

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter 6 Months Ended 30 Nov		Cumulative Quarter 6 Months Ended 30 Nov	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Revenue	97,180	84,424	198,238	175,053
Other operating income	2,909	11	3,295	750
Total operating expenses	(99,231)	(81,600)	(196,509)	(168,236)
Profit from operations	<u>858</u>	<u>2,835</u>	<u>5,024</u>	<u>7,567</u>
Finance income	52	94	113	217
Finance cost	(683)	(423)	(1,232)	(604)
Share of profit / (loss) in a jointly controlled entity	2	(1)	3	(3)
Profit before taxation	<u>229</u>	<u>2,505</u>	<u>3,908</u>	<u>7,177</u>
Income tax	(833)	(1,048)	(2,016)	(2,523)
Profit for the period	<u>(604)</u>	<u>1,457</u>	<u>1,891</u>	<u>4,654</u>
Other comprehensive income:				
Foreign exchange difference	<u>270</u>	<u>(287)</u>	<u>698</u>	<u>(301)</u>
Total comprehensive income for the period	<u>(334)</u>	<u>1,170</u>	<u>2,590</u>	<u>4,353</u>
Profit for the period attributable to:				
Equity holders of the Company	(604)	1,457	1,891	4,654
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(604)</u>	<u>1,457</u>	<u>1,891</u>	<u>4,654</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(334)	1,170	2,590	4,353
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(334)</u>	<u>1,170</u>	<u>2,590</u>	<u>4,353</u>
Earnings per share attributable to owners of the parent (sen per share)				
Basic	(1.06)	2.54	3.30	8.13
Fully diluted	(1.06)	2.54	3.30	8.13

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018 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 30 Nov 2018 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2018 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	217,544	202,987
Investment property	104,991	84,879
Inventory property	6,888	6,888
Intangible asset	5,701	5,604
Investment in a joint venture	14,680	14,677
Investment in securities	3	3
Goodwill on consolidation	4,665	4,665
Long term prepayment	500	500
	<u>354,972</u>	<u>320,203</u>
Current assets		
Inventory property	53,032	41,297
Investment securities	50	50
Inventories	42,952	34,111
Trade receivables	37,775	30,683
Other receivables	21,412	30,558
Tax recoverable	3,120	2,359
Short term investment	1,713	204
Cash and bank balances	14,766	18,224
	<u>174,820</u>	<u>157,485</u>
TOTAL ASSETS	<u>529,792</u>	<u>477,689</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	74,935	74,935
Treasury shares	(5,558)	(5,558)
Other reserves	(960)	(1,658)
Retained earnings	165,291	163,973
	<u>233,708</u>	<u>231,691</u>
Minority interest	227	227
Total equity	<u>233,935</u>	<u>231,918</u>

Non-current liabilities

Long term loan	60,814	37,193
Government grant	3,891	2,894
Trade and other payables	66,729	66,782
Deferred tax liabilities	1,984	1,976
	<u>133,418</u>	<u>108,845</u>

Current liabilities

Short term borrowings	15,078	15,620
Trade payables	102,400	78,945
Other payables	41,888	40,084
Derivative liabilities	-	27
Deferred revenue	1,101	1,141
Government grant	641	622
Tax payable	758	485
Proposed dividend	573	-
	<u>162,439</u>	<u>136,925</u>

Total liabilities

	<u>295,857</u>	<u>245,771</u>
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TOTAL EQUITY AND LIABILITIES

	<u>529,792</u>	<u>477,689</u>
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Net assets per share attributable to equity holders
of the parent (RM)

4.08 4.05

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(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the financial year ended 31 May 2018 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

	6 Months Ended 30 Nov 2018 RM' 000	6 Months Ended 30 Nov 2017 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,908	7,177
Adjustments for:		
Amortisation of deferred income	(316)	(339)
Amortisation of intangible assets	192	201
Depreciation of property, plant and equipment	4,264	4,268
Depreciation of investment property	237	-
Gain on disposal of property, plant & equipment	(5)	(11)
Interest expense	1,232	604
Interest income	(113)	(217)
Inventories written down	4,401	-
Allowance for impairment of doubtful debts	117	-
Unrealised foreign exchange loss / (gains)	1,398	182
Property, plant and equipment written off	229	94
Share of (profit) / loss in a joint venture	(3)	3
Operating profit before working capital changes	15,541	11,962
Increase in inventory property	(11,734)	(5,092)
Decrease /(Increase) in receivables	1,175	(9,994)
Increase in inventories	(13,243)	(3,129)
Increase in payables	25,777	13,572
(Decrease) / Increase in deferred revenue	(40)	20
Cash generated from operations	17,476	7,339
Interest paid	(1,232)	(604)
Interest received	113	217
Tax paid	(1,744)	(2,464)
Net cash generated from operating activities	14,613	4,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short term investment	(1,510)	3,313
Purchase of property, plant and equipment	(39,393)	(12,981)
Distribution to non-controlling interest	-	(44)
Net cash used in investing activities	(40,903)	(9,712)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank term loan	(449)	(435)
Term loan draw down	19,509	6,099
Decrease in trade excess	5,567	-
Net changes in bankers' acceptance	(1,058)	(1,797)
Dividend paid	(573)	(573)
Net cash used in financing activities	22,996	3,294
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,294)	(1,930)
EFFECTS OF EXCHANGE RATE CHANGES	(76)	(176)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,433	14,540
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,063	12,434
Cash and cash equivalents comprise:		
Cash and bank balances	14,166	17,498
Deposit with licensed banks	600	886
Overdraft	(7,703)	(5,950)
	7,063	12,434

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Statements for the year ended 31 May 2018 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED CONSOLIDATED STATE/ CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

For The Six Months Ended 30 Nov 2018



Note	← Attributable to equity holders of the Company →				Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
	Share RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Earnings RM'000			
Opening balance at 1 June 2018							
As previously reported	74,935	(5,558)	(1,658)	162,767	230,486	227	230,713
Effects of adopting MFRS 15	-	-	-	1,205	1,205	-	1,205
Restated	74,935	(5,558)	(1,658)	163,972	231,691	227	231,918
Total comprehensive income	-	-	698	1,891	2,590	-	2,590
	-	-	698	1,891	2,590	-	2,590
Transaction with owners:							
Purchase of treasury shares	-	-	-	-	-	-	-
First and final dividend	-	-	-	(573)	(573)	-	(573)
Closing balance at 30 Nov 2018	74,935	(5,558)	(960)	165,291	233,708	227	233,935

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 30 Nov 2017

	← Attributable to equity holders of the Company →				Total RM'000	Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Earnings RM'000			
Opening balance at 1 June 2017	74,935	(5,558)	785	151,650	221,812	320	222,132
Total comprehensive income (restated)	-	-	(301)	4,654	4,353	-	4,353
	-	-	(301)	4,654	4,353	-	4,353
Transaction with owners:							
Purchase of treasury shares	-	-	-	-	-	-	-
Distribution to non controlling interest	-	-	-	-	-	(44)	(44)
First and final dividend	-	-	-	(573)	(573)	-	(573)
Closing balance at 30 Nov 2017	74,935	(5,558)	484	155,731	225,592	276	225,868

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2018 and the explanatory notes attached to the interim financial statements)

SUIWAH CORPORATION BHD. (Company No: 253837 H)
INTERIM REPORT FOR THE SIX-MONTHS PERIOD ENDED 30 NOV 2018
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 30 Nov 2018 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 2018. 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 2018.

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 2018 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 June 2018:.

Annual Improvements to MFRS Standards 2014–2016 Cycle (Amendments to MFRS 1 and MFRS 128)
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140: Transfers of Investment Property
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
MFRS 9: Financial Instruments
MFRS 15: Revenue from Contracts with Customers
MFRS 15: Clarification to MFRS 15

The adoption of the above standards and interpretations did not have material impact on the financial statements upon the initial application on 1 June 2018, except as disclosed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 established a new five step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations. The core principle of MFRS 15 is that an entity should recognize revenue which depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has adopted the new standard on the required effective date using the modified retrospective method and apply all the practical expedients available for the modified retrospective approach. The adoption of this Standard results in changes in accounting policies for revenue recognition. The details and quantitative impact of the changes in accounting policies are disclosed below:

(i) Principal versus agent considerations

Statements of Comprehensive Income	Cumulative quarter 6	Impact of changes in	Cumulative quarter 6 months
	months ended 31 Nov 2017	accounting policy	ended 31 Nov 2017
	As previously reported	MFRS 15 Adjustment	Restated
	RM'000	RM'000	RM'000
Revenue	201,112	(26,059)	175,053
Other operating income	750		750
Total operating expenses	(194,294)	26,059	(168,235)
Profit from operation	7,567	-	7,567
Finance income	217		217
Finance cost	(604)		(604)
Share of profit in a jointly controlled entity	(3)		(3)
Profit before taxation	7,177	-	7,177
Income tax	(2,523)		(2,523)
Profit for the period	4,654	-	4,654

Certain subsidiaries in the Group are the operator of supermarket and departmental stores. The subsidiaries have entered into consignment arrangements with their suppliers for the purchase of goods. Upon adoption of MFRS 15, the Group determined that it does not control the goods before they are transferred to customers. Hence, it is an agent in these contracts because it does not have the ability to direct the use of the goods or obtain benefits from the goods. The change will result in decreases in revenue from the sale of goods and cost of sales and an increase in revenue from rendering of services by the difference.

(ii) Loyalty points program

The changes which affected the retained earnings and deferred revenue are as follows:

	As At Preceding Financial Year End 31 May 2018 As previously reported RM'000	Impact of changes in accounting policy MFRS 15 Adjustment RM'000	As At Preceding Financial Year End 31 May 2018 Restated RM'000
Retained earnings	162,768	1,205	163,973
Deferred revenue	2,346	(1,205)	1,141

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Based on the assessment, there were no significant impacts on the accounting for Group's financial assets upon initial application of the new classification requirements.

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.

MFRSs, Amendments to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2015-2017 Cycle: i) Amendments to MFRS 3 Business Combinations: Previously Held Interest in a Joint Operation ii) Amendments to MFRS 11 Joint Arrangements: Previously Held Interest in a Joint Operation iii) Amendments to MFRS 112 Income Tax: Income Tax Consequences of Payments on Financial Instruments Classified as Equity iv) Amendments to MFRS 123 Borrowing Costs: Borrowing Costs Eligible for Capitalization	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 2: Share Based Payments	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12: Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132: Intangible Assets – Web Site Costs	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 16 Leases. The Group is still in the progress of assessing the financial impact of MFRS 16 Leases.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the annual financial statements for the financial year ended 31 May 2018 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.

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

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

A8. Debt and Equity Securities

There were no share buyback during the quarter. A total number of 3,750,100 shares are held as treasury shares as at 30 Nov 2018.

A9. Dividends Paid

The first and final single tier dividend in respect of financial year ended 31 May 2018, 1.0% of 57,250,148 ordinary shares amounting to total dividend payable of RM572,501 (1 sen per share) has been approved by the shareholders at the Company's Annual General Meeting held on 30 Oct 2018 and has been subsequently paid on 17 Dec 2018.

A10. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Segment Revenue				
Retail	62,901	61,822	134,000	127,019
Manufacturing	23,373	19,695	44,366	41,797
Property investment and development	1,091	1,190	2,216	2,074
Trading	9,815	1,717	17,656	4,162
Group revenue	97,180	84,424	198,238	175,052
Segment Results				
Retail	876	2,209	4,958	5,808
Manufacturing	302	1,139	741	3,272
Property investment and development	(1,173)	(906)	(2,173)	(2,034)
Trading	222	64	379	134
Share of profit/(loss) in a joint venture	2	(1)	3	(3)
Group profit before tax	229	2,505	3,908	7,177
Taxation	833	1,048	2,017	2,523
Group profit after tax	(604)	1,457	1,891	4,654

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 30 Oct 2018.

A12. Subsequent Material Events

There are no material subsequent events at the end of this report.

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 30 Nov 2018, the Company has given corporate guarantees amounting to RM75,891,973 to secure banking facilities granted to its subsidiaries.

A15. Capital Commitments

The Group's capital commitments as at 29 Jan 2019 are as follow:

	RM'000
Approved and contracted for:	
Property, plant & equipment	18,974
Computer	306
Furniture & fittings	17
Total	19,297

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

Quarter Results:

For the current quarter ended 30 Nov 2018, the Group recorded total revenue of RM97.180 million, an increase of 15.11% from RM84.424 million recorded in the preceding year corresponding quarter ended 30 Nov 2017. The Group profit before tax for the period under review was RM0.229 million as compared with profit before tax of RM2.505 million previously, decrease of 90.86%

Retail business segment registered 1.75% increase in revenue from RM61.822 million to RM62.901 million, due to improved consumer spending in the existing stores. Profit before tax for the period under review decrease 60.34% to RM0.876 million as compared to profit before tax of RM2.209 million previously, resulting from lower margin earned and higher operational cost, recorded in the current reporting period.

Manufacturing segment experienced 18.67% increase in revenue from RM19.695 million to RM23.373 million, due to sales ramp up in the current reporting period as a result of new project commercialization. Profit before tax for the period under review was RM0.302 million as compared to profit before tax of RM1.139 million previously, a decrease of 73.49%, arising from additional finance cost and high manufacturing cost incurred to support new plant qualification activities during the reporting quarter.

Trading in construction materials continue to register increase in revenue from RM1,717 million to RM9.815 million. Substantial increase in revenue has given rise to an increase in profit before tax from RM0.064 million to RM0.222 million, recorded during the reporting quarter.

Property investment and development segment registered a decrease in revenue of 8.32%, from RM1.190 million to RM1.091 million. Loss before tax for the reporting period was RM1.173 million as compared to loss before tax of RM0.906 million, recorded in the preceding corresponding period ended 30 Nov 2017, mainly due higher staff cost, travelling expenses, professional fees and depreciation 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 30 Nov 2018 and the date of this report.

Financial Year-To-Date Results:

The Group's revenue for the 6 months period ended 30 Nov 2018, amounting RM198.238 million, an increase of 13.25% from RM175.052 million recorded in the preceding year corresponding period ended 30 Nov 2017. The Group profit before tax for the period under review was RM3.908 million, as compared with the profit before tax of RM7.177 million previously, a decrease of 45.55%.

The overall Group's financial year to date performance can be explained by:

Sales ramp up in the current reporting period due to the new project commercialization, has caused manufacturing segment to record a 6.15% increase in revenue from RM41.797 million to RM44.366 million, Profit before tax for the period under review was RM0.741 million as compared to profit before tax of RM3.272 million previously, a decrease of 77.35%, arising from additional finance cost and high manufacturing cost incurred to support new plant qualification activities during the reporting period.

Total revenue registered by the retail business segment for financial year to date increased by 5.50% to RM134.000 million compared to RM127.019 million recorded in the preceding year corresponding period. Profit before tax decrease by 14.63% due to higher operational cost incurred during the reporting period.

Property investment and development segment registered an increase in revenue of 6.85%, from RM2.074 million to RM2.216 million. Loss for the reporting period was RM2.173 million as compared to loss before tax of RM2.034 million, recorded in the preceding corresponding period ended 30 Nov 2017, mainly due to higher operating cost incurred.

Trading in construction materials, carried out by a wholly owned subsidiary, Sunshine Paramount Sdn Bhd, continue to register positive growth in revenue from RM4.162 million to RM17.656 million. Profit before tax for the period under review was RM0.379 million as compared to RM0.134 million previously, as a result of higher turnover recorded 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 30 Nov 2018 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 RM0.229 million, as compared with profit before tax of RM3.680 million recorded in the preceding quarter, decrease by 93.78%.

Retail – profit before tax decrease by 78.55% from RM4.084 million to RM0.876 million, resulted from lower consumer spending during the reporting period, as a result of the end of Hari Raya celebration and the 3 months tax holidays in the preceding reporting quarter.

Manufacturing – profit before tax decrease by 31.21%, from RM0.439 million to RM0.302 million, impacted by higher finance cost and high manufacturing cost incurred to support new plant qualification activities during the reporting quarter.

Property investment and development – recorded loss before tax of RM1.173 million compared to profit before tax of RM1.0 million, mainly due higher operating cost incurred during the reporting quarter.

Trading – profit before tax increase from RM0.156 million to RM0.222 million, resulted from higher sales recorded during the current reporting period.

B3. Commentary on Prospects

For retail business, the Company will continue to employ appropriate marketing and pricing strategies, merchandise assortment reformation, upgrading quality customer service and operational supply chain efficiency to ensure its core businesses remain profitable.

The manufacturing segment profitability has dropped significantly in FY2019, due to extra costs incurred by new plant qualification activities.

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	795	1,044	1,967	2,528
Deferred tax for the year	38	4	49	(5)
Total	833	1,048	2,016	2,523

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 RM34,623,409
 - a corporate guarantee by the Company
- (b) Short term borrowings
- | | |
|--------------------|---------------------|
| Term loan | RM 1,809,076 |
| Overdraft | 7,702,736 |
| Bankers Acceptance | 5,566,653 |
| | <hr/> |
- (c) Long term borrowings
- | | |
|-----------|----------------------|
| Term loan | RM 60,813,508 |
| | <hr/> |
- (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 30 Nov 2018

The Group has no outstanding derivatives financial instruments as at 30 Nov 2018.

(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 30 Nov 2018.

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 2018.

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 single tier dividend in respect of financial year ended 31 May 2018, 1.0% of 57,250,148 ordinary shares amounting to total dividend payable of RM572,501 (1 sen per share) has been approved by the shareholders at the Company's Annual General Meeting held on 30 Oct 2018 and has been subsequently paid on 17 Dec 2018.

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 30.11.2018	Preceding Quarter ended 30.11.2017	Current Cumulative Quarter ended 30.11.2018	Preceding Cumulative Quarter ended 30.11.2017
Profit attributable to equity holders of the Company (RM'000)	(604)	1,457	1,891	4,654
Weighted number of ordinary shares in issue ('000)				
- Basic	57,250	57,250	57,250	57,250
- Diluted	57,250	57,250	57,250	57,250
Basic earnings per share (sen)	(1.06)	2.54	3.30	8.13
Diluted earnings per share (sen)	(1.06)	2.54	3.30	8.13

B12. 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 Jan 2019.