

SUIWAH CORPORATION BHD.
COMPANY NO : 253837 H

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	31 May		31 May	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	81,797	86,659	372,335	381,010
Other operating income	506	454	1,301	1,295
Total operating expenses	(77,991)	(83,766)	(354,801)	(370,277)
Profit from operations	<u>4,312</u>	<u>3,347</u>	<u>18,835</u>	<u>12,028</u>
Finance income	154	141	570	877
Finance cost	(82)	(104)	(172)	(242)
Share of loss of an associate	0	70	(5)	(41)
Profit before taxation	<u>4,384</u>	<u>3,454</u>	<u>19,228</u>	<u>12,622</u>
Income tax	(2,004)	(2,471)	(5,808)	(5,076)
Profit for the period	<u>2,380</u>	<u>983</u>	<u>13,420</u>	<u>7,546</u>
Other comprehensive income:				
Foreign exchange difference	(487)	(2,636)	(444)	(2,462)
Total comprehensive income for the period	<u>1,893</u>	<u>(1,653)</u>	<u>12,976</u>	<u>5,084</u>
Profit for the period attributable to:				
Owner of the parent	2,568	986	13,614	7,555
Non-controlling interests	(188)	(3)	(194)	(9)
	<u>2,380</u>	<u>983</u>	<u>13,420</u>	<u>7,546</u>
Total comprehensive income attributable to:				
Owner of the parent	2,081	(1,650)	13,170	5,093
Non-controlling interests	(188)	(3)	(194)	(9)
	<u>1,893</u>	<u>(1,653)</u>	<u>12,976</u>	<u>5,084</u>
Earnings per share attributable				
to owners of the parent (sen per share)				
Basic	4.48	1.72	23.74	13.17
Fully diluted	4.48	1.72	23.74	13.17

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2012 and the accompany explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD.

COMPANY NO: 253837 H

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(The figures have not been audited)

	As At End of Current Quarter 31 May 2013 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2012 (Unaudited) RM'000 (Restated)	Opening Balance As At 1 June 2011 (Unaudited) RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	115,215	96,105	73,829
Investment property	516	821	29,821
Land held for development	7,666	7,666	7,666
Land use rights	257	472	687
Investment in an associate	12,069	12,457	8,664
Other investments	3	3	3
Goodwill on consolidation	4,665	4,665	4,665
Intangible assets - Patent licence	6,906	-	-
	<u>147,297</u>	<u>122,188</u>	<u>125,334</u>
Current assets			
Property development costs	16,466	16,268	-
Inventories	33,553	34,062	34,412
Trade receivables	22,304	25,220	33,937
Other receivables	2,971	8,721	13,111
Loan receivables	29	17	127
Short term investment	13,699	3,842	461
Cash and bank balances	32,200	31,144	34,116
	<u>121,222</u>	<u>119,274</u>	<u>116,164</u>
TOTAL ASSETS	<u>268,519</u>	<u>241,462</u>	<u>241,498</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	61,000	61,000	61,000
Share premium	13,935	13,935	13,935
Treasury shares	(5,347)	(5,317)	(4,854)
Other reserves	-	-	864
Retained earnings	114,809	105,080	102,564
	<u>184,397</u>	<u>174,698</u>	<u>173,509</u>
Minority interest	807	1,001	381
Total equity	<u>185,204</u>	<u>175,699</u>	<u>173,890</u>
Non-current liabilities			
Long term loan	1,480	2,410	3,326
Deferred capital grant	165	215	265
Deferred tax liabilities	1,804	2,660	2,079
	<u>3,449</u>	<u>5,285</u>	<u>5,670</u>
Current liabilities			
Short term borrowings	13,411	2,513	2,210
Trade payables	46,503	44,386	46,194
Other payables	16,286	11,783	10,632
Deferred revenue	1,317	1,278	1,153
Deferred capital grant	50	50	50
Taxation	2,299	469	1,698
	<u>79,866</u>	<u>60,479</u>	<u>61,938</u>
Total liabilities	<u>83,315</u>	<u>65,763</u>	<u>67,608</u>
TOTAL EQUITY AND LIABILITIES	<u>268,519</u>	<u>241,462</u>	<u>241,498</u>
Net assets per share attributable to equity holders of the parent (RM)	3.22	3.05	3.01
	-	-	0

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the financial year ended 31 May 2012 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

(The figures have not been audited)

For The Twelve Months Ended 31 May 2013

Note	Attributable to Owners of the Parent							Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000			
Opening balance at 1 June 2012	61,000	13,935	(5,317)	1,433	(3,951)	-	106,465	173,565	1,001	174,566
Effects of translation to MFRS	-	-	-	(1,433)	3,951	-	(1,385)	1,133	-	1,133
At 1 June 2012, restated	61,000	13,935	(5,317)	-	-	-	105,080	174,698	1,001	175,699
Total comprehensive income	-	-	-	-	-	-	13,170	13,170	(194)	12,976
	-	-	-	-	-	-	13,170	13,170	(194)	12,976
Transaction with owners:										
Purchase of treasury shares	-	-	(30)	-	-	-	-	(30)	-	(30)
First & final dividend	-	-	-	-	-	-	(3,441)	(3,441)	-	(3,441)
Closing balance at 31 May 2013	61,000	13,935	(5,347)	-	-	-	114,809	184,397	807	185,204

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Twelve Months Ended 31 May 2012

Note	Attributable to Owners of the Parent							Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Option Reserve RM'000	Retained Earnings RM'000			
Opening balance at 1 June 2011	61,000	13,935	(4,854)	1,472	(1,520)	864	101,448	172,345	381	172,726
Effects of transition to MFRS	-	-	-	(1,472)	1,520	-	1,116	1,164	-	1,164
At 1 June 2011, restated	61,000	13,935	(4,854)	-	-	864	102,564	173,509	381	173,890
Total comprehensive income	-	-	-	-	-	-	5,093	5,093	(9)	5,084
	-	-	-	-	-	-	5,093	5,093	(9)	5,084
Transaction with owners:										
Purchase of treasury shares	-	-	(463)	-	-	-	-	(463)	-	(463)
First & final dividend	-	-	-	-	-	-	(3,441)	(3,441)	-	(3,441)
Increase in share capital by a subsidiary	-	-	-	-	-	-	-	-	629	629
Transfer in / (out) upon expiration of ESOS	-	-	-	-	-	(864)	864	-	-	-
Closing balance at 31 May 2012	61,000	13,935	(5,317)	-	-	-	105,080	174,698	1,001	175,699

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2012 and the explanatory notes attached to the interim financial statements)

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

	12 Months Ended 31 May 2013 RM' 000 (Unaudited)	12 Months Ended 31 May 2012 RM' 000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,228	12,622
Adjustments for:		
Amortisation of deferred income	(50)	(50)
Amortisation of land use rights	215	215
Bad debts written off	466	54
Bad debts recover	(50)	-
Depreciation of property, plant and equipment	9,336	10,104
Depreciation of investment property	516	309
(Gain) / Loss on disposal of property, plant & equipment	-	(14)
Interest expense	172	242
Interest income	(570)	(877)
Inventories written down	486	207
Unrealised foreign exchange (gains) / losses	214	(1,179)
Property, plant and equipment written off	186	74
Reversal for liquidated damages	(14)	(1)
Allowance for impairment of doubtful debts	-	158
Share of losses in an associate	5	41
Operating profit before working capital changes	<u>30,140</u>	<u>21,906</u>
Increase in property development costs	(198)	(2,913)
Decrease in receivables	7,769	12,265
Decrease in inventories	23	142
Increase / (Decrease) in payables	6,634	(731)
Increase in deferred revenue	39	125
Cash generated from operations	<u>44,407</u>	<u>30,794</u>
Interest paid	(172)	(242)
Interest received	570	877
Tax paid	(4,797)	(5,927)
Net cash generated from operating activities	<u>40,008</u>	<u>25,501</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional shares issued by a subsidiary to non cotrolling interests	-	629
Increase in short term investment	(9,857)	(3,381)
Proceeds from disposal of property, plant and equipment	-	14
Purchase of property, plant and equipment	(28,843)	(14,957)
Acquisition of patent licence	(6,906)	-
Investment in an associate	-	(6,400)
Net cash used in investing activities	<u>(45,606)</u>	<u>(24,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank term loan	(916)	(875)
Dividends paid	(3,441)	(3,441)
Purchase of treasury shares	(30)	(463)
Net changes in bankers' acceptance	1,742	261
Net cash used in financing activities	<u>(2,645)</u>	<u>(4,518)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(8,243)</u>	<u>(3,112)</u>
EFFECTS OF EXCHANGE RATE CHANGES	157	139
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>31,144</u>	<u>34,117</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>23,058</u>	<u>31,144</u>
Cash and cash equivalents comprise:		
Cash and bank balances	31,651	27,308
Deposit with licensed banks	549	3,836
Overdraft	(9,142)	-
	<u>23,058</u>	<u>31,144</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Statements for the year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD. (Company No: 253837 H)
INTERIM REPORT FOR THE TWELVE-MONTHS PERIOD ENDED 31 MAY 2013
NOTES TO INTERIM FINANCIAL REPORT
PART A – EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These condensed consolidated interim financial statements, for the period ended 31 May 2013, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 May 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These condensed consolidated interim financial statements are the Group’s fourth MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 May 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated 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 the year ended 31 May 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 June 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out in Note A2 below. These notes include reconciliations of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has no impact on the statements of comprehensive income and statements of cash flows.

A2. Changes in accounting policies

The audited financial statements of the Group for the year ended 31 May 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 May 2012 except as discussed below:

i) Business Combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained; and
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition).

ii) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) *Property, Plant and Equipment* which was effective for periods ending on or after 1 September 1988. By virtue of this transition provision, the Group has recorded certain leasehold buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those leasehold buildings on the basis of their previous revaluations subject to continuity its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116, *Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to regard the revalued amounts of leasehold buildings as at March 2000 as deemed cost at the date of revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

iii) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed zeros at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences were adjusted to retained earnings.

The reconciliation of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS is provided below:

Retained earnings

The changes which affected the retained earnings are as follows:

		1 June 2011	31 May 2012
	Note	RM'000	RM'000
Revaluation reserve	A2(ii)	1,472	1,433
Deferred tax liabilities	A2(ii)	1,164	1,133
Foreign currency translation reserve	A2(iii)	(1,520)	(3,951)
		1,116	(1,385)

At the date of authorisation of these interim financial reports, the following MFRSs, amendments to MFRSs, and IC interpretation were issued but not yet effective and have not been applied by the Group :

MFRSs, Amendments to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 <i>Business Combinations</i> issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted

Upon adoption of MFRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of MFRS 13 is expected to result in higher fair value of certain properties of the Group.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the annual financial statements for the financial year ended 31 May 2012 was not subject to any qualification.

A4. Comments About Seasonal or Cyclical Factors

Retail sales are anticipated to improve further in the first quarter of financial year 2014, driven by Ramadhan and Hari Raya celebration.

Manufacturing arm, Qdos Group is expected to remain profitable for financial year 2014.

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 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 2012.

A8. Debt and Equity Securities

There were no shares buy back for the Company during the quarter. A total number of 3,666,100 shares are held as treasury shares as at 31 May 2013.

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 2012, of 8% less 25% taxation on 57,353,148 ordinary shares, amounting to total dividend payable of RM3,441,189 (6.00 sen net per share) has been approved by the shareholders at the Company's Annual General Meeting on 22 November 2012 and has been subsequently paid on 14 December 2012.

The Board has recommended a first and final dividend of 8% less 25% income tax in respect of the financial year ended 31 May 2013.

A10. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Retail	63,390	67,361	297,232	296,039
Manufacturing	17,682	18,310	72,126	74,326
Property investment and development	725	657	2,977	4,182
Trading	-	331	-	6,463
Group revenue	81,797	86,659	372,335	381,010
Segment Results				
Retail	1,626	1,550	9,125	5,829
Manufacturing	2,679	1,775	10,381	6,622
Property investment and development	168	166	305	441
Trading	(89)	(107)	(578)	(229)
Share of loss of an associate	-	70	(5)	(41)
Group profit before tax	4,384	3,454	19,228	12,622
Taxation	(2,004)	(2,471)	(5,808)	(5,076)
Group profit after tax	2,380	983	13,420	7,546

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.

Further analysis of the segments performance is disclosed in notes B1.

A11. Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Group did not enter into any related party transactions or recurrent related party transactions of a revenue or trading nature that has not been included or exceeded the estimated value by 10% or more which had been mandated by the shareholders during the Annual General Meeting held on 22 November 2012.

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 to the composition of the Group for the quarter under review.

A14. Changes in Contingent Liabilities

As at the period ended 31 May 2013, the Company has given corporate guarantees amounting to RM14, 891,563 to secure banking facilities granted to its subsidiaries.

A15. Capital Commitments

The Group's capital commitments as at 29 July 2013 are as follow:

	RM'000
Approved and contracted for:	
Property, plant & equipment	1,850
Total	1,850

SUIWAH CORPORATION BHD. (Company No: 253837 H)

PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1. Review of Performance of the Group

The Group's revenue for the period ended 31 May 2013 was RM81.797 million as compared to RM86.659 million for the preceding year corresponding period ended 31 May 2012, recording a decrease of 5.61%. The decrease in Group revenue during the reporting period was mainly attributed to:

Retail sales – decrease by 5.90% resulted from the closing down of one of the retail outlet, recorded in the current quarter

Manufacturing – decrease by 3.43% resulted from cost down in price

The Group's profit before tax for the period under review was RM4.384 million as compared with the profit before tax of RM3.454 million previously, an increase of 26.93%. The overall increase in profitability during the reporting period was mainly due to:

Retail – reduce by 6.98%. The decrease was due to lower sales volume achieved in the current quarter, as a result of the closing down of a retail outlet in the current quarter

Manufacturing – increase by 50.93%. The increase was mainly due to overall improved production yield, material cost down exercise and overheads cost savings effects during the reporting quarter

Property investment and development – recorded profit of RM168K in the current quarter as compared to loss of RM33K recorded in the preceding year quarter, resulted from reversal of provision for restoration cost of RM95K in the current quarter

The Group's profit after tax after MI for the period ended 31 May 2013 increase by 80.21% as compared to the preceding year corresponding period ended 31 May 2012. The increase during the reporting period was mainly contributed by manufacturing sector which achieved significant cost savings effect during the reporting period.

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 2013 and the date of this report.

B2. Material Changes in the Quarterly Profit before Taxation

The Group's profit before tax for the current quarter was RM4.384 million, as compared with profit before tax of RM7.146 million recorded in the preceding quarter, a decrease of 38.65%. The decrease in profitability during the reporting period was mainly due to:

Retail – decrease by 67.55%, contributed by lower consumer spending, recorded in the current quarter, as a result of the end of festival celebrations, i.e. Chinese New Year recorded in the preceding quarter

Manufacturing – increase by 21.28%. The increase was mainly due to continuing cost savings effects during the reporting quarter

B3. Commentary on Prospects

Retail sales activity continue to be driven by domestic demand, particularly household spending. Value growth in retail is expected to increase during financial year ending 31 May 2014, driven by the soon to open new retail outlet in Bertam, Penang. The Group will also be embarking on innovative advertising campaigns in order to boost the brand appeal, ultimately increasing consumer purchasing behavior.

Manufacturing outlook remains positive. Qdos Group has successfully implemented several lean manufacturing projects and achieved significant enhancement in operation efficiency, engineering strength and supply chain management.

With the above, the Group expects to achieve satisfactory financial performance for financial year 2014.

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	2,826	1,980	6,667	4,526
Deferred taxation (Over) / Under provision:	(800)	103	(836)	162
Income Tax	(3)	-	(3)	-
Deferred Tax	(20)	388	(20)	388
Total	2,003	2,471	5,808	5,076

B6. Status of Corporate Proposals

There were no changes to the composition of the Group for the quarter under review.

B7. Group Borrowings

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

(a) Secured by way of:	
• First and second legal charge over the long term leasehold land of a subsidiary with net book values of RM28,690,500 and	
• a corporate guarantee by the Company	
(b) Short term borrowings	
Term loan due within 12 months	RM <u>13,411,210</u>
(c) Long term borrowings	
Term loan	RM <u>1,480,353</u>
(d) There were no borrowings or debt securities denominated in foreign currencies.	

B8. Financial Instruments

(a) Contract value and fair value of derivatives as at 31 May 2013

The Group has no outstanding derivatives financial instruments as at 31 May 2013.

(b) Gain/(losses) arising from fair value changes of financial liabilities

The gain/(loss) arising from fair value changes of financial liabilities had no significant impact on the financial position and results of the Group for the current quarter ended 31 May 2013.

There is no change in the significant policy for mitigating or controlling the interest rate risk, credit risk, liquidity risk and foreign currency risk for the Group nor the related accounting policies except for those changes which have been disclosed under Note A2 Changes in Accounting Policies of this quarterly report. Other related information associated with the financial instruments are consistent with the disclosures in the audited financial statements for the financial year ended 31 May 2012.

B9. 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

B10. Dividend

The first and final dividend in respect of financial year ended 31 May 2012, of 8% less 25% taxation on 57,353,148 ordinary shares, amounting to total dividend payable of RM3,441,189 (6.00 sen net per share) has been approved by the shareholders at the Company's Annual General Meeting on 22 November 2012 and has been subsequently paid on 14 December 2012.

The Board has recommended a first and final dividend of 8% less 25% income tax in respect of the financial year ended 31 May 2013.

B11. 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 31.5.2013	Preceding Quarter ended 31.5.2012	Current Cumulative Quarter ended 31.5.2013	Preceding Cumulative Quarter ended 31.5.2012
Profit attributable to ordinary owner of the parent for the financial period (RM'000)	2,568	986	13,614	7,555
Weighted number of ordinary shares in issue ('000)				
- Basic	57,334	57,354	57,334	57,354
- Diluted	57,334	57,354	57,334	57,354
Basic earnings per share (sen)	4.48	1.72	23.74	13.17
Diluted earnings per share (sen)	4.48	1.72	23.74	13.17

B12. Disclosure of Realised and Unrealised Profit / Losses

	Current financial period ended 31 May 2013 (RM'000)	As at preceding financial period ended 31 May 2012 (RM'000)
Total retained profits of the Group:		
- Realised	127,667	118,714
- Unrealised	1,743	5,080
	129,410	123,795
Less : Consolidation adjustments	(14,600)	(17,330)
Total Group retained profits	114,810	106,465

B13. 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 29 July 2013.