



The Board of Directors of CWG HOLDINGS BERHAD is pleased to announce the consolidated results for the fourth quarter ended 30 June 2020. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2020 RM'000	Preceding Year Corresponding Quarter Ended 30/06/2019 RM'000	Current Year To Date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
Revenue	24,818	28,792	84,905	101,555
Operating expenses	(22,464)	(26,573)	(82,385)	(95,270)
Other operating income	200	344	1,125	1,257
Finance costs	(98)	(111)	(267)	(575)
Profit before tax	2,456	2,452	3,378	6,967
Tax expense	(594)	(632)	(801)	(1,779)
Profit for the year	1,862	1,820	2,577	5,188
Other comprehensive income for the year <i>Items that will not be reclassified to profit or loss:</i>				
- Remeasurements of defined benefit obligations	-	(57)	-	(57)
- Deferred tax effects thereof	-	14	-	14
Total comprehensive income for the year	<u>1,862</u>	<u>1,777</u>	<u>2,577</u>	<u>5,145</u>
Earnings per share (sen)				
- Basic	1.48	1.44	2.04	4.11
- Diluted	1.48	1.44	2.04	4.11

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 30/06/2020 RM'000	Audited As At Preceding Financial Year Ended 30/06/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,341	38,059
Right-of-use assets	6,903	-
	<u>35,244</u>	<u>38,059</u>
Current Assets		
Inventories	47,329	50,900
Trade and other receivables	12,700	10,754
Current tax assets	257	34
Cash and cash equivalents	14,597	8,552
	<u>74,883</u>	<u>70,240</u>
TOTAL ASSETS	<u>110,127</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	22,555	21,872
Total Equity	<u>85,554</u>	<u>85,017</u>
Non-Current Liabilities		
Borrowings	1,302	1,935
Lease liabilities	206	-
Retirement benefit obligations	852	1,773
Deferred tax liabilities	2,764	2,905
	<u>5,124</u>	<u>6,613</u>
Current Liabilities		
Trade and other payables	9,583	9,836
Contract liabilities	832	816
Borrowings	8,716	4,959
Lease liabilities	215	-
Derivative liabilities	14	-
Current tax liabilities	89	1,058
	<u>19,449</u>	<u>16,669</u>
Total Liabilities	<u>24,573</u>	<u>23,282</u>
TOTAL EQUITY AND LIABILITIES	<u>110,127</u>	<u>108,299</u>
Net Assets per Share (sen)	68	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 twelve months ended 30 June 2020 - unaudited	Non-distributable			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	63,145	-	164	18,457	81,766
Profit for the year	-	-	-	5,188	5,188
Other comprehensive income for the year:					
- Remeasurements of defined benefit obligations	-	-	-	(57)	(57)
- Deferred tax effects thereof	-	-	-	14	14
Total comprehensive income for the financial year	-	-	-	5,145	5,145
Dividend	-	-	-	(1,894)	(1,894)
Balance as at 30/06/2019	<u>63,145</u>	<u>-</u>	<u>164</u>	<u>21,708</u>	<u>85,017</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 year	-	-	-	2,577	2,577
Dividend	-	-	-	(1,894)	(1,894)
Balance as at 30/06/2020	<u>63,145</u>	<u>(146)</u>	<u>164</u>	<u>22,391</u>	<u>85,554</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 12 Months Ended 30/06/2020 RM'000	Preceding Year Corresponding 12 Months Ended 30/06/2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	3,378	6,967
Adjustments for:		
Bad debt written off	130	-
Deposits forfeited	(11)	-
Depreciation of property, plant and equipment	3,092	3,638
Depreciation of right-of-use assets	515	-
Gain on disposal of property, plant and equipment	(85)	(351)
Fair value adjustment on derivative instruments	14	-
Impairment losses on trade receivables	100	12
Interest expense	267	575
Interest income	(287)	(10)
Inventories written down	823	760
Reversal of impairment losses on trade receivables	(15)	(26)
Reversal of provision for retirement benefits	(1,150)	-
Provision for retirement benefits	286	813
Unrealised loss on foreign exchange	166	86
Operating profit before changes in working capital	7,223	12,464
Changes in:-		
Inventories	2,748	8,239
Trade and other receivables	(2,289)	2,319
Trade and other payables	(253)	(6,212)
Contract liabilities	16	(2,412)
Retirement benefits paid	(57)	(50)
Cash generated from operations	7,388	14,348
Tax paid	(2,138)	(1,459)
Tax refunded	4	70
Net cash from operating activities	5,254	12,959
Cash Flows From Investing Activities		
Interest received	277	10
Purchase of property, plant and equipment	(354)	(903)
Purchase of right-of-use assets	(175)	-
Proceeds from disposal of property, plant and equipment	298	382
Net cash from/(used in) investing activities	46	(511)
Cash Flows From Financing Activities		
Dividend paid	(1,894)	(1,894)
Interest paid	(15)	(69)
Net increase/(decrease) in short-term borrowings	4,641	(3,892)
Purchase of treasury shares	(146)	-
Repayment of lease liabilities	(1,083)	-
Repayment of hire purchase creditors	-	(2,028)
Repayment of term loan	(742)	(788)
Net cash from/(used in) financing activities	761	(8,671)
Net increase in cash and cash equivalents	6,061	3,777
Cash and cash equivalents at beginning of the year	8,552	4,793
Effects of exchange rate changes on cash and cash equivalents	(16)	(18)
Cash and cash equivalents at end of the year	14,597	8,552
Cash and cash equivalents at end of the year consist of:		
Cash and bank balances	5,816	6,052
Deposits with licensed bank	-	2,500
Short-term funds placed with financial institutions	8,781	-
	14,597	8,552

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 except for the adoption of MFRS 16.

MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated.

The impacts of adopting MFRS 16 to opening balances is as follows:

	As previously reported on 30 June 2019 RM'000	Effects of adopting MFRS 16 RM'000	As restated on 1 July 2019 RM'000
<u>Consolidated Statement of Financial Position</u>			
Property, plant and equipment	38,059	(11,460)	26,599
Right-of-use assets	-	11,460	11,460
Hire purchase creditors	977	(977)	-
Lease liabilities	-	977	977

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 financial year'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 financial year under review.

A6 Issuance, Repurchases And Repayments Of Debt And Equity Securities

During the current financial year, 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.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A6 Issuance, Repurchases And Repayments Of Debt And Equity Securities (Continued)

There were no issuance, cancellation, resale and repayment of debt and equity securities during the current financial year under review.

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.

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	1,609	17,678
Asia (exclude Malaysia)	13,603	33,438
Oceania	3,331	21,302
Europe	4,563	9,579
America	1,553	2,414
Africa	159	494
	<u>24,818</u>	<u>84,905</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 financial year that have not been reflected in the financial statements for the current financial year.

A10 Changes In The Composition Of The Group

There were no changes in the composition of the Group for the financial year 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.

A13 Capital Commitment

The group has the following capital commitment in respect of property, plant and equipment as at 30 June 2020:

	<u>RM'000</u>
Contracted but not provided for	<u>127</u>

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

B1 Review Of Performance

For the current quarter ended 30 June 2020, the Group generated a revenue of RM24.818 million as compared to the preceding year corresponding quarter of RM28.792 million. The decrease in revenue of RM3.974 million or 14% was mainly due to lower market demand in domestic and export market, which affected by implementation of Movement Control Order in Malaysia and lockdown in certain countries to curb the spread of Covid-19 pandemic. The Group recorded a profit before tax of RM2.456 million for the current quarter as compared to the preceding year corresponding quarter of RM2.452 million. The increase in profit before tax of RM0.004 million was mainly due to reduction of operating expenses through cost cutting exercise.

For the financial year ended 30 June 2020, the Group generated a revenue of RM84.905 million as compared to the preceding year corresponding period of RM101.555 million. The decrease in revenue of RM16.650 million or 16% was mainly due to weak market sentiment in domestic and export market. As a result of the lower revenue, the Group recorded a profit before tax of RM3.378 million for the current financial year as compared to the preceding year corresponding period of RM6.967 million, representing decrease in profit before tax of RM3.589 million or 52%.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	30/06/2020 RM'000	31/03/2020 RM'000	RM'000	%
Revenue	24,818	11,932	12,886	108
Profit/(Loss) before tax	<u>2,456</u>	<u>(1,955)</u>	<u>4,411</u>	<u>226</u>

The Group's revenue recorded in the current quarter was RM24.818 million as compared to RM11.932 million in the immediate preceding quarter was mainly due to higher market demand from export market. As a result of the higher revenue, the Group achieved a profit before tax of RM2.456 million in the current quarter as compared to the loss before tax of RM1.955 million in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group remains challenging in the next financial year due to uncertainties market conditions affected by Covid-19 pandemic, despite the global economy activities are progressively resumed and implementing of Recovery Movement Control Order in Malaysia currently. However, the Group expects to remain profitable in the next 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 financial year ended 30 June 2020 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	487	952
Prior year	-	(10)
Deferred tax:		
Current year	107	(133)
Prior year	-	(8)
	<u>594</u>	<u>801</u>

The effective tax rate of the Group for the current financial year ended 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 financial year under review.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B7 Group Borrowings And Debt Securities

Group borrowings as at 30 June 2020 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Current liabilities</u>		
Bankers' acceptances	-	8,091
Term loan	625	-
	<u>625</u>	<u>8,091</u>
b) <u>Non-current liabilities</u>		
Term loan	1,302	-

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 August 2020.

B9 Proposed Dividends

The Board recommends a first and final single-tier dividend of 0.5 sen per ordinary share in respect of financial year ended 30 June 2020, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed dividend which will be recognised as an appropriation of retained earnings in the financial year ending 30 June 2021 when approved by shareholders.

B10 Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2020 RM '000	Preceding Year Corresponding Quarter Ended 30/06/2019 RM '000	Current Year To Date 30/06/2020 RM '000	Preceding Year Corresponding Period 30/06/2019 RM '000
Profit for the year	<u>1,862</u>	<u>1,820</u>	<u>2,577</u>	<u>5,188</u>
	No. of Shares '000	No. of Shares '000	No. of Shares '000	No. of Shares '000
Number of ordinary shares	<u>125,796</u>	<u>126,290</u>	<u>126,136</u>	<u>126,290</u>
Weighted average number of shares				
Basic earnings per share (sen)	<u>1.48</u>	<u>1.44</u>	<u>2.04</u>	<u>4.11</u>

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 year.

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
Profit for the year is arrived at after crediting/(charging):		
- Bad debts written off	(130)	(130)
- Deposits forfeited	11	11
- Depreciation of property, plant and equipment	(426)	(3,092)
- Depreciation of right-of-use assets	(515)	(515)
- Gain on disposal of property, plant and equipment	49	85
- Net reversal of impairment losses/(impairment losses) on trade receivables	26	(85)
- Interest expense	(98)	(267)
- Interest income	82	287
- Gain/(Loss) on derivative instruments	140	(14)
- Loss on foreign exchange	(302)	(279)
- Inventories written down	(443)	(823)

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B13 Derivatives

<u>Type of Derivatives</u>	Contract/ Notional Value as at 30/06/2020 <u>RM'000</u>	Fair Value Liabilities as at 30/06/2020 <u>RM'000</u>
Forward currency contracts - Less than 1 year	2,129	14

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.

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

The Group recognised a loss of RM0.014 million arising from the fair value adjustment on forward currency contracts for the current financial year 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 26 August 2020.