



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2020 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2019 RM'000	Current Year To Date 31/12/2020 RM'000	Preceding Year Corresponding Period 31/12/2019 RM'000
Revenue	15,583	23,863	33,032	48,155
Operating expenses	(16,399)	(22,091)	(33,878)	(45,669)
Other operating income	242	234	535	519
Finance costs	(25)	(48)	(99)	(128)
(Loss)/Profit before tax	(599)	1,958	(410)	2,877
Tax expense	110	(482)	37	(764)
(Loss)/Profit for the period	(489)	1,476	(373)	2,113
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(489)</u>	<u>1,476</u>	<u>(373)</u>	<u>2,113</u>
(Loss)/Earnings per share (sen)				
- Basic	(0.39)	1.17	(0.30)	1.67
- Diluted	(0.39)	1.17	(0.30)	1.67

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 31/12/2020 <u>RM'000</u>	Audited As At Preceding Financial Year Ended 30/06/2020 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	27,545	28,341
Right-of-use assets	<u>6,550</u>	<u>6,903</u>
	<u>34,095</u>	<u>35,244</u>
Current Assets		
Inventories	41,706	47,329
Trade and other receivables	8,318	12,700
Current tax assets	288	257
Cash and cash equivalents	<u>13,058</u>	<u>14,597</u>
	<u>63,370</u>	<u>74,883</u>
TOTAL ASSETS	<u><u>97,465</u></u>	<u><u>110,127</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,145	63,145
Treasury shares	(146)	(146)
Reserves	<u>21,553</u>	<u>22,555</u>
Total Equity	<u>84,552</u>	<u>85,554</u>
Non-Current Liabilities		
Borrowings	989	1,302
Lease liabilities	137	206
Retirement benefit obligations	883	852
Deferred tax liabilities	<u>2,455</u>	<u>2,764</u>
	<u>4,464</u>	<u>5,124</u>
Current Liabilities		
Trade and other payables	5,599	9,583
Contract liabilities	1,781	832
Borrowings	787	8,716
Lease liabilities	254	215
Derivative liabilities	-	14
Current tax liabilities	<u>28</u>	<u>89</u>
	<u>8,449</u>	<u>19,449</u>
Total Liabilities	<u>12,913</u>	<u>24,573</u>
TOTAL EQUITY AND LIABILITIES	<u><u>97,465</u></u>	<u><u>110,127</u></u>
Net Assets per Share (sen)	67	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

For the six months ended 31 December 2020 - unaudited	Non-distributable			Distributable	Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	
Balance as at 01/07/2019	63,145	-	164	21,708	85,017
Profit (representing total comprehensive income) for the period	-	-	-	2,113	2,113
Dividend	-	-	-	(1,894)	(1,894)
Balance as at 31/12/2019	<u>63,145</u>	<u>-</u>	<u>164</u>	<u>21,927</u>	<u>85,236</u>
Balance as at 01/07/2020	63,145	(146)	164	22,391	85,554
Profit (representing total comprehensive income) for the period	-	-	-	(373)	(373)
Dividend	-	-	-	(629)	(629)
Balance as at 31/12/2020	<u>63,145</u>	<u>(146)</u>	<u>164</u>	<u>21,389</u>	<u>84,552</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 6 Months Ended 31/12/2020 RM'000	Preceding Year Corresponding 6 Months Ended 31/12/2019 RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before tax	(410)	2,877
Adjustments for:		
Depreciation of property, plant and equipment	1,564	1,785
Depreciation of right-of-use assets	254	-
Gain on disposal of property, plant and equipment	(25)	(36)
Fair value adjustment on derivative instruments	(14)	-
Impairment losses on trade receivables	-	125
Interest expense	99	128
Interest income	(95)	(93)
Inventories written down	394	185
Provision for retirement benefits	43	243
Reversal of impairment losses on trade receivables	(17)	(14)
Reversal of provision for retirement benefits	-	(1,150)
Unrealised loss on foreign exchange	35	67
Operating profit before changes in working capital	1,828	4,117
Changes in:-		
Inventories	5,229	16,946
Trade and other receivables	4,373	623
Trade and other payables	(3,984)	(3,879)
Contract liabilities	949	(159)
Retirement benefits paid	(12)	-
Cash generated from operations	8,383	17,648
Tax paid	(460)	(697)
Tax refunded	96	-
Net cash from operating activities	8,019	16,951
Cash Flows From Investing Activities		
Interest received	94	93
Purchase of property, plant and equipment	(590)	(66)
Proceeds from disposal of property, plant and equipment	49	249
Net cash (used in)/from investing activities	(447)	276
Cash Flows From Financing Activities		
Dividend paid	(629)	(1,894)
Interest paid	(10)	(2)
Net decrease in short-term borrowings	(8,132)	(2,445)
Repayment of lease liabilities	(144)	(674)
Repayment of term loan	(349)	(376)
Net cash used in financing activities	(9,264)	(5,391)
Net (decrease)/increase in cash and cash equivalents	(1,692)	11,836
Cash and cash equivalents at beginning of the period	14,597	8,552
Effects of exchange rate changes on cash and cash equivalents	(9)	(27)
Cash and cash equivalents at end of the period	12,896	20,361
Cash and cash equivalents at end of the period consist of:		
Cash and bank balances	2,391	5,940
Deposits with licensed bank	50	1,200
Short-term funds placed with financial institutions	10,617	13,221
Bank overdrafts	(162)	-
	12,896	20,361

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

Based on the nature of its products and the market demand, the Group's revenue usually is lower in the second half as compared to the first half of the financial year. However, the Group expects to achieve higher revenue in the second half of the current financial year as the revenue of the first half was affected by Covid-19 pandemic.

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 0.5 sen per ordinary share amounted to RM628,979 in respect of the financial year ended 30 June 2020 was paid on 23 December 2020, which has been approved by shareholders at the Annual General Meeting held on 25 November 2020.

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	5,519	9,781
Asia (exclude Malaysia)	3,152	7,943
Oceania	4,068	10,321
Europe	2,583	4,362
America	250	614
Africa	11	11
	<u>15,583</u>	<u>33,032</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 31 December 2020:

	<u>RM'000</u>
Contracted but not provided for	<u>1,769</u>

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

B1 Review Of Performance

For the current quarter ended 31 December 2020, the Group recorded a revenue of RM15.583 million as compared to the preceding year corresponding quarter of RM23.863 million. The decrease in revenue of RM8.280 million or 35% was mainly due to lower market demand in domestic and export market. As a result of the lower revenue, the Group suffered a loss before tax of RM0.599 million for the current quarter as compared to the profit before tax of RM1.958 million in the preceding year corresponding quarter.

For the six months ended 31 December 2020, the Group recorded a revenue of RM33.032 million as compared to the preceding year corresponding period of RM48.155 million. The decrease in revenue of RM15.123 million or 31% was mainly due to weak market sentiment in domestic and export market. The Group recorded a loss before tax of RM0.410 million for the current year to date as compared to the profit before tax of RM2.877 million in preceding year corresponding period, representing decrease in profit before tax of RM3.287 million or 114% was mainly due to lower revenue.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	31/12/2020 RM'000	30/09/2020 RM'000	RM'000	%
Revenue	15,583	17,449	(1,866)	(11)
(Loss)/Profit before tax	<u>(599)</u>	<u>189</u>	<u>(788)</u>	<u>(417)</u>

The Group's revenue recorded in the current quarter was RM15.583 million as compared to RM17.449 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 suffered a loss before tax of RM0.599 million in the current quarter as compared to the profit before tax of RM0.189 million in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group remains challenging due to lock down in certain countries and implementation of Movement Control Order 2.0 in Malaysia to mitigate the spread of Covid-19 pandemic. The Group will continue to monitor and control the operational efficiency and financial sustainability. The Group cautiously expects the performance will slowly recovering in the fourth quarter 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 31 December 2020 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	21	272
Deferred tax:		
Current year	(131)	(309)
	<u>(110)</u>	<u>(37)</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 current quarter under review.

B7 Group Borrowings And Debt Securities

Group borrowings as at 31 December 2020 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Current liabilities</u>		
Bank overdrafts	-	162
Term loan	625	-
	<u>625</u>	<u>162</u>
b) <u>Non-current liabilities</u>		
Term loan	989	-
	<u>989</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 24 February 2021.

B9 Proposed Dividends

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

B10 (Loss)/Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2020 RM '000	Preceding Year Corresponding Quarter Ended 31/12/2019 RM '000	Current Year To Date 31/12/2020 RM '000	Preceding Year Corresponding Period 31/12/2019 RM '000
(Loss)/Profit for the period	(489)	1,476	(373)	2,113
	No. of Shares '000	No. of Shares '000	No. of Shares '000	No. of Shares '000
Number of ordinary shares	125,796	126,290	125,796	126,290
Weighted average number of shares	125,796	126,290	125,796	126,290
Basic (loss)/earnings per share (sen)	(0.39)	1.17	(0.30)	1.67

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.



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
(Loss)/Profit for the period is arrived at after crediting/(charging):		
- Depreciation of property, plant and equipment	(752)	(1,564)
- Depreciation of right-of-use assets	(129)	(254)
- (Loss)/Gain on disposal of property, plant and equipment	(8)	25
- Reversal of impairment losses on trade receivables	2	17
- Interest expense	(25)	(99)
- Interest income	50	95
- Gain on derivative instruments	-	14
- Loss on foreign exchange	(163)	(499)
- Inventories written down	(106)	(394)

B13 Derivatives

There were no derivatives entered into by the Group as at 24 February 2021.

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 24 February 2021.