

**HWA TAI INDUSTRIES BERHAD(Company No.:19688-V)  
INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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. In addition, the following revised Financial Reporting Standards ("FRS") effective for financial year commencing on or after 1 January 2008 had also been adopted:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates-Net Investment in a Foreign Operation

The adoption of the above FRSS, Amendment to FRS 121 are not expected to have any significant effects on the financial statements of 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 December 2008.

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**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 December 2008.

**8. DIVIDENDS PAID**

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

**9. SEGMENTAL REPORT**

	12 months ended 31 December 2008	
	Revenue	Profit/(loss)
	<u>RM'000</u>	<u>before taxation</u>
		<u>RM'000</u>
Manufacturing	58,889	768
Trading & others	<u>21,357</u>	<u>(311)</u>
Total	<u>80,246</u>	<u>457</u>

**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 December 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 December 2008.

**13. CAPITAL COMMITMENTS**

There were no capital commitments for the current quarter ended 31 December 2008.

**14. CONTINGENT LIABILITIES**

Bank guarantees issued in favour of third parties

RM'000  
325

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**B. ADDITIONAL INFORMATION – LISTING REQUIREMENTS**

**15. PERFORMANCE REVIEW**

The Group had recorded a profit before tax and revenue of RM0.5million and RM80.2million respectively for the current year to date as compared to a loss before tax of RM1.9 million and revenue of RM71million in the preceding year corresponding period. This was mainly contributed by an increase in revenue of approximately 13% for current year and improve in production planning and better cost control.

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

There were no material variations in profit before taxation in the current quarter as compared to a profit before taxation for the immediate preceding quarter.

**17. PROSPECTS OF THE GROUP**

The Group continues to operate in a challenging environment due to uncertainty in the global economy.

**18. PROFIT FORECAST**

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

**19. TAXATION**

The breakdown of taxation is as follows:

	<u>31.12.08</u> <u>RM'000</u>	<u>31.12.07</u> <u>RM'000</u>
Income Tax		
- Current Year	3	-
Deferred Tax	<u>39</u>	<u>663</u>
	<u>42</u>	<u>663</u>

**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:

	<u>Current Year Quarter</u> <u>31.12.08</u> <u>RM'000</u>	<u>Cumulative Quarter</u> <u>31.12.08</u> <u>RM'000</u>
Gain on disposal of properties	-	184

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**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 December 2008:

	<u>Unsecured</u> <u>RM'000</u>	<u>Secured</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Short term borrowings	23,373	269	23,642
Long term borrowings	-	238	238
Total borrowings	<u>23,373</u>	<u>507</u>	<u>23,880</u>

**24. FINANCIAL INSTRUMENTS**

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

**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 December 2008.

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

**(a) Basic**

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

	<b>Cumulative Quarter <u>31 December-2008</u></b>	<b>Cumulative Quarter <u>31 December-2007</u></b>
Net profit/(loss) for the year (RM'000)	415	(1,230)
Weighted average number of shares ('000)	40,042	40,042
Basic earnings/(loss) per share (sen)	1.04	(3.07)

**(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.

By Order of the Board  
JESSICA CHIN TENG LI (MAICSA 7003181)  
Company Secretary  
Dated : 26 February 2009