



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/09/2020 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2019 RM'000	Current Year To Date 30/09/2020 RM'000	Preceding Year Corresponding Period 30/09/2019 RM'000
Revenue	17,449	24,292	17,449	24,292
Operating expenses	(17,479)	(23,578)	(17,479)	(23,578)
Other operating income	293	285	293	285
Finance costs	(74)	(80)	(74)	(80)
Profit before tax	189	919	189	919
Tax expense	(73)	(282)	(73)	(282)
Profit for the period	116	637	116	637
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>116</u>	<u>637</u>	<u>116</u>	<u>637</u>
Earnings per share (sen)				
- Basic	0.09	0.50	0.09	0.50
- Diluted	0.09	0.50	0.09	0.50

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At End Of Current Year 30/09/2020 RM'000	Audited As At Preceding Financial Year Ended 30/06/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,211	28,341
Right-of-use assets	6,680	6,903
	<u>34,891</u>	<u>35,244</u>
Current Assets		
Inventories	43,730	47,329
Trade and other receivables	10,421	12,700
Current tax assets	200	257
Cash and cash equivalents	10,544	14,597
	<u>64,895</u>	<u>74,883</u>
TOTAL ASSETS	<u>99,786</u>	<u>110,127</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,145	63,145
Treasury shares	(146)	(146)
Reserves	22,671	22,555
Total Equity	<u>85,670</u>	<u>85,554</u>
Non-Current Liabilities		
Borrowings	1,146	1,302
Lease liabilities	195	206
Retirement benefit obligations	874	852
Deferred tax liabilities	2,586	2,764
	<u>4,801</u>	<u>5,124</u>
Current Liabilities		
Trade and other payables	5,442	9,583
Contract liabilities	1,343	832
Borrowings	2,117	8,716
Lease liabilities	261	215
Derivative liabilities	-	14
Current tax liabilities	152	89
	<u>9,315</u>	<u>19,449</u>
Total Liabilities	<u>14,116</u>	<u>24,573</u>
TOTAL EQUITY AND LIABILITIES	<u>99,786</u>	<u>110,127</u>
Net Assets per Share (sen)	68	68

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-distributable			Distributable	Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	
For the three months ended 30 September 2020 - unaudited					
Balance as at 01/07/2019	63,145	-	164	21,708	85,017
Profit (representing total comprehensive income) for the period	-	-	-	637	637
Balance as at 30/09/2019	<u>63,145</u>	<u>-</u>	<u>164</u>	<u>22,345</u>	<u>85,654</u>
Balance as at 01/07/2020	63,145	(146)	164	22,391	85,554
Profit (representing total comprehensive income) for the period	-	-	-	116	116
Balance as at 30/09/2020	<u>63,145</u>	<u>(146)</u>	<u>164</u>	<u>22,507</u>	<u>85,670</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year 3 Months Ended 30/09/2020 RM'000	Preceding Year Corresponding 3 Months Ended 30/09/2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	189	919
Adjustments for:		
Depreciation of property, plant and equipment	812	897
Depreciation of right-of-use assets	125	-
Gain on disposal of property, plant and equipment	(33)	-
Fair value adjustment on derivative instruments	(14)	-
Impairment losses on trade receivables	-	125
Interest expense	74	80
Interest income	(45)	(26)
Inventories written down	288	200
Provision for retirement benefits	22	171
Reversal of impairment losses on trade receivables	(15)	(6)
Unrealised loss on foreign exchange	93	35
Operating profit before changes in working capital	1,496	2,395
Changes in:-		
Inventories	3,311	7,625
Trade and other receivables	2,201	(479)
Trade and other payables	(4,141)	(3,739)
Contract liabilities	511	1,024
Cash generated from operations	3,378	6,826
Tax paid	(227)	(394)
Tax refunded	96	-
Net cash from operating activities	3,247	6,432
Cash Flows From Investing Activities		
Interest received	47	26
Purchase of property, plant and equipment	(497)	-
Proceeds from disposal of property, plant and equipment	49	-
Net cash (used in)/from investing activities	(401)	26
Cash Flows From Financing Activities		
Interest paid	(8)	-
Net decrease in short-term borrowings	(7,550)	(3,392)
Repayment of lease liabilities	(73)	(434)
Repayment of term loan	(176)	(189)
Net cash used in financing activities	(7,807)	(4,015)
Net (decrease)/increase in cash and cash equivalents	(4,961)	2,443
Cash and cash equivalents at beginning of the period	14,597	8,552
Effects of exchange rate changes on cash and cash equivalents	(2)	(7)
Cash and cash equivalents at end of the period	9,634	10,988
Cash and cash equivalents at end of the period consist of:		
Cash and bank balances	1,743	3,488
Deposits with licensed bank	-	7,500
Short-term funds placed with financial institutions	8,801	-
Bank overdrafts	(910)	-
	9,634	10,988

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2020 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 2020. 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 2020.

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 financial year ended 30 June 2020.

The Group has adopted the MFRSs, Amendments to MFRSs and IC interpretations effective for the financial period beginning on or after 1 July 2020 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

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 RM'000	Current Year To Date RM'000
Malaysia	4,262	4,262
Asia (exclude Malaysia)	4,791	4,791
Oceania	6,253	6,253
Europe	1,779	1,779
America	364	364
	<u>17,449</u>	<u>17,449</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 2020.

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 September 2020:

	<u>RM'000</u>
Contracted but not provided for	<u>160</u>

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

B1 Review Of Performance

For the three months ended 30 September 2020, the Group recorded a revenue of RM17.449 million as compared to the preceding year corresponding quarter of RM24.292 million. The decrease in revenue of RM6.843 million or 28% was mainly due to lower market demand in domestic and export market. As a result of the lower revenue, the Group recorded a profit before tax of RM0.189 million for the current quarter as compared to the preceding year corresponding quarter of RM0.919 million, representing decrease in profit before tax of RM0.730 million or 79%.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	30/09/2020 RM'000	30/06/2020 RM'000	RM'000	%
Revenue	17,449	24,818	(7,369)	(30)
Profit before tax	<u>189</u>	<u>2,456</u>	<u>(2,267)</u>	<u>(92)</u>

The Group's revenue recorded in the current quarter was RM17.449 million as compared to RM24.818 million in the immediate preceding quarter was mainly due to lower market demand from export market. As a result of the lower revenue, the Group recorded a profit before tax of RM0.189 million in the current quarter as compared to RM2.456 million in the immediate preceding quarter.

B3 Prospects

In view of the ongoing Covid-19 pandemic, the Board is of the opinion that the prospects for the financial year ending 30 June 2021 will remain challenging and volatile. The Group will continue to focus on strategy to improve operating efficiencies and financial performance. As such, the Group cautiously 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 2020 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	251	251
Deferred tax:		
Current year	(178)	(178)
	<u>73</u>	<u>73</u>

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 current quarter under review.

B7 Group Borrowings And Debt Securities

Group borrowings as at 30 September 2020 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Current liabilities</u>		
Bankers' acceptances	-	582
Bank overdrafts	-	910
Term loan	625	-
	<u>625</u>	<u>1,492</u>
b) <u>Non-current liabilities</u>		
Term loan	1,146	-

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 25 November 2020.

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 30/09/2020 RM '000	Preceding Year Corresponding Quarter Ended 30/09/2019 RM '000	Current Year To Date 30/09/2020 RM '000	Preceding Year Corresponding Period 30/09/2019 RM '000
Profit for the period	<u>116</u>	<u>637</u>	<u>116</u>	<u>637</u>
	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	<u>125,796</u>	<u>126,290</u>	<u>125,796</u>	<u>126,290</u>
Basic earnings per share (sen)	<u>0.09</u>	<u>0.50</u>	<u>0.09</u>	<u>0.50</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 period.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B11 Auditors' Report On Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2020 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):		
- Depreciation of property, plant and equipment	(812)	(812)
- Depreciation of right-of-use assets	(125)	(125)
- Gain on disposal of property, plant and equipment	33	33
- Reversal of impairment losses on trade receivables	15	15
- Interest expense	(74)	(74)
- Interest income	45	45
- Gain on derivative instruments	14	14
- Loss on foreign exchange	(336)	(336)
- Inventories written down	(288)	(288)

B13 Derivatives

There were no derivatives entered into by the Group as at 30 September 2020.

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 25 November 2020.