

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

Condensed Consolidated Income Statement

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	31 August		31 August	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Revenue	84,953	99,134	84,953	99,134
Other operating income	656	314	656	314
Operating expenses	(84,707)	(93,174)	(84,707)	(93,174)
Profit from operations	<u>902</u>	<u>6,274</u>	<u>902</u>	<u>6,274</u>
Finance income	203	129	203	129
Finance cost	(253)	(303)	(253)	(303)
Profit before taxation	<u>852</u>	<u>6,100</u>	<u>852</u>	<u>6,100</u>
Income tax	(576)	(893)	(576)	(893)
Profit after taxation	<u><u>276</u></u>	<u><u>5,207</u></u>	<u><u>276</u></u>	<u><u>5,207</u></u>
Attributable to:				
Equity holders of the parent	281	5,216	281	5,216
Minority interest	<u>5</u>	<u>9</u>	<u>5</u>	<u>9</u>
	<u><u>276</u></u>	<u><u>5,207</u></u>	<u><u>276</u></u>	<u><u>5,207</u></u>
Earnings per share attributable to equity holders of the parent				
Basic (based on ordinary share - sen)	0.46	8.56	0.46	8.56
Fully diluted (based on ordinary share - sen) *	0.46	8.52	0.46	8.52

* The effect on the basic earnings per share for the individual quarter ended 31 August 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.

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2006 and the accompany explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD.
COMPANY NO: 253837 H
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
(The figures have not been audited)

	As At End of Current Quarter 31 Aug 2006 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2006 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	104,495	100,407
Land held for development	2,000	2,000
Other investments	3	3
Goodwill on consolidation	4,665	4,665
	<u>111,163</u>	<u>107,075</u>
Current assets		
Development properties	11,062	10,965
Inventories	34,707	32,420
Trade receivables	20,798	21,838
Other receivables	10,138	6,937
Loan receivables	2,153	2,260
Cash and bank balances	29,532	35,172
	<u>108,390</u>	<u>109,592</u>
TOTAL ASSETS	<u>219,553</u>	<u>216,667</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	61,000	61,000
Share premium	13,963	13,963
Other reserves	3,058	3,052
Retained earnings	71,911	71,621
	<u>149,932</u>	<u>149,636</u>
Minority interest	<u>774</u>	<u>779</u>
Total equity	<u>150,706</u>	<u>150,415</u>
Non-current liabilities		
Long term loan	7,417	7,667
Deferred tax liabilities	3,311	3,303
	<u>10,728</u>	<u>10,970</u>
Current liabilities		
Short term borrowings	1,000	2,995
Trade payables	44,064	42,212
Other payables	11,830	8,693
Taxation	1,225	1,382
	<u>58,119</u>	<u>55,282</u>
Total liabilities	<u>68,847</u>	<u>66,252</u>
TOTAL EQUITY AND LIABILITIES	<u>219,553</u>	<u>216,667</u>
Net assets per share attributable to equity holders of the parent (RM)	2.46	2.45

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Report for the financial year ended 31 May 2006 and the accompanying explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD.
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(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 Months Ended 31 August 2006 RM' 000	3 Months Ended 31 August 2005 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	852	6,100
Adjustments for:		
Depreciation	1,717	1,716
Interest expense	253	303
Interest income	(203)	(129)
Loss in disposal of property, plant and equipment	-	59
Share based payment under ESOS	47	-
Operating profit before working capital changes	<u>2,666</u>	<u>8,049</u>
Increase in inventories	(2,287)	(2,693)
Increase in receivables	(2,054)	(2,766)
Increase in property development cost	(97)	-
Increase in payables	4,989	870
Cash generated from operations	<u>3,217</u>	<u>3,460</u>
Interest received	203	129
Interest paid	(253)	(303)
Taxation paid	(725)	(1,519)
Net cash generated from operating activities	<u>2,442</u>	<u>1,767</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property development expenditure incurred	-	(87)
Purchase of property, plant and equipment	(5,805)	(693)
Proceeds from disposal of property, plant and equipment	-	1,092
Net cash (used in)/generated from investing activities	<u>(5,805)</u>	<u>312</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	-	79
Repayment of bank term loan	(250)	(250)
Repayment of bankers acceptance	(1,995)	(307)
Net cash used in financing activities	<u>(2,245)</u>	<u>(478)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,608)	1,601
EFFECTS OF EXCHANGE RATE CHANGES	(32)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>35,172</u>	<u>30,177</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>29,532</u>	<u>31,778</u>
Cash and cash equivalents comprise:		
Cash and bank balances	8,197	8,988
Deposit with licensed banks	21,335	29,711
Less: Bank overdrafts	-	(6,921)
	<u>29,532</u>	<u>31,778</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Statements for the year ended 31 May 2006 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Three Months Ended 31 August 2006

Note	← Attributable to Equity Holders of the Parent →						Total RM'000	Minority Interest RM'000	Total Equity RM'000
	← Non - distributable →			→ Distributable →					
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Equity Compensation Reserve RM'000	Retained Profits RM'000			
At 31 May 2006									
As previously stated	61,000	13,935	1,598	(16)	-	73,119	149,636	779	150,415
Prior year adjustments									
- effects of adopting FRS 2	-	28	-	-	1,470	(1,498)	-	-	-
At 31 May 2006 (restated)	61,000	13,963	1,598	(16)	1,470	71,621	149,636	779	150,415
Realisation of revaluation reserves	-	-	(9)	-	-	9	-	-	-
Foreign exchange difference	-	-	-	(32)	-	-	(32)	-	(32)
Profit for the period	-	-	-	-	-	281	281	(5)	276
Total recognised income and expense for the period	-	-	(9)	(32)	-	290	249	(5)	244
Share-based payment under ESOS	-	-	-	-	47	-	47	-	47
At 31 August 2006	61,000	13,963	1,589	(48)	1,517	71,911	149,932	774	150,706

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Three Months Ended 31 August 2005

	← Attributable to Equity Holders of the Parent →						Total RM'000	Minority Interest RM'000	Total Equity RM'000
	← Non - distributable →			→ Distributable →					
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Equity Compensation Reserve RM'000	Retained profits RM'000			
At 31 May 2005	60,958	13,882	1,635	5	-	56,525	133,005	801	133,806
Realisation of revaluation reserves	-	-	(9)	-	-	9	-	-	-
Profit for the period	-	-	-	-	-	5,216	5,216	(9)	5,207
Total recognised income and expense for the period	-	-	(9)	-	-	5,225	5,216	(9)	5,207
Arising from exercise of share options	35	44	-	-	-	-	79	-	79
At 31 August 2005	60,993	13,926	1,626	5	-	61,750	138,300	792	139,092

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2006 and the explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD. (Company No: 253837 H)
INTERIM REPORT FOR THE THREE-MONTHS PERIOD ENDED 31 AUGUST 2006
NOTES TO INTERIM FINANCIAL REPORT
PART A – EXPLANATORY NOTES PURSUANT TO FRS134

A1. Basis of preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with FRS134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2006. These explanatory notes attached to the 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 year ending 31 May 2006.

A2. Changes in accounting policies

The significant changes in accounting policies adopted are consistent with those of the audited financial statements for the financial period ended 31 May 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial statements commencing 1 June 2006:

FRS 2	Share based Payment
FRS 3	Business Combination
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant & Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of these FRSs does not have any significant financial impact to the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are as below:

(a) FRS 2 Share-based Payment

The standard requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees and other parties to be settled in cash, other assets, or equity instruments of the entity.

(b) FRS 2 Share-based Payment

The Company operates an equity-based settled, share-based compensation plan for the employees of the Group (“ESOS”). Prior to 1 June 2006, no compensation was recognised in the income statement for the share options granted. With the adoption of FRS2, the compensation expense relating to share option is recognised in the income statement over the vesting periods of the grant with a corresponding increase in equity.

The financial impact to the Group arising from this change in accounting policy is as follows:

	As at 1.6.2006 (RM'000)
Decrease in retained earnings	(1,498)
Increase in equity compensation reserve	1,470
Increase in share premium	28

	3 months ended 31 August 2006 (RM'000)
Decrease in profits	(47)

b. FRS 101 Presentation of Financial Statements

The adoption of the revised FRS101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balances sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The current period’s presentation of the Group’s interim financial statements is based on the revised requirements of FRS101, with the comparatives restated to conform with the current period’s presentation.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report of the annual financial statements for the financial year ended 31 May 2006 was not subject to any qualification.

A4. Comments About Seasonal or Cyclical Factors

Retail sales are expected to slow down in the current quarter. It is anticipated to improve with the coming festive seasons and year end school holidays.

As for our manufacturing arm, Qdos Group, sales is expected to remain unchanged for the 1st and 2nd 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.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review and financial year to date.

A6. Changes in Estimates

There were no material changes in estimates of amount reported in prior interim period or financial period that have a material effect in the current year.

A7. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 May 2006.

A8. 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 30 October 2006.

A9. Dividends Paid

There were no dividends proposed or paid in this quarter under review.

A10. Segmental Information

	3 months ended 31.8.2006 (RM'000)
Segment Revenue	
Retail	69,600
Manufacturing	15,313
Property investment and development	26
Money lending	14
Group revenue	84,953

	3 months ended 31.8.2006 (RM'000)
Segment Results	
Retail	2,211
Manufacturing	(1,300)
Property investment and development	(9)
Money lending	-
Profit from operations	902
Finance income	203
Finance cost	(253)
Taxation	(576)
Profit after taxation	276

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.

A11. 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 2006.

A12. Subsequent Material Events

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

A13. Changes in the Composition of the Group

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

A14. Changes in Contingent Liabilities

During the financial period ended 31 August 2006, the Company has given corporate guarantees amounting to RM8,416,654 to secure banking facilities granted to a subsidiary.

A15. Capital Commitments

The Group's capital commitments as at 30 October 2006 are as follows:

	RM'000
Approved and contracted for:	
Computer	7
Plant & equipment	3,231
Building improvement	134
Total	3,372
Approved but not contracted for	Nil

A16. Authorisation for Issue

On 30 October 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: EXPLANATORY NOTES PURSUANT TO 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 RM84.953 million as compared to RM99.134 million for the preceding year corresponding quarter ended 31 August 2005, recording a decrease of 14.30%. The Group's profit before tax for the same period was RM0.852 million as compared with RM6.100 million previously, registering a decrease of 86.03%. The substantial drop in revenue and profitability for the Group was mainly due to increasing competition in flexible printed circuit industry which has resulted significantly in lower profit margin.

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 August 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 August 2006 was RM84.953 million as compared to RM82.584 million for the preceding quarter ended 31 May 2006, an increase of 2.87%. Profit before tax for the current quarter was RM0.852 million, a decrease of 78.29% as compared with RM3.925 million recorded in the preceding quarter. The decrease in profitability is as a result of increase in ordering for parts with lower margin contribution.

B3. Commentary on Prospects

The Group expects increase sales from our existing customers with better margin; and upon completion of our fine line production, the Group anticipates an additional sales from new customers with improved margin.

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	591	905	591	905
Deferred taxation	(15)	(12)	(15)	(12)
Total	<u>576</u>	<u>893</u>	<u>576</u>	<u>893</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 provided under the Income Tax Act, 1967.

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. Sales of Unquoted Investments and Properties

There were no sales of unquoted investment and properties for the current quarter and financial to date.

B8. 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	<u>10,302</u>
Total investment at carrying value/book value (after provision for diminution in value)	<u>3,237</u>
Total market value of quoted investments at end of the quarter	<u>4,202</u>

B9. Status of Corporate Proposals

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

B10. 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 RM30,183,894 and
 - a corporate guarantee by the Company.

- (b) Short term borrowings

Term loan due within 12 months	RM <u>1,000,008</u>
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- (c) Long term borrowings

Term loan	RM <u>7,416,646</u>
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- (d) There were no borrowings or debt securities denominated in foreign currencies.

B11. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk outstanding as at 30 October 2006.

B12. 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.

B13. Dividend

There were no dividends proposed or paid for this quarter under review.

B14. Earnings Per Share

The basic earnings per share has been calculated by dividing the Group's net profit for the period attributable to ordinary equity holders of the parent by the weighted number of ordinary shares in issue in the respective periods as follows:

	Current Quarter ended 31.8.2006	Preceding Quarter ended 31.8.2005	Current Cumulative Quarter ended 31.8.2006	Preceding Cumulative Quarter ended 31.8.2005
Profit attributable to ordinary equity holders of the parent for the financial period (RM'000)	281	5,216	281	5,216
Weighted number of ordinary shares in issue ('000)				
- Basic	61,000	60,963	60,990	60,963
- Diluted	61,000	61,192	60,990	61,192
Basic earnings per share (sen)	0.46	8.56	0.46	8.56
Diluted earnings per share (sen) *	0.46	8.52	0.46	8.52

* The effect on the basic earnings per share for the individual quarter ended 31 August 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.

B15. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 30 October 2006.