



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 2009. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|---|
| | Current Year Quarter Ended <u>31/12/2009</u> RM '000 | Preceding Year Corresponding Quarter Ended <u>31/12/2008</u> RM '000 | Current Year To Date <u>31/12/2009</u> RM '000 | Preceding Year Corresponding Period <u>31/12/2008</u> RM '000 |
| Revenue | 35,369 | 32,119 | 56,766 | 57,737 |
| Operating expenses | (33,389) | (30,103) | (55,402) | (55,422) |
| Other operating income | <u>57</u> | <u>77</u> | <u>332</u> | <u>309</u> |
| Profit from operations | 2,037 | 2,093 | 1,696 | 2,624 |
| Finance cost | (625) | (741) | (1,180) | (1,494) |
| Share of results of an associated company | <u>(10)</u> | <u>-</u> | <u>(10)</u> | <u>-</u> |
| Profit before tax | 1,402 | 1,352 | 506 | 1,130 |
| Income tax | <u>(309)</u> | <u>(348)</u> | <u>(128)</u> | <u>(332)</u> |
| Profit for the period | <u>1,093</u> | <u>1,004</u> | <u>378</u> | <u>798</u> |
| Attributable to: | | | | |
| Equity holders of the parent | 1,055 | 992 | 313 | 775 |
| Minority interest | <u>38</u> | <u>12</u> | <u>65</u> | <u>23</u> |
| | <u>1,093</u> | <u>1,004</u> | <u>378</u> | <u>798</u> |
| Earnings per share (sen) attributable to ordinary equity holders of the parent: | | | | |
| - Basic | 2.51 | 2.36 | 0.74 | 1.84 |
| - Diluted | N/A * | N/A * | N/A * | N/A * |

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 31/12/2009 <u>RM'000</u> | Audited As At Preceding Financial Year End 30/06/2009 <u>RM'000</u> |
|--|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 38,535 | 38,558 |
| Prepaid lease payments | 1,334 | 1,350 |
| Investment in an associated company | 80 | - |
| Goodwill on consolidation | 5,401 | 5,395 |
| Deferred tax assets | 2,092 | 1,936 |
| | <u>47,442</u> | <u>47,239</u> |
| Current Assets | | |
| Inventories | 38,435 | 31,481 |
| Trade and other receivables | 26,161 | 16,966 |
| Tax recoverable | 204 | 180 |
| Cash and bank balances | 1,895 | 1,011 |
| | <u>66,695</u> | <u>49,638</u> |
| TOTAL ASSETS | <u><u>114,137</u></u> | <u><u>96,877</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Equity Holders Of The Parent | | |
| Share capital | 42,097 | 42,097 |
| Reserves | 7,392 | 7,093 |
| | <u>49,489</u> | <u>49,190</u> |
| Minority Interest | 612 | 650 |
| Total Equity | <u>50,101</u> | <u>49,840</u> |
| Non-Current Liabilities | | |
| Long term borrowings | 2,233 | 2,062 |
| Deferred tax liabilities | 728 | 557 |
| Deferred liabilities | 192 | 188 |
| | <u>3,153</u> | <u>2,807</u> |
| Current Liabilities | | |
| Trade and other payables | 9,630 | 9,406 |
| Short term borrowings | 51,141 | 34,824 |
| Provision for taxation | 112 | - |
| | <u>60,883</u> | <u>44,230</u> |
| Total Liabilities | <u>64,036</u> | <u>47,037</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>114,137</u></u> | <u><u>96,877</u></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 STATEMENTS

| | Current Year 6 Months Ended 31/12/2009 <u>RM '000</u> | Preceding Year Corresponding 6 Months Ended 31/12/2008 <u>RM '000</u> |
|--|---|---|
| Profit before tax | 506 | 1,130 |
| Adjustments for non-cash and non-operating items : | | |
| Non-cash items | 1,824 | 1,895 |
| Non-operating items | <u>1,189</u> | <u>1,469</u> |
| Operating profit before changes in working capital | 3,519 | 4,494 |
| Changes in working capital | | |
| Net change in current assets | (16,058) | 1,609 |
| Net change in current liabilities | 212 | (1,838) |
| Interest paid | (1,264) | (1,532) |
| Tax paid | (25) | (2) |
| Retirement benefit paid | <u>(5)</u> | <u>(9)</u> |
| Net cash (used in)/ from operating activities | <u>(13,621)</u> | <u>2,722</u> |
| Investing activities | | |
| Equity investments | (139) | - |
| Other investments | <u>(772)</u> | <u>(1,001)</u> |
| Net cash used in investing activities | <u>(911)</u> | <u>(1,001)</u> |
| Financing activities | | |
| Transactions with owners as owners | (59) | - |
| Bank borrowings | <u>14,162</u> | <u>(3,510)</u> |
| Net cash from/ (used in) financing activities | <u>14,103</u> | <u>(3,510)</u> |
| Net change in cash and cash equivalents | (429) | (1,789) |
| Effects of Exchange Rate Changes | (14) | 7 |
| Cash and cash equivalents at beginning of the period | <u>(7,628)</u> | <u>(5,530)</u> |
| Cash and cash equivalents at end of the period | <u>(8,071)</u> | <u>(7,312)</u> |
| Cash and cash equivalents at end of the period consist of :- | | |
| Deposits, cash & bank balances | 1,895 | 1,465 |
| Bank overdrafts | <u>(9,966)</u> | <u>(8,777)</u> |
| | <u>(8,071)</u> | <u>(7,312)</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 | | | | | | Total RM '000 | 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 | | | |
| Balance as at 01/07/2008 | 42,097 | 164 | 319 | 556 | 2 | 5,947 | 49,085 | 974 | 50,059 |
| Exchange reserve, representing net gain recognised directly in equity | - | - | - | - | 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> |
| Balance as at 01/07/2009 | 42,097 | 164 | 319 | 556 | (1) | 6,055 | 49,190 | 650 | 49,840 |
| Exchange reserve, representing net loss recognised directly in equity | - | - | - | - | (14) | - | (14) | - | (14) |
| Profit for the period | - | - | - | - | - | 313 | 313 | 65 | 378 |
| Total recognised income and expenses for the period | - | - | - | - | (14) | 313 | 299 | 65 | 364 |
| Acquisition of shares from minority interest | - | - | - | - | - | - | - | (95) | (95) |
| Disposal of shares to minority interest | - | - | - | - | - | - | - | 51 | 51 |
| Dividend paid to minority interest | - | - | - | - | - | - | - | (59) | (59) |
| Balance as at 31/12/2009 | <u>42,097</u> | <u>164</u> | <u>319</u> | <u>556</u> | <u>(15)</u> | <u>6,368</u> | <u>49,489</u> | <u>612</u> | <u>50,101</u> |



EXPLANATORY NOTES TO CONDENSED FINANCIAL STATEMENTS

PART A : REQUIREMENTS OF PARAGRAPH 16, 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 and should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The 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 2009.

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 financial year ended 30 June 2009 except for the adoption of FRS 8: Operating Segments, a new FRS effective for the financial periods beginning on 1 July 2009.

The adoption of the FRS 8 does not have any significant financial impact on the interim financial statements.

A3 Seasonal or Cyclical Factors

Due to the nature of its products and the market demand, the Group's revenue is normally lower in the third quarter as compared to the other quarters in each 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 <u>RM'000</u> | Current Year To Date <u>RM'000</u> |
|-----------------------|--|--|
| Malaysia | 25,622 | 40,255 |
| Middle East | 2,379 | 3,391 |
| Asia and Asia-Pacific | 5,901 | 9,911 |
| Europe | 1,074 | 2,249 |
| Africa and America | 393 | 960 |
| | <u>35,369</u> | <u>56,766</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.



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EXPLANATORY NOTES TO CONDENSED FINANCIAL STATEMENTS

A9 Material Subsequent Events

As at 18 February 2010, there is no material event 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

(a) On 14 October 2009 and 25 November 2009, Campap Superstore Sdn. Bhd. ("CS"), a wholly owned subsidiary of Chee Wah Corporation Berhad, had subscribed for a total of 90,000 ordinary shares of RM1 each in Stazone Corporation Sdn. Bhd. ("SCSB") for a cash consideration of RM90,000, representing 30% of the total share capital of SCSB and SCSB now has become an associated company of CS.

(b) On 31 December 2009, CW Dynamic Sdn. Bhd. ("CWD"), a wholly owned subsidiary of Chee Wah Corporation Berhad ("CWCB") has commenced members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. CWD was previously trading of stationery and reading materials and had ceased operations since April 2009.

Apart from the above, there were no other changes in the composition of the Group for the financial quarter under review.

A11 Contingent Liabilities or Assets

The contingent liabilities of the Group are as follows :

| | Quarter Ended 31/12/2009 <u>RM'000</u> | Financial Year ended 30/06/2009 <u>RM'000</u> |
|------------------|---|--|
| Bills Discounted | 27 | 417 |

There were no contingent assets as at the end of the current quarter or last financial year ended 30 June 2009.

A12 Material Related Parties Transactions

There was no material transactions entered by the Group with any related parties.

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

B1 Review of Performance

The Group's revenue for the current quarter of RM35.369 million has increased by RM3.250 million or 10.12% as compared to the revenue generated in the preceding year corresponding quarter of RM32.119 million. The higher revenue was mainly due to the increase in revenue generated by the retailing business. In line with the higher revenue, the Group has recorded a profit before tax of RM1.402 million in the current quarter as compared to RM1.352 million posted in the preceding year corresponding quarter.

B2 Comparison with Immediate Preceding Quarter's Results

The Group achieved a profit before tax of RM1.402 million in the current quarter as compared to a loss before tax of RM0.896 million recorded in the immediate preceding quarter. The higher profit before tax was mainly due to the higher revenue of RM35.369 million generated during the current quarter as compared to RM21.397 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 Prospects

The Board is of the opinion that with the ongoing implementation of the effective cost saving exercises across the entire organization, the Group will continue to achieve a good results in the remaining quarters of the financial year ending 30 June 2010.

B4 Profit Forecast

There were no profit forecasts published.



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EXPLANATORY NOTES TO CONDENSED FINANCIAL STATEMENTS

B5 Taxation

Breakdown of taxation as at 31 December 2009 is as follows:

| | Current Year Quarter RM '000 | Current Year To Date RM '000 |
|--------------|------------------------------------|------------------------------------|
| Income tax | (63) | (113) |
| Deferred tax | (246) | (15) |
| | <u>(309)</u> | <u>(128)</u> |

The Group provided an income tax expenses of approximately RM63,000 and RM113,000 in the current year quarter and current year to date in view of the profit recorded in certain subsidiaries.

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

On 31 December 2009, the Company has made an announcement in relation to the member's voluntary winding-up of its wholly owned subsidiary, CW Dynamic Sdn. Bhd. pursuant to Section 254(1)(b) Companies Act, 1965. The proposal is still pending completion as at the date of this report.

Apart from the above, there were no other corporate proposals which have been announced but not completed as at 18 February 2010.

B9 Group Borrowings and Debt Securities

Group borrowings as at 31 December 2009 are as follows:

| | Secured RM'000 | Unsecured RM'000 |
|---|-------------------|---------------------|
| a) <u>Short term borrowings</u> | | |
| Bank overdrafts | - | 9,966 |
| Bankers' acceptances and trust receipts | - | 33,919 |
| Export credit refinancing | - | 224 |
| Revolving credit | - | 1,000 |
| Onshore Foreign Currency Loan | - | 4,475 |
| Hire purchase Payable | 1,557 | - |
| | <u>1,557</u> | <u>49,584</u> |
| b) <u>Long term borrowings</u> | | |
| Hire Purchase Payable | <u>2,233</u> | <u>-</u> |

c) The Group borrowings are denominated in the following currencies:

| | Quarter Ended 31/12/2009 Ringgit Malaysia RM'000 | Financial Year ended 30/06/2009 Ringgit Malaysia RM'000 |
|-----------------------|--|---|
| Ringgit Malaysia | 48,899 | 35,084 |
| United States Dollars | 4,475 | 1,802 |
| | <u>53,374</u> | <u>36,886</u> |



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EXPLANATORY NOTES TO CONDENSED FINANCIAL STATEMENTS

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 18 February 2010.

B11 Changes in Material Litigation

The Group is not engaged in any material litigation as at 18 February 2010.

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) | 1,055 | 313 |
| 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 | 42,097 | 42,097 |
| Basic earnings per share (sen) | 2.51 | 0.74 |

The Group do not have any Employees' Share Option Scheme as at the end of the reporting quarter. As such, there is no dilution effect on the basic earnings per share for the current quarter and current year to date.

B14 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 24 February 2010.