

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(The figures have not been audited)

	Individual Quarter 3 Months Ended 31 Aug		Cumulative Quarter 3 Months Ended 31 Aug	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	98,124	92,119	98,124	92,119
Other operating income	961	2,211	961	2,211
Total operating expenses	(95,383)	(89,288)	(95,383)	(89,288)
Profit from operations	<u>3,702</u>	<u>5,042</u>	<u>3,702</u>	<u>5,042</u>
Finance income	61	40	61	40
Finance cost	(284)	(218)	(284)	(218)
Share of profit / (loss) in a joint venture	(159)	(2)	(159)	(2)
Profit before taxation	<u>3,320</u>	<u>4,862</u>	<u>3,320</u>	<u>4,862</u>
Income tax	(1,038)	(1,495)	(1,038)	(1,495)
<b>Profit for the period</b>	<u><u>2,282</u></u>	<u><u>3,367</u></u>	<u><u>2,282</u></u>	<u><u>3,367</u></u>
Other comprehensive income:				
Foreign exchange difference	(491)	24	(491)	24
Total comprehensive income for the period	<u>1,791</u>	<u>3,392</u>	<u>1,791</u>	<u>3,392</u>
<b>Profit for the period attributable to:</b>				
Owner of the parent	2,282	3,368	2,282	3,368
Non-controlling interests	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>
	<u>2,282</u>	<u>3,367</u>	<u>2,282</u>	<u>3,367</u>
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	1,791	3,393	1,791	3,393
Non-controlling interests	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>
	<u>1,791</u>	<u>3,392</u>	<u>1,791</u>	<u>3,392</u>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>				
Basic	3.98	5.88	3.98	5.88
Fully diluted	3.98	5.88	3.98	5.88

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014 and the accompany explanatory notes attached to the interim financial statements)

**SUIWAH CORPORATION BHD.****COMPANY NO: 253837 H**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>3 Months Ended 31 Aug 2014 RM' 000</b>	<b>3 Months Ended 31 Aug 2013 RM' 000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,320	4,862
<b>Adjustments for:</b>		
Amortisation of deferred income	(13)	(13)
Amortisation of land use rights	41	54
Amortisation of intangible assets	86	-
Depreciation of property, plant and equipment	2,234	2,326
Gain on disposal of property, plant & equipment	-	(10)
Interest expense	284	218
Interest income	(61)	(40)
Provision for doubtful debts	-	591
Property, plant and equipment written off	1	-
Share of (profit) / losses in a joint venture	159	2
Operating profit before working capital changes	<u>6,051</u>	<u>7,990</u>
Increase in inventory property	(38)	(109)
Increase in receivables	(2,120)	(5,036)
(Increase)/Decrease in inventories	(2,273)	3,566
Increase in payables	12,195	12,189
Increase/(Decrease) in deferred revenue	107	(245)
Cash generated from operations	<u>13,922</u>	<u>18,355</u>
Interest paid	(284)	(218)
Interest received	61	40
Tax paid	(1,638)	(1,016)
Net cash generated from operating activities	<u>12,061</u>	<u>17,161</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in short term investment	(3,099)	(2,239)
Proceeds from disposal of property, plant and equipment	-	10
Purchase of property, plant and equipment	(1,277)	(13,166)
Increase in investment in joint venture	(6,419)	-
Net cash used in investing activities	<u>(10,795)</u>	<u>(15,395)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank term loan	(1,669)	(235)
Purchase of treasury shares	(14)	(23)
Net changes in bankers' acceptance	(4,921)	656
Net cash used in financing activities	<u>(6,604)</u>	<u>398</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(5,338)</u>	<u>2,164</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	19	16
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>27,845</u>	<u>23,058</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>22,526</u>	<u>25,238</u>
Cash and cash equivalents comprise:		
Cash and bank balances	21,297	30,070
Deposit with licensed banks	1,229	505
Overdraft	-	(5,337)
	<u>22,526</u>	<u>25,238</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Statements for the year ended 31 May 2014 and the accompanying explanatory notes attached to the interim financial statements)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(The figures have not been audited)

	As At End of Current Quarter 31 Aug 2014 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2014 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	130,705	131,663
Land use rights	-	41
Intangible asset	6,446	6,532
Investment in a joint venture	17,869	12,068
Investment in securities	3	3
Goodwill on consolidation	4,665	4,665
	<u>159,688</u>	<u>154,972</u>
<b>Current assets</b>		
Inventory property	23,564	23,526
Inventories	36,009	33,736
Trade receivables	19,976	17,756
Other receivables	8,590	8,616
Loan receivables	11	84
Short term investment	27,408	24,309
Cash and bank balances	22,526	27,845
	<u>138,084</u>	<u>135,872</u>
<b>TOTAL ASSETS</b>	<u>297,772</u>	<u>290,844</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	61,000	61,000
Share premium	13,935	13,935
Treasury shares	(5,388)	(5,374)
Other reserves	(3,403)	(2,912)
Retained earnings	135,469	133,187
	<u>201,613</u>	<u>199,835</u>
Minority interest	876	876
<b>Total equity</b>	<u>202,489</u>	<u>200,711</u>
<b>Non-current liabilities</b>		
Long term loan	10,679	11,370
Deferred capital grant	102	115
Trade and other payables	6,299	6,299
Deferred tax liabilities	1,814	1,703
	<u>18,894</u>	<u>19,487</u>
<b>Current liabilities</b>		
Short term borrowings	760	6,659
Trade payables	64,071	49,046
Other payables	9,628	12,408
Deferred revenue	1,820	1,713
Deferred capital grant	50	50
Taxation	60	771
	<u>76,389</u>	<u>70,646</u>
<b>Total liabilities</b>	<u>95,283</u>	<u>90,133</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>297,772</u>	<u>290,844</u>
Net assets per share attributable to equity holders of the parent (RM)	3.52	3.49
	-	-

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the financial year ended 31 May 2014 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 Three Months Ended 31 August 2014

	←← Attributable to equity holders of the Company →→					Total RM'000	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			
<b>Opening balance at 1 June 2013</b>	61,000	13,935	(5,374)	(2,912)	133,187	199,835	876	200,711
<b>Total comprehensive income</b>	-	-	-	(491)	2,282	1,791	0	1,792
	-	-	-	(491)	2,282	1,791	0	1,792
<b>Transaction with owners:</b>								
Purchase of treasury shares	-	-	(14)	-	-	(14)	-	(14)
First and final dividend	-	-	-	-	-	-	-	-
<b>Closing balance at 31 May 2014</b>	61,000	13,935	(5,388)	(3,403)	135,469	201,613	876	202,489

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Three Months Ended 31 August 2013

	←← Attributable to equity holders of the Company →→					Total RM'000	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			
<b>Opening balance at 1 June 2013</b>	61,000	13,935	(5,347)	(2,875)	118,863	185,576	807	186,383
<b>Total comprehensive income</b>	-	-	-	24	3,368	3,392	(1)	3,391
	-	-	-	24	3,368	3,392	(1)	3,391
<b>Transaction with owners:</b>								
Purchase of treasury shares	-	-	(22)	-	-	(22)	-	(22)
First and final dividend	-	-	-	-	-	-	-	-
<b>Closing balance at 31 August 2013</b>	61,000	13,935	(5,369)	(2,851)	122,231	188,946	806	189,752

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2014 and the explanatory notes attached to

**SUIWAH CORPORATION BHD. (Company No: 253837 H)**  
**INTERIM REPORT FOR THE THREE-MONTHS PERIOD ENDED 31 AUGUST 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 31 Aug 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.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 May 2014. 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 2014.

**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 2014 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 June 2014:.

Amendments to MFRS 10, MFRS 12 ND MFRS 127 Investment Entities
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136 Recoverable Amount Disclosures for Non Financial Assets
Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

The adoption of the above MFRSs and amendments to MFRSs did not have material impact on the financial statements upon the initial application on 1 June 2014.

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 :

<b>MFRSs, Amendments to MFRSs and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
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
Amendments to MFRS 11: Accounting for Acquisition Interest in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
MFRS 14: Regulatory Deferral Account	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
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 November 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, other than for MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments. The Group will assess the financial implication of MFRS 9 when the final standard including all phases is issued. The Group is still in the process of assessing the impact of MFRS 15.

**A3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report of the annual financial statements for the financial year ended 31 May 2014 was not subject to any qualification.

**A4. Comments About Seasonal or Cyclical Factors**

Retail sales are anticipated to remain profitable for financial year 2015

Manufacturing arm, Qdos Group is expected to remain profitable for financial year 2015.

**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 2014.

#### A8. Debt and Equity Securities

During the quarter, the Company bought back 4,700 units of its own shares for a total consideration of RM13,705. A total number of 3,685,800 shares are held as treasury shares as at 31 August 2014.

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

#### A9. Dividends Paid

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

#### A10. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Current RM'000	Preceding RM'000	Current RM'000	Preceding RM'000
<b>Segment Revenue</b>				
Retail	82,020	73,743	82,020	73,743
Manufacturing	15,011	17,399	15,011	17,399
Property investment and development	1,093	977	1,093	977
<b>Group revenue</b>	<b>98,124</b>	<b>92,119</b>	<b>98,124</b>	<b>92,119</b>
<b>Segment Results</b>				
Retail	1,580	1,178	1,580	1,178
Manufacturing	1,299	3,575	1,299	3,575
Property investment and development	624	136	624	136
Trading	(24)	(25)	(24)	(25)
Share of profit/(loss) in a joint venture	(159)	(2)	(159)	(2)
<b>Group profit before tax</b>	<b>3,320</b>	<b>4,862</b>	<b>3,320</b>	<b>4,862</b>
Taxation	(1,038)	(1,495)	(1,038)	(1,495)
<b>Group profit after tax</b>	<b>2,282</b>	<b>3,367</b>	<b>2,282</b>	<b>3,367</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.

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

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 Aug 2014, the Company has given corporate guarantees amounting to RM11,439,265 to secure banking facilities granted to its subsidiaries.

#### A15. Capital Commitments

The Group's capital commitments as at 17 Oct 2014 are as follow:

	RM'000
Approved and contracted for:	
Property, plant & equipment	5,594
<b>Total</b>	<b>5,594</b>

**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 Aug 2014 was 98.124 million as compared to RM92.119 million for the preceding year corresponding period ended 31 Aug 2013, recording an increase of 6.52%. The increase in Group revenue during the reporting period was mainly attributed to:

- a) Retail sales – increase by 11.22% resulted from the opening of new retail outlet in Bertam, Penang
- b) Manufacturing – decrease by 13.72% resulted from reduced in customer demand
- c) Property investment and development – increase by 11.87% resulted from increase in rental income received and the sales of a unit of terrace house for Taman Jawi Ria.

The Group's profit before tax for the period under review was RM3.320 million as compared with the profit before tax of RM4.862 million previously, a decrease of 31.72%. The decrease in profitability during the reporting period was mainly due to:

- a) Retail – increase by 34.13%, recorded higher sales and rental income achieved, contributed by the new retail outlet in Bertam, Penang
- b) Manufacturing – decrease by 63.66%. The decrease was mainly due to lower sales and margin achieved as a result of market competition
- c) Property investment and development – increase by 358.82% resulted from additional rental income received and lower operating expenses incurred from its property investment arm.

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 31 May 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 RM3.320 million, as compared with profit before tax of RM2.406 million recorded in the preceding quarter, an increase of 37.99%. The overall increase in profitability during the reporting period was mainly due to:

- a) Retail – recorded a less than 1% increase in profit before tax, i.e. RM2.879 million as compared to RM2.871 million achieved in the preceding quarter, contributed by lower margin achieved, such as discounts and rebates given to consumers following the celebration of Hari Raya festive season recorded in the current quarter.
- b) Manufacturing – recorded a higher profit before tax of RM1.299 million as compared to loss of RM577K recorded in the preceding quarter, contributed by lower operation cost and increase in forex gain during the reporting period.
- c) Property investment and development – increase by 82.85% contributed by the sales of one unit of terrace house during the quarter.

**B3. Commentary on Prospects**

The goods and services tax (GST) is expected to have immediate term impact on the Group financial performance when it is introduced in April 2015

The implementation of the GST will further pressure the cost structure, not just in terms on rising price of inventory, but also in GST compliance cost within the Group. Retail spending is expected to drop during the first few months post GST implementation, as consumers observe the changes in prices of goods and services. Purchasing power for the middle to lower income group will be affected.

As for manufacturing arm, the Group foresee strong growth prospect in flexible printed circuits and IC substrate industry, with the increase popularity of phablets and the emergence of Internet of Things (IoT)

Notwithstanding the above, the Group will continue to embark on a series of adjustments to its business strategies with an aim to delivering satisfactory performance for financial year 2015.

**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	927	1,500	927	1,500
Deferred taxation	111	(5)	111	(5)
Total	1,038	1,495	1,038	1,495

## 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:	
• Fixed charged over a freehold land and building with a net book values of RM37,478,102	
• a corporate guarantee by the Company	
(b) Short term borrowings	
Term loan	RM 760,348
(c) Long term borrowings	
Term loan	RM 10,678,917
(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 Aug 2014

The Group has no outstanding derivatives financial instruments as at 31 Aug 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 31 Aug 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 2014.

## 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

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

## 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 31.8.2014	Preceding Quarter ended 31.8.2013	Current Cumulative Quarter ended 31.8.2014	Preceding Cumulative Quarter ended 31.8.2013
Profit attributable to ordinary owner of the parent for the financial period (RM'000)	2,282	3,368	2,282	3,368
Weighted number of ordinary shares in issue ('000)				
- Basic	57,314	57,322	57,314	57,322
- Diluted	57,314	57,322	57,314	57,322
Basic earnings per share (sen)	3.98	5.88	3.98	5.88
Diluted earnings per share (sen)	3.98	5.88	3.98	5.88



**B12. Disclosure of Realised and Unrealised Profit / Losses**

	<b>Current financial period ended 31 Aug 2014 (RM'000)</b>	<b>As at preceding financial period ended 31 May 2014 (RM'000)</b>
Total retained profits of the Group:		
- Realised	159,930	155,990
- Unrealised	(348)	(18)
	<b>159,582</b>	<b>155,972</b>
Less : Consolidation adjustments	(24,113)	(22,785)
Total Group retained profits	<b>135,469</b>	<b>133,187</b>

**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 17 Oct 2014.