

SUIWAH CORPORATION BHD. (Company No: 253837 H)
INTERIM REPORT FOR THE SIX-MONTHS PERIOD ENDED 30 NOVEMBER 2005
NOTES TO INTERIM FINANCIAL REPORT
PART A – DISCLOSURE NOTES AS REQUIRED UNDER FRS 134

A1. Basis of preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with FRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 May 2005.

A2. Auditors' Report

The auditors' report of the annual financial statements for the financial year ended 31 May 2005 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

Retail sales were slow during the current quarter. It is anticipated to improve with the coming year end school holidays and festive seasons.

As for our manufacturing arm, Qdos Group, the profits for the coming year is likely to improve as we focus on products with higher margin.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cashflow

There were no unusual items for the current quarter and financial year to-date.

A5. Individually Significant Items

There were no individually significant items for the current quarter and financial year to-date.

A6. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years.

There was no material changes in estimates of amounts reported in the prior interim period of the current financial year or prior financial years.

A7. Issuance and Repayments of Debt and Equity Securities

6,100 shares were exercised and listed pursuant to the Suiwah Employee Share Option Scheme ("ESOS") for the quarter under review. Further 700 shares were exercised and listed between 1 December 2005 and 20 January 2006.

A8. Dividends Paid

The first and final dividend in respect of financial year ended 31 May 2005, of 1.1% tax exempt dividend and 3.9% less 28% dividend on 60,999,548 ordinary shares, amounting to a total dividend payable of RM2,383,868 (3.9 sen net per share) has been approved by the shareholders at the

Company's Annual General Meeting on 28 November 2005 and has been subsequently paid on 15 December 2005.

A9. Segmental Report

	6 months ended 30.11.2005 (RM'000)
Segment Revenue	
Retail	148,058
Manufacturing	58,732
Property investment and development	52
Money lending	95
Group revenue	206,937

	6 months ended 30.11.2005 (RM'000)
Segment Results	
Retail	5,585
Manufacturing	8,924
Property investment and development	(28)
Money lending	46
Profit from operations	14,527
Finance costs, net	(212)
Taxation	(2,228)
Profit after taxation	12,087
Minority interests	9
Net profit	12,096

The directors are of the opinion that inter-segment transactions are minimal and 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.

A10. Valuation of Property, Plant and Equipment

The value of properties has been brought forward without amendments from the annual financial statements for the year ended 31 May 2005.

A11. Material Events Subsequent To The End of The Interim Period

There were no material events subsequent to the end of the interim period.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A13. Contingent Assets Or Liabilities

There are no material contingent assets or liabilities as at 20 January 2006.

A14. Capital Commitments

The Group's capital commitments as at 20 January 2006 are as follows:

	RM'000
Approved and contracted for:	
Computers	5
Plant & equipment	6,840
Total	6,845
Approved but not contracted for	Nil

A15. Authorisation for Issue

On 20 January 2006, the Board of Directors authorised this interim report together with its accompanying disclosure notes as set out in Part A and part B.

SUIWAH CORPORATION BHD. (Company No: 253837 H)

**PART B: ADDITIONAL NOTES AS REQUIRED BY APPENDIX 9B OF THE BURSA
MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

B1. Review of Performance of the Group

The Group's revenue for the quarter under review was RM107.803 million as compared to RM100.609 million for the preceding year corresponding quarter ended 30 November 2004, recording an increase of 7.15%. The Group's profit before tax for the same period was RM8.215 million as compared with RM8.123 million previously, registering an increase of 1.13%. The increase in revenue and profitability of the Group were mainly due to increase in revenue for retail and better profitability achieved for Qdos Group despite the lower turnover.

The results for the current financial period have not been affected by any transactions or events of a material or unusual nature that has arisen between 30 November 2005 and the date of this report.

B2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

The Group's revenue for the quarter ended 30 November 2005 was RM107.803 million as compared to RM99.134 million for the preceding quarter ended 31 August 2005, an increase of 8.74%. Profit before tax for the current quarter was RM8.215 million, an increase of 34.67% as compared with RM6.100 million recorded in the preceding quarter. The increase was mainly due to higher revenue and better profitability achieved by the Group in the current quarter.

B3. Prospects for Current Financial Year

Although there are robust domestic economic activities, sustained private investment and higher disposable income, the Group is continuing its efforts in facing off increasing competition, thus continuing to meet customers varied and evolving demands and delivering improved performance for the coming financial year.

B4. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

B5. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current RM'000	Preceding RM'000	Current RM'000	Preceding RM'000
Tax expense for the year	1,347	1,491	2,252	2,592
Deferred taxation	(12)	(9)	(24)	(18)
Total	<u>1,335</u>	<u>1,482</u>	<u>2,228</u>	<u>2,574</u>

The effective rate of taxation of the Group is lower than the statutory rate of taxation as Qdos Group is enjoying pioneer status. Certain subsidiaries of the Group are also enjoying tax incentive provided to small and medium scale companies as proposed in the 2004/05 Budget.

B6. Profits on Sale of investments and/or Properties

There were no sales of investments and/or properties by the Group during the quarter under review.

B7. Quoted Securities

- (a) There were no disposals of quoted securities during the quarter under review.
- (b) As at the end of the quarter, investments in quoted securities of the Group were as follows:-

	RM
Total investment at cost	8,825
Total investment at carrying value/book value (after provision for diminution in value)	3,278
Total market value of quoted investments at end of the quarter	2,360

B8. Status of Corporate Proposals

Pursuant to the announcement made on 25 May 2005, there is no further development as at todate.

B9. Group Borrowings

The Group's total borrowings as at end of the financial period under review are:

- (a) Secured by way of:
- Fixed deposits of certain subsidiaries amounting to RM5.50 million;
 - A legal charge over certain of the directors' personal properties and jointly and severally guaranteed by the directors;
 - First and second legal charge over the long term leasehold land and building of a subsidiary with net book values of RM30,623,822; and
 - a corporate guarantee by the Company.

- (b) Short term borrowings

	RM
Term loan due within 12 months	1,000,008
Bankers' acceptance	499,558
Bank overdraft	-
	<u>1,499,566</u>

- (c) Long term borrowings

	RM
Term loan	<u>8,166,652</u>

- (d) There were no borrowings or debt securities denominated in foreign currencies.

B10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk outstanding as at 20 January 2006.

B11. Material Litigation

As of the date of this announcement, neither the Company nor any of its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of the Company are not aware of any proceedings pending or threatened against the Company and its subsidiary companies or of any facts likely to give rise to any proceedings which might materially and/or adversely affect the position or business of the Group.

B12. Dividend

The first and final dividend in respect of financial year ended 31 May 2005, of 1.1% tax exempt dividend and 3.9% less 28% dividend on 60,999,548 ordinary shares, amounting to a total dividend payable of RM2,383,868 (3.9 sen net per share) has been approved by the shareholders at the Company's Annual General Meeting on 28 November 2005 and has been subsequently paid on 15 December 2005

B13. Earnings Per Share

The basic earnings per share has been calculated based on the Group's profit after taxation and minority interest by the weighted number of ordinary shares in issue in the respective periods as follows:

	Current Quarter ended 30.11.2005	Preceding Quarter ended 30.11.2004	Current Cumulative Quarter ended 30.11.2005	Preceding Cumulative Quarter ended 30.11.2004
Net profit for the financial period (RM'000)	6,880	6,244	12,096	11,555
Weighted number of ordinary shares in issue ('000)				
- Basic	60,996	60,958	60,979	57,592
- Diluted	61,150	-	61,195	-
Basic earnings per share (sen)	11.28	10.24	19.84	20.06
Diluted earnings per share (sen)	11.25	-	19.77	-

The comparative basic earnings per share have been restated to take into account the effect of the one (1) for five (5) bonus issue completed during the previous financial year.