Proceeds from disposal of property, plant and equipment	158	55
Net cash used in investing activities	(2,401)	(207)
<b>Cash Flows From Financing Activities</b>		
Dividend paid	(1,894)	(1,473)
Interest paid	(611)	(1,065)
Net decrease in short-term borrowings	(12,472)	(1,635)
Proceeds from rights issue	21,048	-
Repayment of hire purchase obligations	(1,610)	(1,132)
Repayment of term loan	(469)	(469)
Net cash from/(used in) financing activities	3,992	(5,774)
<b>Net change in cash and cash equivalents</b>	4,777	1,591
<b>Cash and cash equivalents at beginning of the period</b>	1,676	(1,123)
<b>Effect of changes in exchange rates on cash and cash equivalents</b>	(8)	(1)
<b>Cash and cash equivalents at end of the period</b>	<u>6,445</u>	<u>467</u>
<b>Cash and cash equivalents at end of the period consist of :-</b>		
Cash and bank balances	2,935	1,786
Deposits with licensed bank	2,410	-
Short term investment funds placed with financial institutions	1,100	-
Bank overdrafts	-	(1,319)
	<u>6,445</u>	<u>467</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.

## 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	4,479	18,915
Asia (exclude Malaysia)	7,487	27,679
Oceania	1,533	19,253
Europe	2,172	5,311
Africa	18	5,508
America	992	2,072
	<u>16,681</u>	<u>78,738</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.

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

### B1 Review Of Performance

For the current quarter ended 31 March 2018, the Group generated a revenue of RM16.681 million as compared to the preceding year corresponding quarter of RM20.561 million. The decrease in revenue of RM3.880 million or 19% was mainly due to lower sales from export market. The Group recorded a profit before tax of RM0.050 million for the current quarter as compared to the preceding year corresponding quarter of RM0.985 million. The decrease in profit before tax of RM0.935 million or 95% was mainly due to lower revenue and loss on foreign exchange which affected by strengthening of Ringgit Malaysia against US Dollar.

For the nine months ended 31 March 2018, the Group generated a revenue of RM78.738 million as compared to the preceding year corresponding period of RM72.955 million. The increase in revenue of RM5.783 million or 8% was mainly due to higher sales from the export market. The Group recorded a profit before tax of RM6.664 million for the current quarter as compared to the preceding year corresponding quarter of RM8.015 million. The decrease in profit before tax of RM1.351 million or 17% was mainly due to strengthening of Ringgit Malaysia which affected the profit margin of export sales and increase in cost of raw materials.

### B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance RM'000	%
	31/03/2018 RM'000	31/12/2017 RM'000		
Revenue	16,681	31,853	(15,172)	(48)
Profit before tax	50	3,033	(2,983)	(98)

The Group's revenue generated in the current quarter was RM16.681 million as compared to RM31.853 million in the immediate preceding quarter was mainly due to seasonal factor as stated in Note A3. As a result of lower revenue, the Group recorded a lower profit before tax of RM0.050 million in current quarter as compared to RM3.033 million in the immediate preceding quarter.

### B3 Prospects

The Board anticipates that the performance of the Group will remain volatile due to fluctuation of Ringgit Malaysia against US Dollar and prices of paper in the global market. However, the Group expects to remain profitable in the final quarter of financial year ending 30 June 2018.

### 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 March 2018 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	(514)	1,011
Prior year	(132)	(132)
Deferred tax:		
Current year	190	(64)
Prior year	(12)	(12)
	<u>(468)</u>	<u>803</u>

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate was mainly due to utilisation of reinvestment allowance and unabsorbed losses against the profit of certain subsidiaries. As a result, the effective tax rate of the Group for the current year to date was lower than the statutory tax rate.

**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.

**EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**B6 Status Of Corporate Proposal (Continued)**

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.

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 March 2018 are summarised as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
Repayment of bank borrowings	12,698	12,698	Within 3 months
Working capital	7,500	7,500	Within 12 months
Estimated expenses for the Corporate Exercises	850	850	Within 1 month
Total	<u>21,048</u>	<u>21,048</u>	

**B7 Group Borrowings And Debt Securities**

Group borrowings as at 31 March 2018 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bankers' acceptances and trust receipts	-	2,292
Hire purchase payables	1,914	-
Term loan	625	-
	<u>2,539</u>	<u>2,292</u>
b) <u>Long term borrowings</u>		
Hire purchase payables	1,274	-
Term loan	2,708	-
	<u>3,982</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 May 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 31/03/2018 RM '000	Preceding Year Corresponding Quarter Ended 31/03/2017 RM '000	Current Year To Date 31/03/2018 RM '000	Preceding Year Corresponding Period 31/03/2017 RM '000
Profit for the period	518	676	5,861	6,305
	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	113,342	85,035
Basic earnings per share (sen)	0.41	0.79	5.17	7.41

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 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)
- Deposits forfeited	-	3
- Depreciation of property, plant and equipment	(910)	(2,701)
- Gain on disposal of property, plant and equipment	153	142
- Interest expense	(118)	(681)
- Interest income	24	100
- Loss on derivative financial instruments	-	(30)
- Loss on foreign exchange	(314)	(1,030)
- Reversal of inventories written down	(253)	39
- Reversal of impairment loss on receivables	-	104

**B13 Derivatives**

There were no derivatives entered into by the Group as at the end of the quarter under review.

**B14 Gains/Losses Arising From Fair Value Changes Of Financial Liabilities**

There were no gains/losses arising from fair value changes of financial liabilities for the current quarter.

**B15 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 May 2018.