



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 2014. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>30/09/2014</u> RM '000	Preceding Year Corresponding Quarter Ended <u>30/09/2013</u> RM '000	Current Year To Date <u>30/09/2014</u> RM '000	Preceding Year Corresponding Period <u>30/09/2013</u> RM '000
Revenue	17,272	18,838	17,272	18,838
Operating expenses	(17,454)	(19,343)	(17,454)	(19,343)
Other operating income	121	258	121	258
Finance costs	(389)	(352)	(389)	(352)
Loss before tax	(450)	(599)	(450)	(599)
Tax income	85	108	85	108
Loss for the period	(365)	(491)	(365)	(491)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(365)	(491)	(365)	(491)
Loss per share (sen)				
- Basic	(0.87)	(1.17)	(0.87)	(1.17)
- Diluted	(0.87)	(1.17)	(0.87)	(1.17)

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2014 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 30/09/2014 RM'000	Audited As At Preceding Financial Year Ended 30/06/2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	34,602	33,052
	<u>34,602</u>	<u>33,052</u>
Current Assets		
Inventories	34,280	31,118
Trade and other receivables	7,661	13,940
Financial assets at fair value through profit or loss	-	12
Cash and bank balances	427	1,486
	<u>42,368</u>	<u>46,556</u>
	<u>76,970</u>	<u>79,608</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity		
Share capital	42,097	42,097
Reserves	(318)	46
Total Equity	<u>41,779</u>	<u>42,143</u>
Non-Current Liabilities		
Loans and borrowings	2,771	1,949
Retirement benefits	302	361
Deferred tax liabilities	1,947	2,077
	<u>5,020</u>	<u>4,387</u>
Current Liabilities		
Trade and other payables	6,393	10,102
Loans and borrowings	23,694	22,885
Financial liabilities at fair value through profit or loss	5	-
Current tax liabilities	79	91
	<u>30,171</u>	<u>33,078</u>
Total Liabilities	<u>35,191</u>	<u>37,465</u>
TOTAL EQUITY AND LIABILITIES	<u>76,970</u>	<u>79,608</u>
Net Assets per Share (sen)	99	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 30 September 2014 - unaudited	Non-distributable			Total Equity RM '000
	Share capital RM '000	Share premium RM '000	Retained profits/ (Accumulated losses) RM '000	
Balance as at 01/07/2013				
- As previously reported	42,097	164	(178)	42,083
- Effects of adopting MFRS 119	-	-	(57)	(57)
- As restated	42,097	164	(235)	42,026
Loss (representing total comprehensive income) for the period	-	-	(491)	(491)
Balance as at 30/09/2013	<u>42,097</u>	<u>164</u>	<u>(726)</u>	<u>41,535</u>
Balance as at 01/07/2014				
- As previously reported	42,097	164	(118)	42,143
Loss (representing total comprehensive income) for the period	-	-	(364)	(364)
Balance as at 30/09/2014	<u>42,097</u>	<u>164</u>	<u>(482)</u>	<u>41,779</u>

The condensed interim financial statement should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statement.



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

	Current Year 3 Months Ended 30/09/2014 <u>RM '000</u>	Preceding Year Corresponding 3 Months Ended 30/09/2013 <u>RM '000</u>
Cash Flows from Operating Activities		
Loss before tax	(450)	(599)
Adjustments for:		
Depreciation of property, plant and equipment	742	713
Interest expense	389	352
Bad debts recovered	(12)	-
Provision for retirement benefits	9	9
Loss on disposal of property, plant and equipment	-	47
Unrealised loss / (gain) on financial instruments at fair value through profit or loss	5	(17)
Gain on foreign exchange - unrealised	(104)	(104)
Operating profit before changes in working capital	<u>579</u>	<u>401</u>
Changes in working capital		
Net change in current assets	2,156	(1,124)
Net change in current liabilities	(2,592)	(2,560)
Cash generated from operations	<u>143</u>	<u>(3,283)</u>
Tax paid	(12)	(13)
Net cash generated from / (used in) operating activities	<u>131</u>	<u>(3,296)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,293)	(502)
Proceeds from disposal of property, plant and equipment	-	180
Net cash used in investing activities	<u>(2,293)</u>	<u>(322)</u>
Cash Flows from Financing activities		
Interest paid	(519)	(316)
Bank borrowings	(831)	(580)
Net cash used in financing activities	<u>(1,350)</u>	<u>(896)</u>
Net change in cash and cash equivalents	(3,512)	(4,514)
Cash and cash equivalents at beginning of the period	<u>(2,020)</u>	<u>(1,822)</u>
Cash and cash equivalents at end of the period	<u>(5,532)</u>	<u>(6,336)</u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances	427	461
Bank overdrafts	(5,959)	(6,797)
	<u>(5,532)</u>	<u>(6,336)</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2014 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 2014. 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 2014.

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 2014. In the previous years, the financial statements were prepared in accordance with the Financial Reporting Standards in Malaysia. The first time adoption of MFRS does not have any significant impact on the Group reported unaudited financial position, financial performance and cash flows.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group.

A3 Seasonal or Cyclical Factors

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 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 Changes in Estimates

There were no major changes in estimates from those of the prior financial year which have a material effect for the current quarter.

A6 Issuance, Repurchases and Repayments of Debt and Equity Securities

There were no issues, repurchase, cancellation resales 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	5,294	5,294
Asia (exclude Malaysia)	3,710	3,710
Oceania	4,289	4,289
Europe	2,160	2,160
Africa and America	1,819	1,819
	<u>17,272</u>	<u>17,272</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 2014.

A12 Material Related Parties Transactions

There were no material transactions entered by the Group with any related parties.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART B : REQUIREMENTS OF APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS

B1 Review of Performance

For the three months ended 30 September 2014, the Group recorded a revenue of RM17.272 million against revenue of RM18.838 million as posted in the preceding year's corresponding quarter. The decrease in revenue of RM1.566 million or 8.31% was mainly due to lower sales demand in the local market. With the improvement of profit margin, the Group reduced loss before tax from RM0.599 million in the preceding year's corresponding quarter to RM0.450 million in the current quarter despite lower turnover.

B2 Comparison with Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	%
	30/09/2014	30/06/2014		
	RM'000	RM'000	RM'000	
Revenue	17,272	27,387	(10,115)	(37)
(Loss)/ Profit before tax	(450)	1,011	(1,461)	145

The Group's revenue generated in the current quarter was RM17.272 million as compared to RM27,387 million in the immediate preceding quarter was mainly due to lower sales demand as seasonal reason as explained in note A3. The Group suffered loss before tax of RM0.450 million in the current quarter as compared to profit before tax of RM1.011 million recorded in the immediate preceding quarter as a result of decrease in revenue.

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. However, the Group expects a better performance for the remaining quarters as compared to the first quarter.

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 September 2014 is as follows:

	Current Year Quarter RM'000	Current Year To Date RM'000
Deferred tax income:		
Current year	85	85
	<u>85</u>	<u>85</u>

The Group has provided a deferred tax income of approximately of RM85,000 in the current quarter and 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 30 September 2014 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	5,959
Bankers' acceptances and trust receipts	-	15,837
Onshore Foreign Currency Loan	-	967
Hire Purchase Payable	931	-
	<u>931</u>	<u>22,763</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	2,771	-
c) The Group borrowings are denominated in the following currencies:		
	Quarter Ended 30/09/2014 RM'000	Financial Year ended 30/06/2014 RM'000
Ringgit Malaysia	25,498	22,432
United States Dollars	967	2,402
	<u>26,465</u>	<u>24,834</u>

B8 Changes in Material Litigation

The Group is not engaged in any material litigation as at 25 November 2014.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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
Loss for the period	<u>(365)</u>	<u>(365)</u>
	No. of Shares '000	No. of Shares '000
Number of ordinary shares		
Weighted average number of shares in the period	<u>42,097</u>	<u>42,097</u>
Basic earnings per share (sen)	(0.87)	(0.87)

The diluted earnings per share equals the basic earning 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 2014 were not subject to any qualification.

B12 Realised and Unrealised Profits or Losses

	Financial Period ended 30/09/2014 RM'000	Financial Year ended 30/06/2014 RM'000 (Restated)
Total accumulated losses of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(14,444)	(13,819)
- Unrealised	<u>4,816</u>	<u>4,586</u>
	(9,628)	(9,233)
Add: Consolidation adjustments and eliminations	9,146	9,115
Total Group accumulated losses as per consolidated accounts	<u>(482)</u>	<u>(118)</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	(742)	(742)
- Gain on foreign exchange	104	104
- Loss on financial instruments at fair value through profit or loss (classified as held for trading)	(101)	(101)
- Bad debts recovered	13	13
- Inventories written down	23	23
- Interest expense	(389)	(389)

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 26 November 2014.