

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(The figures have not been audited)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>3 Months Ended</b>	
	<b>31 Aug</b>		<b>31 Aug</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	96,584	92,366	96,584	92,366
Other operating income	751	2,662	751	2,662
Total operating expenses	(94,013)	(90,916)	(94,013)	(90,916)
Profit from operations	<u>3,323</u>	<u>4,112</u>	<u>3,322</u>	<u>4,112</u>
Finance income	62	78	62	78
Finance cost	(284)	(313)	(284)	(313)
Share of profit / (loss) in a jointly controlled entity	29	15	29	15
Profit before taxation	<u>3,129</u>	<u>3,892</u>	<u>3,129</u>	<u>3,892</u>
Income tax	(1,256)	(1,182)	(1,256)	(1,182)
<b>Profit for the period</b>	<u><u>1,873</u></u>	<u><u>2,710</u></u>	<u><u>1,873</u></u>	<u><u>2,710</u></u>
Other comprehensive income:				
Foreign exchange difference	<u>(123)</u>	<u>(678)</u>	<u>(123)</u>	<u>(678)</u>
Total comprehensive income for the period	<u><u>1,750</u></u>	<u><u>2,032</u></u>	<u><u>1,750</u></u>	<u><u>2,032</u></u>
<b>Profit for the period attributable to:</b>				
Equity holders of the Company	1,874	2,707	1,874	2,707
Non-controlling interests	<u>(1)</u>	<u>3</u>	<u>(1)</u>	<u>3</u>
	<u><u>1,873</u></u>	<u><u>2,710</u></u>	<u><u>1,873</u></u>	<u><u>2,710</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	1,751	2,029	1,751	2,029
Non-controlling interests	<u>(1)</u>	<u>3</u>	<u>(1)</u>	<u>3</u>
	<u><u>1,750</u></u>	<u><u>2,032</u></u>	<u><u>1,750</u></u>	<u><u>2,032</u></u>
<b>Earnings per share attributable</b>				
<b>to owners of the parent (sen per share)</b>				
Basic	3.27	4.72	3.27	4.72
Fully diluted	3.27	4.72	3.27	4.72

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2016 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 August 2016 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2016 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	148,979	146,488
Inventory property	6,888	6,888
Intangible asset	6,362	6,578
Investment in a joint venture	13,717	13,688
Investment in securities	3	3
Goodwill on consolidation	4,665	4,665
Long term prepayment	500	500
	<u>181,114</u>	<u>178,811</u>
<b>Current assets</b>		
Inventory property	19,986	18,137
Inventories	42,286	37,047
Trade receivables	23,262	20,930
Other receivables	17,236	15,889
Loan receivables	1	2
Tax recoverable	3,547	3,192
Derivative receivables	105	105
Short term investment	6,881	8,993
Cash and bank balances	23,612	26,353
	<u>136,916</u>	<u>130,648</u>
	<u>318,030</u>	<u>309,459</u>
<b>TOTAL ASSETS</b>		
<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	(5,557)	(5,550)
Other reserves	(611)	(488)
Retained earnings	145,940	144,066
	<u>214,707</u>	<u>212,963</u>
Minority interest	126	255
<b>Total equity</b>	<u>214,833</u>	<u>213,218</u>
<b>Non-current liabilities</b>		
Long term loan	9,076	9,280
Government grant	2,620	3,047
Trade and other payables	7,134	7,456
Deferred tax liabilities	1,950	2,028
	<u>20,780</u>	<u>21,811</u>
<b>Current liabilities</b>		
Short term borrowings	3,768	6,078
Trade payables	59,236	52,940
Other payables	16,193	12,750
Deferred revenue	2,096	1,771
Government grant	687	420
Tax payable	437	472
	<u>82,417</u>	<u>74,430</u>
<b>Total liabilities</b>	<u>103,197</u>	<u>96,241</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>318,030</u>	<u>309,459</u>
Net assets per share attributable to equity holders of the parent (RM)	3.75	3.72
	-	-

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the financial year ended 31 May 2016 and the accompanying 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 2016 RM' 000</b>	<b>3 Months Ended 31 Aug 2015 RM' 000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,129	3,892
<b>Adjustments for:</b>		
Amortisation of deferred income	(108)	(13)
Amortisation of intangible assets	96	86
Bad debts recovered	(18)	(14)
Bad debts written off	18	-
Depreciation of property, plant and equipment	1,965	1,782
Gain on disposal of property, plant & equipment	(5)	-
Interest expense	284	313
Interest income	(62)	(78)
Inventories written down	699	-
Unrealised foreign exchange gains	286	(1,436)
Property, plant and equipment written off	-	3
Share of (profit) / losses in a joint venture	(29)	(15)
Operating profit before working capital changes	<u>6,255</u>	<u>4,520</u>
Increase in inventory property	(1,849)	(92)
(Increase) / Decrease in receivables	(4,033)	4,446
Increase in inventories	(5,938)	(949)
Increase in payables	9,417	3,566
Increase of deferred revenue	325	11
Cash generated from operations	<u>4,177</u>	<u>11,502</u>
Interest paid	(284)	(313)
Interest received	62	78
Tax paid	(1,368)	(2,217)
Net cash generated from operating activities	<u>2,587</u>	<u>9,050</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease / (Increase) in short term investment	2,112	(3,099)
Purchase of property, plant and equipment	(4,456)	(1,277)
Proceed from disposal of property, plant and equipment	5	-
Distribution to non-controlling interest	(129)	-
Net cash used in investing activities	<u>(2,468)</u>	<u>(4,376)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank term loan	(204)	(190)
Purchase of treasury shares	(7)	(42)
Net changes in bankers' acceptance	(2,997)	-
Net cash used in financing activities	<u>(3,208)</u>	<u>(232)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,089)</b>	<b>10,760</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>(337)</b>	<b>1,907</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>24,092</b>	<b>20,338</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>20,666</b>	<b>33,005</b>
Cash and cash equivalents comprise:		
Cash and bank balances	22,744	34,132
Deposit with licensed banks	868	531
Overdraft	(2,946)	(1,658)
	<u>20,666</u>	<u>33,005</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Statements for the year ended 31 May 2016 and the accompanying explanatory notes attached to the interim financial statements)

**SUIWAH CORPORATION BHD.**  
**COMPANY NO : 253837 H**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures have not been audited)

For The Three Months Ended 31 August 2016

	← 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		
<b>Opening balance at 1 June 2016</b>	61,000	13,935	(5,550)	(488)	144,066	212,963	255	213,218
<b>Total comprehensive income</b>	-	-	-	(123)	1,874	1,752	(1)	1,751
	-	-	-	(123)	1,874	1,752	(1)	1,751
<b>Transaction with owners:</b>								
Purchase of treasury shares	-	-	(7)	-	-	(7)	-	(7)
Distribution to non-controlling interest	-	-	-	-	-	-	(129)	(129)
<b>Closing balance at 31 August 2016</b>	61,000	13,935	(5,557)	(611)	145,940	214,707	126	214,833

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Three Months Ended 31 August 2015

	← 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		
<b>Opening balance at 1 June 2015</b>	61,000	13,935	(5,403)	(2,088)	139,875	207,319	884	208,203
<b>Total comprehensive income</b>	-	-	-	(678)	2,707	2,029	3	2,032
	-	-	-	(678)	2,707	2,029	3	2,032
<b>Transaction with owners:</b>								
Purchase of treasury shares	-	-	(42)	-	-	(42)	-	(42)
Distribution to non-controlling interest	-	-	-	-	-	-	(774)	(774)
<b>Closing balance at 31 August 2015</b>	61,000	13,935	(5,445)	(2,766)	142,582	209,306	113	209,419

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2016 and the 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 2016**  
**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 August 2016 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 2016. 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 2016.

**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 2016 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 June 2016:

Annual Improvements to MFRSs 2012 – 2014 Cycle
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
Amendments to MFRS 11: Accounting for Acquisition of Interest in Joint Operations
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Amendments to MFRS 101: Disclosure Initiatives
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
MFRS 14: Regulatory Deferral Accounts

The adoption of the above standards and interpretations did not have material impact on the financial statements upon the initial application on 1 June 2016.

The standards and interpretations are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

<b>MFRSs, Amendments to MFRSs and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Classification to MFRS 15	1 January 2018
MFRS 16: Leases	1 January 2019

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 is still in the process of assessing the impact of MFRS 15 and MFRS 9.

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

The auditors’ report of the annual financial statements for the financial year ended 31 May 2016 was not subject to any qualification.

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

The business operations of retail segment generally performed better during major local festivals, school holidays and carnival sales.

Manufacturing arm, Qdos Group is expected to remain profitable for financial year 2017.

**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 2016.

**A8. Debt and Equity Securities**

During the quarter, the Company bought back 3,000 units of its own shares for a total consideration of RM7,242. A total number of 3,749,600 shares are held as treasury shares as at 31 August 2016.

**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	74,596	71,367	74,596	71,367
Manufacturing	20,719	19,636	20,719	19,636
Property investment and development	1,174	1,273	1,174	1,273
Trading	95	90	95	90
<b>Group revenue</b>	<b>96,584</b>	<b>92,366</b>	<b>96,584</b>	<b>92,366</b>
<b>Segment Results</b>				
Retail	1,447	2,685	1,447	2,685
Manufacturing	2,284	1,637	2,284	1,637
Property investment and development	(644)	(457)	(644)	(457)
Trading	13	12	13	12
Share of profit /(loss) in a joint venture	29	15	29	15
Group profit before tax	<b>3,129</b>	<b>3,892</b>	<b>3,129</b>	<b>3,892</b>
Taxation	(1,256)	(1,182)	(1,256)	(1,182)
Group profit after tax	<b>1,873</b>	<b>2,710</b>	<b>1,873</b>	<b>2,710</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 26 Nov 2015.

**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 August 2016, the Company has given corporate guarantees amounting to RM12,843,031 to secure banking facilities granted to its subsidiaries.

**A15. Capital Commitments**

The Group's capital commitments as at 28 October 2016 are as follow:

	RM'000
Approved and contracted for:	
Property, plant & equipment	250
<b>Total</b>	<b>250</b>

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

**B1. Review of Performance of the Group**

Quarter Results:

For the current quarter ended 31 August 2016, the Group recorded total revenue of RM96.584 million, an increase of 4.57% from RM92.366 million recorded in the preceding year corresponding quarter ended 31 August 2015. The Group profit before tax for the period under review was RM3.129 million as compared with profit before tax of RM3.892 million previously, a decrease of 19.60%, which is explained by the higher decrease of quarterly profit in retail business segment and offset by the increase in the quarterly profit in manufacturing sector as explained in the paragraph 2 and 3 below.

Manufacturing segment experienced 5.52% increase in revenue from RM19.636 million to RM20.719 million. Profit before tax for the period under review was RM2.284 million as compared to profit before tax of RM1.637 million previously, an increase of 39.52%, arising from new project commercialization with higher technological value add content undertaken by the Group.

Retail business segment registered an increase of 4.52% in revenue to RM74.596 million as compared to the preceding year corresponding quarter, arising from consumers spending gradually return to normal after public becomes more familiar with the Goods and Services Tax. Profit before tax for the current quarter decrease by 46.11% as compared previously, arising from higher promotional cost, upkeep and repair cost incurred during the reporting period.

Lower rental collection caused property investment and development segment registered a decrease in revenue of 7.78%, from RM1.273 million to RM1.174 million. Loss for the reporting period was RM644K as compared to loss of RM457K previously, as a result of higher operating cost, e.g. staff cost incurred during the reporting period.

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 August 2016 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 RM3.129 million, as compared with profit before tax of RM5.101 million recorded in the preceding quarter, a decrease of 38.66%.

Retail – decrease by 57.86%, from RM3.434 million to RM1.447 million, resulted from lower margin and higher operating cost incurred during the current reporting period

Manufacturing – increase by 44.74%, from RM1.578million to RM2.284 million, arising from new project commercialization with higher technological value add content undertaken during the current reporting period.

Property investment and development – recorded profit before tax of RM64K compared to loss of RM644K, mainly due the written off of long outstanding payables in the previous reporting quarter.

**B3. Commentary on Prospects**

Consumers spending is expected to increase, benefit from higher promotion expenses which will contribute to the retail profit for subsequent quarters and driven by the soon to open new retail outlet in Jelutong, Penang.

Strong demand in manufacturing continues in second half of year 2016. Few R&D projects that we have launched over the last couple of years yield positive results and we project to expand to a new factory in Batu Kawan by end of year 2017.

Barring any unforeseen circumstances, the Group's business sentiments remain positive and expect to deliver a satisfactory performance for financial year 2017.

**B4. Variance from Profit Forecast and Profit Guarantee**

This is not applicable to the Group.

**B5. Taxation**

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year	1,334	1,182	1,334	1,182
Deferred tax	(78)	-	(78)	-
Total	1,256	1,182	1,256	1,182

**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 RM36,566,723	
• a corporate guarantee by the Company	
(b) Short term borrowings	
Term loan	<b>RM</b> <u>3,767,399</u>
(c) Long term borrowings	
Term loan	<b>RM</b> <u>9,075,632</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 August 2016

The Group has no outstanding derivatives financial instruments as at 31 August 2016.

### (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 31 August 2016.

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 2016.

## 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 for the 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 31.8.2016	Preceding Quarter ended 31.8.2015	Current Cumulative Quarter ended 31.8.2016	Preceding Cumulative Quarter ended 31.8.2015
Profit attributable to equity holders of the Company (RM'000)	1,874	2,707	1,874	2,707
Weighted number of ordinary shares in issue ('000)				
- Basic	57,251	57,295	57,251	57,295
- Diluted	57,251	57,295	57,251	57,295
Basic earnings per share (sen)	3.27	4.72	3.27	4.72
Diluted earnings per share (sen)	3.27	4.72	3.27	4.72

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

	<b>Current financial period ended 31 August 2016 (RM'000)</b>	<b>As at preceding financial period ended 31 May 2016 (RM'000)</b>
Total retained profits of the Group:		
- Realised	169,090	166,350
- Unrealised	960	234
	<b>170,050</b>	<b>166,584</b>
Less : Consolidation adjustments	(24,110)	(22,518)
Total Group retained profits	<b>145,940</b>	<b>144,066</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 28 October 2016.