



HWA TAI INDUSTRIES BERHAD

(Company No.:197401002656 (19688-V))

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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 2016 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 financial year ended 31 December 2019. 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 2019.

The financial statements of the Group have been prepared under the historical cost basis except as disclosed in the significant accounting policies in the audited financial statements for the financial year ended 31 December 2019.

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 statements for the financial year ended 31 December 2019.

3. AUDIT REPORT

There was no qualification in the auditor's report of the preceding annual financial statements for the financial year ended 31 December 2019.

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 2020.



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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 30 September 2020.

8. DIVIDENDS PAID

There were no dividends paid for the current quarter ended 30 September 2020.

9. SEGMENTAL REPORT

	9 months ended 30 September 2020	
	Revenue	Profit before taxation
	<u>RM'000</u>	<u>RM'000</u>
Manufacturing	42,852	798
Trading & others	<u>11,790</u>	<u>(50)</u>
Total	<u>54,642</u>	<u>748</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 2020.

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 2020.

13. CAPITAL COMMITMENTS

There were no capital commitments for the current quarter ended 30 September 2020 other than as follows:

	<u>RM'000</u>
Contracted but not provided for property, plant and equipment	<u>566</u>



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14. CONTINGENT LIABILITIES

RM'000

Bank guarantees issued in favour of third parties

368

B. ADDITIONAL INFORMATION – LISTING REQUIREMENTS

15. PERFORMANCE REVIEW

The Group recorded a profit before taxation of RM0.7 million in the current year as compared to a loss before taxation of RM2.6 million in the preceding year. The improved result was mainly due to higher profit contributed by the increase in revenue as a result of higher demand of our biscuits from Peninsular and East Malaysia markets due to the movement control order imposed by the government to contain the spread of the Covid 19 pandemic.

16. VARIATIONS OF CURRENT QUARTER RESULTS AGAINST PRECEDING QUARTER

The Group recorded a profit before taxation of RM0.1 mil in the current quarter as compared to profit before taxation of RM0.4 mil in the preceding quarter. The higher profit in the preceding quarter was mainly due to the reversal of impairment loss on receivables.

17. PROSPECTS OF THE GROUP

The Group anticipates macroeconomic conditions in Malaysia to remain challenging.

The Group will be vigilant and respond accordingly to the changing business dynamics and market environment with our constant focus in improving its performance.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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



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19. PROFIT/(LOSS) BEFORE TAXATION

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

	<u>RM'000</u> <u>30.09.2020</u>	<u>RM'000</u> <u>30.09.2019</u>
Interest income	(56)	(254)
Interest expense	730	738
Amortisation of prepaid land lease payment	-	33
Depreciation of property, plant and equipment	1,479	1,561
Depreciation of right-of-use assets	328	-
Impairment loss on receivables	807	769
Loss/(gain) on disposal of property, plant and equipment	14	(3)
Net loss on foreign exchange	107	68
Reversal of impairment loss on receivables	(1,264)	(595)
Reversal of impairment loss on investment of an associate	(342)	(388)

20. TAXATION

The breakdown of taxation is as follows:

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 30.09.20 <u>RM'000</u>	Preceding year Quarter 30.09.19 <u>RM'000</u>	Current year Quarter 30.09.20 <u>RM'000</u>	Preceding year Quarter 30.09.19 <u>RM'000</u>
Income tax - current period	-	150	300	350
- over provision in prior year	(85)	(405)	(85)	(405)
	<u>(85)</u>	<u>(255)</u>	<u>215</u>	<u>(55)</u>

21. CORPORATE PROPOSALS

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



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22. GROUP LOAN, BORROWINGS AND LEASE LIABILITIES

Group loan, borrowings and lease liabilities as at 30 September 2020 are as follows:

	<u>Unsecured</u> <u>RM'000</u>	<u>Secured</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Loan and Borrowings			
Short term borrowings	19,136	-	19,136
Long term borrowings	<u>-</u>	<u>-</u>	<u>-</u>
Total borrowings	<u>19,136</u>	<u>-</u>	<u>19,136</u>
Lease Liabilities			
Short term lease liabilities	145	440	585
Long term lease liabilities	<u>418</u>	<u>1,030</u>	<u>1,448</u>
Total lease liabilities	<u>563</u>	<u>1,470</u>	<u>2,033</u>
Total	<u>19,699</u>	<u>1,470</u>	<u>21,169</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 current quarter ended 30 September 2020.

26. EARNINGS/(LOSS) PER SHARE

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

	<u>Cumulative Quarter</u> <u>30.09.2020</u>	<u>Cumulative Quarter</u> <u>30.09.2019</u>
Profit /(loss) for the period attributable to owners of the Company (RM'000)	534	(2,548)
Weighted average number of shares ('000)	74,833	74,833
Basic earnings/(loss) per share (sen)	0.71	(3.40)



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27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation.

28. AUTHORISATION FOR ISSUE

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

By Order of the Board
JESSICA CHIN TENG LI (MAICSA 7003181)
Company Secretary
Dated: 26th November 2020