

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

	<b>9 Months Ended 28 Feb 2007 RM' 000</b>	<b>9 Months Ended 28 Feb 2006 RM' 000 (restated)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,681	22,335
<b>Adjustments for:</b>		
Depreciation	5,275	5,019
Interest expense	689	674
Interest income	(560)	(552)
Loss in disposal of property, plant and equipment	-	57
Share options granted under ESOS	47	1,245
Operating profit before working capital changes	<u>14,132</u>	<u>28,778</u>
Increase in inventories	(5,496)	(5,643)
Decrease/(increase) in receivables	5,802	(558)
Increase in property development cost	(436)	(189)
Increase in payables	<u>21,691</u>	<u>10,318</u>
Cash generated from operations	35,693	32,706
Interest received	560	552
Interest paid	(689)	(674)
Taxation paid	<u>(3,278)</u>	<u>(3,581)</u>
Net cash generated from operating activities	<u>32,286</u>	<u>29,003</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(11,226)	(4,888)
Proceeds from disposal of property, plant and equipment	-	1,265
Net cash used in investing activities	<u>(11,226)</u>	<u>(3,623)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(1,552)	-
Proceeds from exercise of share options	-	95
Repayment of bank term loan	(750)	(750)
Net changes in short term borrowings	(1,995)	(4,217)
Dividends paid	<u>(3,074)</u>	<u>(2,384)</u>
Net cash used in financing activities	<u>(7,371)</u>	<u>(7,256)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	13,689	18,124
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(41)	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>35,172</u>	<u>30,177</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>48,820</u>	<u>48,301</u>
Cash and cash equivalents comprise:		
Cash and bank balances	6,802	7,322
Deposit with licensed banks	42,018	40,979
Less: Bank overdrafts	-	-
	<u>48,820</u>	<u>48,301</u>

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(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 BALANCE SHEET**  
(The figures have not been audited)

	As At End of Current Quarter 28 February 2007 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2006 (Restated) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	106,358	100,407
Land held for development	2,000	2,000
Other investments	3	3
Goodwill on consolidation	4,665	4,665
	<u>113,026</u>	<u>107,075</u>
<b>Current assets</b>		
Development properties	11,401	10,965
Inventories	37,916	32,420
Trade receivables	20,630	21,838
Other receivables	4,209	6,937
Loan receivables	394	2,260
Cash and bank balances	48,820	35,172
	<u>123,370</u>	<u>109,592</u>
<b>TOTAL ASSETS</b>	<u>236,396</u>	<u>216,667</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	61,000	61,000
Share premium	13,963	13,963
Treasury shares	(1,552)	-
Other reserves	3,031	3,052
Retained earnings	74,755	71,621
	<u>151,197</u>	<u>149,636</u>
<b>Minority interest</b>	<u>694</u>	<u>779</u>
<b>Total equity</b>	<u>151,891</u>	<u>150,415</u>
<b>Non-current liabilities</b>		
Long term loan	6,917	7,667
Deferred tax liabilities	3,276	3,303
	<u>10,193</u>	<u>10,970</u>
<b>Current liabilities</b>		
Short term borrowings	1,000	2,995
Trade payables	64,675	42,212
Other payables	7,921	8,693
Taxation	716	1,382
	<u>74,312</u>	<u>55,282</u>
<b>Total liabilities</b>	<u>84,505</u>	<u>66,252</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>236,396</u>	<u>216,667</u>
Net assets per share attributable to equity holders of the parent (RM)	2.52	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 note attached to the interim financial statements)

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

**Condensed Consolidated Income Statement**

(The figures have not been audited)

	<b>Individual Quarter 3 Months Ended 28 February</b>		<b>Cumulative Quarter 9 Months Ended 28 February</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000 (restated)</b>	<b>2007 RM'000</b>	<b>2006 RM'000 (restated)</b>
Revenue	105,548	114,395	282,993	321,332
Other operating income	408	257	851	800
Operating expenses	(101,230)	(105,702)	(275,034)	(299,675)
Profit from operations	<u>4,726</u>	<u>8,950</u>	<u>8,810</u>	<u>22,457</u>
Finance income	184	207	560	552
Finance cost	(170)	(117)	(689)	(674)
Profit before taxation	<u>4,740</u>	<u>9,040</u>	<u>8,681</u>	<u>22,335</u>
Income tax	(1,392)	(1,822)	(2,585)	(4,050)
Profit after taxation	<u><u>3,348</u></u>	<u><u>7,218</u></u>	<u><u>6,096</u></u>	<u><u>18,285</u></u>
<b>Attributable to:</b>				
Equity holders of the parent	3,408	7,222	6,181	18,298
Minority interest	(60)	(4)	(85)	(13)
	<u><u>3,348</u></u>	<u><u>7,218</u></u>	<u><u>6,096</u></u>	<u><u>18,285</u></u>
<b>Earnings per share attributable to equity holders of the parent</b>				
Basic (based on ordinary share - sen)	5.67	11.84	10.29	30.00
Fully diluted (based on ordinary share - sen) *	5.67	11.84	10.29	29.98

\* The effect on the basic earnings per share for the individual and cumulative quarters ended 28 February 2007 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 2006 and the accompany 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 Nine Months Ended 28 February 2007

Note	Attributable to Equity Holders of the Parent							Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Equity Compensation Reserve RM'000	Retained Profits RM'000			
<b>At 31 May 2006</b>										
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)	-	-	-
<b>At 31 May 2006 (restated)</b>	<b>61,000</b>	<b>13,963</b>	<b>-</b>	<b>1,598</b>	<b>(16)</b>	<b>1,470</b>	<b>71,621</b>	<b>149,636</b>	<b>779</b>	<b>150,415</b>
Realisation of revaluation reserves	-	-	-	(27)	-	-	27	-	-	-
Foreign exchange difference	-	-	-	-	(41)	-	-	(41)	-	(41)
Profit for the period	-	-	-	-	-	-	6,181	6,181	(85)	6,096
Total recognised income and expense for the period	-	-	-	(27)	(41)	-	6,208	6,140	(85)	6,055
First & final dividends	-	-	-	-	-	-	(3,074)	(3,074)	-	(3,074)
Purchase of treasury shares	-	-	(1,552)	-	-	-	-	(1,552)	-	(1,552)
Share-based payment under ESOS	-	-	-	-	-	47	-	47	-	47
<b>At 28 February 2007</b>	<b>61,000</b>	<b>13,963</b>	<b>(1,552)</b>	<b>1,571</b>	<b>(57)</b>	<b>1,517</b>	<b>74,755</b>	<b>151,197</b>	<b>694</b>	<b>151,891</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For The Nine Months Ended 28 February 2006

	Attributable to Equity Holders of the Parent							Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Equity Compensation Reserve RM'000	Retained profits RM'000			
<b>At 31 May 2005</b>										
	60,958	13,882	-	1,635	5	-	56,525	133,005	801	133,806
Realisation of revaluation reserves	-	-	-	(27)	-	-	27	-	-	-
Profit for the period, as previously stated	-	-	-	-	-	-	19,543	19,543	(13)	19,530
Effect of adopting FRS 2	-	28	-	-	-	1,218	(1,246)	-	-	-
<b>Profit for the period, as restated</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,218</b>	<b>18,298</b>	<b>19,543</b>	<b>(13)</b>	<b>19,530</b>
Total recognised income and expense for the period	-	28	-	(27)	-	1,218	18,325	19,543	(13)	19,530
First & final dividends	-	-	-	-	-	-	(2,384)	(2,384)	-	(2,384)
Arising from exercise of share options	42	53	-	-	-	-	-	95	-	95
<b>At 28 February 2006 (restated)</b>	<b>61,000</b>	<b>13,963</b>	<b>-</b>	<b>1,608</b>	<b>5</b>	<b>1,218</b>	<b>72,466</b>	<b>150,259</b>	<b>787</b>	<b>151,046</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 2006 and the explanatory notes attached to the interim financial statements)

**SUIWAH CORPORATION BHD. (Company No: 253837 H)**  
**INTERIM REPORT FOR THE NINE-MONTHS PERIOD ENDED 28 FEBRUARY 2007**  
**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 total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The Group recognises an increase in share capital and share premium when the options were exercised.

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

	Individual Quarter		Cumulative Quarter	
	Current RM'000	Preceding RM'000	Current RM'000	Preceding RM'000
Decrease in profits	-	(198)	(47)	(1,246)

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 anticipated to slow down especially in the coming 4<sup>th</sup> quarter as the festival seasons such as Christmas, Chinese New Year were already over.

As for our manufacturing arm, Qdos Group, sales is expected to remain unchanged for the 4<sup>th</sup> quarter of financial year 2007.

#### **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 26 April 2007.

During the quarter, the Company bought back 924,900 units of its own shares for a total cash consideration of RM1,552,030. The highest and lowest price paid per share were RM1.8583 and RM1.5600 respectively. The said shares are currently held as treasury shares.

There were no cancellation of shares and resale of treasury shares during the quarter.

#### **A9. Dividends Paid**

The first and final dividend in respect of financial year ended 31 May 2006, of 7% less 28% dividend on 61,000,248 ordinary shares, amounting to total dividend payable of RM3,074,412 (5.04 sen net per share) has been approved by the shareholders at the Company’s Annual General Meeting on 30 November 2006 and has been subsequently paid on 15 December 2006.

#### **A10. Segmental Information**

	<b>9 months ended 28.2.2007 (RM'000)</b>
<b>Segment Revenue</b>	
Retail	232,961
Manufacturing	49,925
Property investment and development	77
Money lending	30
Group revenue	<b>282,993</b>

	<b>9 months ended 28.2.2007 (RM'000)</b>
<b>Segment Results</b>	
Retail	10,018
Manufacturing	(1,158)
Property investment and development	(50)
Money lending	-
Profit from operations	<b>8,810</b>
Finance income	560
Finance cost	(689)
Taxation	(2,585)
Profit after taxation	<b>6,096</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.

#### **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 28 February 2007, the Company has given corporate guarantees amounting to RM7,916,650 to secure banking facilities granted to a subsidiary.

#### **A15. Capital Commitments**

The Group's capital commitments as at 26 April 2007 are as follows:

	RM'000
Approved and contracted for:	
Office equipment	435
Plant & equipment	664
<b>Total</b>	<b>1,099</b>
Approved but not contracted for	Nil

**A16. Authorisation for Issue**

On 26 April 2007, 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 RM105.548 million as compared to RM114.395 million for the preceding year corresponding quarter ended 28 February 2006, recording a decrease of 7.73%. The Group's profit before tax for the same period was RM4.740 million as compared with RM9.040 million previously, registering a decrease of 47.57%. The 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 revenue and 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 28 February 2007 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 28 February 2007 was RM105.548 million as compared to RM92.492 million for the preceding quarter ended 30 November 2006, an increase of 14.12%. Profit before tax for the current quarter was RM4.740 million, an increase of 53.45% as compared with RM3.089 million recorded in the preceding quarter. The increase in revenue and profitability was mainly due to higher retail sales recorded during the festival seasons such as Christmas and Chinese New Year and more aggressive promotional activities carried out by the Group during the quarter.

**B3. Commentary on Prospects**

Upon completion of the upgrading of the production line, the Group anticipates that in the medium and longer term, the Group anticipates to capture more market share due to increase customer base and with better profit 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	1,407	1,834	2,630	4,086
Deferred taxation	(15)	(12)	(45)	(36)
Total	<u>1,392</u>	<u>1,822</u>	<u>2,585</u>	<u>4,050</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:-

	<b>RM</b>
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>2,911</u>

**B9. Status of Corporate Proposals**

Pursuant to the announcement made on 26 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 RM30,005,159 and
  - a corporate guarantee by the Company.

- (b) Short term borrowings

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

Term loan	<b>RM</b> <u>6,916,642</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 26 April 2007.

### **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**

The first and final dividend in respect of financial year ended 31 May 2006, of 7% less 28% dividend on 61,000,248 ordinary shares, amounting to total dividend payable of RM3,074,412 (5.04 sen net per share) has been approved by the shareholders at the Company's Annual General Meeting on 30 November 2006 and has been subsequently paid on 15 December 2006.

### **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:

	<b>Current Quarter ended 28.2.2007</b>	<b>Preceding Quarter ended 28.2.2006 (restated)</b>	<b>Current Cumulative Quarter ended 28.2.2007</b>	<b>Preceding Cumulative Quarter ended 28.2.2006 (restated)</b>
Profit attributable to ordinary equity holders of the parent for the financial period (RM'000)	3,408	7,222	6,181	18,298
Weighted number of ordinary shares in issue ('000)				
- Basic	60,075	61,000	60,075	60,986
- Diluted	60,075	61,000	60,075	61,024
Basic earnings per share (sen)	5.67	11.84	10.29	30.00
Diluted earnings per share (sen) *	5.67	11.84	10.29	29.98

\* The effect on the basic earnings per share for the individual and cumulative quarters ended 28 February 2007 arising from the assumed conversion of the Employees' Share Options Scheme ("ESOS") is anti-dilutive. Accordingly, the diluted earnings per share are 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 26 April 2007.