

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

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

	Individual Quarter 9 Months Ended 28 Feb		Cumulative Quarter 9 Months Ended 28 Feb	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000 Restated
Revenue	110,322	95,214	308,560	270,266
Other operating income	1,242	674	4,538	1,424
Total operating expenses	(111,448)	(91,157)	(307,957)	(259,393)
Profit from operations	<u>116</u>	<u>4,731</u>	<u>5,141</u>	<u>12,297</u>
Finance income	63	88	176	305
Finance cost	(782)	(205)	(2,015)	(808)
Share of profit / (loss) in a jointly controlled entity	0	(15)	3	(18)
Profit before taxation	<u>(603)</u>	<u>4,599</u>	<u>3,305</u>	<u>11,776</u>
Income tax	(622)	(1,702)	(2,639)	(4,225)
Profit for the period	<u>(1,225)</u>	<u>2,897</u>	<u>666</u>	<u>7,551</u>
Other comprehensive income:				
Foreign exchange difference	<u>(365)</u>	<u>(526)</u>	<u>333</u>	<u>(826)</u>
Total comprehensive income for the period	<u>(1,590)</u>	<u>2,371</u>	<u>999</u>	<u>6,725</u>
Profit for the period attributable to:				
Equity holders of the Company	(1,225)	2,897	666	7,551
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,225)</u>	<u>2,897</u>	<u>666</u>	<u>7,551</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(1,590)	2,371	999	6,725
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,590)</u>	<u>2,371</u>	<u>999</u>	<u>6,725</u>
Earnings per share attributable to owners of the parent (sen per share)				
Basic	(2.14)	5.06	1.16	13.19
Fully diluted	(2.14)	5.06	1.16	13.19

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 2019 (Unaudited) RM'000	As At Preceding Financial Year End 31 May 2018 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	219,590	202,987
Investment property	114,494	84,879
Inventory property	6,888	6,888
Intangible asset	5,444	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>366,264</u>	<u>320,203</u>
Current assets		
Inventory property	58,060	41,297
Investment securities	50	50
Inventories	36,825	34,111
Trade receivables	32,926	30,683
Other receivables	28,073	30,558
Tax recoverable	3,343	2,359
Short term investment	1,231	204
Cash and bank balances	27,321	18,224
	<u>187,829</u>	<u>157,485</u>
TOTAL ASSETS	<u>554,093</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	(1,325)	(1,658)
Retained earnings	164,066	163,973
	<u>232,118</u>	<u>231,691</u>
Minority interest	227	227
Total equity	<u>232,345</u>	<u>231,918</u>
Non-current liabilities		
Long term loan	55,689	37,193
Government grant	3,655	2,894
Trade and other payables	64,605	66,782
Deferred tax liabilities	1,969	1,976
	<u>125,919</u>	<u>108,845</u>
Current liabilities		
Short term borrowings	24,521	15,620
Trade payables	122,222	78,945
Other payables	46,712	40,084
Derivative liabilities	-	27
Deferred revenue	1,392	1,141
Government grant	631	622
Tax payable	352	485
	<u>195,829</u>	<u>136,925</u>
Total liabilities	<u>321,748</u>	<u>245,771</u>
TOTAL EQUITY AND LIABILITIES	<u>554,093</u>	<u>477,689</u>
Net assets per share attributable to equity holders of the parent (RM)	4.05	4.05
	-	-

(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

	9 Months Ended 28 Feb 2019 RM' 000	9 Months Ended 28 Feb 2018 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,305	11,776
Adjustments for:		
Amortisation of deferred income	(475)	(495)
Amortisation of intangible assets	290	295
Bad debts written off	-	10
Depreciation of property, plant and equipment	6,748	6,318
Depreciation of investment property	355	-
Gain on disposal of property, plant & equipment	(8)	(11)
Interest expense	2,015	808
Interest income	(176)	(305)
Inventories written down	6,702	-
Allowance for impairment of doubtful debts	186	-
Unrealised foreign exchange loss / (gains)	936	170
Property, plant and equipment written off	230	5,710
Share of (profit) / loss in a joint venture	(3)	18
Operating profit before working capital changes	<u>20,105</u>	<u>24,294</u>
Increase in inventory property	(16,763)	(4,118)
Increase in receivables	(928)	(15,485)
Increase / (decrease) in inventories	(9,416)	4,415
Increase in payables	47,728	40,999
Increase in deferred revenue	<u>251</u>	<u>259</u>
Cash generated from operations	40,977	50,364
Interest paid	(2,015)	(808)
Interest received	176	305
Tax paid	<u>(2,773)</u>	<u>(4,502)</u>
Net cash generated from operating activities	<u>36,365</u>	<u>45,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) / Decrease in short term investment	(1,027)	4,157
Purchase of property, plant and equipment	(53,543)	(42,041)
Distribution to non-controlling interest	-	(44)
Net cash used in investing activities	<u>(54,570)</u>	<u>(37,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank term loan	(675)	(656)
Term loan draw down	22,772	17,496
Net changes in bankers' acceptance	2,186	(2,295)
Decrease in trade excess	(1,459)	-
Dividend paid	<u>(573)</u>	<u>(573)</u>
Net cash used in financing activities	<u>22,251</u>	<u>13,972</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	4,046	21,403
EFFECTS OF EXCHANGE RATE CHANGES	478	(542)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>10,433</u>	<u>14,540</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>14,957</u>	<u>35,401</u>
Cash and cash equivalents comprise:		
Cash and bank balances	26,721	42,266
Deposit with licensed banks	600	886
Overdraft	<u>(12,364)</u>	<u>(7,751)</u>
	<u>14,957</u>	<u>35,401</u>

(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 Nine Months Ended 28 Feb 2019

Note	← Attributable to equity holders of the Company →						
	← Non-distributable →			Distributable			
	Share RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
Opening balance at 1 June 2018							
As previously reported	74,935	(5,558)	(1,658)	162,768	230,486	227	230,713
Effects of adopting MFRS 15	-	-	-	1,205	1,205	-	1,205
Restated	<u>74,935</u>	<u>(5,558)</u>	<u>(1,658)</u>	<u>163,973</u>	<u>231,691</u>	<u>227</u>	<u>231,918</u>
Total comprehensive income	-	-	333	666	999	-	999
	-	-	333	666	999	-	999
Transaction with owners:							
Purchase of treasury shares	-	-	-	-	-	-	-
First and final dividend	-	-	-	(573)	(573)	-	(573)
Closing balance at 28 Feb 2019	<u>74,935</u>	<u>(5,558)</u>	<u>(1,325)</u>	<u>164,066</u>	<u>232,118</u>	<u>227</u>	<u>232,345</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Nine Months Ended 28 Feb 2018

	← Attributable to equity holders of the Company →						
	← Non-distributable →			Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	Controlling Interest RM'000	Total Equity RM'000
Opening balance at 1 June 2017	74,935	(5,558)	785	151,650	221,812	320	222,132
Total comprehensive income (restated)	-	-	(826)	7,551	6,725	-	6,725
	-	-	(826)	7,551	6,725	-	6,725
Transaction with owners:							
Purchase of treasury shares	-	-	-	-	-	-	-
Distribution to non controlling interest	-	-	-	-	-	(44)	(44)
First and final dividend	-	-	-	(573)	(573)	-	(573)
Closing balance at 28 Feb 2018	<u>74,935</u>	<u>(5,558)</u>	<u>(41)</u>	<u>158,628</u>	<u>227,964</u>	<u>276</u>	<u>228,240</u>

(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 NINE-MONTHS PERIOD ENDED 28 FEB 2019
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 Feb 2019 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 9		Impact of changes in accounting policy MFRS 15 Adjustment RM'000	Cumulative quarter 9 months	
	months ended 28 Feb 2018			ended 28 Feb 2018	
	As previously reported RM'000			Restated RM'000	
Revenue	316,646		(46,381)	270,265	
Other operating income	1,424			1,424	
Total operating expenses	(305,774)		46,381	(259,393)	
Profit from operation	12,296		-	12,296	
Finance income	305			305	
Finance cost	(808)			(808)	
Share of profit in a jointly controlled entity	(18)			(18)	
Profit before taxation	11,775		-	11,775	
Income tax	(4,225)			(4,225)	
Profit for the period	7,550		-	7,550	

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 28 Feb 2019.

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	81,067	75,026	215,067	202,045
Manufacturing	19,951	18,065	64,317	59,862
Property investment and development	1,179	1,194	3,395	3,268
Trading	8,125	929	25,781	5,091
Group revenue	110,322	95,214	308,560	270,266
Segment Results				
Retail	1,050	3,375	6,008	9,183
Manufacturing	30	2,920	771	6,192
Property investment and development	(1,844)	(1,684)	(4,017)	(3,718)
Trading	161	3	540	137
Share of profit/(loss) in a joint venture	-	(15)	3	(18)
Group (loss) / profit before tax	(603)	4,599	3,305	11,776
Taxation	622	1,702	2,639	4,225
Group (loss) / profit after tax	(1,225)	2,897	666	7,551

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 were no material events subsequent to the end of this interim period until 30 April 2019.

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 Feb 2019, the Company has given corporate guarantees amounting to RM80,209,405 to secure banking facilities granted to its subsidiaries.

A15. Capital Commitments

The Group's capital commitments as at 30 April 2019 are as follow:

	RM'000
Approved and contracted for:	
Machinery	8,145
Total	8,145

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 28 Feb 2019, the Group recorded total revenue of RM110.322 million, an increase of 15.87% from RM95.214 million recorded in the preceding year corresponding quarter ended 28 Feb 2018. The Group loss before tax for the period under review was RM0.603 million as compared with profit before tax of RM4.599 million previously, decrease of 113.11%

Retail business segment registered 8.05% increase in revenue from RM75.026 million to RM81.067 million, due to improved consumer spending in the existing stores as a result of more discount and promotion given. Profit before tax for the period under review decrease 68.89% to RM1.050 million as compared to profit before tax of RM3.375 million previously, resulting from lower margin earned and higher operational cost, recorded in the current reporting period.

Manufacturing segment experienced 10.44% increase in revenue from RM18.065 million to RM19.951 million, as a result of new project commercialization during the current reporting quarter. Profit before tax for the period under review was RM0.030 million as compared to profit before tax of RM2.920 million previously, a decrease of 98.97%, 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 RM0.929 million to RM8.125 million. Substantial increase in revenue has given rise to an increase in profit before tax from RM0.003 million to RM0.161 million, recorded during the reporting quarter.

Property investment and development segment registered a decrease in revenue of 1.26%, from RM1.194 million to RM1.179 million. Loss before tax for the reporting period was RM1.844 million as compared to loss before tax of RM1.684 million, recorded in the preceding corresponding period ended 28 Feb 2018, mainly due additional professional fees, finance cost and depreciation 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 Feb 2019 and the date of this report.

Financial Year-To-Date Results:

The Group's revenue for the 9 months period ended 28 Feb 2019, amounting RM308.560 million, an increase of 14.17% from RM270.266 million recorded in the preceding year corresponding period ended 28 Feb 2018. The Group profit before tax for the period under review was RM3.305 million, as compared with the profit before tax of RM11.776 million previously, a decrease of 71.93%.

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

New project commercialization, caused manufacturing segment to record a 7.44% increase in revenue from RM59.862 million to RM64.317 million, Profit before tax for the period under review was RM0.771 million as compared to profit before tax of RM6.192 million previously, a decrease of 87.55%, 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 6.45% to RM215.067 million compared to RM202.045 million recorded in the preceding year corresponding period. Profit before tax decrease by 34.57%, from RM9.183 million to RM6.008 million, due to higher operational cost incurred during the reporting period.

Property investment and development segment registered weak growth in revenue of 3.89%, from RM3.268 million to RM3.395 million. Loss for the reporting period was RM4.017 million as compared to loss before tax of RM3.718 million, recorded in the preceding corresponding period ended 28 Feb 2018, mainly due to additional professional fee, finance cost and depreciation incurred during the reporting period.

Trading in construction materials, carried out by a wholly owned subsidiary, Sunshine Paramount Sdn Bhd, continue to register positive growth in revenue from RM5.091 million to RM25.781 million, an increase of 406.40%. Profit before tax for the period under review was RM0.540 million as compared to RM0.137 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 29 Feb 2019 and the date of this report.

B2. Material Changes in the Quarterly Profit before Taxation

The Group's loss before tax for the current quarter was RM0.603 million, as compared with profit before tax of RM0.229 million recorded in the preceding quarter, decrease by 363.32%.

Retail – profit before tax increase by 19.86% from RM0.876 million to RM1.050 million. Yearend sales, school holiday and Chinese New Year sales contributed to higher consumer spending during the reporting period.

Manufacturing – profit before tax decrease by 90.07%, from RM0.302 million to RM0.030 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 RM1.844 million compared to loss before tax of RM1.173 million, mainly due higher operating cost incurred during the reporting quarter.

Trading – profit before tax decrease 27.48%, from RM0.222 million to RM0.161 million, resulted from lower sales achieved, i.e. from RM9.815 million to RM8.125 million recorded during the current reporting period.

B3. Commentary on Prospects

Due to slower global economic growth and demand, some factories in Penang recently suspended their operations and downsize their workforce due to restructuring exercise. These ongoing uncertainties would pose downside risks to retail sales performance in the near term.

The new factory has passed a major customer qualification and is now submitting safe launch samples. However, the progress has been delayed due to the slowdown in semiconductor industry.

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	731	1,730	2,699	4,258
Deferred tax for the year	(109)	(28)	(60)	(33)
Total	622	1,702	2,639	4,225

B6. Status of Corporate Proposals

- 1.1 On 25 January 2019 the Company had announced that the Board had received the SCR Offer Letter from SHSB, a major shareholder of SCB, on behalf of and together with the Ultimate Offeror and PACs hold 30.91% equity interest in the Company, requesting the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Act.
- 1.2 On 11 February 2019, the Board (save for the Interested Directors and Datuk Radzali) had deliberated on the contents of the SCR Offer Letter and resolved to table the Proposed SCR to the Entitled Shareholders for their consideration at the forthcoming EGM.
- 1.3 On 11 February 2019, the Board (save for the Interested Directors and Datuk Radzali) had also appointed Mercury Securities as the Independent Adviser to provide its comments, opinion, information and recommendations on the Proposed SCR to the non interested Directors and to the Entitled Shareholders.

Pursuant to the Proposed SCR:-

- (i) The Entitled Shareholders will received a total capital repayment of approximately RM110,747,342, which represents a cash repayment sum of RM2.80 for each SCB Share held by the Entitled Shareholders on the Entitlement Date. The Non-Entitled Shareholders will not be entitled to the repayment of capital pursuant to the Proposed SCR;
- (ii) The issued share capital of SCB will be reduced by way of cancellation of all the SCB Shares held by the Entitled Shareholders. Accordingly the issued share capital of SCB will be reduced by RM110,747,342.
In view that the capital reduction for the Proposed SCR is higher than the existing issued share capital of SCB, the Proposed Bonus Issue will be undertaken to facilitate the Proposed SCR by increasing the issued share capital of SCB up to a level which is sufficient for the capital reduction. The Non-Entitled Shareholders will waive their entitlements to the Bonus Shares pursuant to the Proposed Bonus Issue;
- (iii) All SCB Shares held by the Entitled Shareholders, comprising 39,552,622 SCB Shares and 45,812,383 Bonus Shares, will be cancelled As such, the Bonus Shares will not be credited into the CDS Accounts of the Entitled Shareholders and will not be listed on the Official List of Bursa Securities. In conjunction with the Proposed SCR, all Treasury Shares held by SCB will also be cancelled. Any SCB Shares remaining which are not cancelled pursuant to the Proposed SCR will continue to be held by Non-Entitled Shareholders and accordingly the Non-Entitled Shareholders will own 100% equity interest in SCB upon completion of the Proposed SCR; and
- (iv) The SCR Cash Amount will be paid to each Entitled Shareholder as soon as practicable following the Effective Date.

The proposed SCR was presented to the disinterested shareholders at the EGM held on 30 April 2019. The Proposed SCR was approved by the disinterested shareholders of the Company. The application to the High Court to seek confirmation for the reduction of share capital under Section 116 of the Companies Act 2016 will be made in due course.

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 RM42,405,088	
• a corporate guarantee by the Company	
(b) Short term borrowings	
Term loan	RM 9,970,247
Overdraft	12,364,257
Bankers Acceptance	<u>2,186,300</u>
(c) Long term borrowings	
Term loan	<u>RM 55,688,601</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 Feb 2019

The Group has no outstanding derivatives financial instruments as at 28 Feb 2019.

(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 28 Feb 2019.

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 28.2.2019	Preceding Quarter ended 28.2.2018	Current Cumulative Quarter ended 28.2.2019	Preceding Cumulative Quarter ended 28.2.2018
Profit attributable to equity holders of the Company (RM'000)	(1,225)	2,897	666	7,551
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)	(2.14)	5.06	1.16	13.19
Diluted earnings per share (sen)	(2.14)	5.06	1.16	13.19

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 30 April 2019.