



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 2011. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2011 RM '000	Preceding Year Corresponding Quarter Ended 31/12/2010 RM '000 (Re-presented)^	Current Year To Date 31/12/2011 RM '000	Preceding Year Corresponding Period 31/12/2010 RM '000 (Re-presented)^
Revenue	26,073	28,032	42,883	47,013
Operating expenses	(25,044)	(26,911)	(42,992)	(46,025)
Other operating income	216	162	580	259
Profit from operations	1,245	1,283	471	1,247
Finance cost	(555)	(624)	(1,132)	(1,202)
Profit/ (Loss) before tax from continuing operations	690	659	(661)	45
Tax (expense)/ income	(150)	(257)	96	(300)
Profit/ (Loss) from continuing operations, net of tax	540	402	(565)	(255)
Discontinued operation				
(Loss)/ Profit from discontinued operation, net of tax	(124)	20	(197)	(7)
Profit/ (Loss) for the period	416	422	(762)	(262)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	416	422	(762)	(262)
Profit/ (Loss) for the period attributable to:				
Owners of the parent	435	414	(732)	(285)
Non-controlling interests	(19)	8	(30)	23
	416	422	(762)	(262)
Total comprehensive income attributable to:				
Owners of the parent	435	414	(732)	(285)
Non-controlling interests	(19)	8	(30)	23
	416	422	(762)	(262)
Earnings/ (Loss) per share (sen) from continuing operations attributable to owners of the parent:				
- Basic	1.28	0.94	(1.34)	(0.66)
- Diluted	N/A *	N/A *	N/A *	N/A *
(Loss)/ Earnings per share (sen) from discontinued operation attributable to owners of the parent:				
- Basic	(0.25)	0.05	(0.40)	(0.02)
- Diluted	N/A *	N/A *	N/A *	N/A *

Note:

* Please refer to Note B10 to the condensed consolidated interim financial statements.

^ Please refer to Note B6 to the condensed consolidated interim financial statements for the reason of re-presented of the condensed consolidated Statements of Comprehensive Income for the preceding year corresponding quarter and period ended 31 December 2010.



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

	Unaudited As At End Of Current Quarter 31/12/2011 RM'000	Audited As At Preceding Financial Year End 30/06/2011 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,862	34,371
Goodwill on consolidation	3,620	3,620
Deferred tax assets	934	887
	<u>36,416</u>	<u>38,878</u>
Current Assets		
Inventories	27,279	35,677
Trade and other receivables	18,596	15,696
Derivative financial asset	4	-
Tax recoverable	92	116
Cash and bank balances	1,886	1,292
	<u>47,857</u>	<u>52,781</u>
Assets of disposal group classified as held for sale	3,833	5,312
	<u>51,690</u>	<u>58,093</u>
TOTAL ASSETS	<u>88,106</u>	<u>96,971</u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the parent		
Share capital	42,097	42,097
Reserves	1,618	2,350
	<u>43,715</u>	<u>44,447</u>
Non-controlling interests	183	213
Total Equity	<u>43,898</u>	<u>44,660</u>
Non-Current Liabilities		
Long term borrowings	416	1,146
Deferred tax liabilities	1,399	1,441
Deferred liabilities	200	186
	<u>2,015</u>	<u>2,773</u>
Current Liabilities		
Trade and other payables	6,109	10,223
Short term borrowings	33,281	35,983
	<u>39,390</u>	<u>46,206</u>
Liabilities directly associated with disposal group classified as held for sale	2,803	3,332
	<u>42,193</u>	<u>49,538</u>
Total Liabilities	<u>44,208</u>	<u>52,311</u>
TOTAL EQUITY AND LIABILITIES	<u>88,106</u>	<u>96,971</u>
Net Assets per Share Attributable to Owners of the Parent (sen)	104	106



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

For the six months ended 31 December	Attributable to Owners of the Parent						Total RM '000	Non-controlling interests 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 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	-	-	-	-	-	(285)	(285)	23	(262)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(285)	(285)	23	(262)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(335)	(335)
Balance as at 31/12/2010	42,097	164	319	556	(15)	4,328	47,449	345	47,794
Balance as at 01/07/2011	42,097	164	319	556	-	1,311	44,447	213	44,660
Net loss for the period	-	-	-	-	-	(732)	(732)	(30)	(762)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(732)	(732)	(30)	(762)
Balance as at 31/12/2011	42,097	164	319	556	-	579	43,715	183	43,898



CHEE WAH CORPORATION BERHAD (32250-D)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year 6 Months Ended 31/12/2011 <u>RM '000</u>	Preceding Year Corresponding 6 Months Ended 31/12/2010 <u>RM '000</u>
Cash Flows from Operating Activities		
(Loss)/ Profit before tax from continuing operations	(661)	45
(Loss)/ Profit before tax from discontinued operation	<u>(254)</u>	<u>15</u>
(Loss)/ Profit before tax, total	(915)	60
Adjustments for:		
Depreciation of property, plant and equipment	1,590	1,828
Interest expense	1,225	1,312
Loss on disposal of investments	32	-
Property, plant and equipment written off	23	292
Provision for retirement benefits	21	12
Impairment loss on loans and receivables	3	-
Impairment loss on goodwill	-	20
Gain on disposal of property, plant and equipment	(196)	(122)
(Gain)/ Loss on foreign exchange - unrealised	<u>(77)</u>	<u>21</u>
Operating profit before changes in working capital	1,706	3,423
Changes in working capital		
Net change in current assets	1,489	(1,388)
Net change in current liabilities	<u>(3,381)</u>	<u>(3,528)</u>
Cash absorbed by operations	(186)	(1,493)
Tax (paid)/ refunded	(53)	39
Retirement benefit paid	<u>(4)</u>	<u>(7)</u>
Net cash used in operating activities	<u>(243)</u>	<u>(1,461)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(113)	(247)
Disposal of property, plant and equipment	1,159	260
Disposal of investments	2,072	-
Acquisition of investments	-	(293)
Net cash from/ (used in) investing activities	<u>3,118</u>	<u>(280)</u>
Cash Flows from Financing activities		
Interest paid	(1,232)	(1,373)
Dividend paid to non-controlling interests	-	(335)
Bank borrowings	<u>(1,250)</u>	<u>1,408</u>
Net cash used in financing activities	<u>(2,482)</u>	<u>(300)</u>
Net change in cash and cash equivalents	393	(2,041)
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>(6,796)</u></u>	<u><u>(9,546)</u></u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances		
- Continuing operations	1,886	1,015
- Discontinued operation	103	-
Bank overdrafts		
- Continuing operations	(8,087)	(10,561)
- Discontinued operation	(698)	-
	<u><u>(6,796)</u></u>	<u><u>(9,546)</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 <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Malaysia	16,909	27,166
Middle East	2,291	3,633
Asia and Asia-Pacific	6,548	10,234
Europe	268	1,310
Africa and America	57	540
	<u>26,073</u>	<u>42,883</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

Stazone Corporation Sdn. Bhd., a wholly owned subsidiary of Chee Wah Corporation Berhad ("CWCB"), which was placed under members' voluntary winding-up has been dissolved on 25 January 2012 pursuant to Section 272(5) of the Companies Act 1965 and ceased to be a subsidiary of CWCB.

Apart from the above, there were 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

(a) Syarikat Kertas Nam Sum Sdn. Bhd., a wholly owned subsidiary of CWCB, which was placed under members' voluntary winding-up has been dissolved on 27 December 2011 pursuant to Section 272(5) of the Companies Act 1965 and ceased to be a subsidiary of CWCB.

(b) Chee Wah Paper Bags & Packaging Sdn. Bhd. (which has changed name to Star Paper Bags Sdn. Bhd. on 10 October 2011) ("CWPB") and Sun Paper Bags & Packaging Sdn. Bhd. ("SPBP"), the wholly owned subsidiaries of CWCB have ceased to be subsidiaries of CWCB upon the transfer of title in all the shares in CWPB and SPBP to the purchasers on 09 January 2012.

As a result of the completion of disposal of CWPB and SPBP as mentioned in (b) above, where CWPB and SPBP have ceased to be classified as held for sale, the results of operations of CWPB and SPBP previously presented in discontinued operations have been reclassified and included in income from continuing operations for all periods presented as defined by Paragraph 36, FRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

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 current quarter ended 31 December 2011, the Group generated a revenue and profit before tax of RM26.073 million and RM0.69 million respectively as compared with RM28.032 million and RM0.659 million respectively recorded in the preceding year's corresponding quarter. The reduction in revenue of RM1.959 million or 7% was mainly attributable to the drop in sales of paper bags and related packaging products as a result of the disposal of two subsidiaries which carried out the activities as a manufacturer and trading of paper bags and related packaging products. However, profit before tax increased slightly by RM0.031 million or 4.7% mainly due to the lower loss incurred by the retailing business in consequence of the closure of under-performing retail outlets.

The Group's revenue for the six months ended 31 December 2011 was RM42.883 million, a drop of RM4.13 million or 8.8% as compared to RM47.013 million generated in the preceding year's corresponding period, mainly due to the unfavourable sales volume in the first quarter of current period and also the drop in sales of paper bags and related packaging products during the current quarter due to the reason as mentioned in first paragraph. As a result of the drop in revenue, the Group has incurred loss before tax of RM0.661 million as compared to profit before tax of RM0.045 million posted in the preceding year's corresponding period.

B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	31/12/2011	30/09/2011	RM'000	%
	RM'000	RM'000	RM'000	
		Re-presented*		
Revenue	26,073	16,810	9,263	55%
Profit/ (Loss) before tax	690	(1,351)	2,041	151%

The Group achieved a profit before tax of RM0.69 million in the current quarter as compared to a loss before tax of RM1.351 million recorded in the immediate preceding quarter, mainly contributed by the higher revenue of RM26.073 million generated during the current quarter as compared to RM16.810 million recorded in the immediate preceding quarter. The Group's revenue for the current quarter under review has increased by RM9.263 million or 55% mainly due to the higher sales demand from local customers as a result of the Back To School Season during the current quarter.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

** Both the revenue and loss before tax for the individual quarter ended 30 September 2011 has been re-presented as a result of the discontinued operations as defined by FRS 5 Non-current Assets Held for Sale and Discontinued Operations for the Proposed disposal of Evergreen Paper (M) Sdn Bhd. as disclosed in Note B6 and the reclassification of the results of operations of CWPB and SPBP from discontinued operations to continuing operations as a result of the completion of disposal of CWPB and SPBP as disclosed in Note A10. Please see Appendix A for a copy of the re-presented Condensed Consolidated Statements of Comprehensive Income for the first quarter ended 30 September 2011.*

B3 Prospects

The Board anticipates that the performance of the Group will remain challenging in the following quarters as the Group is expected to continue face the factors resulted from the uncertain macro-economic outlook. To confront these challenges, the Group has made a conscious decision to remain in cost-cutting mode, including a freeze on capital expenditure for supplemental assets or investment and to observe the movements in exchange rates and acts accordingly to minimise the exposure to currency risk through entering into derivative contracts to hedge the exposure.

On top of that, to rebuild the Group's core business of paper stationery, the Group has enhanced its brand building - a more enduring yet competitive tool to enlarge the Group's share in stationery market. The Group has just launched its new premium product - CAMPAP Eseries, a range of note books made of fine grade materials with creative designs and value added practical functions, of which the Group aims to tap the market segments of middle class and above in both domestic and overseas markets.

B4 Profit Forecast/ Profit Guarantee

Not applicable as there were no profit forecasts published.

B5 Tax (Expense)/ Income

Breakdown of tax (expense)/ income for the quarter ended 31 December 2011 is as follows

	Current Year Quarter RM '000	Current Year To Date RM '000
Deferred tax (expense)/ income:		
Current year	(164)	82
Overprovision in prior years	14	14
	<u>(150)</u>	<u>96</u>

The Group provided a deferred tax expense of approximately RM164,000 during the current quarter mainly due to reversal of deferred tax income overprovided in the immediate preceding quarter in view of the profit recorded in the current quarter.

The Group provided a deferred tax income of approximately RM82,000 in the current year to date mainly due to the additional recognition of deferred tax assets on certain loss making companies which the recognised deferred tax assets are probable to be realised in the near future.

B6 Status of corporate proposal

On 22 November 2011, Campap Distributor Sdn. Bhd. ("CAMD"), a wholly owned subsidiary of CWCB had entered into a Share Sales 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. ("Purchaser"), for a total cash considerations of Ringgit Malaysia Nine Hundred Ninety Two Thousand (RM992,000.00) only. The Purchaser has settled the balance 90% consideration (totalling RM892,800.00) on 10 February 2012, but based on the SSA, the transfer of title in shares in EPM will only be effected upon the withdrawal of the corporate guarantee provided by CWCB to certain bank for securing the banking facilities granted to EPM. The exercise is still pending completion as at the date of this report.

As a result of the above corporate proposal, where there is a discontinued operation as defined by FRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities related to EPM as at 31 December 2011 have been presented in the Condensed Consolidated Statement of Financial Position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sales" and its results for both current quarter and financial period to date and preceding year's corresponding quarter and period to date are presented separately on the Condensed Consolidated Statement of Comprehensive Income as "(Loss)/ Profit from discontinued operation, net of tax".

Apart from the above, there were no other corporate proposals which have been announced but 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 31 December 2011 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	8,087
Bankers' acceptances and trust receipts	-	22,156
Export credit refinancing	-	315
Revolving credit	-	1,000
Onshore Foreign Currency Loan	-	897
Hire Purchase Payable	826	-
	<u>826</u>	<u>32,455</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	<u>416</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies		
	Quarter Ended 31/12/2011 Ringgit Malaysia RM'000	Financial Year ended 30/06/2011 Ringgit Malaysia RM'000
Ringgit Malaysia	32,800	37,129
United States Dollars	897	-
	<u>33,697</u>	<u>37,129</u>

B8 Changes in Material Litigation

The Group is not engaged in any material litigation as at 15 February 2012.

B9 Dividend

No interim dividend has been recommended.

B10 Earnings/ (Loss) Per Share

(a) Continuing operations

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit/ (Loss) net of tax attributable to owners of the parent	435	(732)
Add: Loss from discontinued operation, net of tax, attributable to owners of paren	105	167
Profit/ (Loss) net of tax from continuing operations attributable to owners of the parent	<u>540</u>	<u>(565)</u>
	No. of Shares '000	No. of Shares '000
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/ (loss) per share from continuing operations attributable to owners of the parent (sen)	1.28	(1.34)

(b) Discontinued operations

	Current Year Quarter RM'000	Current Year To Date RM'000
Loss from discontinued operation, net of tax, attributable to owners of paren	<u>(105)</u>	<u>(167)</u>
	No. of Shares '000	No. of Shares '000
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 discontinued operations attributable to owners of the parent (sen)	(0.25)	(0.40)

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



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 2011 were not subject to any qualification.

B12 Retained Profits

	Quarter Ended 31/12/2011 RM'000	Financial Year ended 30/06/2011 RM'000
Total retained profits/ (accumulated losses) of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(15,526)	(16,225)
- Unrealised	252	861
	<u>(15,274)</u>	<u>(15,364)</u>
Less: Consolidation adjustments	15,853	16,675
Total Group retained profits as per consolidated accounts	<u>579</u>	<u>1,311</u>

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Year Quarter RM'000	Current Year To Date RM'000
Depreciation of property, plant and equipment	763	1,590
Impairment loss on loans and receivables	3	3
Gain on foreign exchange	69	363
Gain on financial instruments at fair value through profit or loss (classified as held for trading)	17	17

B14 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 21 February 2012.