



The Board of Directors of CWG HOLDINGS BERHAD is pleased to announce the consolidated results for the first quarter ended 30 September 2018. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|--|---|--|---|---|
| | Current Year Quarter Ended 30/09/2018 RM'000 | Preceding Year Corresponding Quarter Ended 30/09/2017 RM'000 | Current Year To Date 30/09/2018 RM'000 | Preceding Year Corresponding Period 30/09/2017 RM'000 |
| Revenue | 30,689 | 30,204 | 30,689 | 30,204 |
| Operating expenses | (27,598) | (26,582) | (27,598) | (26,582) |
| Other operating income | 497 | 292 | 497 | 292 |
| Finance costs | (169) | (333) | (169) | (333) |
| Profit before tax | 3,419 | 3,581 | 3,419 | 3,581 |
| Tax expense | (865) | (742) | (865) | (742) |
| Profit for the period | 2,554 | 2,839 | 2,554 | 2,839 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>2,554</u> | <u>2,839</u> | <u>2,554</u> | <u>2,839</u> |
| Earnings per share (sen) | | | | |
| - Basic | 2.02 | 3.24 | 2.02 | 3.24 |
| - Diluted | 2.02 | 3.24 | 2.02 | 3.24 |

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As At End Of Current Quarter 30/09/2018 <u>RM'000</u> | Audited As At Preceding Financial Year Ended 30/06/2018 <u>RM'000</u> |
|---|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 40,263 | 40,625 |
| Current Assets | | |
| Inventories | 60,052 | 59,899 |
| Trade and other receivables | 12,107 | 13,175 |
| Current tax assets | 24 | 74 |
| Cash and cash equivalents | 1,345 | 4,793 |
| | <u>73,528</u> | <u>77,941</u> |
| TOTAL ASSETS | <u>113,791</u> | <u>118,566</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 63,145 | 63,145 |
| Reserves | 21,222 | 18,668 |
| Total Equity | <u>84,367</u> | <u>81,813</u> |
| Non-Current Liabilities | | |
| Borrowings | 2,958 | 3,420 |
| Retirement benefits | 1,086 | 953 |
| Deferred tax liabilities | 3,245 | 3,469 |
| | <u>7,289</u> | <u>7,842</u> |
| Current Liabilities | | |
| Trade and other payables | 12,316 | 19,276 |
| Borrowings | 8,855 | 9,477 |
| Current tax liabilities | 964 | 158 |
| | <u>22,135</u> | <u>28,911</u> |
| Total Liabilities | <u>29,424</u> | <u>36,753</u> |
| TOTAL EQUITY AND LIABILITIES | <u>113,791</u> | <u>118,566</u> |
| Net Assets per Share (sen) | 67 | 65 |

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 2018 - unaudited | Non-distributable | | Distributable | Total Equity RM'000 |
|--|----------------------------|------------------------------|--------------------------------|------------------------|
| | Share capital RM'000 | Capital reserve RM'000 | Retained earnings RM'000 | |
| 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>16,662</u> | <u>58,923</u> |
| Balance as at 01/07/2018 | 63,145 | 164 | 18,504 | 81,813 |
| Profit (representing total comprehensive income) for the period | - | - | 2,554 | 2,554 |
| Balance as at 30/09/2018 | <u>63,145</u> | <u>164</u> | <u>21,058</u> | <u>84,367</u> |

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Current Year 3 Months Ended 30/09/2018 RM'000 | Preceding Year Corresponding 3 Months Ended 30/09/2017 RM'000 |
|---|---|---|
| Cash Flows From Operating Activities | | |
| Profit before tax | 3,419 | 3,581 |
| Adjustments for: | | |
| Deposits forfeited | - | (3) |
| Depreciation of property, plant and equipment | 927 | 894 |
| Fair value adjustment on derivative financial instruments | - | 30 |
| Gain on disposal of property, plant and equipment | (88) | - |
| Interest expense | 169 | 333 |
| Interest income | (2) | (12) |
| Inventories written down | 164 | 53 |
| Reversal impairment loss on trade receivables | (3) | - |
| Provision for retirement benefits | 165 | 15 |
| Unrealised loss on foreign exchange | 72 | 113 |
| Operating profit before changes in working capital | 4,823 | 5,004 |
| Changes in:- | | |
| Inventories | (317) | 843 |
| Receivables and prepayments | 1,025 | 727 |
| Payables and advance payments | (6,960) | (5,576) |
| Retirement benefits paid | (32) | - |
| Cash (used in)/generated from operations | (1,461) | 998 |
| Tax paid | (233) | (589) |
| Net cash (used in)/from operating activities | (1,694) | 409 |
| Cash Flows From Investing Activities | | |
| Interest received | 3 | 12 |
| Purchase of property, plant and equipment | (372) | (176) |
| Proceeds from disposal of property, plant and equipment | 95 | - |
| Net cash used in investing activities | (274) | (164) |
| Cash Flows From Financing Activities | | |
| Interest paid | (7) | (353) |
| Net (decrease)/increase in short-term borrowings | (3,710) | 319 |
| Repayment of hire purchase obligations | (586) | (530) |
| Repayment of term loan | (200) | (156) |
| Net cash used in financing activities | (4,503) | (720) |
| Net change in cash and cash equivalents | (6,471) | (475) |
| Cash and cash equivalents at beginning of the period | 4,793 | 1,676 |
| Effect of changes in exchange rates on cash and cash equivalents | (5) | (2) |
| Cash and cash equivalents at end of the period | <u>(1,683)</u> | <u>1,199</u> |
| Cash and cash equivalents at end of the period consist of: | | |
| Cash and bank balances | 1,091 | 1,739 |
| Short-term funds placed with financial institutions | 254 | - |
| Bank overdrafts | (3,028) | (540) |
| | <u>(1,683)</u> | <u>1,199</u> |

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 2018. 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 2018.

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 2018.

The Group has adopted the MFRSs, Amendments to MFRSs and IC interpretations effective for the financial period beginning on or after 1 July 2018 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 lower in the second half as compared to the first half of the 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 issuance, repurchase, cancellation, resale 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 | 5,477 | 5,477 |
| Asia (exclude Malaysia) | 11,398 | 11,398 |
| Oceania | 11,613 | 11,613 |
| Europe | 1,302 | 1,302 |
| America | 899 | 899 |
| | <u>30,689</u> | <u>30,689</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 2018.

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 2018:

| | |
|---------------------------------|---------------|
| | <u>RM'000</u> |
| Contracted but not provided for | 55 |

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

B1 Review Of Performance

For the three months ended 30 September 2018, the Group generated a revenue of RM30.689 million as compared to the preceding year corresponding quarter of RM30.204 million. The increase in revenue of RM0.485 million or 2% was mainly due to higher sales from local market. The Group recorded a profit before tax of RM3.419 million for the current quarter as compared to the preceding year corresponding quarter of RM3.581 million. The decrease in profit before tax of RM0.162 million or 5% was mainly due to increase in operating costs especially direct labour costs and maintenance costs for plant and machinery.

B2 Comparison With Immediate Preceding Quarter's Results

| | Individual Quarter Ended | | Variance | |
|-------------------|--------------------------|---------------|---------------|------------|
| | 30/09/2018 | 30/06/2018 | RM'000 | % |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> |
| Revenue | 30,689 | 26,677 | 4,012 | 15 |
| Profit before tax | <u>3,419</u> | <u>900</u> | <u>2,519</u> | <u>280</u> |

The Group's revenue generated in the current quarter was RM30.689 million as compared to RM26.677 million in the immediate preceding quarter was mainly due to seasonal factor as stated in Note A3. The Group generated a profit before tax of RM3.419 million in the current quarter as compared to RM0.900 million in the immediate preceding quarter as a result of the higher revenue.

B3 Prospects

The Board anticipates that the performance of the Group will be affected by the impact of US-China trade war in the global market. However, the Group expects to remain profitable in next nine months of the 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 30 September 2018 is as follows:

| | Current Year Quarter RM'000 | Current Year To Date RM'000 |
|---------------|-----------------------------------|-----------------------------------|
| Income tax: | | |
| Current year | 1,089 | 1,089 |
| Deferred tax: | | |
| Current year | (224) | (224) |
| | <u>865</u> | <u>865</u> |

The effective tax rate of the Group for the current year to date was higher than the statutory tax rate mainly due to non-deductible expenses incurred by certain subsidiaries.

B6 Status Of Corporate Proposal

There was no corporate proposal during the financial quarter under review.

B7 Group Borrowings And Debt Securities

Group borrowings as at 30 September 2018 are as follows:

| | Secured RM'000 | Unsecured RM'000 |
|---|-------------------|---------------------|
| a) <u>Current liabilities</u> | | |
| Bank overdrafts | - | 3,028 |
| Bankers' acceptances and trust receipts | - | 3,432 |
| Hire purchase payables | 1,770 | - |
| Term loan | 625 | - |
| | <u>2,395</u> | <u>6,460</u> |
| b) <u>Non-current liabilities</u> | | |
| Hire purchase payables | 562 | - |
| Term loan | 2,396 | - |
| | <u>2,958</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 29 November 2018.

B9 Proposed Dividends

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

B10 Earnings Per Share

| | Individual Quarter | | Cumulative Quarter | |
|-----------------------------------|---|---|---|--|
| | Current Year Quarter Ended 30/09/2018 RM '000 | Preceding Year Corresponding Quarter Ended 30/09/2017 RM '000 | Current Year To Date 30/09/2018 RM '000 | Preceding Year Corresponding Period 30/09/2017 RM '000 |
| Profit for the period | <u>2,554</u> | <u>2,839</u> | <u>2,554</u> | <u>2,839</u> |
| | No. of Shares '000 | No. of Shares '000 | No. of Shares '000 | No. of Shares '000 |
| Number of ordinary shares | <u>126,290</u> | <u>87,726</u> | <u>126,290</u> | <u>87,726</u> |
| Weighted average number of shares | <u>126,290</u> | <u>87,726</u> | <u>126,290</u> | <u>87,726</u> |
| Basic earnings per share (sen) | <u>2.02</u> | <u>3.24</u> | <u>2.02</u> | <u>3.24</u> |

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B10 Earnings Per Share (Continued)

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 2018 were not subject to any qualification.

B12 Notes To The Condensed Consolidated Statement Of Comprehensive Income

| | Current Year Quarter <u>RM'000</u> | Current Year To Date <u>RM'000</u> |
|---|--|--|
| Profit for the period is arrived at after crediting/(charging): | | |
| - Bad debt recovered | 6 | 6 |
| - Depreciation of property, plant and equipment | (927) | (927) |
| - Gain on disposal of property, plant and equipment | 88 | 88 |
| - Interest expense | (169) | (169) |
| - Interest income | 2 | 2 |
| - Gain on foreign exchange | 165 | 165 |
| - Inventories written down | (164) | (164) |
| - Reversal of impairment loss on trade receivables | 3 | 3 |

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 29 November 2018.