



HWA TAI INDUSTRIES BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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 2020. 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 2020.

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 2020.

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 2020.

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 2020.

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 2021.

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 2021.

8. DIVIDENDS PAID

There were no dividends paid for the current quarter ended 30 September 2021.

9. SEGMENTAL REPORT

	9 months ended 30 September 2021	
	Revenue	(Loss)/Profit before taxation
	<u>RM'000</u>	<u>RM'000</u>
Manufacturing	42,649	(365)
Trading & others	<u>12,047</u>	<u>68</u>
Total	<u>54,696</u>	<u>(297)</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 2021.

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 2021.

13. CAPITAL COMMITMENTS

There were no capital commitments for the current quarter ended 30 September 2021 other than as follows:

	<u>RM'000</u>
Contracted but not provided for property, plant and equipment	<u>828</u>

14. CONTINGENT LIABILITIES

	<u>RM'000</u>
Bank guarantees issued in favour of third parties	<u>370</u>



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B. ADDITIONAL INFORMATION – LISTING REQUIREMENTS

15. PERFORMANCE REVIEW

The Group recorded a loss before taxation of RM0.3 million in the current year as compared to a profit before taxation of RM0.7 million in the preceding year financial period. The decline in performance was mainly due to the followings:

- a) Reduction to 60% work force in compliance with the Government's directives for combating Covid-19 pandemic had pulled our whole production capacity down;
- b) Continuous increase of raw material price, labour cost and also additional healthcare cost incurred during this period of Covid-19 pandemic;
- c) The decrease in revenue mainly in East Malaysia market mitigated by increase of sales in international market. The performance of international market would have been better but was affected mainly by the exorbitant freight charges that have gone up few folds.

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 a loss before taxation of RM1.0 mil in the preceding quarter. This was mainly driven by higher sales achieved from domestic market mainly from modern trade segment in the current quarter as compared to preceding quarter.

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. (LOSS)/PROFIT BEFORE TAXATION

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

	<u>RM'000</u> 30.09.2021	<u>RM'000</u> 30.09.2020
Interest income	(80)	(56)
Interest expense	724	730
Depreciation of property, plant and equipment	1,546	1,479
Depreciation of right-of-use assets	391	328
Impairment loss on receivables	478	807
(Gain)/loss on disposal of property, plant and equipment	(27)	14
Net (gain)/loss on foreign exchange	1	107
Reversal of impairment loss on receivables	(122)	(1,264)
Reversal of impairment loss on investment of an associate	-	(342)

20. TAXATION

The breakdown of taxation is as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year</u> <u>Quarter</u> <u>30.09.21</u> <u>RM'000</u>	<u>Preceding</u> <u>year Quarter</u> <u>30.09.20</u> <u>RM'000</u>	<u>Current year</u> <u>Quarter</u> <u>30.09.21</u> <u>RM'000</u>	<u>Preceding</u> <u>year Quarter</u> <u>30.09.20</u> <u>RM'000</u>
Income tax - current period	-	-	-	300
- over provision in prior year	-	(85)	-	(85)
	<u>-</u>	<u>(85)</u>	<u>-</u>	<u>215</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 2021 are as follows:

	Unsecured	Secured	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loan and Borrowings			
Short term borrowings	19,945	-	19,945
Long term borrowings	<u>-</u>	<u>-</u>	<u>-</u>
Total borrowings	<u>19,945</u>	<u>-</u>	<u>19,945</u>
Lease Liabilities			
Short term lease liabilities	276	468	744
Long term lease liabilities	<u>628</u>	<u>885</u>	<u>1,513</u>
Total lease liabilities	<u>904</u>	<u>1,353</u>	<u>2,257</u>
Total	<u>20,849</u>	<u>1,353</u>	<u>22,202</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 2021.



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26. (LOSS)/EARNINGS PER SHARE

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

	Cumulative Quarter <u>30.09.2021</u>	Cumulative Quarter <u>30.09.2020</u>
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(297)	534
Weighted average number of shares ('000)	74,833	74,833
Basic (loss)/earnings per share (sen)	(0.40)	0.71

27. 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: 24th November 2021