



The Board of Directors of CWG HOLDINGS BERHAD is pleased to announce the consolidated results for the first quarter ended 30 September 2021. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/09/2021 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2020 RM'000	Current Year To Date 30/09/2021 RM'000	Preceding Year Corresponding Period 30/09/2020 RM'000
Revenue	17,023	17,449	17,023	17,449
Operating expenses	(16,864)	(17,479)	(16,864)	(17,479)
Other operating income	350	293	350	293
Finance costs	(103)	(74)	(103)	(74)
Profit before tax	406	189	406	189
Tax expense	(73)	(73)	(73)	(73)
Profit for the period	333	116	333	116
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>333</u>	<u>116</u>	<u>333</u>	<u>116</u>
Profit attributable to:				
- Owners of the parent	346	116	346	116
- Non-controlling interests	(13)	-	(13)	-
	<u>333</u>	<u>116</u>	<u>333</u>	<u>116</u>
Total comprehensive income attributable to:				
- Owners of the parent	346	116	346	116
- Non-controlling interests	(13)	-	(13)	-
	<u>333</u>	<u>116</u>	<u>333</u>	<u>116</u>
Earnings per share (sen)				
- Basic	0.28	0.09	0.28	0.09
- Diluted	0.28	0.09	0.28	0.09

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At End Of Current Year 30/09/2021 RM'000	Audited As At Preceding Financial Year Ended 30/06/2021 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	27,885	28,520
Right-of-use assets	6,231	6,381
	<u>34,116</u>	<u>34,901</u>
Current Assets		
Inventories	52,590	43,975
Trade and other receivables	9,363	7,367
Current tax assets	510	416
Cash and cash equivalents	12,270	14,417
	<u>74,733</u>	<u>66,175</u>
TOTAL ASSETS	<u>108,849</u>	<u>101,076</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	63,145	63,145
Treasury shares	(146)	(146)
Reserves	20,708	20,362
	<u>83,707</u>	<u>83,361</u>
Non-controlling interests	28	(8)
Total Equity	<u>83,735</u>	<u>83,353</u>
Non-Current Liabilities		
Borrowings	1,484	1,641
Lease liabilities	30	45
Retirement benefit obligations	959	985
Deferred tax liabilities	1,791	1,756
	<u>4,264</u>	<u>4,427</u>
Current Liabilities		
Trade and other payables	5,627	8,913
Contract liabilities	760	616
Borrowings	14,219	3,451
Lease liabilities	238	311
Current tax liabilities	6	5
	<u>20,850</u>	<u>13,296</u>
Total Liabilities	<u>25,114</u>	<u>17,723</u>
TOTAL EQUITY AND LIABILITIES	<u>108,849</u>	<u>101,076</u>
Net Assets per Share (sen)	67	66

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2021 - unaudited	Share capital	Treasury shares	Capital reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01/07/2020	63,145	(146)	164	22,391	85,554	-	85,554
Profit (representing total comprehensive income) for the period	-	-	-	116	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>	<u>-</u>	<u>85,670</u>
Balance as at 01/07/2021	63,145	(146)	164	20,198	83,361	(8)	83,353
Profit (representing total comprehensive income) for the period	-	-	-	346	346	(13)	333
Additional investment in subsidiary	-	-	-	-	-	49	49
Balance as at 30/09/2021	<u>63,145</u>	<u>(146)</u>	<u>164</u>	<u>20,544</u>	<u>83,707</u>	<u>28</u>	<u>83,735</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year 3 Months Ended 30/09/2021 RM'000	Preceding Year Corresponding 3 Months Ended 30/09/2020 RM'000
Cash Flows From Operating Activities		
Profit before tax	406	189
Adjustments for:		
Depreciation of property, plant and equipment	682	812
Depreciation of right-of-use assets	150	125
Gain on disposal of property, plant and equipment	-	(33)
Fair value adjustment on derivative instruments	-	(14)
Interest expense	103	74
Interest income	(47)	(45)
Inventories written down	397	288
Provision for retirement benefits	20	22
Reversal of impairment losses on trade receivables	(38)	(15)
Unrealised (gain)/loss on foreign exchange	(15)	93
Operating profit before changes in working capital	1,658	1,496
Changes in:-		
Inventories	(9,012)	3,311
Trade and other receivables	(1,872)	2,201
Trade and other payables	(3,286)	(4,141)
Contract liabilities	144	511
Retirement benefits paid	(46)	-
Cash (used in)/generated from operations	(12,414)	3,378
Tax paid	(131)	(227)
Tax refunded	-	96
Net cash (used in)/from operating activities	(12,545)	3,247
Cash Flows From Investing Activities		
Interest received	47	47
Purchase of property, plant and equipment	(47)	(497)
Proceeds from disposal of property, plant and equipment	-	49
Net cash used in investing activities	-	(401)
Cash Flows From Financing Activities		
Contribution by non-controlling interests	49	-
Interest paid	(38)	(8)
Net increase/(decrease) in short-term borrowings	13,472	(7,550)
Repayment of lease liabilities	(92)	(73)
Repayment of term loans	(169)	(176)
Net cash from/(used in) financing activities	13,222	(7,807)
Net increase/(decrease) in cash and cash equivalents	677	(4,961)
Cash and cash equivalents at beginning of the period	11,591	14,597
Effects of exchange rate changes on cash and cash equivalents	2	(2)
Cash and cash equivalents at end of the period	12,270	9,634
Cash and cash equivalents at end of the period consist of:		
Cash and bank balances	2,600	1,743
Short-term funds placed with financial institutions	9,670	8,801
Bank overdrafts	-	(910)
	12,270	9,634

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2021 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 2021. 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 2021.

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 2021.

The Group has adopted the MFRSs, Amendments to MFRSs and IC interpretations effective for the financial period beginning on or after 1 July 2021 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.

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	3,359	3,359
Asia (exclude Malaysia)	1,685	1,685
Oceania	7,829	7,829
Europe	2,091	2,091
America	2,048	2,048
Africa	11	11
	<u>17,023</u>	<u>17,023</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

Save as disclosed in Note B6 on the status of corporate proposals announced, there were no other material events subsequent to the end of the current quarter that have not been reflected in the interim financial report.

A10 Changes In The Composition Of The Group

There were no changes in the composition of the Group during the current quarter except for Chee Wah Corporation Berhad, a wholly-owned subsidiary of the Company, further acquired 50,490 new ordinary shares, representing 51% of the total issued and paid-up share capital in Rausyan Intelek Sdn. Bhd., for a cash consideration of RM50,490 on 12 July 2021. Rausyan Intelek Sdn. Bhd. remained a 51% owned subsidiary of the Group.

A11 Contingent Liabilities Or Assets

There were no contingent liabilities or contingent assets since last financial year ended 30 June 2021.

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 2021:

	<u>RM'000</u>
Contracted but not provided for	881

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

B1 Review Of Performance

For the three months ended 30 September 2021, the Group recorded a revenue of RM17.023 million as compared to the preceding year corresponding quarter of RM17.449 million. The decrease in revenue of RM0.426 million or 2% mainly due to lower demand from local market. The Group generated a profit before tax of RM0.406 million for the current quarter as compared to the preceding year corresponding quarter of RM0.189 million, representing increase in profit before tax of RM0.217 million or 115% mainly due to gain on foreign exchange and lower operating expenses.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	30/09/2021	30/06/2021	RM'000	%
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	17,023	13,548	3,475	26
Profit/(Loss) before tax	<u>406</u>	<u>(1,168)</u>	<u>1,574</u>	<u>135</u>

The Group's revenue generated in the current quarter was RM17.023 million as compared to RM13.548 million in the immediate preceding quarter was mainly due to higher demand from export market. As a result of the higher revenue, the Group recorded a profit before tax of RM0.406 million in the current quarter as compared to loss before tax of RM1.168 million in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group remains challenging due to the uncertain macro-economic outlook and uncertainties market conditions affected by Covid-19 pandemic, despite Malaysia is implementing National Recovery Plan and the global economy activities are progressively resumed currently. The Group will continue to monitor and control the operational efficiency and financial sustainability. The Group cautiously expects to maintain current performance.

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 2021 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Income tax:		
Current year	38	38
Deferred tax:		
Current year	35	35
	<u>73</u>	<u>73</u>

The effective tax rate of the Group for the current year to date was lower than the statutory tax rate was mainly due to utilisation of capital allowances and unabsorbed losses against the profit of certain subsidiaries.

B6 Status Of Corporate Proposal

On 22 October 2021, UOB Kay Hian Securities (M) Sdn. Bhd. had, on behalf of the Board of Directors of CWG Holdings berhad ("CWG") to announce that the Company proposes to undertake the following:

i) a private placement which involves the issuance of up to 37,887,030 new ordinary shares in CWG ("CWG Share(s)" or "Share(s)") ("Placement Share(s)") representing approximately 30% of the total number of issued shares of CWG (excluding treasury shares) ("Proposed Private Placement"). For the avoidance of doubt, the Proposed Private Placement is not undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") and that the Proposed Private Placement is subject to specific shareholders' approval pursuant to Paragraph 6.05 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"). The Proposed Private Placement is to be undertaken to the following parties:

a) Datuk Hong Choon Hau ("Placee") through a subscription agreement entered into with the Company on 22 October 2021 ("Subscription Agreement") for a private placement of 25,258,020 Placement Shares ("Subscription Share(s)") representing approximately 20% of the total number of issued shares of CWG (excluding treasury shares), at the subscription price of RM0.40 per Subscription Share; and

b) third party investor(s), where such investor(s) qualify under Schedules 6 and 7 of the Capital Market and Services Act 2007, which involves the issuance of up to 12,629,010 Placement Shares representing approximately 10% of the total number of issued shares of CWG (excluding treasury shares).

ii) a bonus issue of up to 82,088,566 bonus warrants in CWG ("Warrant(s)") on the basis of 1 Warrant for every 2 existing CWG Shares held on an entitlement date, which will be determined and announced by the Board at a later date ("Warrants Entitlement Date") ("Proposed Bonus Issue of Warrants"); and

iii) the establishment of the Company's Employee Share Options Scheme ("ESOS") of up to 10% of the total number of issued shares of CWG (excluding treasury shares) at any point in time over the duration of the ESOS ("ESOS Period"), for eligible persons ("Proposed ESOS").

(Collectively referred to as the "Proposals").

The Proposals are subject to the approvals being obtained from Bursa Securities, shareholders of the Company and any other relevant authorities and/or parties, if required.

The Proposals are expected to be completed by the first quarter of calendar year 2022.

Save for the above, there was no other corporate proposal announced and not completed as at the date of this report.

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B7 Group Borrowings And Debt Securities

Group borrowings as at 30 September 2021 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Current liabilities</u>		
Bankers' acceptances	-	13,594
Term loans	625	-
	<u>625</u>	<u>13,594</u>
b) <u>Non-current liability</u>		
Term loans	<u>1,484</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 November 2021.

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 30/09/2021 RM '000	Preceding Year Corresponding Quarter Ended 30/09/2020 RM '000	Current Year To Date 30/09/2021 RM '000	Preceding Year Corresponding Period 30/09/2020 RM '000
Profit attributable to owners of the parent	<u>346</u>	<u>116</u>	<u>346</u>	<u>116</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>125,796</u>	<u>125,796</u>	<u>125,796</u>
Weighted average number of shares	<u>125,796</u>	<u>125,796</u>	<u>125,796</u>	<u>125,796</u>
Basic earnings per share (sen)	<u>0.28</u>	<u>0.09</u>	<u>0.28</u>	<u>0.09</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.

B11 Auditors' Report On Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2021 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	(682)	(682)
- Depreciation of right-of-use assets	(150)	(150)
- Reversal of impairment losses on trade receivables	38	38
- Interest expense	(103)	(103)
- Interest income	47	47
- Gain on foreign exchange	54	54
- Inventories written down	(397)	(397)



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

EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B13 Derivatives

There were no derivatives entered into by the Group as at 30 September 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 November 2021.