

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

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

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|---------------------|---------------------------|----------------------|
| | 3 Months Ended | | 9 Months Ended | |
| | 28 Feb | | 28 Feb | |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 109,796 | 107,057 | 286,135 | 290,538 |
| Other operating income | 893 | 374 | 3,529 | 1,711 |
| Total operating expenses | (105,543) | (99,628) | (276,709) | (276,810) |
| Profit from operations | <u>5,145</u> | <u>7,803</u> | <u>12,954</u> | <u>15,439</u> |
| Finance income | 91 | 165 | 171 | 416 |
| Finance cost | (292) | (821) | (714) | (1,006) |
| Share of profit / (loss) in a jointly controlled entity | 1 | (1) | 27 | (5) |
| Profit before taxation | <u>4,945</u> | <u>7,146</u> | <u>12,439</u> | <u>14,844</u> |
| Income tax | 386 | (1,736) | (515) | (3,805) |
| Profit for the period | <u>5,332</u> | <u>5,410</u> | <u>11,924</u> | <u>11,039</u> |
| Other comprehensive income: | | | | |
| Foreign exchange difference | <u>24</u> | <u>30</u> | <u>24</u> | <u>43</u> |
| Total comprehensive income for the period | <u>5,356</u> | <u>5,440</u> | <u>11,948</u> | <u>11,082</u> |
| Profit for the period attributable to: | | | | |
| Owner of the parent | 5,195 | 5,414 | 11,790 | 11,045 |
| Non-controlling interests | <u>138</u> | <u>(4)</u> | <u>134</u> | <u>(6)</u> |
| | <u>5,332</u> | <u>5,410</u> | <u>11,924</u> | <u>11,039</u> |
| Total comprehensive income attributable to: | | | | |
| Owner of the parent | 5,218 | 5,444 | 11,814 | 11,088 |
| Non-controlling interests | <u>138</u> | <u>(4)</u> | <u>134</u> | <u>(6)</u> |
| | <u>5,356</u> | <u>5,440</u> | <u>11,948</u> | <u>11,082</u> |
| Earnings per share attributable to owners of the parent (sen per share) | | | | |
| Basic | 9.06 | 9.44 | 20.57 | 19.26 |
| Fully diluted | 9.06 | 9.44 | 20.57 | 19.26 |

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2013 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 28 Feb 2014 (Unaudited) RM'000 | As At Preceding Financial Year End 31 May 2013 (Audited) RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 133,382 | 115,732 |
| Inventory property | 6,866 | 9,700 |
| Land use rights | 95 | 256 |
| Intangible asset | 6,906 | 6,906 |
| Investment in a jointly controlled entity | 12,096 | 12,069 |
| Investment in securities | 3 | 3 |
| Goodwill on consolidation | 4,665 | 4,665 |
| | <u>164,013</u> | <u>149,331</u> |
| Current assets | | |
| Inventory property | 16,655 | 16,466 |
| Inventories | 34,204 | 33,511 |
| Trade receivables | 21,232 | 22,307 |
| Other receivables | 3,345 | 2,973 |
| Loan receivables | 16 | 29 |
| Short term investment | 27,101 | 13,699 |
| Cash and bank balances | 30,619 | 32,200 |
| | <u>133,172</u> | <u>121,184</u> |
| TOTAL ASSETS | <u>297,185</u> | <u>270,516</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 | (5,374) | (5,347) |
| Other reserves | (2,851) | (2,875) |
| Retained earnings | 127,214 | 118,863 |
| | <u>193,924</u> | <u>185,576</u> |
| Minority interest | 941 | 807 |
| Total equity | <u>194,865</u> | <u>186,383</u> |
| Non-current liabilities | | |
| Long term loan | 11,923 | 1,480 |
| Deferred capital grant | 127 | 165 |
| Deferred tax liabilities | 2,660 | 2,621 |
| | <u>14,710</u> | <u>4,266</u> |
| Current liabilities | | |
| Short term borrowings | 1,605 | 13,411 |
| Trade payables | 73,198 | 46,503 |
| Other payables | 11,270 | 16,287 |
| Deferred revenue | 1,296 | 1,317 |
| Deferred capital grant | 50 | 50 |
| Taxation | 191 | 2,299 |
| | <u>87,610</u> | <u>79,867</u> |
| Total liabilities | <u>102,320</u> | <u>84,132</u> |
| TOTAL EQUITY AND LIABILITIES | <u>297,185</u> | <u>270,516</u> |
| Net assets per share attributable to equity holders of the parent (RM) | 3.38 | 3.24 |
| | - | - |

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 Nine Months Ended 28 Feb 2014

| | ←----- Attributable to equity holders of the Company -----> | | | | | | | Non Controlling Interest RM'000 | Total Equity RM'000 |
|---------------------------------------|---|----------------------------|------------------------------|-----------------------------|--------------------------------|-----------------|-----|--|---------------------------|
| | ←----- Non-distributable -----> | | | -----> Distributable | | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Treasury Shares RM'000 | Other Reserves RM'000 | Retained Earnings RM'000 | Total RM'000 | | | |
| Opening balance at 1 June 2013 | 61,000 | 13,935 | (5,347) | (2,875) | 118,863 | 185,576 | 807 | 186,383 | |
| Total comprehensive income | - | - | - | 24 | 11,790 | 11,814 | 134 | 11,948 | |
| | - | - | - | 24 | 11,790 | 11,814 | 134 | 11,948 | |
| Transaction with owners: | | | | | | | | | |
| Purchase of treasury shares | - | - | (27) | - | - | (27) | - | (27) | |
| First and final dividend | - | - | - | - | (3,439) | (3,439) | - | (3,439) | |
| Closing balance at 28 Feb 2014 | 61,000 | 13,935 | (5,374) | (2,851) | 127,214 | 193,924 | 941 | 194,865 | |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Nine Months Ended 28 Feb 2013

| | ←----- Attributable to equity holders of the Company -----> | | | | | | | Non Controlling Interest RM'000 | Total Equity RM'000 |
|---------------------------------------|---|----------------------------|------------------------------|-----------------------------|--------------------------------|-----------------|-------|--|---------------------------|
| | ←----- Non-distributable -----> | | | -----> Distributable | | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Treasury Shares RM'000 | Other Reserves RM'000 | Retained Earnings RM'000 | Total RM'000 | | | |
| Opening balance at 1 June 2012 | 61,000 | 13,935 | (5,317) | (2,431) | 108,413 | 175,600 | 1,001 | 176,601 | |
| Total comprehensive income | - | - | - | 43 | 11,045 | 11,088 | (6) | 11,082 | |
| | - | - | - | 43 | 11,045 | 11,088 | (6) | 11,082 | |
| Transaction with owners: | | | | | | | | | |
| Purchase of treasury shares | - | - | (30) | - | - | (30) | - | (30) | |
| First and final dividend | - | - | - | - | (3,441) | (3,441) | - | (3,441) | |
| Closing balance at 28 Feb 2013 | 61,000 | 13,935 | (5,347) | (2,388) | 116,017 | 183,217 | 995 | 184,212 | |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2013 and the explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD.
COMPANY NO: 253837 H
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | 9 Months Ended 28 Feb 2014 RM' 000 | 9 Months Ended 28 Feb 2013 RM' 000 |
|--|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 12,439 | 14,844 |
| Adjustments for: | | |
| Amortisation of deferred income | (38) | (38) |
| Amortisation of land use rights | 161 | 161 |
| Bad debts written off | 466 | - |
| Depreciation of property, plant and equipment | 7,609 | 7,293 |
| Gain on disposal of property, plant and equipment | (765) | - |
| Interest expense | 714 | 1,006 |
| Interest income | (171) | (416) |
| Provision for doubtful debts | 25 | - |
| Property, plant and equipment written off | - | 123 |
| Reversal of deferred revenue | (21) | (36) |
| Share of profit / (loss) in a jointly controlled entity | (27) | 5 |
| Operating profit before working capital changes | <u>20,392</u> | <u>22,942</u> |
| Decrease in inventory property | (189) | (196) |
| Decrease / (Increase) in inventories | (693) | 3,804 |
| (Decrease) / Increase in receivables | 225 | (1,238) |
| Increase in payables | <u>21,679</u> | <u>19,268</u> |
| Cash generated from operations | 41,414 | 44,580 |
| Interest paid | (714) | (1,006) |
| Interest received | 171 | 416 |
| Tax paid | <u>(2,585)</u> | <u>(3,416)</u> |
| Net cash generated from operating activities | <u>38,286</u> | <u>40,574</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in short term investment | (13,402) | (4,701) |
| (Increase) / Decrease in investment in jointly controlled entity | (27) | 5 |
| Purchase of property, plant and equipment | (25,260) | (12,736) |
| Proceeds from disposal of property, plant and equipment | 3,600 | - |
| Net cash used in investing activities | <u>(35,089)</u> | <u>(17,432)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of bank term loan | (885) | (683) |
| Term loan draw down | 12,000 | - |
| Dividend paid | (3,439) | (3,441) |
| Purchase of treasury shares | (27) | (30) |
| Net changes in bankers' acceptance | <u>(3,337)</u> | <u>(1,595)</u> |
| Net cash used in financing activities | <u>4,312</u> | <u>(5,749)</u> |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | 7,509 | 17,393 |
| EFFECTS OF EXCHANGE RATE CHANGES | 52 | 23 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>23,058</u> | <u>31,144</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>30,619</u> | <u>48,560</u> |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 29,417 | 47,663 |
| Deposit with licensed banks | 1,202 | 897 |
| Overdraft | - | - |
| | <u>30,619</u> | <u>48,560</u> |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Statements for the year ended 31 May 2013 and the accompanying 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 2014
NOTES TO INTERIM FINANCIAL REPORT
PART A – EXPLANATORY NOTES PURSUANT TO MFRS134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 28 February 2014 are unaudited, have been prepared in accordance with Malaysian Financial Reporting Standards (“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. These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 May 2013. 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 2013.

A2. Significant accounting policies

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 2013 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 June 2013:

| |
|--|
| MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101) |
| Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle) |
| MFRS 3 Business Combination (IFRS 3 Business Combinations issued by IASB in March 2004) |
| MFRS 10 Consolidated Financial Statements |
| MFRS 11 Joint Arrangements |
| MFRS 12 Disclosure of interests in Other Entities |
| MFRS 13 Fair Value Measurement |
| MFRS 119 Employee Benefits |
| MFRS 127 Separate Financial Statements |
| MFRS 128 Investment in Associate and Joint Ventures |
| MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003) |
| Amendments to IC Interpretation 2 Members’ Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle) |
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine |
| Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities |
| Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans |
| Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle) |
| Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle) |
| Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle) |
| Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle) |
| Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance |
| Amendments to MFRS 11: Joint Arrangements: Transition Guidance |
| Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance |

The adoption of the above MFRs and amendments to MFRs did not have material impact on the financial statements upon the initial application on 1 June 2013 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. Based on the initial assessment upon adoption of this MFRS 13, the Group does not foresee any material impact on its financial position or performance.

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 adoption of this 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.

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 |
|--|--|
| Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities | 1 January 2014 |
| Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to MFRS 136 Recoverable Amount Disclosures for Non Financial Assets | 1 January 2014 |
| Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting | 1 January 2014 |
| IC Interpretation 21 Levies | 1 January 2014 |
| Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| Annual Improvements to MFRSs 2010–2012 Cycle | 1 July 2014 |
| Annual Improvements to MFRSs 2011–2013 Cycle | 1 July 2014 |
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009) | To be announced |
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010) | To be announced |
| MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139 | To be announced |

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.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the annual financial statements for the financial year ended 31 May 2013 was not subject to any qualification.

A4. Comments About Seasonal or Cyclical Factors

Retail sales are anticipated to improve further and remain profitable for financial year 2014.

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 2013.

A8. Debt and Equity Securities

During the quarter, the Company bought back 3,000 units of its own shares for a total consideration of RM5,822. A total number of 3,681,100 shares are held as treasury shares as at 28 February 2014.

A9. Dividends Paid

The first and final dividend in respect of financial year ended 31 May 2013, of 8% less 25% taxation on 57,322,148 ordinary shares amounting to total dividend payable of RM3,439,329 (6.00 sen per share) has been approved by the shareholders at the Company's Annual General Meeting on 28 November 2013 and has been subsequently paid on 18 December 2013.

A10. Segmental Information

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|----------------|--------------------|----------------|
| | Current | Preceding | Current | Preceding |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| Retail | 93,578 | 89,766 | 234,015 | 233,842 |
| Manufacturing | 15,645 | 16,277 | 50,025 | 54,444 |
| Property investment and development | 573 | 1,014 | 2,095 | 2,252 |
| Group revenue | 109,796 | 107,057 | 286,135 | 290,538 |
| Segment Results | | | | |
| Retail | 3,504 | 5,014 | 5,632 | 7,499 |
| Manufacturing | 1,587 | 2,209 | 6,941 | 7,702 |
| Property investment and development | (119) | (24) | (82) | 137 |
| Trading | (27) | (52) | (79) | (489) |
| Share of profit/(loss) in a jointly controlled entity | 1 | (1) | 27 | (5) |
| Group profit before tax | 4,945 | 7,146 | 12,439 | 14,844 |
| Taxation | 386 | (1,736) | (515) | (3,805) |
| Group profit after tax | 5,331 | 5,410 | 11,924 | 11,039 |

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 28 November 2013.

A12. Subsequent Material Events

On 1 April 2014, Penang Development Corporation has approved the application from its subsidiary, Qdos Technology Sdn Bhd, to purchase a piece of land, identified as Plot 315(b) at Batu Kawan Industrial Park, comprising an area of approximately 5.0533 acres (220,121.75 sq ft) at the price of RM30.00 psf. Total purchase price for the said land is RM6,746,172.50. As at the date of this interim financial statements authorized for issue, the said Sale & Purchase Agreement has yet to be finalized.

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 28 February 2014, the Company has given corporate guarantees amounting to RM13,527,724 to secure banking facilities granted to its subsidiaries.

A15. Capital Commitments

The Group's capital commitments as at 30 April 2014 are as follow:

| | RM'000 |
|------------------------------|------------|
| Approved and contracted for: | |
| Property, plant & equipment | 888 |
| Total | 888 |

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 28 February 2014 was RM109.796 million as compared to RM107.057 million for the preceding year corresponding period ended 28 February 2013, recording an increase of 2.56%. The marginal increase in Group revenue during the reporting period was mainly attributed to:

Retail sales – increase by 4.25% resulted from the opening of new retail outlet in Bertam, Penang

Manufacturing – decrease by 3.88% resulted from the realignment of overall business strategy, i.e. focusing on higher margin contribution parts

Property development – decrease by 43.49%, resulted from zero residential unit sold during the reporting period

The Group's profit before tax for the period under review was RM4.945 million as compared with the profit before tax of RM7.146 million previously, a decrease of 30.80%. The overall decrease in profitability during the reporting period was mainly due to:

Retail – decrease by 30.12% resulted from higher operating cost incurred resulted from the opening of a new retail outlet during the reporting period

Manufacturing – decrease by 28.16%. The decrease was mainly due to lower sales achieved, bad debts written off and higher staff cost incurred during the reporting quarter

Other than the above mentioned 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 2014 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 RM4.945 million, as compared with profit before tax of RM2.632 million recorded in the preceding quarter, an increase of 87.88%. The overall increase in profitability during the reporting period was mainly due to:

a) Retail – increase by 268.84% resulted from higher consumer spending during the reporting period, following the celebration of Chinese New Year, year-end sales and opening of a new retail outlet recorded in the current quarter

b) Manufacturing – decrease by 10.79% resulted from lower sales achieved, bad debts written off and forex loss incurred during the reporting period.

B3. Commentary on Prospects

As the electricity expenses form part of our operating costs, the revision in the government's subsidy programme and adjustment in tariff for electricity effective January 2014, will have an impact in the foreseeable future.

In view of the above, the Group is continuing to take initiative to implement effective cost measures, to increase staff productivity and enhance value propositions that will continue to retain our existing and appeal to prospective customers

Despite the pessimistic outlook in year 2014, the Group remains positive to achieve satisfactory 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 | 943 | 1,703 | 3,196 | 3,841 |
| Deferred taxation | (8) | 33 | (39) | (36) |
| Over provision in prior years | (1,321) | - | (2,642) | - |
| Total | (386) | 1,736 | 515 | 3,805 |

During the financial period, the company had obtained approval from Ministry of International Trade and Industry (MIDA) for 100% tax exemption on the statutory income from "Fine Resolution Interconnect Flexible Printed Circuit Boards" for a 5 years period from 1 Jun 2009 to 31 May 2014. The revise tax for the period from 1 Jun 2009 to 31 May 2013 which to be discharged by the Inland Revenue Board is amounting to approximately RM5.2 million.

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 | |
| • Fixed charged over a freehold land and building with a net book values of RM37,658,421 | |
| • a corporate guarantee by the Company | |
| (b) Short term borrowings | |
| Term loan | RM <u>1,604,554</u> |
| (c) Long term borrowings | |
| Term loan | RM <u>11,923,170</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 28 February 2014

The Group has no outstanding derivatives financial instruments as at 28 February 2014.

(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 28 February 2014.

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 2013.

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 2013, of 8% less 25% taxation on 57,322,148 ordinary shares amounting to total dividend payable of RM3,439,329 (6.00 sen per share) has been approved by the shareholders at the Company's Annual General Meeting on 28 November 2013 and has been subsequently paid on 18 December 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 28.2.2014 | Preceding Quarter ended 28.2.2013 | Current Cumulative Quarter ended 28.2.2014 | Preceding Cumulative Quarter ended 28.2.2013 |
|---|------------------------------------|--------------------------------------|--|--|
| Profit attributable to ordinary owner of the parent for the financial period (RM'000) | 5,195 | 5,414 | 11,790 | 11,045 |
| Weighted number of ordinary shares in issue ('000) | | | | |
| - Basic | 57,319 | 57,353 | 57,319 | 57,353 |
| - Diluted | 57,319 | 57,353 | 57,319 | 57,353 |
| Basic earnings per share (sen) | 9.06 | 9.44 | 20.57 | 19.26 |
| Diluted earnings per share (sen) | 9.06 | 9.44 | 20.57 | 19.26 |

B12. Disclosure of Realised and Unrealised Profit / Losses

| | Current financial period ended 28 Feb 2014 (RM'000) | As at preceding financial period ended 31 May 2013 (RM'000) |
|--------------------------------------|--|--|
| Total retained profits of the Group: | | |
| - Realised | 141,313 | 133,148 |
| - Unrealised | 679 | (1,357) |
| | 141,992 | 131,791 |
| Less : Consolidation adjustments | (14,779) | (12,928) |
| Total Group retained profits | 127,213 | 118,863 |

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 30 April 2013.