



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 fourth quarter ended 30 June 2012. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2012 RM '000	Preceding Year Corresponding Quarter Ended 30/06/2011 RM '000 (Re-presented)^	Current Year To Date 30/06/2012 RM '000	Preceding Year Corresponding Period 30/06/2011 RM '000 (Re-presented)^
Revenue	25,570	27,012	81,693	86,098
Operating expenses	(30,487)	(27,737)	(87,796)	(86,139)
Other operating income	262	551	1,160	787
Profit/ (Loss) from operations	(4,655)	(174)	(4,943)	746
Finance cost	(462)	(606)	(2,018)	(2,351)
Loss before tax from continuing operations	(5,117)	(780)	(6,961)	(1,605)
Tax (expense)/ income	(711)	50	(405)	(191)
Loss from continuing operations, net of tax	(5,828)	(730)	(7,366)	(1,796)
Discontinued operation				
Loss from discontinued operation, net of tax	-	(1,377)	(60)	(1,482)
Loss for the period/ year	(5,828)	(2,107)	(7,426)	(3,278)
Other comprehensive income for the period/ year, net of tax				
Exchange differences on translating foreign operations	-	15	-	15
Changes in revaluation surplus	5,716	-	5,716	-
Total comprehensive income for the period/ year	(112)	(2,092)	(1,710)	(3,263)
Profit/ (Loss) for the period/ year attributable to:				
Owners of the parent	(5,828)	(2,153)	(7,404)	(3,302)
Non-controlling interests	-	46	(22)	24
	(5,828)	(2,107)	(7,426)	(3,278)
Total comprehensive income attributable to:				
Owners of the parent	(112)	(2,138)	(1,688)	(3,287)
Non-controlling interests	-	46	(22)	24
	(112)	(2,092)	(1,710)	(3,263)
Loss per share (sen) from continuing operations attributable to owners of the parent:				
- Basic	(13.84)	(1.73)	(17.50)	(4.27)
- Diluted	N/A *	N/A *	N/A *	N/A *
Loss per share (sen) from discontinued operation attributable to owners of the parent:				
- Basic	-	(3.38)	(0.09)	(3.58)
- Diluted	N/A *	N/A *	N/A *	N/A *

Note:

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

^ The condensed consolidated Statements of Comprehensive Income for the preceding year corresponding quarter and period ended 30 June 2011 has been re-presented in compliance to FRS 5 Non-current Assets Held for Sale and Discontinued Operations.



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

	Unaudited As At Current Financial Year Ended 30/06/2012 RM'000	Audited As At Preceding Financial Year Ended 30/06/2011 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	36,729	34,371
Goodwill on consolidation	-	3,620
Deferred tax assets	26	887
	<u>36,755</u>	<u>38,878</u>
Current Assets		
Inventories	30,396	35,677
Trade and other receivables	13,656	15,696
Derivative financial asset	4	-
Tax recoverable	26	116
Cash and bank balances	1,991	1,292
	<u>46,073</u>	<u>52,781</u>
Assets of disposal group classified as held for sale	-	5,312
	<u>46,073</u>	<u>58,093</u>
TOTAL ASSETS	<u>82,828</u>	<u>96,971</u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the parent		
Share capital	42,097	42,097
Reserves	662	2,350
	<u>42,759</u>	<u>44,447</u>
Non-controlling interests	-	213
Total Equity	<u>42,759</u>	<u>44,660</u>
Non-Current Liabilities		
Long term borrowings	474	1,146
Deferred tax liabilities	2,587	1,441
Deferred liabilities	214	186
	<u>3,275</u>	<u>2,773</u>
Current Liabilities		
Trade and other payables	11,192	10,223
Short term borrowings	25,597	35,983
Tax payable	5	-
	<u>36,794</u>	<u>46,206</u>
Liabilities directly associated with disposal group classified as held for sale	-	3,332
	<u>36,794</u>	<u>49,538</u>
Total Liabilities	<u>40,069</u>	<u>52,311</u>
TOTAL EQUITY AND LIABILITIES	<u>82,828</u>	<u>96,971</u>
Net Assets per Share Attributable to Owners of the Parent (sen)	102	106



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

For the twelve months ended 30 June	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/ (Accumulated losses) 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 year	-	-	-	-	-	(3,302)	(3,302)	24	(3,278)
Other comprehensive income	-	-	-	-	15	-	15	-	15
Total comprehensive income for the year	-	-	-	-	15	(3,302)	(3,287)	24	(3,263)
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	(117)	(117)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(351)	(351)
Balance as at 30/06/2011	42,097	164	319	556	-	1,311	44,447	213	44,660
Balance as at 01/07/2011	42,097	164	319	556	-	1,311	44,447	213	44,660
Net loss for the year	-	-	-	-	-	(7,404)	(7,404)	(22)	(7,426)
Other comprehensive income	-	-	5,716	-	-	-	5,716	-	5,716
Total comprehensive income for the year	-	-	5,716	-	-	(7,404)	(1,688)	(22)	(1,710)
Reversal of capital reserve	-	-	-	(556)	-	556	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	(191)	(191)
Balance as at 30/06/2012	42,097	164	6,035	-	-	(5,537)	42,759	-	42,759



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

	Current Year 12 Months Ended 30/06/2012 <u>RM '000</u>	Preceding Year Corresponding 12 Months Ended 30/06/2011 <u>RM '000</u>
Cash Flows from Operating Activities		
Loss before tax from continuing operations	(6,961)	(1,605)
Loss before tax from discontinued operation	(130)	(119)
Loss before tax, total	<u>(7,091)</u>	<u>(1,724)</u>
Adjustments for:		
Depreciation of property, plant and equipment	3,097	3,534
Interest expense	2,149	2,657
Inventories written down	1,265	-
Property, plant and equipment written off	558	566
Provision for retirement benefits	41	41
Impairment loss on loans and receivables	18	57
Impairment loss on goodwill	3,620	20
Gain on disposal of subsidiary companies	(40)	-
Reversal of impairment loss on loans and receivables	-	(2)
Reversal of foreign exchange reserve	-	15
Gain on disposal of property, plant and equipment	(136)	(111)
Gain on foreign exchange - unrealised	(83)	(110)
Operating profit before changes in working capital	<u>3,398</u>	<u>4,943</u>
Changes in working capital		
Net change in current assets	1,915	1,931
Net change in current liabilities	2,602	466
Cash generated from operations	<u>7,915</u>	<u>7,340</u>
Tax paid	(58)	(50)
Retirement benefit paid	(27)	(16)
Net cash from operating activities	<u>7,830</u>	<u>7,274</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(441)	(306)
Disposal of property, plant and equipment	1,926	176
Disposal of investments	3,543	-
Acquisition of investments	-	(410)
Net cash from/ (used in) investing activities	<u>5,028</u>	<u>(540)</u>
Cash Flows from Financing activities		
Interest paid	(2,096)	(2,678)
Dividend paid to non-controlling interests	-	(351)
Bank borrowings	(7,882)	(3,389)
Net cash used in financing activities	<u>(9,978)</u>	<u>(6,418)</u>
Net change in cash and cash equivalents	2,880	316
Cash and cash equivalents at beginning of the year	<u>(7,189)</u>	<u>(7,505)</u>
Cash and cash equivalents at end of the year	<u>(4,309)</u>	<u>(7,189)</u>
Cash and cash equivalents at end of the year consist of :-		
Cash & bank balances	1,991	1,334
Bank overdrafts	(6,300)	(8,523)
	<u>(4,309)</u>	<u>(7,189)</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.

The Group has adopted a revaluation policy on its landed properties and has carried out a revaluation exercise on 1 June 2012 by an independent firm of professional valuer using the comparison method. A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus in the current period.

In November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs. The MFRS will be effective for annual period beginning on or after 1 January 2012. Upon transition into MFRS, the Group has elected to measure all its properties, plants and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At date of transition, the Group updated the valuation of its properties comprising lands and buildings and regard the fair value at 1 July 2011 as deemed cost at the date of transition.

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 quarters 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	6,744	38,515
Middle East	10,813	16,109
Asia and Asia-Pacific	4,318	19,059
Europe	2,904	6,451
Africa and America	791	1,559
	<u>25,570</u>	<u>81,693</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

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

There was no change 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 since 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

The Condensed Consolidated Statement of Comprehensive Income for the preceding year fourth financial quarter and the preceding financial year both ended 30 June 2011, have been re-presented as the results of three former subsidiaries, namely Star Paper Bags Sdn. Bhd. (formerly known as Chee Wah Paper Bags & Packaging Sdn. Bhd.), Sun Paper Bags & Packaging Sdn. Bhd. and Evergreen Paper (M) Sdn. Bhd. which were disposed of by the Group and completed in the current financial year 2012, were segregated and categorised as discontinued operations.

For the fourth financial quarter ended 30 June 2012, the Group achieved a revenue of RM25.570 million. Comparing to the revenue of RM27.012 million recorded in the preceding year corresponding quarter, the reduction in revenue by RM1.442 million or 5.3% in the current quarter was mainly attributable to the drop in sales of Campap Superstore Sdn. Bhd as a result of its disposal of three retail outlets in the second financial quarter and closure of two retail outlets in second and fourth financial quarters. Meanwhile, comparing the loss before tax from continuing operations for the current quarter and preceding year corresponding quarter which are respectively posted at RM5.117 million and RM0.780 million, the Group reported a higher loss before tax by RM4.337 million as it had made an impairment loss on goodwill attributable to a subsidiary amounting to RM3.620 million, written down obsolete inventories by RM1.265 million and incurred net loss of property, plant and equipment which were disposed of and written off amounting to RM0.728 million ("major non-recurring expenses").

In the reporting fourth financial quarter, the Group posted a loss for the period amounting to RM5.828 million (preceding year corresponding quarter: RM2.107 million) after it had reversed a deferred tax income of RM0.814 million of its loss making subsidiary. However, the net revaluation surplus amounting to RM5.716 million arising from the revaluation exercise carried out by the Company on its landed properties in the reporting quarter, had resulted to a negative total comprehensive income of RM0.112 million for the reporting quarter, as compared to a negative total comprehensive income of RM2.092 million made in the preceding year corresponding quarter.

The Group's revenue for the financial year ended 30 June 2012 was RM81.693 million, a drop of RM4.405 million or 5.1% as compared to RM86.098 million generated in the previous financial year 2011, mainly due to the unfavourable sales volume in the first financial quarter and the drop in sales of Campap Superstore Sdn. Bhd. as explained in the above paragraph. In addition to the aforesaid major non-recurring expenses, the loss suffered by Campap Superstore Sdn. Bhd. on the disposal and closure of its outlets during the financial year 2012, is also a reason for the loss made by the Group, eventually registered a loss from continuing operations net of tax amounting to RM7.366 million as compared to the RM1.796 million incurred in the financial year 2011. The loss from discontinued operation net of tax made by three former subsidiaries in financial year 2012 was RM0.060 million (up till they ceased as subsidiaries of the Group), compared to their loss net of tax totalling RM1.482 million suffered in the financial year 2011.

B2 Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter Ended</u>		<u>Variance</u>	
	<u>30/06/2012</u>	<u>31/03/2012</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Revenue	25,570	16,299	9,271	57%
Loss before tax	<u>(5,117)</u>	<u>(1,059)</u>	<u>(4,058)</u>	<u>(383%)</u>

The Group's revenue generated in the current quarter was RM25.570 million as compared to RM16.299 million in the immediate preceding quarter was mainly due to higher sales demand in the export market. The Group has incurred loss before tax of RM5.117 million in the current quarter as compared to RM1.059 million recorded in the immediate preceding quarter, mainly due to the major non-recurring expenses as detailed in Note B1.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B3 Prospects

The Board anticipates that the performance of the Group remains challenging in the next financial year as the Group continues to face the volatile factors resulted from the uncertain macro-economic outlook. The Group will continue practising effective cost saving exercises and reducing finance cost as a result of decrease in bank borrowings of the Group. The Board anticipates the performance of the Group will be better in the ensuing financial year.

B4 Profit Forecast/ Profit Guarantee

Not applicable as there were no profit forecasts published.

B5 Tax Expense

Breakdown of tax expense for the quarter ended 30 June 2012 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current	(94)	(94)
Deferred tax expense:		
Current year	211	503
Underprovision in prior years	(14)	-
Derecognition of deferred tax assets	(814)	(814)
	<u>(711)</u>	<u>(405)</u>

The Group has reversed a deferred tax assets of approximately RM814,000 in the current quarter and the current year to date respectively on a loss making subsidiary which the deferred tax assets recognised in the prior period are not probable to be realised in the near future.

B6 Status of corporate proposal

The liquidators of three wholly owned subsidiaries, namely Chee Wah Resources Sdn. Bhd., Campap Sdn. Bhd. and Evergreen Converter Sdn. Bhd. which have commenced members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 on 28 March 2012, had on 25 July 2012 issued a notice to convene the final meetings of the respective subsidiaries on 28 August 2012 to account for the fully wound up affairs of the respective subsidiaries. The said subsidiaries shall be dissolved on the expiration of three months after the liquidators lodge a return with the Registrar of Companies and the Official Receiver within 7 days from the date of the final meeting.

B7 Group Borrowings and Debt Securities

Group borrowings as at 30 June 2012 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	6,300
Bankers' acceptances and trust receipts	-	15,369
Export credit refinancing	-	431
Revolving credit	-	950
Onshore Foreign Currency Loan	-	2,112
Hire Purchase Payable	435	-
	<u>435</u>	<u>25,162</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	474	-
	<u>474</u>	<u>-</u>

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

	Quarter Ended 30/06/2012 RM'000	Financial Year ended 30/06/2011 RM'000
Ringgit Malaysia	23,959	37,129
United States Dollars	2,112	-
	<u>26,071</u>	<u>37,129</u>

B8 Changes in Material Litigation

The Group is not engaged in any material litigation as at 23 August 2012.

B9 Dividend

No dividend has been declared or paid during the current quarter.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B10 Loss Per Share

(a) Continuing operations

	Current Year Quarter RM'000	Current Year To Date RM'000
Loss net of tax attributable to owners of the parent	(5,828)	(7,404)
Add: Loss from discontinued operation, net of tax, attributable to owners of parent	-	38
Loss net of tax from continuing operations attributable to owners of the parent	<u>(5,828)</u>	<u>(7,366)</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 continuing operations attributable to owners of the parent (sen)

(13.84) (17.50)

(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 parent	-	(38)
	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)

- (0.09)

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 per share for the current quarter and current year to date.

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 Realised and Unrealised Profits or Losses

	Financial Year ended 30/06/2012 RM'000	Financial Year ended 30/06/2011 RM'000
Total (accumulated losses)/ retained profits of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(20,357)	(16,225)
- Unrealised	(226)	861
	<u>(20,583)</u>	<u>(15,364)</u>
Less: Consolidation adjustments	15,046	16,675
Total Group (accumulated losses)/ retained profits as per consolidated accounts	<u>(5,537)</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
Loss for the period is arrived at after crediting / (charging)		
- Depreciation of property, plant and equipment	(768)	(3,097)
- Gain on foreign exchange	361	856
- (Loss)/ Gain on financial instruments at fair value through profit or loss (classified as held for trading)	(4)	20
- (Loss)/ Gain on disposal of subsidiary companies	(5)	40
- (Loss)/ Gain on disposal of property, plant and equipment	(217)	136
- Property, plant and equipment written off	(511)	(558)
- Impairment loss on loans and receivables	(15)	(18)
- Impairment loss on goodwill	(3,620)	(3,620)
- Inventories written down	(1,265)	(1,265)
- Interest expense	(462)	(2,149)

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 29 August 2012.