



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 2012. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|---|
| | Current Year Quarter Ended 30/09/2012 RM '000 | Preceding Year Corresponding Quarter Ended 30/09/2011 RM '000 (Re-presented)^ | Current Year To Date 30/09/2012 RM '000 | Preceding Year Corresponding Period 30/09/2011 RM '000 (Re-presented)^ |
| Revenue | 14,996 | 14,230 | 14,996 | 14,230 |
| Operating expenses | (15,503) | (15,431) | (15,503) | (15,431) |
| Other operating income | 93 | 356 | 93 | 356 |
| Loss from operations | (414) | (845) | (414) | (845) |
| Finance cost | (346) | (548) | (346) | (548) |
| Loss before tax from continuing operations | (760) | (1,393) | (760) | (1,393) |
| Tax income | 161 | 255 | 161 | 255 |
| Loss from continuing operations, net of tax | (599) | (1,138) | (599) | (1,138) |
| Discontinued operation | | | | |
| Loss from discontinued operation, net of tax | - | (40) | - | (40) |
| Loss for the period (representing total comprehensive income for the period) | <u>(599)</u> | <u>(1,178)</u> | <u>(599)</u> | <u>(1,178)</u> |
| Other comprehensive income for the period, net of tax | | | | |
| Exchange differences on translating foreign operations | - | - | - | - |
| Changes in revaluation surplus | - | - | - | - |
| Total comprehensive income for the period | <u>(599)</u> | <u>(1,178)</u> | <u>(599)</u> | <u>(1,178)</u> |
| Loss for the period attributable to: | | | | |
| Owners of the parent | (599) | (1,167) | (599) | (1,167) |
| Non-controlling interests | - | (11) | - | (11) |
| | <u>(599)</u> | <u>(1,178)</u> | <u>(599)</u> | <u>(1,178)</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | (599) | (1,167) | (599) | (1,167) |
| Non-controlling interests | - | (11) | - | (11) |
| | <u>(599)</u> | <u>(1,178)</u> | <u>(599)</u> | <u>(1,178)</u> |
| Loss per share (sen) from continuing operations attributable to owners of the parent: | | | | |
| - Basic | (1.42) | (2.70) | (1.42) | (2.70) |
| - Diluted | N/A * | N/A * | N/A * | N/A * |
| Loss per share (sen) from discontinued operation attributable to owners of the parent: | | | | |
| - Basic | - | (0.07) | - | (0.07) |
| - 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 September 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)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As At End Of Current Quarter 30/09/2012 <u>RM'000</u> | Audited As At Preceding Financial Year Ended 30/06/2012 <u>RM'000</u> (Restated) | Audited As At Preceding Beginning period 01/07/2011 <u>RM'000</u> (Restated) |
|--|--|--|--|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 35,583 | 36,307 | 41,572 |
| Goodwill | - | - | 3,620 |
| Deferred tax assets | - | - | 887 |
| | <u>35,583</u> | <u>36,307</u> | <u>46,079</u> |
| Current Assets | | | |
| Inventories | 31,380 | 30,396 | 35,677 |
| Trade and other receivables | 9,763 | 13,656 | 15,696 |
| Financial assets at fair value through profit or loss | 4 | 4 | - |
| Current tax assets | 30 | 26 | 116 |
| Cash and bank balances | 249 | 1,991 | 1,292 |
| Assets of disposal group held for sale | - | - | 5,312 |
| | <u>41,426</u> | <u>46,073</u> | <u>58,093</u> |
| TOTAL ASSETS | <u><u>77,009</u></u> | <u><u>82,380</u></u> | <u><u>104,172</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity Attributable To Owners of the Company | | | |
| Share capital | 42,097 | 42,097 | 42,097 |
| Reserves | (263) | 336 | 7,913 |
| | <u>41,834</u> | <u>42,433</u> | <u>50,010</u> |
| Non-controlling interests | - | - | 213 |
| Total Equity | <u>41,834</u> | <u>42,433</u> | <u>50,223</u> |
| Non-Current Liabilities | | | |
| Loans and borrowings | 386 | 474 | 1,146 |
| Deferred tax liabilities | 2,304 | 2,465 | 3,079 |
| Deferred liabilities | 217 | 214 | 186 |
| | <u>2,907</u> | <u>3,153</u> | <u>4,411</u> |
| Current Liabilities | | | |
| Trade and other payables | 5,287 | 11,192 | 10,223 |
| Loans and borrowings | 26,981 | 25,597 | 35,983 |
| Current tax liabilities | - | 5 | - |
| Liabilities of disposal group held for sale | - | - | 3,332 |
| | <u>32,268</u> | <u>36,794</u> | <u>49,538</u> |
| Total Liabilities | <u>35,175</u> | <u>39,947</u> | <u>53,949</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>77,009</u></u> | <u><u>82,380</u></u> | <u><u>104,172</u></u> |
| Net Assets per Share Attributable to Owners of the Parent (sen) | 99 | 101 | 119 |



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

CONDENSED CONSOLIDATED STATEMENT 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 | | | |
| | Share capital RM '000 | Share premium RM '000 | Revaluation surplus RM '000 | Capital reserve RM '000 | Retained profits/ (Accumulated losses) RM '000 | Total RM '000 | | |
| Balance as at 01/07/2011 | 42,097 | 164 | 319 | 556 | 1,311 | 44,447 | 213 | 44,660 |
| Effect of transition to MFRS | - | - | (319) | - | 5,882 | 5,563 | - | 5,563 |
| Restated balance | 42,097 | 164 | - | 556 | 7,193 | 50,010 | 213 | 50,223 |
| Net loss for the period (representing 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>-</u> | <u>556</u> | <u>6,026</u> | <u>48,843</u> | <u>202</u> | <u>49,045</u> |
| Balance as at 01/07/2012 | 42,097 | 164 | 6,035 | - | (5,537) | 42,759 | - | 42,759 |
| Effect of transition to MFRS | - | - | (6,035) | - | 5,709 | (326) | - | (326) |
| Restated balance | 42,097 | 164 | - | - | 172 | 42,433 | - | 42,433 |
| Net loss for the period (representing total comprehensive income for the period) | - | - | - | - | (599) | (599) | - | (599) |
| Balance as at 30/09/2012 | <u>42,097</u> | <u>164</u> | <u>-</u> | <u>-</u> | <u>(427)</u> | <u>41,834</u> | <u>-</u> | <u>41,834</u> |



CHEE WAH CORPORATION BERHAD (32250-D)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Current Year 3 Months Ended 30/09/2012 <u>RM '000</u> | Preceding Year Corresponding 3 Months Ended 30/09/2011 <u>RM '000</u> |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Loss before tax from continuing operations | (760) | (1,393) |
| Loss before tax from discontinued operation | - | (55) |
| Loss before tax, total | <u>(760)</u> | <u>(1,448)</u> |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 731 | 828 |
| Interest expense | 346 | 635 |
| Provision for retirement benefits | 10 | 10 |
| Gain on disposal of property, plant and equipment | - | (70) |
| Loss/ (Gain) on foreign exchange - unrealised | 22 | (120) |
| Operating profit/ (loss) before changes in working capital | <u>349</u> | <u>(165)</u> |
| Changes in working capital | | |
| Net change in current assets | 2,097 | 2,249 |
| Net change in current liabilities | (5,004) | (3,355) |
| Cash used in operations | <u>(2,558)</u> | <u>(1,271)</u> |
| Tax paid | <u>(9)</u> | <u>(30)</u> |
| Net cash used in operating activities | <u>(2,567)</u> | <u>(1,301)</u> |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (7) | (29) |
| Disposal of property, plant and equipment | - | 734 |
| Net cash (used in)/ from investing activities | <u>(7)</u> | <u>705</u> |
| Cash Flows from Financing activities | | |
| Interest paid | (465) | (675) |
| Bank borrowings | (622) | 546 |
| Net cash used in financing activities | <u>(1,087)</u> | <u>(129)</u> |
| Net change in cash and cash equivalents | (3,661) | (725) |
| Cash and cash equivalents at beginning of the period | <u>(4,309)</u> | <u>(7,189)</u> |
| Cash and cash equivalents at end of the period | <u><u>(7,970)</u></u> | <u><u>(7,914)</u></u> |
| Cash and cash equivalents at end of the period consist of :- | | |
| Cash & bank balances | | |
| - Continuing operations | 249 | 1,460 |
| - Discontinued operation | - | 9 |
| Bank overdrafts | | |
| - Continuing operations | (8,219) | (9,103) |
| - Discontinued operation | - | (280) |
| | <u><u>(7,970)</u></u> | <u><u>(7,914)</u></u> |



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

A1 Basis of Preparation

The Condensed Consolidated Interim Financial Statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 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 Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012. 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 2012.

This Condensed Consolidated Interim Financial Statements are the Group's first MFRS compliant Condensed Consolidated Interim Financial Statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The date of transition to MFRS framework for the Group is on 1 July 2011. At the date of transition, the Group has reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition to MFRS is described in Note A2.

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 2012 except for the Group has adopted the MFRS framework issued by the MASB for the financial year ending 30 June 2013. The issuance of the MFRS was in conjunction with the MASB's plan to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRS.

In preparing the opening MFRS Statements of Financial Position as at 1 July 2011, which is the transition date, the Group has restated the amounts previously reported in the financial statements prepared in accordance with FRS to MFRS. The transition from FRS to MFRS do not have any material impact on the interim financial report of the Group other than set out below:-

Property, Plant and Equipment

Under the previous accounting framework, property, plant and equipment were stated at cost or valuation, less accumulated depreciation and accumulated impairment losses, if any. Revaluation of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property.

Upon transition into MFRS, the Group has elected to measure certain items of property, plant and equipment at the date of transition to their fair values and use those fair values as deemed cost at that date. The Group has 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. The cumulative surpluses arising from revaluation of properties, net of tax were transferred to retained earnings on 1 July 2011 in accordance with the transitional provisions under MFRS 1.

The reconciliations for the impact of financial statements reported under FRS framework and the MFRS framework at the date of transition and the comparative period are as follows:

At 1 July 2011 (date of transition)

| | Property, Plant and Equipment | Deferred Tax Liabilities | Revaluation Reserve | Retained Profits |
|------------------------------|----------------------------------|-----------------------------|------------------------|---------------------|
| Dr/(Cr) | RM'000 | RM'000 | RM'000 | RM'000 |
| As previously reported | 34,371 | (1,441) | (319) | (1,311) |
| Effect of transition to MFRS | 7,201 | (1,638) | 319 | (5,882) |
| As reported under MFRS | <u>41,572</u> | <u>(3,079)</u> | <u>-</u> | <u>(7,193)</u> |

At 30 June 2012

| | Property, Plant and Equipment | Deferred Tax Liabilities | Revaluation Reserve | (Retained Profits)/ Accumulated losses |
|------------------------------|----------------------------------|-----------------------------|------------------------|---|
| Dr/(Cr) | RM'000 | RM'000 | RM'000 | RM'000 |
| As previously reported | 36,729 | (2,561) | (6,035) | 5,537 |
| Effect of transition to MFRS | (422) | 96 | 6,035 | (5,709) |
| As reported under MFRS | <u>36,307</u> | <u>(2,465)</u> | <u>-</u> | <u>(172)</u> |

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.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 | 7,111 | 7,111 |
| Middle East | 1,236 | 1,236 |
| Asia and Asia-Pacific | 4,470 | 4,470 |
| Europe | 1,337 | 1,337 |
| Africa and America | 842 | 842 |
| | 14,996 | 14,996 |

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.

A9 Events After The Interim Period

There were no 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 2012.

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 2012, the Group recorded a revenue of RM14.996 million against revenue of RM14.230 million as posted in the preceding year's corresponding quarter, representing an increase of RM0.766 million or 5%. The increase was mainly due to higher sales demand in the export market especially from Oceania Countries. The Group has incurred a lower loss before tax of RM0.760 million as compared to the loss before tax of RM1.393 million recorded in the preceding year's corresponding quarter due to decrease in finance cost incurred and higher revenue.

B2 Comparison with Immediate Preceding Quarter's Results

| | Individual Quarter Ended | | Variance | |
|-----------------|--------------------------|----------------------|----------|------|
| | 30/09/2012 RM'000 | 30/06/2012 RM'000 | RM'000 | % |
| Revenue | 14,996 | 25,570 | (10,574) | (41) |
| Loss before tax | (760) | (5,117) | 4,357 | 85 |

The Group's revenue generated in the current quarter was RM14.996 million as compared to RM25.570 million in the immediate preceding quarter was mainly due to lower sales demand from export market. The Group has incurred loss before tax of RM0.760 million in the current quarter as compared to RM5.117 million recorded in the immediate preceding quarter, mainly due to certain non-recurring expenses incurred in the immediate preceding quarter.

B3 Prospects

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

B4 Profit Forecast/ Profit Guarantee

Not applicable as there were no profit forecasts published.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B5 Tax Income

Breakdown of tax income for the quarter ended 30 September 2012 is as follows:

| | Current Year Quarter RM '000 | Current Year To Date RM '000 |
|----------------------|------------------------------------|------------------------------------|
| Deferred tax income: | | |
| Current year | 161 | 161 |
| | <u>161</u> | <u>161</u> |

The Group has reversed a deferred tax assets of approximately RM161,000 in the current quarter and the current year to date on a loss making subsidiary.

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 had commenced members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 on 28 March 2012, had convened the final meetings of the respective subsidiaries on 28 August 2012 subsequently lodged the returns in respect of the final meeting, with the Registrar of Companies and the Official Receiver on 29 August 2012. The said subsidiaries shall be dissolved on the expiration of three months from the date of lodgement of the said returns, i.e. on 29 November 2012.

B7 Group Borrowings and Debt Securities

Group borrowings as at 30 September 2012 are as follows:

| | Secured RM'000 | Unsecured RM'000 |
|--|--|---|
| a) <u>Short term borrowings</u> | | |
| Bank overdrafts | - | 8,219 |
| Bankers' acceptances and trust receipts | - | 17,179 |
| Export credit refinancing | - | 369 |
| Revolving credit | - | 750 |
| Onshore Foreign Currency Loan | - | 84 |
| Hire Purchase Payable | 380 | - |
| | <u>380</u> | <u>26,601</u> |
| b) <u>Long term borrowings</u> | | |
| Hire Purchase Payable | 386 | - |
| | <u>386</u> | <u>-</u> |
| c) The Group borrowings are denominated in the following currencies: | | |
| | Quarter Ended 30/09/2012 RM'000 | Financial Year ended 30/06/2012 RM'000 |
| Ringgit Malaysia | 27,283 | 23,959 |
| United States Dollars | 84 | 2,112 |
| | <u>27,367</u> | <u>26,071</u> |

B8 Changes in Material Litigation

The Group is not engaged in any material litigation as at 22 November 2012.

B9 Dividend

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

B10 Loss Per Share

| | Current Year Quarter RM'000 | Current Year To Date RM'000 |
|---|-----------------------------------|-----------------------------------|
| Continuing operations | | |
| Loss net of tax attributable to owners of the parent | (599) | (599) |
| | 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 attributable to owners of the parent (sen) | (1.42) | (1.42) |

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.



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 2012 were not subject to any qualification.

B12 Realised and Unrealised Profits or Losses

| | Financial Year ended 30/09/2012 RM'000 | Financial Year ended 30/06/2012 RM'000 (Restated) |
|---|---|---|
| Total (accumulated losses)/ retained profits of Chee Wah Corporation Berhad and its subsidiaries: | | |
| - Realised | (24,000) | (20,472) |
| - Unrealised | 5,773 | 5,598 |
| | <u>(18,227)</u> | <u>(14,874)</u> |
| Less: Consolidation adjustments | 17,800 | 15,046 |
| Total Group (accumulated losses)/ retained profits as per consolidated accounts | <u>(427)</u> | <u>172</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 | (731) | (731) |
| - Loss on foreign exchange | (82) | (82) |
| - Gain on financial instruments at fair value through profit or loss (classified as held for trading) | 50 | 50 |
| - Interest expense | (346) | (346) |

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 28 November 2012.