

**HWA TAI INDUSTRIES BERHAD(Company No.:19688-V)**  
**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013**

**A. NOTES TO INTERIM FINANCIAL REPORT**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards and the requirement of the Companies Act 1965 in Malaysia ; Interim Financial Reporting and 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 2012. 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 2012.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First Time Adoption of Malaysian Financial Reporting Standards has been applied.

The adoption of the MFRSs and Amendments do not have any material financial impact to these interim financial statements.

**2. CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statement for the financial year ended 31 December 2012.

**3. AUDIT REPORTS**

There was no qualification in the auditor's report of the preceding annual financial statements for the financial year ended 31 December 2012.

**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 festive seasons.

**5. UNUSUAL ITEMS**

There were no material unusual items affecting the Group for the current quarter ended 31 March 2013.

**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.

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**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 2013.

**8. DIVIDENDS PAID**

There were no dividends paid for current quarter ended 31 March 2013.

**9. SEGMENTAL REPORT**

	<b>3 months ended 31 March 2013</b>	
	<b>Revenue</b>	<b>Loss before</b>
	<b>RM'000</b>	<b>taxation</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Manufacturing	11,765	(286)
Trading & others	<u>4,419</u>	<u>108</u>
Total	<u>16,184</u>	<u>(178)</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 March 2013.

**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 2013.

**13. CAPITAL COMMITMENTS**

There were no capital commitments for the current quarter ended 31 March 2013 other than as follows :

	<b><u>RM'000</u></b>
Contracted but not provided for property, plant and equipment	<u>268</u>

**14. CONTINGENT LIABILITIES**

	<b><u>RM'000</u></b>
Bank guarantees issued in favour of third parties	<u>200</u>

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**B. ADDITIONAL INFORMATION – LISTING REQUIREMENTS**

**15. PERFORMANCE REVIEW**

The Group recorded a loss before taxation of RM0.18 million in the current year to date as compared to a loss before taxation of RM0.36 million in the preceding year corresponding period. The lower loss was mainly due to higher other operating income of RM526,000 which primarily comprises of bad debts recovered in the current year to date.

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

The loss before taxation in the current quarter of RM178,000 as compared to a profit before taxation of RM577,000 for the immediate preceding quarter was mainly due to the lower sales from both the international and domestic markets in the current quarter as compared with higher sales in the preceding quarter .

**17. PROSPECTS OF THE GROUP**

The Group continues to operate in a challenging environment with fluctuation of foreign currencies together with volatile raw materials costs, fuel prices and the implementation of minimum wage requirements.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

There were no profit forecast or profit guarantee issued by the Group.

**19. LOSS BEFORE TAXATION**

Loss before taxation has been arrived after charging/(crediting ):-

	<u>RM'000</u>	<u>RM'000</u>
	<u>31.03.13</u>	<u>31.03.12</u>
Interest income	(4)	(4)
Interest expense	289	305
Depreciation		
- property, plant & equipment	485	505
- prepaid land lease properties	11	14
Impairment loss on third parties	84	110
Allowance for inventories obsolescence	61	65
Impairment loss on third parties no longer required	(225)	(18)
Gain on disposal of property, plant and equipment	(18)	-
Net gain on foreign exchange	(120)	(30)

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**20. TAXATION**

The breakdown of taxation is as follows:

	<b>Individual Quarter</b>	<b>Individual Quarter</b>	<b>Cummulative Quarter</b>	<b>Cummulative Quarter</b>
	<b>Current year</b>	<b>Preceding</b>	<b>Current year</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>year Quarter</b>	<b>Quarter</b>	<b>year Quarter</b>
	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.13</b>	<b>31.03.12</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Income tax - current period	-	-	-	-
- over provision in prior year	(17)	-	(17)	-
	<u>(17)</u>	<u>—</u>	<u>(17)</u>	<u>—</u>

**21. CORPORATE PROPOSALS**

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

**22. GROUP BORROWINGS AND DEBT SECURITIES**

Group borrowings as at 31 March 2013:

	<b>Unsecured</b>	<b>Secured</b>	<b>Total</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Short term borrowings	19,892	782	20,674
Long term borrowings	<u>297</u>	<u>756</u>	<u>1,053</u>
Total borrowings	<u>20,189</u>	<u>1,538</u>	<u>21,727</u>

**23. FINANCIAL INSTRUMENTS**

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

**24. MATERIAL LITIGATION**

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.

**25. DIVIDEND**

No interim dividend is recommended for the quarter ended 31 March 2013.

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**26. LOSS PER SHARE**

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares in issue during the period:

	<b>Cumulative Quarter <u>31-March -2013</u></b>	<b>Cumulative Quarter <u>31-March -2012</u></b>
Net loss for the period (RM'000)	(161)	(357)
Weighted average number of shares ('000)	40,042	40,042
Basic loss per share (sen)	(0.40)	(0.89)

**27. DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES**

The following analysis of realized and unrealized retained profits/(accumulated losses) is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

The Group's accumulated losses as at 31 March 2013 and 31 March 2012 is analysed as follows:

	<b><u>31.03.2013</u></b>	<b><u>31.03.2012</u></b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Accumulated losses		
- realized	(25,436)	(24,685)
- unrealized	<u>(71)</u>	<u>(107)</u>
	(25,507)	(24,792)
Associated company:		
- realized	<u>(21)</u>	<u>(78)</u>
Total group accumulated losses as per statements of financial position	<u>(25,528)</u>	<u>(24,870)</u>

**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 : 30 May 2013