

**HWA TAI INDUSTRIES BERHAD(Company No.:19688-V)  
INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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 30 September 2013.

**8. DIVIDENDS PAID**

There were no dividends paid for current quarter ended 30 September 2013.

**9. SEGMENTAL REPORT**

	<b>9 months ended 30 September 2013</b>	
	<b>Revenue</b>	<b>Profit before</b>
	<b><u>RM'000</u></b>	<b><u>taxation</u></b>
		<b><u>RM'000</u></b>
Manufacturing	34,188	273
Trading & others	<u>13,529</u>	<u>(11)</u>
Total	<u>47,717</u>	<u>262</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 30 September 2013.

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

There were no changes in the composition of the Group during the current quarter ended 30 September 2013.

**13. CAPITAL COMMITMENTS**

There were no capital commitments for the current quarter ended 30 September 2013 other than as follows :

	<b><u>RM'000</u></b>
Contracted but not provided for property, plant and equipment	<u>417</u>

**14. CONTINGENT LIABILITIES**

	<b><u>RM'000</u></b>
Bank guarantees issued in favour of third parties	<u>263</u>

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**B. ADDITIONAL INFORMATION – LISTING REQUIREMENTS**

**15. PERFORMANCE REVIEW**

The Group recorded a profit before taxation of RM0.26 million in the current year to-date as compared to a loss before taxation of RM1.05million in the preceding year corresponding period. The higher profit in the current year was mainly due to lower advertising and promotional expenses incurred and also increase in other operating income which was mainly contributed by foreign currency exchange gains resulted from the continuing strengthening of USD currency against Ringgit Malaysia in the current quarter.

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

The decrease in profit before taxation in the current quarter to RM80,000 as compared to a profit before taxation of RM360,000 for the immediate preceding quarter was mainly due to the decrease of sales from both the international and domestic markets in the current 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. PROFIT OR LOSS BEFORE TAXATION**

Profit or loss before taxation has been arrived after charging/(crediting):-

	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
	<b>30.09.13</b>	<b>30.09.12</b>
Interest income	(11)	(11)
Interest expense	851	917
Depreciation		
- property, plant & equipment	1,435	1,542
- prepaid land lease properties	32	36
Impairment loss on third parties	164	292
Allowance for inventories obsolescence	78	191
Impairment loss on third parties no longer required	(285)	(70)
Gain on disposal of property, plant and equipment	(39)	-
Net gain on foreign exchange	(382)	(259)

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**20. TAXATION**

The breakdown of taxation is as follows:

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 30.09.13 <u>RM'000</u>	Preceding year Quarter 30.09.12 <u>RM'000</u>	Current year Quarter 30.09.13 <u>RM'000</u>	Preceding year Quarter 30.09.12 <u>RM'000</u>
Income tax - current period	90	-	140	-
- under/ (over) provision in prior year	59	-	42	-
	<u>149</u>	<u>---</u>	<u>182</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 30 September 2013:

	Unsecured <u>RM'000</u>	Secured <u>RM'000</u>	Total <u>RM'000</u>
Short term borrowings	18,862	588	19,450
Long term borrowings	<u>67</u>	<u>792</u>	<u>859</u>
Total borrowings	<u>18,929</u>	<u>1,380</u>	<u>20,309</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 30 September 2013.

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**26. EARNINGS PER SHARE**

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

	<b>Cumulative Quarter <u>30-September-2013</u></b>	<b>Cumulative Quarter <u>30-September -2012</u></b>
Net profit / (loss) for the year (RM'000)	80	(1,100)
Weighted average number of shares ('000)	40,042	40,042
Basic earnings / (loss) per share (sen)	0.20	(2.75)

**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 30 September 2013 and 30 September 2012 is analysed as follows:

	<b><u>30.09.2013</u></b>	<b><u>30.09.2012</u></b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Accumulated losses		
- realized	(25,239)	(25,429)
- unrealized	<u>62</u>	<u>(163)</u>
	(25,177)	(25,592)
Associated company:		
- realized	<u>(110)</u>	<u>(21)</u>
Total group accumulated losses as per statements of financial position	<u>(25,287)</u>	<u>(25,613)</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 : 28 November 2013