



**CHEE WAH CORPORATION BERHAD**(32250-D)  
(Incorporated in Malaysia)

The Board of Directors of CHEE WAH CORPORATION BERHAD is pleased to announce the consolidated results for the second quarter ended 31 December 2008. The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2008 RM '000	Preceding Year Corresponding Quarter Ended 31/12/2007 RM '000	Current Year To Date 31/12/2008 RM '000	Preceding Year Corresponding Period 31/12/2007 RM '000
Revenue	32,119	29,114	57,737	58,149
Operating expenses	(30,103)	(28,069)	(55,422)	(56,233)
Other operating income	77	-	309	32
Profit from operations	2,093	1,045	2,624	1,948
Finance cost	(741)	(829)	(1,494)	(1,571)
Profit before tax	1,352	216	1,130	377
Income tax	(348)	(70)	(332)	(50)
Profit for the period	<u>1,004</u>	<u>146</u>	<u>798</u>	<u>327</u>
Attributable to:				
Equity holders of the parent	992	121	775	291
Minority interest	<u>12</u>	<u>25</u>	<u>23</u>	<u>36</u>
	<u>1,004</u>	<u>146</u>	<u>798</u>	<u>327</u>
Earnings per share (sen) attributable to ordinary equity holders of the parent:				
- Basic	2.36	0.29	1.84	0.69
- Diluted	N/A *	0.29	N/A *	0.69

Note: \* Please refer to Note B13 to the condensed financial statements



**CHEE WAH CORPORATION BERHAD** (32250-D)  
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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	Unaudited As At End Of Current Quarter 31/12/2008 <u>RM'000</u>	Audited As At Preceding Financial Year End 30/06/2008 <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	39,179	39,041
Prepaid lease payments	1,365	1,381
Goodwill on consolidation	5,394	5,394
Deferred tax assets	1,355	1,506
	<u>47,293</u>	<u>47,322</u>
<b>Current Assets</b>		
Inventories	34,205	41,558
Trade and other receivables	23,872	18,089
Tax recoverable	130	164
Cash and bank balances	1,465	1,735
	<u>59,672</u>	<u>61,546</u>
<b>TOTAL ASSETS</b>	<u>106,965</u>	<u>108,868</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Equity Holders Of The Parent</b>		
Share capital	42,097	42,097
Reserves	7,771	6,988
	<u>49,868</u>	<u>49,085</u>
<b>Minority Interest</b>	997	974
<b>Total Equity</b>	<u>50,865</u>	<u>50,059</u>
<b>Non-Current Liabilities</b>		
Long term borrowings	3,054	2,792
Deferred tax liabilities	96	12
Deferred liabilities	194	187
	<u>3,344</u>	<u>2,991</u>
<b>Current Liabilities</b>		
Trade and other payables	8,618	10,494
Short term borrowings	44,078	45,324
Provision for taxation	60	-
	<u>52,756</u>	<u>55,818</u>
<b>Total Liabilities</b>	<u>56,100</u>	<u>58,809</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>106,965</u>	<u>108,868</u>
Net Assets per Share Attributable to Ordinary Equity Holders of the Parent (sen)	118	117



**CHEE WAH CORPORATION BERHAD** (32250-D)  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current Year 6 Months Ended 31/12/2008 <u>RM '000</u>	Preceding Year Corresponding 6 Months Ended 31/12/2007 <u>RM '000</u>
Profit before tax	1,130	377
Adjustments for non-cash flow items :		
Non-cash items	1,895	1,855
Non-operating items	1,469	1,602
Operating profit before changes in working capital	<u>4,494</u>	<u>3,834</u>
Changes in working capital		
Net change in current assets	1,609	(9,761)
Net change in current liabilities	(1,838)	(403)
Interest paid	(1,532)	(1,593)
Tax paid	(2)	(202)
Retirement benefit paid	(9)	-
Net cash flows from/ (used in) operating activities	<u>2,722</u>	<u>(8,125)</u>
Investing activities		
Equity investments	-	(740)
Other investments	(1,001)	(958)
Net cash flows used in investing activities	<u>(1,001)</u>	<u>(1,698)</u>
Financing activities		
Transactions with owners as owners	-	25
Bank borrowings	(3,510)	7,349
Net cash flows (used in)/ from financing activities	<u>(3,510)</u>	<u>7,374</u>
Net change in cash and cash equivalents	(1,789)	(2,449)
Effects of Exchange Rate Changes	7	14
Cash and cash equivalents at beginning of the period	<u>(5,530)</u>	<u>(5,863)</u>
Cash and cash equivalents at end of the period	<u>(7,312)</u>	<u>(8,298)</u>
Cash and cash equivalents at end of the period consist of :-		
Deposits, cash & bank balances	1,465	1,008
Bank overdrafts	<u>(8,777)</u>	<u>(9,306)</u>
	<u>(7,312)</u>	<u>(8,298)</u>



**CHEE WAH CORPORATION BERHAD** (32250-D)  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

6 months quarter ended 31 December	Attributable to Equity Holders of the Parent							Minority Interest RM '000	Total RM '000
	Non Distributable					Distributable			
	Share capital RM '000	Share premium RM '000	Revaluation reserve RM '000	Other capital reserve RM '000	Exchange Reserve RM '000	Retained profit RM '000	Total RM '000		
Balance as at 01/07/2007	42,097	164	319	556	(5)	1,114	44,245	670	44,915
Effect of adopting FRS 112	-	-	-	-	-	4,576	4,576	-	4,576
	<u>42,097</u>	<u>164</u>	<u>319</u>	<u>556</u>	<u>(5)</u>	<u>5,690</u>	<u>48,821</u>	<u>670</u>	<u>49,491</u>
Exchange reserve, representing net gain not recognised directly in equity	-	-	-	-	17	-	17	-	17
Profit for the period	-	-	-	-	-	291	291	36	327
Total recognised income and expenses for the period	-	-	-	-	17	291	308	36	344
Issue of share in subsidiary company	-	-	-	-	-	-	-	24	24
Acquisition of subsidiary company	-	-	-	-	-	-	-	208	208
Acquisition of shares from minority interest	-	-	-	-	-	-	-	(142)	(142)
Disposal of shares to minority interest	-	-	-	-	-	-	-	132	132
Balance as at 31/12/2007	<u>42,097</u>	<u>164</u>	<u>319</u>	<u>556</u>	<u>12</u>	<u>5,981</u>	<u>49,129</u>	<u>928</u>	<u>50,057</u>
Balance as at 01/07/2008	42,097	164	319	556	2	5,947	49,085	974	50,059
Exchange reserve, representing net gain not recognised in income statement	-	-	-	-	8	-	8	-	8
Profit for the period	-	-	-	-	-	775	775	23	798
Total recognised income and expenses for the period	-	-	-	-	8	775	783	23	806
Balance as at 31/12/2008	<u>42,097</u>	<u>164</u>	<u>319</u>	<u>556</u>	<u>10</u>	<u>6,722</u>	<u>49,868</u>	<u>997</u>	<u>50,865</u>



## EXPLANATORY NOTES TO CONDENSED FINANCIAL STATEMENTS

### PART A : REQUIREMENTS OF FRS 134 INTERIM FINANCIAL REPORTING

#### A1 Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of certain factory buildings included within property, plant and equipment.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements. These explanatory notes attached to the 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 2008.

#### A2 Accounting Policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2008.

#### A3 Seasonal or Cyclical Factors

Due to the nature of its products and the market demand, the Group expects its revenue to be lower in the third quarter as compared to other quarters in the current financial year.

#### A4 Nature and Amount of Unusual Items

There are 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 Nature and Amount of Changes in Estimates

There are no major changes in estimates from those of the prior financial year which have a material effect in the current quarter.

#### A6 Issuance, Repurchases and Repayments of Debt and Equity Securities

There were no issuance, repurchase 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	20,444	33,759
Middle East countries	606	2,646
Other Asia-Pacific countries	7,850	13,594
European countries	1,622	4,775
African and American Countries	1,597	2,963
	<u>32,119</u>	<u>57,737</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 FINANCIAL STATEMENTS**

**A9 Material Subsequent Events**

As at 12 February 2009, there are no material 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**

Campap Distributor Sdn Bhd, a wholly owned subsidiary of Chee Wah Corporation Berhad, had subscribed for 51 ordinary shares of RM1 each in Campap Store (Sg Dua) Sdn. Bhd. ("CSSD") for a cash consideration of RM51, representing 51% of the total share capital of CSSD.

**A11 Contingent Liabilities or Assets**

The contingent liabilities for the Group are as follows :

	Quarter Ended 31/12/2008 <u>RM'000</u>	Financial Year ended 30/06/2008 <u>RM'000</u>
Bills Discounted	-	2,104

There were no contingent assets as at the end of the current quarter or last financial year ended 30 June 2008.

**PART B : REQUIREMENTS OF PARA 9.22 BMSB LISTING REQUIREMENTS**

**B1 Review of Performance**

The Group's revenue for the current quarter of RM32.119 million was higher than RM29.114 million posted in the preceding year corresponding quarter by RM3.005 million. The higher revenue was mainly due to higher local sales. The Group recorded a net profit amounting to RM1.004 million in the current quarter as compared to a net profit of RM0.146 million posted in the preceding year corresponding quarter. The increase in net profit of RM0.858 million was mainly contributed by the higher revenue and the lower operating expenses.

**B2 Comparison with Immediate Preceding Quarter's Results**

The Group recorded a profit before tax of RM1.352 million in the current quarter as compared to a loss before tax of RM0.222 million recorded in the immediate preceding quarter. The higher profit before tax was mainly due to the higher revenue of RM32.119 million generated during the current quarter as compared to RM25.618 million recorded in the immediate preceding quarter. There are no exceptional operational or economic factors which have contributed to any changes in the results of the current quarter.

**B3 Current Year Prospects**

Barring any unforeseen circumstances, the Board expects the Group's results for the financial year ending 30 June 2009 will improve over the performance of the preceding financial year.

**B4 Profit Forecast**

There were no profit forecasts published.

**B5 Taxation**

Breakdown of taxation as at 31 December 2008 is as follows:

	Current Year Quarter <u>RM '000</u>	Current Year To Date <u>RM '000</u>
Income tax	(68)	(96)
Deferred tax	(280)	(236)
	<u>(348)</u>	<u>(332)</u>

For the current quarter and current year to date under review, the effective tax rate is higher than the statutory tax rate mainly due to certain expenses which are not allowable for income tax purposes.



**EXPLANATORY NOTES TO CONDENSED FINANCIAL STATEMENTS**

**B6 Sale of Unquoted Investments and/or Properties**

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date.

**B7 Purchases and sales of quoted securities**

There were no purchases or sales of quoted securities for the current quarter and financial year to date.

**B8 Status of corporate proposal**

There were no other corporate proposals which have been announced but not completed as at 12 February 2009.

**B9 Group Borrowings and Debt Securities**

Group borrowings as at 31 December 2008 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	8,777
Bankers' acceptances and trust receipts	-	32,176
Export credit refinancing	-	659
Revolving credit	-	1,000
Hire purchase and lease payable	1,456	-
Current portion of term loan	10	-
	<u>1,466</u>	<u>42,612</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	<u>3,054</u>	-
c) All borrowings are denominated in Ringgit Malaysia.		

**B10 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at 12 February 2009.

**B11 Changes in Material Litigation**

The Group is not engaged in any material litigation as at 12 February 2009.

**B12 Dividend**

No interim dividend has been recommended.

**B13 Earnings Per Share**

	Current Year Quarter	Current Year To Date
Profit for the period (RM'000)	<u>992</u>	<u>775</u>
Number of ordinary shares ('000)		
As at beginning of the period	42,097	42,097
Effects of weighted average number of shares issued during the year	-	-
Basic weighted average number of shares	<u>42,097</u>	<u>42,097</u>
Basic earnings per share (sen)	2.36	1.84

The Employees' Share Option Scheme ("ESOS") which was implemented on 26 December 2003 by the Company and its subsequent amendments has expired on 24 December 2008. As such, there is no dilution effect on the basic earnings per share for the current year.



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**EXPLANATORY NOTES TO CONDENSED FINANCIAL STATEMENTS**

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**Authorisation For Issue**

The Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 February 2009.

**BY ORDER OF THE BOARD**

KHOR LEE NEE (MAICSA 7025554)  
CHAI CHURN HWA (MAICSA 0811600)  
Company Secretaries

Penang  
18 February 2009