



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

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The Board of Directors of CHEE WAH CORPORATION BERHAD is pleased to announce the consolidated results for the third quarter ended 31 March 2016. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>31/03/2016</u> RM '000	Preceding Year Corresponding Quarter Ended <u>31/03/2015</u> RM '000	Current Year To Date <u>31/03/2016</u> RM '000	Preceding Year Corresponding Period <u>31/03/2015</u> RM '000
Revenue	16,266	16,924	66,283	64,094
Operating expenses	(15,986)	(16,926)	(58,737)	(62,535)
Other operating (expenses)/income	(118)	44	687	370
Finance costs	(323)	(377)	(1,068)	(1,177)
(Loss)/Profit before tax	(161)	(335)	7,165	752
Tax expense	88	24	(1,498)	(50)
(Loss)/Profit for the period	(73)	(311)	5,667	702
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(73)	(311)	5,667	702
(Loss)/Earning per share (sen)				
- Basic	(0.17)	(0.74)	13.46	1.67
- Diluted	(0.17)	(0.74)	13.46	1.67

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 31/03/2016 <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>41,443</u>	<u>33,852</u>
Current Assets		
Inventories	30,547	26,725
Trade and other receivables	10,155	19,855
Financial assets at fair value through profit or loss	-	1
Cash and bank balances	<u>1,488</u>	<u>1,195</u>
	<u>42,190</u>	<u>47,776</u>
TOTAL ASSETS	<u><u>83,633</u></u>	<u><u>81,628</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	42,097	42,097
Reserves	<u>7,769</u>	<u>2,944</u>
Total Equity	<u>49,866</u>	<u>45,041</u>
Non-Current Liabilities		
Loans and borrowings	6,181	2,750
Retirement benefits	426	398
Deferred tax liabilities	<u>3,362</u>	<u>2,419</u>
	<u>9,969</u>	<u>5,567</u>
Current Liabilities		
Trade and other payables	5,131	10,351
Loans and borrowings	18,179	20,517
Financial liabilities at fair value through profit or loss	63	4
Current tax liabilities	<u>425</u>	<u>148</u>
	<u>23,798</u>	<u>31,020</u>
Total Liabilities	<u>33,767</u>	<u>36,587</u>
TOTAL EQUITY AND LIABILITIES	<u><u>83,633</u></u>	<u><u>81,628</u></u>
Net Assets per Share (sen)	118	107

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

For the nine months ended 31 March 2016 - unaudited	Non-distributable		Retained profits RM '000	Total Equity RM '000
	Share capital 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	-	-	702	702
Balance as at 31/03/2015	<u>42,097</u>	<u>164</u>	<u>584</u>	<u>42,845</u>
Balance as at 01/07/2015	42,097	164	2,780	45,041
Profit (representing total comprehensive income) for the period	-	-	5,667	5,667
Dividend	-	-	(842)	(842)
Balance as at 31/03/2016	<u>42,097</u>	<u>164</u>	<u>7,605</u>	<u>49,866</u>

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

	Current Year 9 Months Ended 31/03/2016 <u>RM '000</u>	Preceding Year Corresponding 9 Months Ended 31/03/2015 <u>RM '000</u>
Cash Flows from Operating Activities		
Profit before tax	7,165	752
Adjustments for:		
Depreciation of property, plant and equipment	2,333	2,140
Director's other emoluments	20	-
Gain on disposal of property, plant and equipment	(29)	(10)
Impairment loss on loans and receivables	-	6
Interest expense	1,068	1,177
Inventories written down	-	84
Reversal of Inventories written down	(39)	-
Provision for retirement benefits	28	28
Unrealised loss/(gain) on foreign exchange	596	(192)
Unrealised loss on financial instruments at fair value through profit or loss	63	247
Operating profit before changes in working capital	<u>11,205</u>	<u>4,232</u>
Changes in:-		
Inventories	(3,783)	(1,677)
Receivables and prepayments	9,215	5,197
Payables and advance payments	(5,225)	(4,329)
Financial instruments at fair value through profit or loss	(3)	12
Cash generated from operations	<u>11,409</u>	<u>3,435</u>
Tax paid	(278)	(123)
Net cash from operating activities	<u>11,131</u>	<u>3,312</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(9,586)	(1,287)
Proceeds from disposal of property, plant and equipment	135	10
Net cash used in investing activities	<u>(9,451)</u>	<u>(1,277)</u>
Cash Flows from Financing activities		
Dividend paid	(842)	-
Interest paid	(1,098)	(1,177)
Net decrease in short-term loans and borrowings	(2,871)	(997)
Repayment of hire purchase obligations	(878)	(729)
Repayment of term loan	(417)	-
Drawdown of term loan	5,000	-
Net cash used in financing activities	<u>(1,106)</u>	<u>(2,903)</u>
Net change in cash and cash equivalents	574	(868)
Cash and cash equivalents at beginning of the period	(3,735)	(2,020)
Effect of changes in exchange rates on cash and cash equivalents	(16)	-
Cash and cash equivalents at end of the period	<u>(3,177)</u>	<u>(2,888)</u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances	1,488	1,085
Bank overdrafts	(4,665)	(3,973)
	<u>(3,177)</u>	<u>(2,888)</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 <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Malaysia	5,486	21,247
Asia (exclude Malaysia)	4,987	20,600
Oceania	2,191	17,489
Europe	2,826	5,068
Africa and America	776	1,879
	<u>16,266</u>	<u>66,283</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.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 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 March 2016, the Group recorded a revenue of RM16.266 million which was RM0.658 million or 4% lower as compared to the preceding year corresponding quarter of RM16.924 million. The Group incurred a loss before tax of RM0.161 million for the current quarter which was RM0.174 million or 52% lower as compared to the preceding year corresponding quarter of RM0.335 million. The lower loss before tax in the current quarter was mainly due to higher profit margin from export sales and lower finance cost which dropped from RM0.377 million to RM0.323 million.

For the nine months ended 31 March 2016, the Group recorded a revenue of RM66.283 million against revenue of RM64.094 million as posted in the preceding year corresponding period. Despite the domestic sales which dropped from RM23.941 million in the preceding year corresponding period to RM21.247 million in the current period, the export sales has improved from RM40.153 million in the preceding year corresponding period to RM45.036 million in the current period. In overall, the revenue of the Group has increased by RM2.189 million or 3% in current period. The Group has generated profit before tax of RM7.165 million in the current period as compared to RM0.752 million in the preceding year corresponding period, an improvement of 853% or RM6.413 million mainly due to the higher profit margin for export sales as a result of weakening of Ringgit Malaysia against US Dollar.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	31/03/2016 RM'000	31/12/2015 RM'000	RM'000	%
Revenue	16,266	28,480	(12,214)	(43)
(Loss)/Profit before tax	(161)	3,819	(3,980)	(104)

The Group's revenue generated in the current quarter was RM16.266 million as compared to RM28.480 million in the immediate preceding quarter was mainly due to seasonal factor as stated in Note A3. As a result of seasonal slowdown, the Group has incurred loss before tax of RM0.161 million in the current quarter as compared to profit before tax of RM3.819 million in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group in the final quarter of the financial year remain challenging due to the global economic condition and the impact of volatility of US Dollar against Ringgit Malaysia. However, the Group expect to perform better in the final quarter as compared to third quarter. In addition, the Group expect to achieve better results for the current financial year ending 30 June 2016 as compared to previous financial year.

B4 Profit Forecast/Profit Guarantee

Not applicable as there were no profit forecasts published.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B5 Tax Expense

Breakdown of tax expense for the quarter ended 31 March 2016 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current year	(41)	543
Prior year	-	12
Deferred tax:		
Current year	(36)	929
Prior year	(11)	14
	<u>(88)</u>	<u>1,498</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.

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 March 2016 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	4,665
Bankers' acceptances and trust receipts	-	10,389
Onshore Foreign Currency Loan	-	1,270
Hire Purchase Payable	1,230	-
Term loan	625	-
	<u>1,855</u>	<u>16,324</u>
b) <u>Long term borrowings</u>		
Hire Purchase Payable	2,223	-
Term loan	3,958	-
	<u>6,181</u>	<u>-</u>

c) The Group borrowings are denominated in the following currencies:

	Financial Period ended 31/03/2016 RM'000	Financial Year ended 30/06/2015 RM'000
Ringgit Malaysia	23,090	22,688
United States Dollars	1,270	579
	<u>24,360</u>	<u>23,267</u>

B8 Changes In Material Litigation

The Group is not engaged in any material litigation as at 25 May 2016.

B9 Proposed Dividends

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

B10 (Loss)/Earnings Per Share

	Current Year Quarter RM'000	Current Year To Date RM'000
(Loss)/Profit for the period	<u>(73)</u>	<u>5,667</u>



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EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B10 (Loss)/Earnings Per Share (Continued)

	Current Year Quarter	Current Year To Date
	No. of Shares '000	No. of Shares '000
Number of ordinary shares		
Weighted average number of shares	42,097	42,097
Basic (loss)/earnings per share (sen)	(0.17)	13.46

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.

B12 Realised And Unrealised Profits Or Losses

	Financial Period ended 31/03/2016 RM'000	Financial Year ended 30/06/2015 RM'000
Total (accumulated losses)/retained profits of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	(3,481)	(7,994)
- Unrealised	3,026	4,467
	(455)	(3,527)
Add: Consolidation adjustments and eliminations	8,060	6,307
Total Group retained profits as per consolidated accounts	7,605	2,780

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	(823)	(2,333)
- Gain on disposal of property, plant and equipment	17	29
- (Loss)/Gain on foreign exchange	(533)	61
- Interest expense	(323)	(1,068)
- Reversal of inventories written down	14	39
- Loss on financial instruments at fair value through profit or loss (classified as held for trading)	(84)	(158)

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 25 May 2016.