



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 first quarter ended 30 September 2011. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/09/2011 RM '000	Preceding Year Corresponding Quarter Ended 30/09/2010 RM '000	Current Year To Date 30/09/2011 RM '000	Preceding Year Corresponding Period 30/09/2010 RM '000
Revenue	16,949	19,149	16,949	19,149
Operating expenses	(18,198)	(19,367)	(18,198)	(19,367)
Other operating income	364	92	364	92
Loss from operations	(885)	(126)	(885)	(126)
Finance cost	(604)	(606)	(604)	(606)
Loss before tax from continuing operations	(1,489)	(732)	(1,489)	(732)
Tax income/ (expenses)	278	(26)	278	(26)
Loss from continuing operations, net of tax	(1,211)	(758)	(1,211)	(758)
Discontinued operation				
Profit from discontinued operation, net of tax	33	74	33	74
Loss for the period	(1,178)	(684)	(1,178)	(684)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	(1,178)	(684)	(1,178)	(684)
(Loss)/ Profit for the period attributable to:				
Owners of the parent	(1,167)	(699)	(1,167)	(699)
Non-controlling interests	(11)	15	(11)	15
	(1,178)	(684)	(1,178)	(684)
Total comprehensive income attributable to:				
Owners of the parent	(1,167)	(699)	(1,167)	(699)
Non-controlling interests	(11)	15	(11)	15
	(1,178)	(684)	(1,178)	(684)
Loss per share (sen) from continuing operations attributable to owners of the parent:				
- Basic	(2.85)	(1.84)	(2.85)	(1.84)
- Diluted	N/A *	N/A *	N/A *	N/A *
Earnings per share (sen) from discontinued operation attributable to owners of the parent:				
- Basic	0.08	0.18	0.08	0.18
- Diluted	N/A *	N/A *	N/A *	N/A *

Note:

* Please refer to Note B14 to the condensed consolidated interim financial statements.



CHEE WAH CORPORATION BERHAD (32250-D)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As At End Of Current Quarter 30/09/2011 RM'000	Audited As At Preceding Financial Year End 30/06/2011 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	32,944	34,371
Goodwill on consolidation	3,620	3,620
Deferred tax assets	1,012	887
	<u>37,576</u>	<u>38,878</u>
Current Assets		
Inventories	37,417	35,677
Trade and other receivables	11,305	15,696
Tax recoverable	145	116
Cash and bank balances	1,460	1,292
	<u>50,327</u>	<u>52,781</u>
Assets of disposal group classified as held for sale	5,799	5,312
	<u>56,126</u>	<u>58,093</u>
TOTAL ASSETS	<u>93,702</u>	<u>96,971</u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the parent		
Share capital	42,097	42,097
Reserves	1,183	2,350
	<u>43,280</u>	<u>44,447</u>
Non-controlling interests	202	213
Total Equity	<u>43,482</u>	<u>44,660</u>
Non-Current Liabilities		
Long term borrowings	949	1,146
Deferred tax liabilities	1,288	1,441
Deferred liabilities	193	186
	<u>2,430</u>	<u>2,773</u>
Current Liabilities		
Trade and other payables	6,811	10,223
Short term borrowings	37,320	35,983
	<u>44,131</u>	<u>46,206</u>
Liabilities directly associated with disposal group classified as held for sale	3,659	3,332
	<u>47,790</u>	<u>49,538</u>
Total Liabilities	<u>50,220</u>	<u>52,311</u>
TOTAL EQUITY AND LIABILITIES	<u>93,702</u>	<u>96,971</u>
Net Assets per Share Attributable to Owners of the Parent (sen)	103	106



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

For the three months ended 30 September	Attributable to Owners of the Parent							Non- controlling interests RM '000	Total RM '000
	Non Distributable					Distributable	Total RM '000		
	Share capital RM '000	Share premium RM '000	Revaluation reserve RM '000	Other capital reserve RM '000	Exchange Reserve RM '000	Retained profits RM '000			
Balance as at 01/07/2010	42,097	164	319	556	(15)	4,613	47,734	657	48,391
Net (loss)/ profit for the period	-	-	-	-	-	(699)	(699)	15	(684)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(699)	(699)	15	(684)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(86)	(86)
Balance as at 30/09/2010	<u>42,097</u>	<u>164</u>	<u>319</u>	<u>556</u>	<u>(15)</u>	<u>3,914</u>	<u>47,035</u>	<u>586</u>	<u>47,621</u>
Balance as at 01/07/2011	42,097	164	319	556	-	1,311	44,447	213	44,660
Net loss for the period	-	-	-	-	-	(1,167)	(1,167)	(11)	(1,178)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(1,167)	(1,167)	(11)	(1,178)
Balance as at 30/09/2011	<u>42,097</u>	<u>164</u>	<u>319</u>	<u>556</u>	<u>-</u>	<u>144</u>	<u>43,280</u>	<u>202</u>	<u>43,482</u>



CHEE WAH CORPORATION BERHAD (32250-D)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current Year 3 Months Ended 30/09/2011 RM '000	Preceding Year Corresponding 3 Months Ended 30/09/2010 RM '000
Cash Flows from Operating Activities		
Loss before tax from continuing operations	(1,489)	(732)
Profit before tax from discontinued operation	41	94
Loss before tax, total	<u>(1,448)</u>	<u>(638)</u>
Adjustments for non-cash and non-operating items :		
Non-cash items	648	1,063
Non-operating items	635	637
Operating (loss)/ profit before changes in working capital	<u>(165)</u>	<u>1,062</u>
Changes in working capital		
Net change in current assets	2,249	1,580
Net change in current liabilities	<u>(3,355)</u>	<u>(3,654)</u>
Cash absorbed by operations	<u>(1,271)</u>	<u>(1,012)</u>
Tax (paid)/ refunded	(30)	59
Retirement benefit paid	-	(2)
Net cash used in operating activities	<u>(1,301)</u>	<u>(955)</u>
Cash Flows from Investing Activities		
Equity investments	-	(293)
Other investments	705	12
Net cash from/ (used in) investing activities	<u>705</u>	<u>(281)</u>
Cash Flows from Financing activities		
Interest paid	(675)	(691)
Transactions with owners as owners	-	(86)
Bank borrowings	546	28
Net cash used in financing activities	<u>(129)</u>	<u>(749)</u>
Net change in cash and cash equivalents	(725)	(1,985)
Cash and cash equivalents at beginning of the period	<u>(7,189)</u>	<u>(7,505)</u>
Cash and cash equivalents at end of the period	<u><u>(7,914)</u></u>	<u><u>(9,490)</u></u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances		
- Continuing operations	1,460	613
- Discontinued operation	9	-
Bank overdrafts		
- Continuing operations	(9,103)	(10,103)
- Discontinued operation	(280)	-
	<u><u>(7,914)</u></u>	<u><u>(9,490)</u></u>



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A : REQUIREMENTS OF PARAGRAPH 16, FRS 134: INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The Condensed Consolidated 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 2011.

The Condensed Consolidated Interim Financial Statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 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 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 2011.

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 year ended 30 June 2011 except for the adoption of revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations which were effective for the financial period beginning on or after 1 July 2011.

The revised FRSs, Amendments to FRSs and IC Interpretations do not have significant impacts on the financial statements of the Group in the period of initial application.

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 first and third quarter as compared to the other quarters in each financial year.

A4 Nature and Amount of 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 Nature and Amount of Changes in Estimates

There were 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	10,609	10,609
Middle East	1,342	1,342
Asia and Asia-Pacific	3,473	3,473
Europe	1,042	1,042
Africa and America	483	483
	<u>16,949</u>	<u>16,949</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 Material Subsequent Events

On 22 November 2011, Campap Distributor Sdn. Bhd. ("CAMD"), a wholly owned subsidiary of Chee Wah Corporation Berhad ("CWCB") had entered into a Share Sale Agreement ("SSA") to dispose of its 82.66% equity interest in Evergreen Paper (M) Sdn. Bhd. ("EPM") comprising 992,000 ordinary shares of RM1.00 each to Etamax Sdn. Bhd., for a total cash considerations of Ringgit Malaysia Nine Hundred Ninety Two Thousand (RM992,000.00) only.

Apart from the above, 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

There were no changes in the composition of the Group for the financial quarter under review.

A11 Contingent Liabilities or Assets

There were no contingent liabilities or contingent assets as at the end of the current quarter or last financial year ended 30 June 2011.

A12 Material Related Parties Transactions

There were 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

For the three months ended 30 September 2011, the Group recorded a revenue of RM16.949 million against revenue of RM19.149 million as posted in the preceding year's corresponding quarter, representing a decrease of RM2.2 million or 11%. The decrease was mainly due to the lower export sales as a result of the softer demand from our international customers especially from Oceania and Middle East Countries. Due to the lower revenue coupled with the lower profit margin on the products sold, the Group has incurred a higher loss before tax of RM1.489 million as compared to the loss before tax of RM0.732 million recorded in the preceding year's corresponding quarter.

B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	30/09/2011	30/06/2011		
	RM'000	RM'000	RM'000	%
Revenue	16,949	28,326	(11,377)	-40%
Loss before tax	(1,489)	(806)	(683)	-85%

As compared to the revenue recorded in the immediate preceding quarter of RM28.326 million, the Group's revenue for the current quarter under review has reduced by RM11.377 million or 40% to RM16.949 million mainly due to the lower sales demand from export market especially from Middle East Countries. With the lower revenue, the Group has recorded a higher loss before tax of RM1.489 million as compared to the loss before tax of RM0.806 million posted in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group in the following quarters will remain challenging as the Group is expected to continue face the factors resulted from the global economic uncertainty. To confront these challenges, the Group will continue its effort to streamline and rationalize the business coupled with the ongoing implementation of the effective cost saving exercises across the entire organization, including a freeze on capital expenditure for supplemental assets or investment.

B4 Profit Forecast

There were no profit forecasts published.

B5 Tax income

Breakdown of tax income for the quarter ended 30 September 2011 is as follows

	Current Year Quarter RM '000	Current Year To Date RM '000
Deferred tax income:		
Current year	278	278

The effective tax rate of the Group is lower than the statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM 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 period to date.

B7 Purchases and sales of quoted securities

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

B8 Status of corporate proposal

(a) On 21 June 2011, CWCB had entered into a Sale and Purchase Agreement ("SPA") to dispose of its 100% equity interest in Sun Paper Bags & Packaging Sdn. Bhd. comprising 900,000 ordinary shares of RM1.00 each, 810,000 ordinary shares and 90,000 ordinary shares to Evelyn Hew Ve-Wei and Chui Wan Kew respectively, for a total cash considerations of Ringgit Malaysia Five Hundred and Forty Thousand (RM540,000.00) only. The exercise is still pending completion as at the date of this report.

(b) On 21 June 2011, CAMD, a wholly owned subsidiary of CWCB had entered into a SPA to dispose of its 100% equity interest in Chee Wah Paper Bags & Packaging Sdn. Bhd. comprising 900,000 ordinary shares of RM1.00 each, 450,000 ordinary shares each to Koo Keh Chiang and Tan Hoy Leong, for a total cash considerations of Ringgit Malaysia One Million Two Hundred and Sixty Thousand (RM1,260,000.00) only. The exercise is still pending completion as at the date of this report.

(c) On 26 September 2011, the Company has made an announcement in relation to the member's voluntary winding-up of its wholly owned subsidiary, Syarikat Kertas Nam Sun Sdn. Bhd. ("SKNS") pursuant to Section 254(1)(b) of the Companies Act, 1965 ("the Act") that the liquidator of SKNS had called a general meeting pursuant to section 272(1) of the Act on 26 September 2011 and SKNS shall be dissolved on the expiration of three months after the lodging of a return required by section 272(3) of the Act.

(d) On 25 October 2011, the Company has made an announcement in relation to the member's voluntary winding-up of its wholly owned subsidiary, Stazone Corporation Sdn. Bhd. ("SCSB") pursuant to Section 254(1)(b) of the Companies Act, 1965 ("the Act") that the liquidator of SCSB had called a general meeting pursuant to section 272(1) of the Act on 25 October 2011 and SCSB shall be dissolved on the expiration of three months after the lodging of a return required by section 272(3) of the Act.

(e) On 22 November 2011, CAMD, a wholly owned subsidiary of CWCB had entered into a SSA to dispose of its 82.66% equity interest in EPM comprising 992,000 ordinary shares of RM1.00 each to Etamax Sdn. Bhd., for a total cash considerations of Ringgit Malaysia Nine Hundred Ninety Two Thousand (RM992,000.00) only. The exercise 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 the date of this report.

B9 Group Borrowings and Debt Securities

Group borrowings as at 30 September 2011 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	9,103
Bankers' acceptances and trust receipts	-	24,813
Export credit refinancing	-	557
Revolving credit	-	1,000
Onshore Foreign Currency Loan	-	986
Hire Purchase Payable	861	-
	<u>861</u>	<u>36,459</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	949	-
	<u>949</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies		
	Quarter Ended 30/09/2011 Ringgit Malaysia RM'000	Financial Year ended 30/06/2011 Ringgit Malaysia RM'000
Ringgit Malaysia	37,283	37,129
United States Dollars	986	-
	<u>38,269</u>	<u>37,129</u>

B10 Derivative Financial Instruments

There were no derivative financial instruments as at the end of the current quarter.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B11 Retained Profits

	Quarter Ended 30/09/2011 <u>RM'000</u>	Financial Year ended 30/06/2011 <u>RM'000</u>
Total retained profits/ (accumulated losses) of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(17,727)	(16,225)
- Unrealised	1,134	861
	<u>(16,593)</u>	<u>(15,364)</u>
Less: Consolidation adjustments	16,737	16,675
Total Group retained profits as per consolidated accounts	<u>144</u>	<u>1,311</u>

B12 Changes in Material Litigation

The Group is not engaged in any material litigation as at 17 November 2011.

B13 Dividend

No interim dividend has been recommended.

B14 (Loss)/ Earnings Per Share

(a) Continuing operations

	Current Year Quarter <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Loss net of tax attributable to owners of the parent	(1,167)	(1,167)
Less: Profit from discontinued operation, net of tax, attributable to owners of parent	(33)	(33)
Loss net of tax from continuing operations attributable to owners of the parent	<u>(1,200)</u>	<u>(1,200)</u>
	No. of Shares <u>'000</u>	No. of Shares <u>'000</u>
Number of ordinary shares		
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 loss per share from continuing operations attributable to owners of the parent (sen)	(2.85)	(2.85)

(b) Discontinued operations

	Current Year Quarter <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Profit from discontinued operation, net of tax, attributable to owners of parent	<u>33</u>	<u>33</u>
	No. of Shares <u>'000</u>	No. of Shares <u>'000</u>
Number of ordinary shares		
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 from discontinued operations attributable to owners of the parent (sen)	0.08	0.08

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 (loss)/ earnings per share for the current quarter and current year to date.

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 23 November 2011.