



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

S I N C E 1 9 5 9

The Board of Directors of CHEE WAH CORPORATION BERHAD is pleased to announce the consolidated results for the first quarter ended 30 September 2016. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>30/09/2016</u> RM '000	Preceding Year Corresponding Quarter Ended <u>30/09/2015</u> RM '000	Current Year To Date <u>30/09/2016</u> RM '000	Preceding Year Corresponding Period <u>30/09/2015</u> RM '000
Revenue	21,624	21,537	21,624	21,537
Operating expenses	(19,779)	(18,913)	(19,779)	(18,913)
Other operating income	126	1,264	126	1,264
Finance costs	(359)	(381)	(359)	(381)
Profit before tax	1,612	3,507	1,612	3,507
Tax expense	(324)	(750)	(324)	(750)
Profit for the period	1,288	2,757	1,288	2,757
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>1,288</u>	<u>2,757</u>	<u>1,288</u>	<u>2,757</u>
Earning per share (sen)				
- Basic	3.06	6.55	3.06	6.55
- Diluted	3.06	6.55	3.06	6.55

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 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 30/09/2016 RM'000	Audited As At Preceding Financial Year Ended 30/06/2016 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	40,039	40,869
Current Assets		
Inventories	37,714	35,316
Trade and other receivables	12,054	13,426
Financial assets at fair value through profit or loss	-	14
Tax recoverable	4	2
Cash and bank balances	620	2,243
	<u>50,392</u>	<u>51,001</u>
TOTAL ASSETS	<u>90,431</u>	<u>91,870</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	42,097	42,097
Reserves	10,303	9,015
Total Equity	<u>52,400</u>	<u>51,112</u>
Non-Current Liabilities		
Loans and borrowings	5,236	5,660
Retirement benefits	531	517
Deferred tax liabilities	3,850	3,633
	<u>9,617</u>	<u>9,810</u>
Current Liabilities		
Trade and other payables	6,756	10,907
Loans and borrowings	21,594	19,868
Financial liabilities at fair value through profit or loss	2	-
Current tax liabilities	62	173
	<u>28,414</u>	<u>30,948</u>
Total Liabilities	<u>38,031</u>	<u>40,758</u>
TOTAL EQUITY AND LIABILITIES	<u>90,431</u>	<u>91,870</u>
Net Assets per Share (sen)	124	121

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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 2016 - unaudited	Share capital RM '000	Non- distributable	Distributable	Total Equity RM '000
		Share premium RM '000	Retained profits RM '000	
Balance as at 01/07/2015	42,097	164	2,780	45,041
Profit (representing total comprehensive income) for the period	-	-	2,757	2,757
Balance as at 30/09/2015	<u>42,097</u>	<u>164</u>	<u>5,537</u>	<u>47,798</u>
Balance as at 01/07/2016	42,097	164	8,851	51,112
Profit (representing total comprehensive income) for the period	-	-	1,288	1,288
Balance as at 30/09/2016	<u>42,097</u>	<u>164</u>	<u>10,139</u>	<u>52,400</u>

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

	Current Year 3 Months Ended 30/09/2016 <u>RM '000</u>	Preceding Year Corresponding 3 Months Ended 30/09/2015 <u>RM '000</u>
Cash Flows from Operating Activities		
Profit before tax	1,612	3,507
Adjustments for:		
Depreciation of property, plant and equipment	836	725
Gain on disposal of property, plant and equipment	-	(12)
Interest expense	359	381
Inventories written down	87	11
Provision for retirement benefits	14	10
Unrealised gain on foreign exchange	(125)	(506)
Unrealised loss on financial instruments at fair value through profit or loss	2	31
Operating profit before changes in working capital	<u>2,785</u>	<u>4,147</u>
Changes in:-		
Inventories	(2,485)	(1,444)
Receivables and prepayments	1,596	5,639
Payables and advance payments	(4,153)	(4,910)
Financial instruments at fair value through profit or loss	14	(3)
Cash (utilised in)/generated from operations	<u>(2,243)</u>	<u>3,429</u>
Tax paid	(220)	(44)
Net cash (used in)/from operating activities	<u>(2,463)</u>	<u>3,385</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(6)	(6,887)
Proceeds from disposal of property, plant and equipment	-	30
Net cash used in investing activities	<u>(6)</u>	<u>(6,857)</u>
Cash Flows from Financing activities		
Interest paid	(355)	(440)
Net (decrease)/increase in short-term loans and borrowings	(26)	294
Repayment of hire purchase obligations	(305)	(277)
Repayment of term loan	(156)	(105)
Term loan raised	-	5,000
Net cash (used in)/from financing activities	<u>(842)</u>	<u>4,472</u>
Net change in cash and cash equivalents	(3,311)	1,000
Cash and cash equivalents at beginning of the period	(1,123)	(3,735)
Effect of changes in exchange rates on cash and cash equivalents	1	16
Cash and cash equivalents at end of the period	<u>(4,433)</u>	<u>(2,719)</u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances	620	1,237
Bank overdrafts	(5,053)	(3,956)
	<u>(4,433)</u>	<u>(2,719)</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 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 2016. 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 2016.

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 2016.

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

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	5,308	5,308
Asia (exclude Malaysia)	5,420	5,420
Oceania	6,887	6,887
Europe	3,133	3,133
Africa and America	876	876
	<u>21,624</u>	<u>21,624</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 2016.

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 three months ended 30 September 2016, the Group recorded a revenue of RM21.624 million as compared to the preceding year corresponding quarter of RM21.537 million. The slightly increase in revenue of RM0.087 million was mainly due to higher sales from domestic market. The Group recorded a profit before tax of RM1.612 million for the current quarter as compared to the preceding year corresponding quarter of RM3.507 million. The decrease in profit before tax of RM1.895 million or 54% was mainly due to the lower contribution from gain on foreign exchange and impact of increase in cost of raw materials and overheads.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	30/09/2016 RM'000	30/06/2016 RM'000	RM'000	%
Revenue	21,624	26,069	(4,445)	(17)
Profit before tax	<u>1,612</u>	<u>1,723</u>	<u>(111)</u>	<u>(6)</u>

The Group's revenue generated in the current quarter was RM21.624 million as compared to RM26.069 million in the immediate preceding quarter. The lower revenue in current quarter was mainly due to seasonal factor as stated in Note A3. As a result of the lower revenue, the Group generated a profit before tax of RM1.612 million in current quarter as compared to RM1.723 million in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group will be affected by the impact of increase in manufacturing cost following implementation of higher minimum wage and volatility of US Dollar against Ringgit Malaysia. However, the Group expects to remain profitable in the next nine months of current 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 financial year ended 30 September 2016 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current year	106	106
Prior year	-	-
Deferred tax:		
Current year	218	218
Prior year	-	-
	<u>324</u>	<u>324</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 against the profit of certain subsidiaries.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6 Status Of Corporate Proposal

On 14 November 2016, RHB Investment Bank Berhad had, on behalf of the Board of Directors of Chee Wah Corporation Berhad ("CWCB" or the "Company"), announced the intention of the Company to undertake the following:

- a) proposed internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 ("Proposed Internal Reorganisation") comprising the following proposals:
 - i) proposed exchange of the entire 42,096,700 issued and fully paid-up ordinary shares of RM1.00 each in CWCB ("CWCB Shares") with 84,193,400 new ordinary shares of RM0.50 each in a new investment holding company, CWC Holdings Sdn Bhd ("Newco") ("Newco Shares"), on the basis of two (2) new Newco Shares for every one (1) existing CWCB Share held on an entitlement date to be determined and announced; and
 - ii) proposed assumption of the listing status of CWCB by Newco and the admission of Newco to and withdrawal of CWCB from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for the entire Newco Shares on the Main Market of Bursa Securities; and
- b) proposed renounceable rights issue of up to 42,096,701 Newco Shares ("Rights Shares") on the basis of one (1) Rights Share for every two (2) Newco Shares held on an entitlement date to be determined and announced later.

(Collectively referred to as the "Proposals")

For the purpose of the Proposed Internal Reorganisation, CWCB and Newco had, on the same day, entered into a conditional share exchange agreement.

The Proposals are subject to the following approvals being obtained from, among others, Bursa Securities, shareholders of the Company, High Court of Malaya sanctioning the Proposed Internal Reorganisation and Financiers of the Company.

The Proposals are expected to be completed by the third (3rd) quarter of calendar year 2017.

B7 Group Borrowings And Debt Securities

Group borrowings as at 30 September 2016 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	5,053
Bankers' acceptances and trust receipts	-	12,983
Onshore foreign currency loans	-	1,782
Hire purchase payables	1,151	-
Term loan	625	-
	<u>1,776</u>	<u>19,818</u>
b) <u>Long term borrowings</u>		
Hire purchase payables	1,590	-
Term loan	3,646	-
	<u>5,236</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies:		
	Financial Period ended 30/09/2016 RM'000	Financial Year ended 30/06/2016 RM'000
Ringgit Malaysia	25,048	23,542
United States Dollars	1,782	1,986
	<u>26,830</u>	<u>25,528</u>

B8 Changes In Material Litigation

The Group is not engaged in any material litigation as at 23 November 2016.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B9 Proposed Dividends

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>1,288</u>	<u>1,288</u>
	No. of Shares '000	No. of Shares '000
Number of ordinary shares		
Weighted average number of shares	<u>42,097</u>	<u>42,097</u>
Basic earnings per share (sen)	<u>3.06</u>	<u>3.06</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 2016 were not subject to any qualification.

B12 Realised And Unrealised Profits Or Losses

	Financial Period ended 30/09/2016 RM'000	Financial Year ended 30/06/2016 RM'000
Total retained profits/(accumulated losses) of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	699	(762)
- Unrealised	<u>2,550</u>	<u>2,727</u>
	3,249	1,965
Add: Consolidation adjustments and eliminations	6,890	6,886
Total Group retained profits as per consolidated accounts	<u>10,139</u>	<u>8,851</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):		
- Bad debts recovered	1	1
- Depreciation of property, plant and equipment	(836)	(836)
- Gain on foreign exchange	14	14
- Interest expenses	(359)	(359)
- Allowance of inventories written down	(87)	(87)
- Loss on financial instruments at fair value through profit or loss (classified as held for trading)	(16)	(16)

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 23 November 2016.