



**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 2014. The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>31/12/2014</u> RM '000	Preceding Year Corresponding Quarter Ended <u>31/12/2013</u> RM '000	Current Year To Date <u>31/12/2014</u> RM '000	Preceding Year Corresponding Period <u>31/12/2013</u> RM '000
<b>Revenue</b>	29,898	27,110	47,170	45,948
Operating expenses	(28,155)	(26,119)	(45,609)	(45,462)
Other operating income	205	318	326	576
Finance costs	(411)	(388)	(800)	(740)
<b>Profit before tax</b>	1,537	921	1,087	322
Tax (expenses) / income	(159)	(94)	(74)	14
<b>Profit for the period</b>	1,378	827	1,013	336
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	1,378	827	1,013	336
<b>Profit per share (sen)</b>				
- Basic	3.27	1.96	2.41	0.80
- Diluted	3.27	1.96	2.41	0.80

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 31/12/2014 RM'000	Audited As At Preceding Financial Year Ended 30/06/2014 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	34,625	33,052
	<u>34,625</u>	<u>33,052</u>
<b>Current Assets</b>		
Inventories	24,979	31,118
Trade and other receivables	16,814	13,940
Financial assets at fair value through profit or loss	-	12
Cash and bank balances	819	1,486
	<u>42,612</u>	<u>46,556</u>
	<u>77,237</u>	<u>79,608</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	42,097	42,097
Reserves	1,059	46
<b>Total Equity</b>	<u>43,156</u>	<u>42,143</u>
<b>Non-Current Liabilities</b>		
Loans and borrowings	3,311	1,949
Retirement benefits	312	361
Deferred tax liabilities	2,106	2,077
	<u>5,729</u>	<u>4,387</u>
<b>Current Liabilities</b>		
Trade and other payables	7,691	10,102
Loans and borrowings	20,424	22,885
Financial liabilities at fair value through profit or loss	170	-
Current tax liabilities	67	91
	<u>28,352</u>	<u>33,078</u>
<b>Total Liabilities</b>	<u>34,081</u>	<u>37,465</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>77,237</u>	<u>79,608</u>
<b>Net Assets per Share (sen)</b>	<b>103</b>	<b>100</b>

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

For the six months ended 31 December 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
Profit (representing total comprehensive income) for the period	-	-	336	336
Balance as at 31/12/2013	<u>42,097</u>	<u>164</u>	<u>101</u>	<u>42,362</u>
Balance as at 01/07/2014				
- As previously reported	42,097	164	(118)	42,143
Profit (representing total comprehensive income) for the period	-	-	1,013	1,013
Balance as at 31/12/2014	<u>42,097</u>	<u>164</u>	<u>895</u>	<u>43,156</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 6 Months Ended 31/12/2014 <u>RM '000</u>	Preceding Year Corresponding 6 Months Ended 31/12/2013 <u>RM '000</u>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	1,087	322
Adjustments for:		
Depreciation of property, plant and equipment	1,500	1,441
Interest expense	800	740
Gain on disposal of investments	(10)	-
Bad debts recovered	(12)	-
Provision for retirement benefits	19	18
Loss on disposal of property, plant and equipment	-	652
Unrealised loss on financial instruments at fair value through profit or loss	78	11
Gain on foreign exchange - unrealised	(297)	(110)
Operating profit before changes in working capital	<u>3,165</u>	<u>3,074</u>
Changes in working capital		
Net change in current assets	2,468	(3,152)
Net change in current liabilities	(1,049)	(1,924)
Cash generated from operations	<u>4,584</u>	<u>(2,002)</u>
Tax paid	(24)	(24)
Tax refunded	-	26
Net cash generated from / (used in) operating activities	<u>4,560</u>	<u>(2,000)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(3,073)	(2,630)
Proceeds from disposal of property, plant and equipment	10	961
Net cash used in investing activities	<u>(3,063)</u>	<u>(1,669)</u>
<b>Cash Flows from Financing activities</b>		
Interest paid	(903)	(753)
Bank borrowings	(2,927)	1,090
Net cash (used in) / generated from financing activities	<u>(3,830)</u>	<u>337</u>
Net change in cash and cash equivalents	(2,333)	(3,332)
Cash and cash equivalents at beginning of the period	(2,020)	(1,822)
Cash and cash equivalents at end of the period	<u>(4,353)</u>	<u>(5,154)</u>
<b>Cash and cash equivalents at end of the period consist of :-</b>		
Cash & bank balances	819	753
Bank overdrafts	(5,172)	(5,907)
	<u>(4,353)</u>	<u>(5,154)</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	12,632	17,926
Asia (exclude Malaysia)	9,617	13,327
Oceania	6,159	10,448
Europe	819	2,979
Africa and America	671	2,490
	<u>29,898</u>	<u>47,170</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 current quarter ended 31 December 2014, the Group generated a revenue and profit before tax of RM29.898 million and RM1.537 million respectively as compared with RM27.110 million and RM0.921 million respectively recorded in the preceding year corresponding quarter. The increase in revenue of RM2.788 million or 10% was mainly attributable to higher sales in the export market.

For the six months ended 31 December 2014, the Group recorded a revenue of RM47.170 million against revenue of RM45.948 million as posted in the preceding year corresponding period. The increase in revenue of RM1.222 million or 2.66% was mainly due to higher sales in the export market. The Group has generated higher profit before tax of RM1.087 million as compared to RM0.322 million recorded in the preceding year corresponding period as a result of the increase in revenue.

**B2 Comparison with Immediate Preceding Quarter's Results**

	Individual Quarter Ended		Variance	
	31/12/2014	30/09/2014		%
	RM'000	RM'000	RM'000	%
Revenue	29,898	17,272	12,626	73
Profit / (Loss) before tax	1,537	(450)	1,987	442

The Group's revenue generated in the current quarter was RM29.898 million as compared to RM17.272 million in the immediate preceding quarter. The increase of revenue amounting to RM12.626 million in second quarter was due to seasonal factor of "back to school" period. The Group achieved a profit before tax of RM1.537 million in the current quarter as compared to a loss before tax of RM0.450 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. However, the Board anticipate the performance of the Group will be better for current financial year ending 30 June 2015 as compared to previous 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 31 December 2014 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current year	(163)	(163)
Deferred tax income:		
Current year	4	89
	<u>(159)</u>	<u>(74)</u>

The effective tax rate of the Group for the current period to date is lower than the statutory tax rate, mainly due to utilization of unabsorbed losses by the profit of certain subsidiaries.

**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 2014 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	5,172
Bankers' acceptances and trust receipts	-	13,057
Onshore Foreign Currency Loan	-	1,083
Hire Purchase Payable	1,112	-
	<u>1,112</u>	<u>19,312</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	3,311	-
	<u>3,311</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies:		
	Quarter Ended 31/12/2014 RM'000	Financial Year ended 30/06/2014 RM'000
Ringgit Malaysia	22,652	22,432
United States Dollars	1,083	2,402
	<u>23,735</u>	<u>24,834</u>



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**EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**B8 Changes in Material Litigation**

The Group is not engaged in any material litigation as at 25 February 2015.

**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	<u>1,378</u>	<u>1,013</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)	3.27	2.41

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 31/12/2014 RM'000	Financial Year ended 30/06/2014 RM'000 (Restated)
Total accumulated profit / (loss) of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(12,734)	(13,819)
- Unrealised	<u>4,491</u>	<u>4,586</u>
	(8,243)	(9,233)
Add: Consolidation adjustments and eliminations	9,138	9,115
Total Group retained profit / (accumulated losses) as per consolidated accounts	<u>895</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
Profit for the period is arrived at after crediting / (charging)		
- Depreciation of property, plant and equipment	(758)	(1,500)
- Gain on foreign exchange	193	297
- Loss on financial instruments at fair value through profit or loss (classified as held for trading)	(202)	(303)
- Bad debts recovered	-	12
- Inventories written down	39	62
- Interest expense	(411)	(800)

**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 February 2015.