



The Board of Directors of CWG HOLDINGS BERHAD is pleased to announce the consolidated results for the third quarter ended 31 March 2020. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/2020 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2019 RM'000	Current Year To Date 31/03/2020 RM'000	Preceding Year Corresponding Period 31/03/2019 RM'000
Revenue	11,932	15,108	60,087	72,763
Operating expenses	(14,252)	(16,082)	(59,921)	(68,697)
Other operating income	406	126	925	913
Finance costs	(41)	(128)	(169)	(464)
(Loss)/Profit before tax	(1,955)	(976)	922	4,515
Tax expense	557	226	(207)	(1,147)
(Loss)/Profit for the period	(1,398)	(750)	715	3,368
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(1,398)</u>	<u>(750)</u>	<u>715</u>	<u>3,368</u>
(Loss)/Earnings per share (sen)				
- Basic	(1.11)	(0.59)	0.57	2.67
- Diluted	(1.11)	(0.59)	0.57	2.67

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At End Of Current Year 31/03/2020 <u>RM'000</u>	Audited As At Preceding Financial Year Ended 30/06/2019 <u>RM'000</u>
ASSETS		
Non-Current Asset		
Property, plant and equipment	35,750	38,059
Current Assets		
Inventories	42,498	50,900
Trade and other receivables	9,162	10,754
Current tax assets	500	34
Cash and cash equivalents	12,259	8,552
	<u>64,419</u>	<u>70,240</u>
TOTAL ASSETS	<u>100,169</u>	<u>108,299</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,145	63,145
Treasury shares	(146)	-
Reserves	20,693	21,872
Total Equity	<u>83,692</u>	<u>85,017</u>
Non-Current Liabilities		
Borrowings	1,577	1,935
Retirement benefits	876	1,773
Deferred tax liabilities	2,657	2,905
	<u>5,110</u>	<u>6,613</u>
Current Liabilities		
Trade and other payables	7,495	9,836
Contract liabilities	2,246	816
Borrowings	1,414	4,959
Derivative Liabilities	154	-
Current tax liabilities	58	1,058
	<u>11,367</u>	<u>16,669</u>
Total Liabilities	<u>16,477</u>	<u>23,282</u>
TOTAL EQUITY AND LIABILITIES	<u>100,169</u>	<u>108,299</u>
Net Assets per Share (sen)	67	67

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2019 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 2020 - unaudited	Non-distributable				Total Equity RM'000
	Share capital	Treasury shares	Capital reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	
Balance as at 01/07/2018, as previously reported	63,145	-	164	18,504	81,813
Adjustments on initial application of MFRS 9	-	-	-	(47)	(47)
Restated balance as at 01/07/2018	63,145	-	164	18,457	81,766
Profit (representing total comprehensive income) for the period	-	-	-	3,368	3,368
Dividend	-	-	-	(1,894)	(1,894)
Balance as at 31/03/2019	<u>63,145</u>	<u>-</u>	<u>164</u>	<u>19,931</u>	<u>83,240</u>
Balance as at 01/07/2019	63,145	-	164	21,708	85,017
Purchase of treasury shares	-	(146)	-	-	(146)
Profit (representing total comprehensive income) for the period	-	-	-	715	715
Dividend	-	-	-	(1,894)	(1,894)
Balance as at 31/03/2020	<u>63,145</u>	<u>(146)</u>	<u>164</u>	<u>20,529</u>	<u>83,692</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year 9 Months Ended 31/03/2020 RM'000	Preceding Year Corresponding 9 Months Ended 31/03/2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	922	4,515
Adjustments for:		
Depreciation of property, plant and equipment	2,666	2,740
Gain on disposal of property, plant and equipment	(36)	(351)
Fair value adjustment on derivative instruments	154	-
Impairment loss on trade receivables	125	-
Interest expense	169	464
Interest income	(205)	(8)
Inventories written down	380	538
Reversal of impairment loss on trade receivables	(14)	(4)
Reversal of provision for retirement benefits	(1,150)	-
Provision for retirement benefits	264	699
Unrealised gain on foreign exchange	(119)	(23)
Operating profit before changes in working capital	3,156	8,570
Changes in:-		
Inventories	8,022	5,081
Trade and other receivables	1,579	3,371
Trade and other payables	(2,341)	(11,048)
Contract liabilities	1,430	-
Retirement benefits paid	(11)	(31)
Cash generated from operations	11,835	5,943
Tax paid	(1,921)	(879)
Net cash from operating activities	9,914	5,064
Cash Flows From Investing Activities		
Interest received	205	9
Purchase of property, plant and equipment	(395)	(666)
Proceeds from disposal of property, plant and equipment	249	382
Net cash from/(used in) investing activities	59	(275)
Cash Flows From Financing Activities		
Dividend paid	(1,894)	(1,894)
Interest paid	(5)	(67)
Net decrease in short-term borrowings	(3,399)	(3,434)
Purchase of treasury shares	(146)	-
Repayment of hire purchase creditors	(843)	(1,570)
Repayment of term loan	(562)	(593)
Net cash used in financing activities	(6,849)	(7,558)
Net increase/(decrease) in cash and cash equivalents	3,124	(2,769)
Cash and cash equivalents at beginning of the period	8,552	4,793
Effects of exchange rate changes on cash and cash equivalents	21	2
Cash and cash equivalents at end of the period	11,697	2,026
Cash and cash equivalents at end of the period consist of:		
Cash and bank balances	2,006	2,026
Short-term funds placed with financial institutions	10,253	-
Bank overdrafts	(562)	-
	11,697	2,026

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2019 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 2019. 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 2019.

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 2019.

The Group has adopted the MFRSs, Amendments to MFRSs and IC interpretations effective for the financial period beginning on or after 1 July 2019 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

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

During the current quarter, the Company repurchased a total of 494,300 of its issued ordinary shares from the open market at an average price of RM0.30 per share. The total consideration paid for the repurchase was RM145,905 and financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

There were no issuance, 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 2019 was paid on 23 December 2019, which has been approved by shareholders at the Annual General Meeting held on 27 November 2019.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	3,971	16,069
Asia (exclude Malaysia)	3,416	19,835
Oceania	1,817	17,971
Europe	2,168	5,016
Africa	27	335
America	533	861
	<u>11,932</u>	<u>60,087</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.

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 2019.

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 2020, the Group recorded a revenue of RM11.932 million as compared to the preceding year corresponding quarter of RM15.108 million. The decrease in revenue of RM3.176 million or 21% was due to the lower market demand in export market. As a result of the lower revenue and profit margin, the Group suffered a loss before tax of RM1.955 million for the current quarter as compared to the preceding year corresponding quarter of RM0.976 million.

For the nine months ended 31 March 2020, the Group recorded a revenue of RM60.087 million as compared to the preceding year corresponding period of RM72.763 million. The decrease in revenue of RM12.676 million or 17% was mainly due to weak market sentiment in domestic and export market. The Group recorded a profit before tax of RM0.922 million for the current year to date as compared to the preceding year corresponding period of RM4.515 million. The decrease in profit before tax of RM3.593 million or 80% was mainly due to lower revenue.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	31/03/2020 RM'000	31/12/2019 RM'000	RM'000	%
Revenue	11,932	23,863	(11,931)	(50)
(Loss)/Profit before tax	<u>(1,955)</u>	<u>1,958</u>	<u>(3,913)</u>	<u>(200)</u>

The Group's revenue recorded in the current quarter was RM11.932 million as compared to RM23.863 million in the immediate preceding quarter was mainly due to seasonal factor. As a result of the lower sales, the Group suffered a loss before tax of RM1.955 million in the current quarter as compared to the profit before tax of RM1.958 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 remains challenging in the following quarter due to Covid-19 pandemic outbreak. Implementing of Movement Control Order in Malaysia and lockdown in certain countries with similar restriction to curb the spread of virus will affect the domestic and export sales of the Group. However, the Group expects to remain profitable in the financial year ending 30 June 2020.

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 March 2020 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	(297)	465
Prior year	(10)	(10)
Deferred tax:		
Current year	(242)	(240)
Prior year	(8)	(8)
	<u>(557)</u>	<u>207</u>

Reversal of tax expense incurred for the current quarter mainly due to loss position of the Group. However, the effective tax rate of the Group for the current year to date was higher than 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 current quarter under review.

B7 Group Borrowings And Debt Securities

Group borrowings as at 31 March 2020 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Current liabilities</u>		
Bank overdrafts	-	562
Hire purchase creditors	227	-
Term loan	625	-
	<u>852</u>	<u>562</u>
b) <u>Non-current liabilities</u>		
Hire purchase creditors	119	-
Term loan	1,458	-
	<u>1,577</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 28 May 2020.

B9 Proposed Dividends

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

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B10 (Loss)/Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/03/2020 RM '000	Preceding Year Corresponding Quarter Ended 31/03/2019 RM '000	Current Year To Date 31/03/2020 RM '000	Preceding Year Corresponding Period 31/03/2019 RM '000
(Loss)/Profit for the period	(1,398)	(750)	715	3,368
	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	126,164	126,290	126,248	126,290
Basic (loss)/earnings per share (sen)	(1.11)	(0.59)	0.57	2.67

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 2019 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
(Loss)/Profit for the period is arrived at after crediting/(charging):		
- Depreciation of property, plant and equipment	(881)	(2,666)
- Gain on disposal of property, plant and equipment	-	36
- Impairment loss on trade receivables	-	(125)
- Interest expense	(41)	(169)
- Interest income	112	205
- Loss on derivative financial instruments	(154)	(154)
- Gain on foreign exchange	166	23
- Allowance of Inventories written down	(195)	(380)
- Reversal of impairment loss on trade receivables	-	14

B13 Derivatives

<u>Type of Derivatives</u>	Contract/ Notional Value as at 31/03/2020 RM'000	Fair Value Liabilities as at 31/03/2020 RM'000
Forward currency contracts		
- Less than 1 year	8,471	154

The Group uses forward currency contracts to manage some of the transaction exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transactions exposure. Such derivatives do not qualify for hedge accounting.

There have been no significant changes to the exposure of the Group to credit risk, market risk and liquidity risk from the previous financial year ended 30 June 2019. Furthermore, there have been no changes to the Group's risk management objectives, policies and processes since the preceding financial year.



CWG HOLDINGS BERHAD 201601035444 (1206385-W)
(Incorporated in Malaysia)

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The Group recognised a loss of RM0.154 million arising from the fair value adjustment on forward currency contracts for the current quarter due to unfavourable exchange rate.

The basis of fair value measurement is based on the difference between the contracted forward rates and the market forward rates.

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 28 May 2020.