

**SUIWAH CORPORATION BHD.**  
**COMPANY NO : 253837 H**  
**(Incorporated in Malaysia)**

**Condensed Consolidated Income Statement**

(The figures have not been audited)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>12 Months Ended</b>	
	<b>31 May</b>		<b>31 May</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	82,584	99,497	403,916	416,798
Operating expenses	(79,347)	(92,652)	(377,777)	(386,685)
Other operating income	743	263	1,543	1,991
Profit from operations	<u>3,980</u>	<u>7,108</u>	<u>27,682</u>	<u>32,104</u>
Finance (cost)/income, net	(55)	(18)	(177)	292
Profit before taxation	<u>3,925</u>	<u>7,090</u>	<u>27,505</u>	<u>32,396</u>
Income tax	(165)	(502)	(4,215)	(4,710)
Profit after taxation	<u>3,760</u>	<u>6,588</u>	<u>23,290</u>	<u>27,686</u>
Minority interests	9	(21)	22	(1,984)
Net profit for the period	<u><u>3,769</u></u>	<u><u>6,567</u></u>	<u><u>23,312</u></u>	<u><u>25,702</u></u>

**Earnings per share**

Basic (based on ordinary share - sen)	6.18	10.77	38.22	43.36
Fully diluted (based on ordinary share - sen) *	6.18	-	38.22	-

\* The effect on the basic earnings per share for the individual quarter ended 31 May 2006 arising from the assumed conversion of the existing Employees' Share Options Scheme ("ESOS") is anti-dilutive. Accordingly, the diluted earnings per share for the quarter is presented as equals to basic earnings per share.

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2005)

The accompanying notes are an integral part of this statement.

**SUIWAH CORPORATION BHD.****COMPANY NO: 253837 H****(Incorporated in Malaysia)****CONDENSED CONSOLIDATED BALANCE SHEET**

(The figures have not been audited)

	<b>As At End of Current Quarter 31 May 2006 (Unaudited) RM'000</b>	<b>As At Preceding Financial Year End 31 May 2005 (Restated) RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	100,407	101,193
Land held for development	2,000	12,504
Other investments	3	3
Goodwill on consolidation	4,665	4,665
	<u>107,075</u>	<u>118,365</u>
<b>CURRENT ASSETS</b>		
Development properties	10,965	-
Inventories	32,420	31,652
Trade receivables	21,838	24,669
Other receivables	6,937	2,305
Loan receivables	2,260	2,882
Cash and bank balances	35,172	31,487
	<u>109,592</u>	<u>92,995</u>
<b>CURRENT LIABILITIES</b>		
Short term borrowings	2,995	6,526
Trade payables	42,212	53,595
Other payables	8,693	8,956
Taxation	1,382	974
	<u>55,282</u>	<u>70,051</u>
<b>NET CURRENT ASSETS</b>	<u>54,310</u>	<u>22,944</u>
	<u>161,385</u>	<u>141,309</u>
<b>Financed by:</b>		
Share capital	61,000	60,958
Reserves	88,636	67,676
Shareholders' equity	149,636	128,634
Minority interests	779	801
	<u>150,415</u>	<u>129,435</u>
Long term loan	7,667	8,667
Deferred tax liabilities	3,303	3,207
<b>NON-CURRENT LIABILITIES</b>	<u>10,970</u>	<u>11,874</u>
	<u>161,385</u>	<u>141,309</u>
Net assets per share (RM)	2.45	2.11

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2005)

The accompanying notes are an integral part of this statement.

**SUIWAH CORPORATION BHD.**  
**COMPANY NO : 253837 H**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For Twelve Months Ended 31 May 2006

	Reserves					Total RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Retained Profits RM'000	
<b>Balance as at 31 May 2005</b>						
As previously stated	60,958	13,882	1,635	5	56,525	133,005
Prior year adjustment	-	-	-	-	(4,371)	(4,371)
<b>At 31 May 2005 (restated)</b>	<b>60,958</b>	<b>13,882</b>	<b>1,635</b>	<b>5</b>	<b>52,154</b>	<b>128,634</b>
Arising from exercise of share options	42	53	-	-	-	95
Foreign exchange differences	-	-	-	(21)	-	(21)
Realisation of revaluation reserves	-	-	(37)	-	37	-
Net profit for 12 months	-	-	-	-	23,312	23,312
First & Final Dividend	-	-	-	-	(2,384)	(2,384)
<b>Balance as at 31 May 2006</b>	<b>61,000</b>	<b>13,935</b>	<b>1,598</b>	<b>(16)</b>	<b>73,119</b>	<b>149,636</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For Twelve Months Ended 31 May 2005

	Reserves					Total RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	
<b>Balance as at 31 May 2004</b>	40,700	3,845	1,672	-	33,326	79,543
Issuance of shares in respect of acquisition of a subsidiary	10,098	20,197	-	-	-	30,295
Bonus issue of 1 of 5	10,160	(10,160)	-	-	-	-
Foreign exchange differences	-	-	-	5	-	5
Realisation of revaluation reserves	-	-	(37)	-	37	-
Net profit for 12 months	-	-	-	-	25,702	25,702
First and Final tax exempt dividend	-	-	-	-	(2,540)	(2,540)
<b>Balance as at 31 May 2005</b>	<b>60,958</b>	<b>13,882</b>	<b>1,635</b>	<b>5</b>	<b>56,525</b>	<b>133,005</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2005)

The accompanying notes are an integral part of this statement.

**SUIWAH CORPORATION BHD.**  
**COMPANY NO: 253837 H**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>12 months ended 31 May 2006 RM' 000</b>	<b>12 months ended 31 May 2005 RM' 000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	27,505	32,396
<b>Adjustments for:</b>		
Amortisation of goodwill	-	540
Amortisation of deferred income	-	(374)
Bad debts written off	9	6
Depreciation	6,697	7,798
Loss on disposal of property, plant and equipment	37	9
Impairment loss on othe investment	-	4
Interest expense	856	378
Interest income	(767)	(781)
Inventories written (back)/down	(970)	948
Loan interest in-suspense	77	332
Negative goodwill written off	-	(1,400)
Property, plant & equipment written off	20	0.40
Provision for doubtful debts	75	-
Unrealised foreign exchange loss	212	-
Operating profit before working capital changes	<b>33,751</b>	<b>39,856</b>
Decrease in receivables	2,570	17,881
Increase in property development cost	(461)	-
Decrease/(increase) in inventories	202	(3,082)
(Decrease)/increase in payables	(10,743)	1,936
Cash generated from operations	<b>25,319</b>	<b>56,591</b>
Interest paid	(856)	(378)
Interest received	767	781
Taxes paid	(4,300)	(5,076)
Net cash generated from operating activities	<b>20,930</b>	<b>51,918</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net cash	-	(450)
Property development expenditure incurred	-	(613)
Proceeds from disposal of property,plant and equipment	1,265	3
Purchase of property,plant and equipment	(11,551)	(45,312)
Net cash used in investing activities	<b>(10,286)</b>	<b>(46,372)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	(1,000)	(337)
Dividends paid	(2,384)	(2,540)
Net changes in bankers' acceptance	(2,222)	1,604
Proceeds from exercise of share options	95	-
Net cash used in financing activities	<b>(5,511)</b>	<b>(1,273)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,133	4,273
<b>EFFECTS OF EXCHANGE RATES CHANGES</b>	(139)	4
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	30,178	25,901
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANACIAL YEAR</b>	<b>35,172</b>	<b>30,178</b>
Represented by:		
Cash and bank balances	6,787	6,005
Deposit with licensed banks	28,385	25,482
Bank overdraft	-	(1,309)
	<b>35,172</b>	<b>30,178</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2005)

The accompanying notes are an integral part of this statement.

**SUIWAH CORPORATION BHD. (Company No: 253837 H)**  
**INTERIM REPORT FOR THE TWELVE-MONTHS PERIOD ENDED 31 MAY 2006**  
**NOTES TO INTERIM FINANCIAL REPORT**  
**PART A – DISCLOSURE NOTES AS REQUIRED UNDER FRS134<sub>2004</sub>**

**A1. Basis of preparation**

The interim financial report of the Group is unaudited and has been prepared in accordance with FRS134<sub>2004</sub> 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.

In the previous financial year, on 2 August 2004, the Company completed the acquisition of the remaining 49% equity interest in a subsidiary, Qdos Holdings Sdn. Bhd. ("Qdos") via the issuance of 10,098,290 new ordinary shares of the Company at an issue price of RM3.00 per share. Following the acquisition, the Group has recognised a goodwill arising on consolidation amounting to RM4,370,959.

During the financial year, as required by FRS127<sub>2004</sub> Consolidated Financial Statements and Investments in Subsidiaries, the Group has adjusted the said goodwill on consolidation against retained profits.

This change has been applied retrospectively and comparatives have been restated. The effects are as follows:

	<b>GROUP 2005 RM</b>
Effects on retained profits:	
At 1 June, as previously stated	56,524,308
Effect of prior year adjustment	<u>(4,370,959)</u>
As at 1 June, as restated	<u>52,153,349</u>

Comparative amounts of the Group as at 31 May 2005 have been restated as follows:

	Previously stated RM	Adjustments RM	Restated RM
Goodwill on consolidation	9,036,004	4,370,959	<u>4,665,045</u>

**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 are expected to slow down in the current quarter. It is anticipated to improve only after 2<sup>nd</sup> quarter of the financial year 2007.

As for our manufacturing arm, Qdos Group, sales is expected to remain unchanged for the 1<sup>st</sup> and 2<sup>nd</sup> quarter of financial year 2007 due to the upgrading of Qdos' existing manufacturing facilities is in progress. Sales is expected to increase gradually after completion of the upgrading by end of calendar year 2006.

### **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**

There were no shares exercised and listed pursuant to the Suiwah Employee Share Option Scheme ("ESOS") for the quarter under review. There were no shares exercised and listed between 1 June 2006 and 26 July 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

	<b>12 months ended 31.5.2006 (RM'000)</b>
<b>Segment Revenue</b>	
Retail	304,379
Manufacturing	99,310
Property investment and development	103
Money lending	124
Group revenue	<b>403,916</b>

	<b>12 months ended 31.5.2006 (RM'000)</b>
<b>Segment Results</b>	
Retail	13,638
Manufacturing	14,606
Property investment and development	(608)
Money lending	46
Profit from operations	<b>27,682</b>
Finance costs, net	(177)
Taxation	(4,215)
Profit after taxation	<b>23,290</b>
Minority interests	22
Net profit	<b>23,312</b>

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 were no material contingent assets or liabilities of the Group as at 26 July 2006.

**A14. Capital Commitments**

The Group's capital commitments as at 26 July 2006 are as follows:

	RM'000
Approved and contracted for:	
Furniture & fittings	3
Motor Vehicle	155
Plant & equipment	5,262
<b>Total</b>	<b>5,420</b>
Approved but not contracted for	Nil

**A15. Authorisation for Issue**

On 26 July 2006, the Board of Directors authorised this interim report together with its accompanying disclosure notes as set out in Part A & 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 RM82.584 million as compared to RM99.497 million for the preceding year corresponding quarter ended 31 May 2005, recording a decrease of 17.00%. The Group's profit before tax for the same period was RM3.925 million as compared with RM7.090 million previously, registering a decrease of 44.64%. The decrease in revenue and profitability for the Group was mainly due to overall aggressive market competition.

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 31 May 2006 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 31 May 2006 was RM82.584 million as compared to RM114.395 million for the preceding quarter ended 28 February 2006, a decrease of 27.81%. Profit before tax for the current quarter was RM3.925 million, a decrease of 57.64% as compared with RM9.265 million recorded in the preceding quarter. The decrease in sales is as a result of comparing higher sales in the preceding 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	(5)	430	4,081	4,665
Deferred taxation	(265)	16	(301)	(11)
Underprovision in prior year:				
Income tax	40	52	40	52
Deferred tax	395	4	395	4
Total	<u>165</u>	<u>502</u>	<u>4,215</u>	<u>4,710</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 2005/06 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:-

	<b>RM</b>
Total investment at cost	10,302
Total investment at carrying value/book value (after provision for diminution in value)	3,234
Total market value of quoted investments at end of the quarter	4,229

**B8. Status of Corporate Proposals**

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

**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 RM30,269,044 and
  - a corporate guarantee by the Company.

- (b) Short term borrowings

	<b>RM</b>
Term loan due within 12 months	1,000,008
Bankers' acceptance	1,995,238
Bank overdraft	-
	<u>2,995,246</u>

- (c) Long term borrowings

	<b>RM</b>
Term loan	<u>7,666,648</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 26 July 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

The Board has recommended a first and final dividend of 7% less 28% income tax in respect of the financial year ended 31 May 2006.

## **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:

	<b>Current Quarter ended 31.5.2006</b>	<b>Preceding Quarter ended 31.5.2005</b>	<b>Current Cumulative Quarter ended 31.5.2006</b>	<b>Preceding Cumulative Quarter ended 31.5.2005</b>
Net profit for the financial period (RM'000)	3,769	6,567	23,312	25,702
Weighted number of ordinary shares in issue ('000)				
- Basic	61,000	60,958	60,990	59,275
- Diluted	61,000	-	60,998	-
Basic earnings per share (sen)	6.18	10.77	38.22	43.36
Diluted earnings per share (sen) *	6.18	-	38.22	-

\* The effect on the basic earnings per share for the individual quarter ended 31 May 2006 arising from the assumed conversion of the Employees' Share Options Scheme ("ESOS") is anti-dilutive. Accordingly, the diluted earnings per share for the quarter is presented as equals to basic earnings per share.