



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2018 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2017 RM'000	Current Year To Date 31/12/2018 RM'000	Preceding Year Corresponding Period 31/12/2017 RM'000
Revenue	26,966	31,853	57,655	62,057
Operating expenses	(25,017)	(28,907)	(52,615)	(55,489)
Other operating income	290	317	787	609
Finance costs	(167)	(230)	(336)	(563)
Profit before tax	2,072	3,033	5,491	6,614
Tax expense	(508)	(529)	(1,373)	(1,271)
Profit for the period	1,564	2,504	4,118	5,343
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>1,564</u>	<u>2,504</u>	<u>4,118</u>	<u>5,343</u>
Earnings per share (sen)				
- Basic	1.24	1.98	3.26	4.99
- Diluted	1.24	1.98	3.26	4.99

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 31/12/2018 <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	<u>39,519</u>	<u>40,625</u>
Current Assets		
Inventories	52,951	59,899
Trade and other receivables	14,326	13,175
Current tax assets	13	74
Cash and cash equivalents	<u>2,149</u>	<u>4,793</u>
	<u>69,439</u>	<u>77,941</u>
TOTAL ASSETS	<u><u>108,958</u></u>	<u><u>118,566</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,145	63,145
Reserves	<u>20,892</u>	<u>18,668</u>
Total Equity	<u>84,037</u>	<u>81,813</u>
Non-Current Liabilities		
Borrowings	2,571	3,420
Retirement benefits	1,450	953
Deferred tax liabilities	<u>3,038</u>	<u>3,469</u>
	<u>7,059</u>	<u>7,842</u>
Current Liabilities		
Trade and other payables	8,305	19,276
Borrowings	8,134	9,477
Current tax liabilities	<u>1,423</u>	<u>158</u>
	<u>17,862</u>	<u>28,911</u>
Total Liabilities	<u>24,921</u>	<u>36,753</u>
TOTAL EQUITY AND LIABILITIES	<u><u>108,958</u></u>	<u><u>118,566</u></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 six months ended 31 December 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
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>17,272</u>	<u>80,581</u>
Balance as at 01/07/2018	63,145	164	18,504	81,813
Profit (representing total comprehensive income) for the period	-	-	4,118	4,118
Dividend	-	-	(1,894)	(1,894)
Balance as at 31/12/2018	<u>63,145</u>	<u>164</u>	<u>20,728</u>	<u>84,037</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 6 Months Ended 31/12/2018 <u>RM'000</u>	Preceding Year Corresponding 6 Months Ended 31/12/2017 <u>RM'000</u>
Cash Flows From Operating Activities		
Profit before tax	5,491	6,614
Adjustments for:		
Bad debts written off	-	2
Deposits forfeited	-	(3)
Depreciation of property, plant and equipment	1,842	1,791
Fair value adjustment on derivative financial instruments	-	30
(Gain)/Loss on disposal of property, plant and equipment	(360)	11
Interest expense	336	563
Interest income	(5)	(76)
Inventories written down	227	-
Reversal of inventories written down	-	(292)
Reversal of impairment loss on trade receivables	(3)	-
Provision for retirement benefits	528	80
Unrealised loss on foreign exchange	16	271
Operating profit before changes in working capital	8,072	8,991
Changes in:-		
Inventories	6,721	5,965
Receivables and prepayments	(1,120)	(7,533)
Payables and advance payments	(10,971)	(6,624)
Retirement benefits paid	(31)	-
Cash generated from operations	2,671	799
Tax paid	(478)	(954)
Tax refunded	-	3
Net cash from/(used in) operating activities	2,193	(152)
Cash Flows From Investing Activities		
Interest received	5	76
Purchase of property, plant and equipment	(551)	(562)
Proceeds from disposal of property, plant and equipment	375	1
Net cash used in investing activities	(171)	(485)
Cash Flows From Financing Activities		
Dividend paid	(1,894)	(1,894)
Interest paid	(50)	(472)
Net decrease in short-term borrowings	(3,060)	(12,631)
Proceeds from rights issue	-	21,048
Repayment of hire purchase obligations	(1,100)	(1,073)
Repayment of term loan	(398)	(312)
Net cash (used in)/from financing activities	(6,502)	4,666
Net change in cash and cash equivalents	(4,480)	4,029
Cash and cash equivalents at beginning of the period	4,793	1,676
Effect of changes in exchange rates on cash and cash equivalents	(4)	(4)
Cash and cash equivalents at end of the period	<u>309</u>	<u>5,701</u>
Cash and cash equivalents at end of the period consist of:		
Cash and bank balances	1,893	2,201
Short-term funds placed with financial institutions	256	3,500
Bank overdrafts	(1,840)	-
	<u>309</u>	<u>5,701</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

As 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

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 2018 was paid on 28 December 2018, which has been approved by shareholders at the Annual General Meeting held on 29 November 2018.

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	9,163	14,640
Asia (exclude Malaysia)	9,193	20,591
Oceania	5,877	17,490
Europe	1,909	3,211
Africa	235	235
America	589	1,488
	<u>26,966</u>	<u>57,655</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 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 31 December 2018:

	<u>RM'000</u>
Contracted but not provided for	67

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

B1 Review Of Performance

For the current quarter ended 31 December 2018, the Group generated a revenue of RM26.966 million as compared to the preceding year corresponding quarter of RM31.853 million. The decrease in revenue of RM4.887 million or 15% was due to the weak market sentiment in domestic and export market. As a result of the lower revenue, the Group recorded a profit before tax of RM2.072 million for the current quarter as compared to the preceding year corresponding quarter of RM3.033 million, representing a decrease of RM0.961 million or 32%.

For the six months ended 31 December 2018, the Group generated a revenue of RM57.655 million as compared to the preceding year corresponding period of RM62.057 million. The decrease in revenue of RM4.402 million or 7% was mainly due to lower sales in the current quarter. The Group recorded a profit before tax of RM5.491 million for the first six months as compared to the preceding year corresponding period of RM6.614 million. The decrease in profit before tax of RM1.123 million or 17% was mainly due to lower revenue.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	%
	31/12/2018	30/09/2018		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	26,966	30,689	(3,723)	(12)
Profit before tax	<u>2,072</u>	<u>3,419</u>	<u>(1,347)</u>	<u>(39)</u>

The Group's revenue generated in the current quarter was RM26.966 million as compared to RM30.689 million in the immediate preceding quarter was mainly due to lower sales in export. As a result of the lower sales, the Group generated a profit before tax of RM2.072 million in the current quarter as compared to RM3.419 million in the immediate preceding quarter.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B3 Prospects

The Board anticipates that the performance of the Group will be affected by the impact of US-China trade war where the global economy continues to be volatile. However, the Group expects to remain profitable for the next six months 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 31 December 2018 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	716	1,805
Deferred tax:		
Current year	(208)	(432)
	<u>508</u>	<u>1,373</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 31 December 2018 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Current liabilities</u>		
Bank overdrafts	-	1,840
Bankers' acceptances	-	4,151
Hire purchase payables	1,518	-
Term loan	625	-
	<u>2,143</u>	<u>5,991</u>
b) <u>Non-current liabilities</u>		
Hire purchase payables	331	-
Term loan	2,240	-
	<u>2,571</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 26 February 2019.

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 31/12/2018 RM '000	Preceding Year Corresponding Quarter Ended 31/12/2017 RM '000	Current Year To Date 31/12/2018 RM '000	Preceding Year Corresponding Period 31/12/2017 RM '000
Profit for the period	1,564	2,504	4,118	5,343
	No. of Shares '000	No. of Shares '000	No. of Shares '000	No. of Shares '000
Number of ordinary shares	126,290	126,290	126,290	107,008
Weighted average number of shares				
Basic earnings per share (sen)	1.24	1.98	3.26	4.99

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 RM'000	Current Year To Date RM'000
Profit for the period is arrived at after crediting/(charging):		
- Bad debt recovered	-	6
- Depreciation of property, plant and equipment	(915)	(1,842)
- Gain on disposal of property, plant and equipment	272	360
- Interest expense	(167)	(336)
- Interest income	3	5
- (Loss)/Gain on foreign exchange	(115)	50
- Inventories written down	(63)	(227)
- Reversal of impairment loss on trade receivables	-	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 26 February 2019.