



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 2013. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2013 RM '000	Preceding Year Corresponding Quarter Ended 31/12/2012 RM '000	Current Year To Date 31/12/2013 RM '000	Preceding Year Corresponding Period 31/12/2012 RM '000
Revenue	27,110	26,980	45,948	41,976
Operating expenses	(26,119)	(25,727)	(45,462)	(41,229)
Other operating income	318	161	576	254
Profit from operations	1,309	1,414	1,062	1,001
Finance cost	(388)	(429)	(740)	(775)
Profit before tax	921	985	322	226
Tax (expense)/ income	(94)	(114)	14	47
Profit for the period	827	871	336	273
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	827	871	336	273
Profit for the period attributable to:				
Owners of the parent	827	871	336	273
Non-controlling interests	-	-	-	-
	827	871	336	273
Total comprehensive income attributable to:				
Owners of the parent	827	871	336	273
Non-controlling interests	-	-	-	-
	827	871	336	273
Earnings per share (sen) attributable to owners of the parent:				
- Basic	1.96	2.07	0.80	0.65
- Diluted	1.96	2.07	0.80	0.65

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.



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

	Unaudited As At End Of Current Quarter 31/12/2013 RM'000	Audited As At Preceding Financial Year Ended 30/06/2013 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	33,777	34,200
	<u>33,777</u>	<u>34,200</u>
Current Assets		
Inventories	26,815	25,523
Trade and other receivables	17,164	15,056
Financial assets at fair value through profit or loss	-	124
Current tax assets	75	77
Cash and bank balances	753	1,658
	<u>44,807</u>	<u>42,438</u>
	<u>78,584</u>	<u>76,638</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Company		
Share capital	42,097	42,097
Reserves	265	(71)
	<u>42,362</u>	<u>42,026</u>
Non-controlling interests	-	-
Total Equity	<u>42,362</u>	<u>42,026</u>
Non-Current Liabilities		
Loans and borrowings	1,566	568
Deferred tax liabilities	1,904	1,986
Retirement benefits	303	300
	<u>3,773</u>	<u>2,854</u>
Current Liabilities		
Trade and other payables	7,456	9,378
Loans and borrowings	24,861	22,342
Retirement benefits	53	38
Financial liabilities at fair value through profit or loss	11	-
Current tax liabilities	68	-
	<u>32,449</u>	<u>31,758</u>
Total Liabilities	<u>36,222</u>	<u>34,612</u>
TOTAL EQUITY AND LIABILITIES	<u>78,584</u>	<u>76,638</u>
Net Assets per Share Attributable to Owners of the Parent (sen)	101	100

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

For the three months ended 31 December	Attributable to Owners of the Parent				Non-controlling interests RM '000	Total RM '000
	Share capital RM '000	Share premium RM '000	Distributable			
			Retained profits/ (Accumulated losses) RM '000	Total RM '000		
Balance as at 01/07/2012	42,097	164	172	42,433	-	42,433
Effect of MFRS adoption	-	-	(60)	(60)	-	(60)
Restated balance	42,097	164	112	42,373	-	42,373
Profit (representing total comprehensive income) for the period	-	-	273	273	-	273
Balance as at 31/12/2012	<u>42,097</u>	<u>164</u>	<u>385</u>	<u>42,646</u>	-	<u>42,646</u>
Balance as at 01/07/2013	42,097	164	(178)	42,083	-	42,083
Effect of MFRS adoption	-	-	(57)	(57)	-	(57)
Restated balance	42,097	164	(235)	42,026	-	42,026
Profit (representing total comprehensive income) for the period	-	-	336	336	-	336
Balance as at 31/12/2013	<u>42,097</u>	<u>164</u>	<u>101</u>	<u>42,362</u>	-	<u>42,362</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.



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

	Current Year 6 Months Ended 31/12/2013 <u>RM '000</u>	Preceding Year Corresponding 6 Months Ended 31/12/2012 <u>RM '000</u>
Cash Flows from Operating Activities		
Profit before tax	322	226
Adjustments for:		
Depreciation of property, plant and equipment	1,441	1,454
Interest expense	740	775
Provision for retirement benefits	18	28
Loss on disposal of property, plant and equipment	652	-
Unrealised loss on financial instruments at fair value through profit or loss	11	-
Gain on foreign exchange - unrealised	(110)	(56)
Operating profit before changes in working capital	<u>3,074</u>	<u>2,427</u>
Changes in working capital		
Net change in current assets	(3,152)	1,449
Net change in current liabilities	<u>(1,924)</u>	<u>(3,261)</u>
Cash (used in)/ generated from operations	(2,002)	615
Tax paid	(24)	(23)
Tax refunded	26	-
Retirement benefit paid	-	(14)
Net cash (used in)/ from operating activities	<u>(2,000)</u>	<u>578</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,630)	(544)
Disposal of property, plant and equipment	961	-
Net cash used in investing activities	<u>(1,669)</u>	<u>(544)</u>
Cash Flows from Financing activities		
Interest paid	(753)	(881)
Bank borrowings	1,090	595
Net cash from/ (used in) financing activities	<u>337</u>	<u>(286)</u>
Net change in cash and cash equivalents	(3,332)	(252)
Cash and cash equivalents at beginning of the period	<u>(1,822)</u>	<u>(4,309)</u>
Cash and cash equivalents at end of the period	<u>(5,154)</u>	<u>(4,561)</u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances	753	1,278
Bank overdrafts	(5,907)	(5,839)
	<u>(5,154)</u>	<u>(4,561)</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A : REQUIREMENTS OF 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 2013. 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 2013.

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 2013 except for the adoption of revised MFRS, amendments to MFRSs and IC Interpretations which were effective for the financial period beginning on or after 1 January 2013.

The revised MFRSs, Amendments to MFRSs and IC Interpretations do not have significant impacts on the financial statements of the Group in the period of initial application except for the following:

MFRS 119: Employee Benefits (Revised)

MFRS 119: Employee Benefits (Revised) eliminates the use of the "corridor" approach in deferring the recognition of actuarial gains and losses on defined benefit plans and instead mandates all such gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. The expected returns on plan assets of defined benefit plans are not recognised in profit or loss and instead, the interest on net defined benefit obligation (net of the plan assets) is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset.

The Group has adopted MFRS 119: Employee Benefits (Revised) and applied this standard retrospectively during the current period. Accordingly, the financial statements for the previous financial period and year have been restated as follows:

	As previously reported RM'000	Effect of adoption of MFRS 119 RM'000	Restated RM'000
(a) Condensed Consolidated Statement of Financial Position			
<u>As at 30 June 2013</u>			
Deferred tax liabilities	2,005	(19)	1,986
Retirement benefits	262	76	338
Accumulated losses	(178)	(57)	(235)
Total equity	42,083	(57)	42,026
(b) Condensed Consolidated Statement of Comprehensive Income			
<u>Period ended 31 December 2012</u>			
Employee benefits expenses	(8,217)	2	(8,215)
Profit before tax	224	2	226
Profit for the period	271	2	273
Total comprehensive income	271	2	273

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 <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Malaysia	14,945	21,276
Asia (exclude Malaysia)	5,204	9,879
Oceania	5,589	12,453
Europe	915	1,528
Africa and America	457	812
	<u>27,110</u>	<u>45,948</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.

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 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 since last financial year ended 30 June 2013.

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 2013, the Group generated a revenue and profit before tax of RM27.110 million and RM0.921 million respectively as compared with RM26.980 million and RM0.985 million respectively recorded in the preceding year corresponding quarter. The reduction in profit before tax was mainly attributable to the increase of operating expenses.

For the six months ended 31 December 2013, the Group recorded a revenue of RM45.948 million against revenue of RM41.976 million as posted in the preceding year corresponding quarter. The increase in revenue of RM3.972 million or 9.46% was mainly due to higher sales demand in the export market. The Group has generated higher profit before tax of RM0.322 million as compared to RM0.226 million recorded in the preceding year's corresponding quarter as a result of the increase in revenue.

B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	31/12/2013 <u>RM'000</u>	30/09/2013 <u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	27,110	18,838	8,272	44
Profit/ (Loss) before tax	<u>921</u>	<u>(599)</u>	<u>1,520</u>	<u>(254)</u>

The Group's revenue generated in the current quarter was RM27.110 million as compared to RM18.838 million in the immediate preceding quarter. It was mainly due to higher sales demand from local market in the current quarter. The higher revenue of RM8.272 million in second quarter was due to seasonal factor of "back to school" period. The Group achieved a profit before tax of RM0.921 million in the current quarter as compared to a loss before tax of RM0.599 million recorded in the immediate preceding quarter, mainly contributed by the higher revenue generated during the current 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.

B4 Profit Forecast/ Profit Guarantee

Not applicable as there were no profit forecasts published.



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EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B5 Tax Expense

Breakdown of tax expense for the quarter ended 31 December 2013 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current	(68)	(68)
Deferred tax income:		
Current	(26)	82
	<u>(94)</u>	<u>14</u>

The Group has provided an income tax payable of RM68,000 for the current year to date. A deferred tax income of approximately RM82,000 has been provided in the current year to date mainly due to the losses incurred by the Company which the recognised deferred tax assets are probable to be realised in the near future.

B6 Status of corporate proposal

There was no corporate proposal during the financial quarter under review.

B7 Group Borrowings and Debt Securities

Group borrowings as at 31 December 2013 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	5,907
Bankers' acceptances and trust receipts	-	17,356
Onshore Foreign Currency Loan	-	997
Hire Purchase Payable	-	601
	<u>-</u>	<u>24,861</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	1,566	-
	<u>1,566</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies:		
	Quarter Ended 31/12/2013 RM'000	Financial Year ended 30/06/2013 RM'000
Ringgit Malaysia	25,430	27,283
United States Dollars	997	84
	<u>26,427</u>	<u>27,367</u>

B8 Changes in Material Litigation

The Group is not engaged in any material litigation as at 13 February 2014.

B9 Dividend

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

B10 Earnings Per Share

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the period attributable to owners of the parent	<u>827</u>	<u>336</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 period	-	-
Basic weighted average number of shares	<u>42,097</u>	<u>42,097</u>
Basic earnings per share attributable to owners of the parent (sen)	1.96	0.80

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial period.

B11 Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2013 were not subject to any qualification.



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EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B12 Realised and Unrealised Profits or Losses

	Financial Period ended 31/12/2013 RM'000	Financial Year ended 30/06/2013 RM'000 (Restated)
Total (accumulated losses)/ retained profits of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(14,923)	(15,602)
- Unrealised	5,158	5,538
	(9,765)	(10,064)
Add: Consolidation adjustments	9,866	9,829
Total Group retained profit/ (accumulated losses) as per consolidated accounts	<u>101</u>	<u>(235)</u>

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the period is arrived at after crediting / (charging)		
- Depreciation of property, plant and equipment	(728)	(1,441)
- Gain on foreign exchange	228	576
- Loss on financial instruments at fair value through profit or loss (classified as held for trading)	(10)	(53)
- Loss on disposal of property, plant and equipment	(605)	(652)
- Interest expense	(388)	(740)

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 19 February 2014.