

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

**Condensed Consolidated Income Statements**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Mar-08 (RM'000)	31-Mar-07 (RM'000)	31-Mar-08 (RM'000)	31-Mar-07 (RM'000)
<b>Revenue</b>	17,394	17,848	17,394	17,848
<b>Operating Expenses</b>	(17,349)	(17,704)	(17,349)	(17,704)
<b>Other Operating Income</b>	152	191	152	191
<b>Finance Cost</b>	(396)	(294)	(396)	(294)
<b>Share Of Loss Of An Associate Company</b>	(12)	-	(12)	-
<b>(Loss)/ Profit Before Tax</b>	(211)	41	(211)	41
<b>Taxation</b>	-	-	-	-
<b>(Loss)/ Profit For The Period</b>	(211)	41	(211)	41
<b>Attributable to:</b>				
<b>Equity Holders Of The Parent</b>	(211)	41	(211)	41
<b>Minority Interest</b>	(211)	41	(211)	41
<b>(Loss)/ Earnings Per Share</b>				
<b>Basic (sen)</b>	(0.53)	0.10	(0.53)	0.10
<b>Diluted (sen)</b>	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial report.

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

**Condensed Consolidated Balance Sheets**

	As at 31-Mar-08 RM'000	As at 31-Dec-07 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18,848	18,920
Investment properties	4,958	4,972
Prepaid land lease payments	1,115	1,484
Investment in an associate company	1,792	1,804
	<u>26,713</u>	<u>27,180</u>
<b>Current assets</b>		
Inventories	6,062	5,454
Trade receivables	25,877	27,210
Other receivables	1,767	2,288
Tax recoverable	73	621
Cash and bank balances	3,518	1,875
	<u>37,297</u>	<u>37,448</u>
Non-current asset held for sale	-	366
	<u>37,297</u>	<u>37,814</u>
<b>TOTAL ASSETS</b>	<u><u>64,010</u></u>	<u><u>64,994</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	40,042	40,042
Capital reserve	8	8
Accumulated Losses	(25,774)	(25,563)
	<u>14,276</u>	<u>14,487</u>
<b>Minority interest</b>	-	-
<b>Total equity</b>	<u>14,276</u>	<u>14,487</u>
<b>Non-current liabilities</b>		
Borrowings	274	321
Deferred tax liabilities	-	-
	<u>274</u>	<u>321</u>
<b>Current liabilities</b>		
Trade payables	19,570	20,535
Other payables	6,220	7,186
Provisions	332	1,286
Borrowings	23,182	21,023
Tax payable	156	156
	<u>49,460</u>	<u>50,186</u>
<b>Total liabilities</b>	<u>49,734</u>	<u>50,507</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>64,010</u></u>	<u><u>64,994</u></u>
<b>Net Assets Per Share Attributable to Ordinary Equity Holders of the Parent (Sen)</b>	35.65	36.18

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial report.

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

**Condensed Consolidated Cash Flow Statement**

	<b>3 months ended 31-Mar-08 (RM'000)</b>	<b>3 months ended 31-Mar-07 (RM'000)</b>
<b>Net (loss)/profit before tax</b>	(211)	41
<b>Adjustment for non-cash items:-</b>		
Non-cash items	(560)	611
Non-operating items	814	-
<b>Operating profit before changes in working capital</b>	<u>43</u>	<u>652</u>
<b>Changes in working capital:-</b>		
Net change in current assets	1,739	(5,574)
Net change in current liabilities	(2,263)	3,379
Tax paid	(5)	-
	<u>(529)</u>	<u>(2,195)</u>
<b>Net cash flows from operating activities</b>	<u>(486)</u>	<u>(1,543)</u>
<b>Investment Activities</b>		
Net proceeds from purchase and disposal of property, plant and equipment	339	(18)
	<u>339</u>	<u>(18)</u>
<b>Financing Activities</b>		
Bank borrowings	1,573	1,749
	<u>1,573</u>	<u>1,749</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>	1,426	188
<b>Cash &amp; Cash Equivalents at beginning of year</b>	<u>(1,318)</u>	<u>(1,482)</u>
<b>Cash &amp; Cash Equivalents at end of period</b>	<u>108</u>	<u>(1,294)</u>
<b>Analysis Of Cash and Cash Equivalents :</b>		
Cash and bank balances	3,518	1,328
Bank overdrafts	(3,410)	(2,622)
	<u>108</u>	<u>(1,294)</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial report.

**HWA TAI INDUSTRIES BERHAD (Company No. 19688-V)  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

**Condensed Consolidated Statement of Changes in Equity  
for The Period Ended 31 March 2008**

	<-----Attributable to Equity Holders of the Parent----->				Minority Interest	Total Equity
	Share Capital RM'000	Capital Reserve RM'000	Accumulated Losses RM'000	Total RM'000		
<b>At 1st January 2008</b>	40,042	8	(25,563)	14,487	-	14,487
Loss for the financial period	-	-	(211)	(211)	-	(211)
<b>At 31st March 2008</b>	<u>40,042</u>	<u>8</u>	<u>(25,774)</u>	<u>14,276</u>	<u>-</u>	<u>14,276</u>
<b>At 1st January 2007</b>	40,042	8	(24,333)	15,717	-	15,717
Profit for the financial period	-	-	41	41	-	41
<b>Ar 31st March 2007</b>	<u>40,042</u>	<u>8</u>	<u>(24,292)</u>	<u>15,758</u>	<u>-</u>	<u>15,758</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial report.

**HWA TAI INDUSTRIES BERHAD(Company No.:19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

**A. NOTES TO INTERIM FINANCIAL REPORT**

**1. BASIS OF PREPARATION**

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 Part K paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007. These explanatory notes attached to the condensed 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 financial year ended 31 December 2007.

**2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies and methods of computation used in the interim financial reports are the same with those in the audited annual financial statements of the Group for the year ended 31 December 2007.

The Group and the Company have not adopted the following FRSs and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company.

		<b>Effective for financial periods beginning on or after</b>
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants And Disclosure of Government Assistance	1 July 2007
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provision, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rate – Net Investment in a Foreign Operation	1 July 2007
IC Int 01	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Int 02	Members' Share in Co-operative Entities and Similar Instruments	1 July 2007
IC Int 05	Right to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Int 06	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Int 07	Applying the Restatement Approach under FRS 129 <sub>2004</sub> – Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Int 08	Scope of FRS 2	1 July 2007

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The adoption of the above FRSS, Amendment to FRS 121 and IC Int will not have any significant financial impact on the results and financial position of the Group when these standards become effective to the Group.

**3. AUDIT REPORTS**

There were no qualifications in the auditor's report of the preceding annual financial statements for the financial year ended 31 December 2007.

**4. SEASONAL OR CYCLICAL FACTORS**

The Group is principally engaged in the manufacturing and trading of biscuits and food products. The demand for the Group's products generally picks up during the second half of the financial year especially during year end festive seasons.

**5. UNUSUAL ITEMS**

There were no material unusual items affecting the Group for the current quarter ended 31 March 2008.

**6. CHANGES IN ESTIMATES**

There were no material changes in the estimates in the prior financial years which have a material effect on the results for the current quarter and financial year to date.

**7. 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 quarter ended 31 March 2008.

**8. DIVIDENDS PAID**

There were no dividends paid for current quarter ended 31 March 2008.

**9. SEGMENTAL REPORT**

	<b>3 months ended 31 March 2008</b>	
	<b>Revenue</b>	<b>Loss before</b>
	<b>RM'000</b>	<b>taxation</b>
		<b>RM'000</b>
Manufacturing	13,118	(402)
Trading & others	<u>4,276</u>	<u>191</u>
Total	<u>17,394</u>	<u>(211)</u>

**HWA TAI INDUSTRIES BERHAD(Company No.:19688-V)  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

**10. PROPERTY, PLANT AND EQUIPMENT**

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

**11. MATERIAL SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the current quarter ended 31 March 2008.

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter ended 31 March 2008.

**13. CAPITAL COMMITMENTS**

The capital commitments for the current quarter ended 31 March 2008 is as follow:-

	<u>RM'000</u>
Capital commitment	27

**14. CONTINGENT LIABILITIES**

Bank guarantees issued in favour of third parties	<u>RM'000</u> 404
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**B. ADDITIONAL INFORMATION – LISTING REQUIREMENTS**

**15. PERFORMANCE REVIEW**

The Group had incurred a loss before tax of RM211,000 for the current year to date as compared to a profit before tax of RM41,000 in the preceding year corresponding period. This was mainly caused by the increase in cost of raw materials especially the recent price hike in flour and fuel cost.

**16. VARIATIONS OF CURRENT QUARTER RESULTS AGAINST PRECEDING QUARTER**

The material variation in loss before taxation in the current quarter of RM211,000 as compared to a loss before taxation of RM1,206,000 for the immediate preceding quarter was mainly due to the increase in costs of raw materials and provision of doubtful debts.

**17. PROSPECTS OF THE GROUP**

The Group continues to operate in a challenging environment due to unpredictable global raw material prices.

**HWA TAI INDUSTRIES BERHAD(Company No.:19688-V)  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

**18. PROFIT FORECAST**

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

**19. TAXATION**

There is no tax liabilities for the current quarter ended 31 March 2008 due to sufficient unutilised tax losses and allowances carried forward to set off the taxable profit of certain subsidiaries.

**20. PROFIT ON SALES OF INVESTMENTS AND/OR PROPERTIES**

There were no sales of investments and/or properties for the quarter under review other than as follows:

	<b>Current Year Quarter 31.03.08 <u>RM'000</u></b>	<b>Cumulative Quarter 31.03.08 <u>RM'000</u></b>
Gain on disposal of properties	86	86

**21. PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

There were no investment in quoted securities as at the end of the current quarter.

**22. CORPORATE PROPOSALS**

There are no ongoing corporate proposals at the date of this announcement.

**23. GROUP BORROWINGS AND DEBT SECURITIES**

Group borrowings as at 31 March 2008:

	<b>Unsecured <u>RM'000</u></b>	<b>Secured <u>RM'000</u></b>	<b>Total <u>RM'000</u></b>
Short term borrowings	22,988	194	23,182
Long term borrowings	-	274	274
Total borrowings	<u>22,988</u>	<u>468</u>	<u>23,456</u>

**24. FINANCIAL INSTRUMENTS**

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

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**25. MATERIAL LITIGATION**

Other than as disclosed below, as at the date of this announcement, the Group is not engaged in any material litigation, which have a material effect on the financial position or the business of the Group and the Board.

Danone Biscuits Manufacturing (M) Sdn. Bhd. (the "Plaintiff") had filed an action against Hwa Tai Industries Berhad ("Company") claiming, inter alia, for a permanent injunction restraining the Company from allegedly infringing the Plaintiff's registered "ChipsMore" trademark as against the Company's "ChipsPlus", an order for delivery up and destruction of all the Company's allegedly offending chocolate chip cookies and an inquiry as to damages due to the Plaintiff and the case is still pending in the Court.

**26. DIVIDEND**

No interim dividend is recommended for the quarter ended 31 March 2008.

**27. (LOSS)/EARNINGS PER SHARE**

**(a) Basic**

Basic (loss)/earnings per share is calculated by dividing the net (loss)/ profit for the year by the weighted average number of ordinary shares in issue during the year.

	<u>Cumulative Quarter 31- March-2008</u>	<u>Cumulative Quarter 31-March-2007</u>
Net (loss)/profit for the period (RM'000)	(211)	41
Weighted average number of shares ('000)	40,042	40,042
Basic (loss)/earnings per share (sen)	(0.53)	0.10

**(b) Diluted**

No diluted earnings per share is calculated as potential ordinary share are anti-dilutive

**28. AUTHORISATION FOR ISSUE**

The interim financial reports were authorized for release by the Board of Directors.

JESSICA CHIN TENG LI (MAICSA 7003181)  
Company Secretary  
Dated : 28 May 2008