

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 2008 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2008 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	66,045	67,410
Land held for development	800	800
Prepaid land lease payment	32,221	32,315
Investment in an associate	320	635
Other investments	3	3
Goodwill on consolidation	5,957	4,665
	<u>105,346</u>	<u>105,828</u>
Current assets		
Properties development cost	14,926	14,444
Short term investment	27,164	25,060
Inventories	31,149	28,067
Trade receivables	19,406	17,811
Other receivables	7,856	7,965
Loan receivables	83	79
Cash and bank balances	25,214	19,994
	<u>125,798</u>	<u>113,420</u>
TOTAL ASSETS	<u>231,144</u>	<u>219,248</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	61,000	61,000
Share premium	13,935	13,935
Treasury shares	(4,507)	(4,303)
Other reserves	1,961	1,970
Retained earnings	84,513	82,483
	<u>156,902</u>	<u>155,085</u>
Minority interest	1,160	1,065
Total equity	<u>158,062</u>	<u>156,150</u>
Non-current liabilities		
Long term loan	5,417	5,667
Deferred tax liabilities	2,830	2,846
	<u>8,247</u>	<u>8,513</u>
Current liabilities		
Short term borrowings	2,498	1,000
Trade payables	51,725	43,823
Other payables	9,832	7,712
Taxation	780	2,050
	<u>64,835</u>	<u>54,585</u>
Total liabilities	<u>73,082</u>	<u>63,098</u>
TOTAL EQUITY AND LIABILITIES	<u>231,144</u>	<u>219,248</u>
Net assets per share attributable to equity holders of the parent (RM)	2.71	2.67

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Report for the financial year ended 31 May 2008 and the accompanying explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD.
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Condensed Consolidated Income Statement

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	31 August		31 August	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Revenue	90,418	85,262	90,418	85,262
Other operating income	321	369	321	369
Operating expenses	(87,682)	(82,957)	(87,682)	(82,957)
Profit from operations	<u>3,057</u>	<u>2,674</u>	<u>3,057</u>	<u>2,674</u>
Finance income	274	199	274	199
Finance cost	(136)	(289)	(136)	(289)
Share of loss of an associate	(315)	-	(315)	-
Profit before taxation	<u>2,880</u>	<u>2,584</u>	<u>2,880</u>	<u>2,584</u>
Income tax	(765)	(703)	(765)	(703)
Profit after taxation	<u>2,115</u>	<u>1,881</u>	<u>2,115</u>	<u>1,881</u>
Attributable to:				
Equity holders of the parent	2,020	1,888	2,020	1,888
Minority interest	95	(7)	95	(7)
	<u>2,115</u>	<u>1,888</u>	<u>2,115</u>	<u>1,881</u>
Earnings per share attributable to equity holders of the parent				
Basic (based on ordinary share - sen)	3.47	3.19	3.47	3.19
Fully diluted (based on ordinary share - sen)	3.47	3.19	3.47	3.19

* The effect on the basic earnings per share for the individual and cumulative quarters ended 31 August 2008 arising from the assumed of the existing Employee Share Options Scheme ("ESOS") is anti-dilutive. Accordingly, the diluted earnings per share for the quarter 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 2008 and the accompany explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD.
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Three Months Ended 31 August 2008

	← Attributable to Equity Holders of the Parent →									
	← Non - distributable →						Distributable			
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Foreign exchange Reserve RM'000	Share Option Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 31 May 2008	61,000	13,935	(4,303)	1,588	(481)	864	82,483	155,085	1,065	156,150
Realisation of revaluation reserves	-	-	-	(10)	-	-	10	-	-	-
Foreign exchange difference	-	-	-	-	0	-	-	0	-	0
Profit for the period	-	-	-	-	-	-	2,020	2,020	95	2,115
Total recognised income and expense for the period	-	-	-	(10)	0	-	2,030	2,020	95	2,115
Purchase of treasury shares	-	-	(204)	-	-	-	-	(204)	-	(204)
At 31 August 2008	61,000	13,935	(4,507)	1,578	(481)	864	84,513	156,902	1,160	158,062

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Three Months Ended 31 August 2007

	← Attributable to Equity Holders of the Parent →									
	← Non - distributable →						Distributable			
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Foreign exchange Reserve RM'000	Share Option Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 31 May 2007	61,000	13,935	(2,993)	1,561	370	864	75,400	150,137	716	150,853
Realisation of revaluation reserves	-	-	-	(9)	-	-	9	-	-	-
Foreign exchange difference	-	-	-	-	6	-	-	6	-	6
Profit for the period	-	-	-	-	-	-	1,888	1,888	7	1,895
Total recognised income and expense for the period	-	-	-	(9)	6	-	1,897	1,894	7	1,901
Purchase of treasury shares	-	-	(248)	-	-	-	-	(248)	-	(248)
At 31 August 2007	61,000	13,935	(3,241)	1,552	376	864	77,297	151,783	723	152,506

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2008 and the explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD.
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 Months Ended 31 Aug 2008 RM' 000	3 Months Ended 31 Aug 2007 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,880	2,584
Adjustments for:		
Depreciation of property, plant and equipment	1,723	1,823
Amortisation of prepaid land lease payment	94	94
Interest expense	136	289
Interest income	(274)	(199)
Share of losses in an associate	315	-
Operating profit before working capital changes	<u>4,874</u>	<u>4,591</u>
Increase in property development cost	(482)	(1,107)
Increase in receivables	(959)	(3,032)
Increase in inventories	(3,082)	(423)
Increase in payables	<u>8,219</u>	<u>11,630</u>
Cash generated from operations	8,570	11,659
Interest paid	(136)	(289)
Interest received	274	199
Tax paid	<u>(2,069)</u>	<u>(1,312)</u>
Net cash generated from operating activities	<u>6,639</u>	<u>10,257</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short term investment	(2,104)	(3,000)
Acquisition of subsidiary (Note A13)	(43)	-
Purchase of property, plant and equipment	<u>(358)</u>	<u>(181)</u>
Net cash used in investing activities	<u>(2,505)</u>	<u>(3,181)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank term loan	(250)	(250)
Purchase of treasury shares	(204)	(248)
Increase / (decrease) in bankers' acceptance	<u>1,498</u>	<u>(2,829)</u>
Net cash used in financing activities	<u>1,044</u>	<u>(3,327)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5,178	3,749
EFFECTS OF EXCHANGE RATE CHANGES	42	(3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>19,994</u>	<u>21,472</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>25,214</u>	<u>25,218</u>
Cash and cash equivalents comprise:		
Cash and bank balances	14,126	7,199
Deposit with licensed banks	<u>11,088</u>	<u>18,019</u>
	<u>25,214</u>	<u>25,218</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Statements for the year ended 31 May 2008 and the accompanying 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 2008
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 2008. 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 2008.

A2. Changes in accounting policies

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the year ended 31 May 2008, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”), amendment to FRS and Interpretations effective for the financial period beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members’ Shares in Co-operation Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ Financial Reporting in Hyperinflationary Economics
IC Interpretation 8	Scope of FRS 2

At the date of authorization of the interim financial report, FRS 139: Financial Instruments: Recognition and Measurement was in issue but yet effective. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The adoption of the above new and revised FRSs, amendments to FRS and Interpretation do not have any significant impact on the financial statements of the Group.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the annual financial statements for the financial year ended 31 May 2008 was not subject to any qualification.

A4. Comments About Seasonal or Cyclical Factors

Retail sales are anticipated to improve further in the 2nd and 3rd quarter of the financial year 2009 following the major festivals and long school holiday periods.

As for our manufacturing arm, Qdos Group, it is expected to be profitable for the financial year 2009.

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 other than impairment loss arising from land held for development in the current quarter.

A6. Changes in Estimates

There was 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 2008.

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 2008 and 31 August 2008.

During the quarter, the Company bought back 178,900 units of its own shares for a total cash consideration of RM203,686. The highest and lowest price paid per share was RM1.18 and RM1.08 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

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

A10. Segmental Information

	3 months ended 31.8.2008 (RM'000)
Segment Revenue	
Retail	74,802
Manufacturing	14,748
Property investment and development	868
Money lending	-
Group revenue	90,418

	3 months ended 31.8.2008 (RM'000)
Segment Results	
Retail	2,580
Manufacturing	173
Property investment and development	302
Money lending	2
Profit from operations	3,057
Finance income	274
Finance cost	(136)
Share of loss of associate	(315)
Taxation	(765)
Profit after tax	2,115

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 2008.

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

On 1 August 2008, the Company acquired 100% equity interest in Sunshine Amanjaya Sdn Bhd (“SASB”) for a total consideration of Ringgit Malaysia One Hundred Thousand (RM100,000.00) only. Upon the completion of the acquisition, SASB has become the wholly-owned subsidiary of Suiwah.

The assets and liabilities arising from the acquisition are as follows:

	RM
Trade and other receivables	553,802
Cash and bank balances	56,901
Trade and other payables	1,802,298
Total net assets	(1,191,595)
Goodwill arising on acquisition	1,291,595
Purchase consideration	100,000

Cash outflow arising on acquisition:

	RM
Purchase consideration	100,000
Cash and cash equivalents of subsidiary acquired	56,901
Net cash outflow of the Company	43,099

A14. Changes in Contingent Liabilities

As at the period ended 31 August 2008, the Company has given corporate guarantees amounting to RM6,416,638 to secure banking facilities granted to a subsidiary.

A15. Capital Commitments

The Group's capital commitments as at 17 October 2008 are as follow:

	RM'000
Approved and contracted for:	
Computer	32
Plant & Machinery	155
Office Equipment and Furniture and Fittings	21
Total	208
Approved but not contracted for	Nil

A16. Authorisation for Issue

On 17 October 2008, 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 RM90.418 million as compared to RM85.262 million for the preceding year corresponding quarter ended 31 August 2007, recording an increase of 6.05%. The Group's profit before tax for the same period was RM2.880 million as compared with profit before tax of RM2.584 million previously, an increase of 11.45%. The increase in the Group's revenue and profitability has benefited from the aggressive promotional activities carried out by the Group.

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 2008 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 2008 was RM90.418 million as compared to RM85.701 million for the preceding quarter ended 31 May 2008, an increase of 5.50%. The Group's profit before tax for the current quarter was RM2.880 million, as compared with loss before tax of RM130K recorded in the preceding quarter. The increase in the Group's revenue and profitability was mainly due to higher retail sales recorded in the current quarter.

B3. Commentary on Prospects

The global financial crisis which has resulted in the credit crunch in the world banking system may have an impact in the Group's operation and profitability in the future. Barring any unforeseen circumstances, the Group will continue to remain profitable.

B4. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year	790	753	790	753
Deferred taxation	(25)	(50)	(25)	(50)
Total	765	703	765	703

Taxation comprises:-

The effective rate of taxation of the Group is lower than the statutory rate of taxation as certain subsidiaries of Qdos Group are enjoying pioneer status.

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	10,302
Total investment at carrying value/book value (after provision for diminution in value)	<u>3,217</u>
Total market value of quoted investments at end of the quarter	<u>1,732</u>

B9. Status of Corporate Proposals

There were no changes of the status of corporate proposals by the Group for the current quarter and financial 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;
 - First and second legal charge over the long term leasehold land and building of a subsidiary with net book values of RM29,541,169 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>5,416,630</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 17 October 2008.

B12. Material Litigation

As of the date of this announcement, neither the Company nor any of its subsidiary companies are aware of or 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 Company by the weighted number of ordinary shares in issue in the respective periods as follows:

	Current Quarter ended 31.8.2008	Preceding Quarter ended 31.8.2007	Current Cumulative Quarter ended 31.8.2008	Preceding Cumulative Quarter ended 31.8.2007
Profit attributable to ordinary equity holders of the parent for the financial period (RM'000)	2,020	1,888	2,020	1,888
Weighted number of ordinary shares in issue ('000)				
- Basic	58,153	59,157	58,153	59,157
- Diluted	58,153	59,157	58,153	59,157
Basic earnings per share (sen)	3.47	3.19	3.47	3.19
Diluted earnings per share (sen) *	3.47	3.19	3.47	3.19

* The effect on the basic earnings per share for the individual and cumulative quarters ended 31 August 2008 arising from the assumed conversion of the Employees Share Options Scheme ("ESOS") is anti-dilutive. Accordingly, the diluted earnings per share is presented as equals to basic earnings per share.

B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 October 2008.