



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 2015. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>31/12/2015</u> RM '000	Preceding Year Corresponding Quarter Ended <u>31/12/2014</u> RM '000	Current Year To Date <u>31/12/2015</u> RM '000	Preceding Year Corresponding Period <u>31/12/2014</u> RM '000
Revenue	28,480	29,898	50,017	47,170
Operating expenses	(23,838)	(28,155)	(42,751)	(45,609)
Other operating (expenses)/income	(459)	205	805	326
Finance costs	(364)	(411)	(745)	(800)
Profit before tax	3,819	1,537	7,326	1,087
Tax expense	(836)	(159)	(1,586)	(74)
Profit for the period	2,983	1,378	5,740	1,013
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>2,983</u>	<u>1,378</u>	<u>5,740</u>	<u>1,013</u>
Earning per share (sen)				
- Basic	7.09	3.27	13.64	2.41
- Diluted	7.09	3.27	13.64	2.41

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2015 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 31/12/2015 <u>RM'000</u>	Audited As At Preceding Financial Year Ended 30/06/2015 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	<u>41,568</u>	<u>33,852</u>
Current Assets		
Inventories	25,729	26,725
Trade and other receivables	13,969	19,855
Financial assets at fair value through profit or loss	-	1
Cash and bank balances	<u>1,816</u>	<u>1,195</u>
	<u>41,514</u>	<u>47,776</u>
TOTAL ASSETS	<u><u>83,082</u></u>	<u><u>81,628</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	42,097	42,097
Reserves	<u>7,842</u>	<u>2,944</u>
Total Equity	<u>49,939</u>	<u>45,041</u>
Non-Current Liabilities		
Loans and borrowings	6,507	2,750
Retirement benefits	417	398
Deferred tax liabilities	<u>3,409</u>	<u>2,419</u>
	<u>10,333</u>	<u>5,567</u>
Current Liabilities		
Trade and other payables	6,636	10,351
Loans and borrowings	15,549	20,517
Financial liabilities at fair value through profit or loss	-	4
Current tax liabilities	<u>625</u>	<u>148</u>
	<u>22,810</u>	<u>31,020</u>
Total Liabilities	<u>33,143</u>	<u>36,587</u>
TOTAL EQUITY AND LIABILITIES	<u><u>83,082</u></u>	<u><u>81,628</u></u>
Net Assets per Share (sen)	119	107

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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 2015 - unaudited	Share capital RM '000	Non- distributable	Retained profits RM '000	Total Equity RM '000
		Share premium RM '000		
Balance as at 01/07/2014	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>
Balance as at 01/07/2015	42,097	164	2,780	45,041
Profit (representing total comprehensive income) for the period	-	-	5,740	5,740
Dividend	-	-	(842)	(842)
Balance as at 31/12/2015	<u>42,097</u>	<u>164</u>	<u>7,678</u>	<u>49,939</u>

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

	Current Year 6 Months Ended 31/12/2015 <u>RM '000</u>	Preceding Year Corresponding 6 Months Ended 31/12/2014 <u>RM '000</u>
Cash Flows from Operating Activities		
Profit before tax	7,326	1,087
Adjustments for:		
Bad debts recovered	-	(12)
Depreciation of property, plant and equipment	1,510	1,500
Gain on disposal of property, plant and equipment	(12)	(10)
Interest expense	745	800
Reversal of Inventories written down	(25)	-
Provision for retirement benefits	19	19
Unrealised loss/(gain) on foreign exchange	199	(297)
Unrealised loss on financial instruments at fair value through profit or loss	-	78
Operating profit before changes in working capital	<u>9,762</u>	<u>3,165</u>
Changes in:-		
Inventories	1,021	6,139
Receivables and prepayments	5,774	(3,671)
Payables and advance payments	(3,720)	(1,153)
Financial instruments at fair value through profit or loss	(3)	104
Cash generated from operations	<u>12,834</u>	<u>4,584</u>
Tax paid	(119)	(24)
Net cash from operating activities	<u>12,715</u>	<u>4,560</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(8,964)	(859)
Proceeds from disposal of property, plant and equipment	30	10
Net cash used in investing activities	<u>(8,934)</u>	<u>(849)</u>
Cash Flows from Financing activities		
Dividend paid	(842)	-
Interest paid	(769)	(903)
Net decrease in short-term loans and borrowings	(2,530)	(4,689)
Repayment of hire purchase obligations	(573)	(452)
Repayment of term loan	(260)	-
Term loan raised	5,000	-
Net cash from/(used in) financing activities	<u>26</u>	<u>(6,044)</u>
Net change in cash and cash equivalents	3,807	(2,333)
Cash and cash equivalents at beginning of the period	(3,735)	(2,020)
Effect of changes in exchange rates on cash and cash equivalents	1	-
Cash and cash equivalents at end of the period	<u>73</u>	<u>(4,353)</u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances	1,816	819
Bank overdrafts	(1,743)	(5,172)
	<u>73</u>	<u>(4,353)</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2015 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 2015. 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 2015.

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 2015.

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 are not expected to have any significant impacts on the financial statements of the Group upon their initial application.

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

A first and final single-tier dividend of 2.0 sen per ordinary share of RM1 each amounted to RM841,934 in respect of the financial year ended 30 June 2015 was paid on 29 December 2015, which has been approved by shareholders at the Annual General Meeting held on 25 November 2015.

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	10,656	15,761
Asia (exclude Malaysia)	8,487	15,613
Oceania	7,126	15,298
Europe	1,758	2,242
Africa and America	453	1,103
	<u>28,480</u>	<u>50,017</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.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2015.

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 2015, the Group recorded a revenue of RM28.480 million as compared to the preceding year corresponding quarter's revenue of RM29.898 million. The decrease in revenue was mainly due to lower demand in local market, which dropped from RM12.632 million for the preceding year corresponding quarter to RM10.656 million for the current quarter. However, the Group posted a profit before tax of RM3.819 million for the current quarter as compared to RM1.537 million in preceding year corresponding quarter due to higher profit margin for the export sales as the result of strengthening of US Dollar against Ringgit Malaysia.

For the six months ended 31 December 2015, the Group recorded a revenue and profit before tax of RM50.017 million and RM7.326 million respectively as compared to RM47.170 million and RM1.087 million respectively recorded in preceding year corresponding period. The increase in revenue of RM2.847 million and profit before tax of RM6.239 million were mainly due to higher sales in the export market and higher profit margin for export sales.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance RM'000	%
	31/12/2015 RM'000	30/09/2015 RM'000		
Revenue	28,480	21,537	6,943	32
Profit before tax	<u>3,819</u>	<u>3,507</u>	<u>312</u>	<u>9</u>

The Group's revenue generated in the current quarter was RM28.480 million as compared to RM21.537 million in the immediate preceding quarter. The increase of revenue in current quarter was mainly due to seasonal factor as stated in Note A3. The Group generated a profit before tax of RM3.819 million in the current quarter as compared to RM3.507 million in the immediate preceding quarter as a result of the higher revenue.

B3 Prospects

The Board anticipates that the performance of the Group will be affected in the coming quarters due to weak demand in the domestic market as well as the slowing down of orders from the export markets especially from Middle East Countries. The results of the Group will be further affected by the impact of volatility of US Dollar against Ringgit Malaysia.

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 2015 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current year	334	584
Prior year	12	12
Deferred tax:		
Current year	465	965
Prior year	<u>25</u>	<u>25</u>
	<u>836</u>	<u>1,586</u>

The effective tax rate of the Group for the current year to date is lower than the statutory tax rate was mainly due to utilisation of capital allowances and unabsorbed losses by the profit of certain subsidiaries.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2015 are as follows:

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	1,743
Bankers' acceptances and trust receipts	-	11,778
Onshore Foreign Currency Loan	-	221
Hire Purchase Payable	1,182	-
Term loan	625	-
	<u>1,807</u>	<u>13,742</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	2,392	-
Term loan	4,115	-
	<u>6,507</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies:		
	Financial Period ended 31/12/2015 RM'000	Financial Year ended 30/06/2015 RM'000
Ringgit Malaysia	21,835	22,688
United States Dollars	221	579
	<u>22,056</u>	<u>23,267</u>

B8 Changes In Material Litigation

The Group is not engaged in any material litigation as at 24 February 2016.

B9 Proposed Dividends

There was no dividend proposed in the current and previous corresponding quarter.

B10 Earnings Per Share

	<u>Current Year</u> Quarter RM'000	<u>Current Year</u> To Date RM'000
Profit for the period	<u>2,983</u>	<u>5,740</u>
	No. of Shares '000	No. of Shares '000
Number of ordinary shares	<u>42,097</u>	<u>42,097</u>
Weighted average number of shares	<u>42,097</u>	<u>42,097</u>
Basic earnings per share (sen)	<u>7.09</u>	<u>13.64</u>

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 2015 were not subject to any qualification.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B12 Realised And Unrealised Profits Or Losses

	Financial Period ended 31/12/2015 <u>RM'000</u>	Financial Year ended 30/06/2015 <u>RM'000</u>
Total (accumulated losses)/retained profits of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(3,419)	(7,994)
- Unrealised	<u>3,037</u>	<u>4,467</u>
	(382)	(3,527)
Add: Consolidation adjustments and eliminations	8,060	6,307
Total Group retained profits as per consolidated accounts	<u><u>7,678</u></u>	<u><u>2,780</u></u>

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Year Quarter <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Profit for the period is arrived at after crediting/(charging):		
- Depreciation of property, plant and equipment	(785)	(1,510)
- Gain on disposal of property, plant and equipment	-	12
- (Loss)/Gain on foreign exchange	(658)	594
- Interest expense	(364)	(745)
- Reversal of inventories written down	36	25
- Gain/(Loss) on financial instruments at fair value through profit or loss (classified as held for trading)	46	(74)

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 24 February 2016.