

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2003**

**A. NOTES TO INTERIM REPORT**

1 **ACCOUNTING POLICIES AND METHODS**

The Interim financial report has been prepared in accordance with MASB 26 and the same accounting policies and method of computation are followed in the interim financial statement as compared with the annual audited accounts of the Group for the year ended 31 December 2002.

2 **AUDIT REPORTS**

There were no qualification for the preceding annual financial statement for the financial year ended 31 December 2002.

3 **SEASONAL OR CYCLICAL FACTORS**

The group is principally engaged in manufacturing & trading of biscuits & food products. The demand for the Group's products will pick up during the second half of the financial year especially during the year end festive season.

4 **UNUSUAL ITEMS**

There were no unusual items for the quarter ended 31 March 2003.

5 **CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts previously reported in prior interim period of the current financial year or in prior financial year.

6 **ISSUANCE OR REPAYMENTS OF DEBT AND EQUITY SECURITIES**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current interim period and year to date ended 31 March 2003.

7 **DIVIDENDS PAID**

There will no dividend paid during the interim period ended 31 March 2003.

8 **SEGMENTAL REPORT**

	<b>As at 31 March 2003</b>	
	Turnover	Profit before taxation
	<u>RM'000</u>	<u>RM'000</u>
Manufacturing	13,496	31
Trading & others	7,963	-634
Total	<u>21,459</u>	<u>-603</u>

9 **PROPERTY, PLANT AND EQUIPMENT**

The valuation of property, plant and equipment is brought forward without any amendments from the previous annual financial statements.

10 **MATERIAL SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the interim period ended 31 March 2003.

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2003**

11 **CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the group during the interim period and current financial year to date.

12 **CONTINGENT LIABILITIES**

	<u>RM'000</u>
Bank guarantees issued in favour of third parties -unsecured	147

**B. ADDITIONAL INFORMATION - KLSE'S REQUIREMENTS**

13 **REVIEW OF PERFORMANCE**

The group's revenue for the year ended 31 March 2003 decreased by 8.7% from RM 23.3 million to RM21.5 million as compared to previous year.

This is mainly due to the competitive business environment & discontinuation of the distributorship of two agency products.

For the quarter ended 31 March 2003, the Group recorded a loss before tax of RM0.6 million as compared to profit before tax of RM0.3 million for previous year. This is mainly due to the lower revenue and lower margin resulted from the competitive business environment & increase in major raw materials cost.

14 **VARIATIONS OF RESULTS AGAINST PRECEDING QUARTER**

The group's revenue for the quarter ended 31 Mar 2003 has decreased from RM24.4 million to RM21.4 million. The group's loss before tax for the quarter decreased from RM7.5 millions to to RM0.6 million mainly due to the decrease in provision for investing activities.

15 **CURRENT YEAR PROSPECT**

In view of the current competitive consumer market and the low consumer confidence, barring unforeseen circumstances, the Board expects the group's operating performance for the year 2003 to remain at a satisfactory level.

16 **PROFIT FORECAST**

The company does not have any comparable profit forecast in respect of actual profit.

17 **TAXATION**

	<u>Group</u>	
	<u>Current</u>	<u>Cumulative</u>
	<u>quarter</u>	<u>quarter to date</u>
	<u>RM'000</u>	<u>RM'000</u>
Income Tax - current year	0	0
Deferred taxation-prior year	-600	-600
	-600	-600

For the quarter ended 31 Mar 2003, there is no tax liability for the group due to loss in the current quarter. There is a written back of deferred taxation as a result of the permanent difference arises from unabsorbed reinvestment allowances.

18 **PROFIT ON SALES OF INVESTMENTS AND OR PROPERTIES**

There were no profit / (loss) on sales of investments and/or properties for the cumulative quarter ended 31 March 2003.

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2003**

19 **PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

(a) <u>Cumulative quarter to date</u>	<u>RM'000</u>
Total purchases	NIL
Total disposals	NIL
Total loss on disposals	NIL
(b) <u>Investment in quoted shares as at 31 Mar 2003</u>	<u>RM'000</u>
Total investments at costs	5,142
Total investments at carrying value/book value	949
Total investments at market value	890

20 **CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the date of this announcement.

21 **GROUP BORROWING AND DEBT SECURITIES**

Group borrowings as at 31 Mar 2003

<u>Short term borrowings</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Hire purchase repayable within 1 year	0	1,375	1,375
Trade financing facilities	18,186	4,712	22,898
Bank overdrafts	6,310	121	6,431
Term loan repayable within 1 year	0	1,923	1,923
Revolving credit	4,000	0	4,000
	<u>28,496</u>	<u>8,131</u>	<u>36,627</u>
<u>Long term borrowings</u>			
Hire purchase repayable after 1 year	0	1,832	1,832
Term loan repayable after 1 year	0	9,846	9,846
	<u>0</u>	<u>11,678</u>	<u>11,678</u>
Total borrowings	<u>28,496</u>	<u>19,809</u>	<u>48,305</u>

22 **FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet risk as at the date of this announcement.

23 **MATERIAL LITIGATION**

There were no material litigation as at the date of this announcement.

24 **DIVIDEND**

No interim dividend is recommended for the quarter ended 31 March 2003.

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2003**

**25 EARNINGS PER SHARE**

- a) The amount used as the numerator in calculating basic and diluted earnings per share is RM32,000 and RM32,000 respectively for the quarter and financial year to date which is same as the net profit reported for the reporting period.
  
- b) The number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is 13,230,000 shares which is same as the existing paid up capital.

**26 MINIMUM CAPITAL REQUIREMENT**

As at date of announcement, the Company is considering various proposals in meeting the minimum paid up capital requirement and the decision has not been made by the Board as yet.

**27 RECLASSIFICATION OF ACCOUNTS**

Certain comparative figures of the Group have been reclassified to conform with their presentation in current interim reporting.