

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Comprehensive Income
for the financial year ended 31 December 2012

| | Individual Quarter | | Cumulative Quarters | |
|--|--------------------|-----------------|---------------------|------------------|
| | Oct -Dec 2012 | Oct - Dec 2011 | Jan - Dec 2012 | Jan - Dec 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | |
| Revenue | | | | |
| - sales of goods | 57,097 | 53,181 | 242,927 | 246,025 |
| - services | 170 | 155 | 640 | 630 |
| | <u>57,267</u> | <u>53,336</u> | <u>243,567</u> | <u>246,655</u> |
| Cost of sales | | | | |
| - sales of goods | (54,176) | (54,784) | (237,980) | (243,129) |
| - services | - | - | - | - |
| | <u>(54,176)</u> | <u>(54,784)</u> | <u>(237,980)</u> | <u>(243,129)</u> |
| Gross Profit/(Loss) | 3,091 | (1,448) | 5,587 | 3,526 |
| Operating expenses | (3,377) | (5,004) | (13,460) | (15,907) |
| Impairment charge due to decline in market value of AFS quoted investment | (21,163) | - | (21,163) | - |
| Loss on reclassification from investment in associate to AFS quoted investment | - | (1,221) | - | (1,221) |
| Gain on foreign currency translation due to reclassification from investment in associate to AFS quoted investment | - | 1,911 | - | 1,911 |
| Gain on deemed disposal of a quoted associate | - | - | - | 12,204 |
| Operating (Loss)/Profit | (21,449) | (5,762) | (29,036) | 513 |
| Interest expense | (1,117) | (1,423) | (4,890) | (5,703) |
| Interest income | 2 | 38 | 135 | 291 |
| Share of results of Associates | 2 | (4) | (15) | (6,330) |
| Loss before tax | (22,562) | (7,151) | (33,806) | (11,229) |
| Income tax expense | - | 589 | - | (125) |
| Net Loss for the period | (22,562) | (6,562) | (33,806) | (11,354) |
| Other Comprehensive Income/(Loss): | | | | |
| Currency translation differences arising from: | | | | |
| - consolidation | (106) | 792 | (335) | 2,829 |
| - reclassification from investment in associate to AFS quoted investment | - | (1,911) | - | (1,911) |
| Available for sale ("AFS") quoted investments | 16,702 | (8,095) | 8,134 | (8,110) |
| Income tax relating to components of other comprehensive income/(loss) | - | - | - | - |
| Other Comprehensive Loss net of tax | 16,596 | (9,214) | 7,799 | (7,192) |
| Total Comprehensive Loss for the period | (5,966) | (15,776) | (26,007) | (18,546) |
| (Loss)/Profit attributable to: | | | | |
| Owners of the Company | (23,157) | (5,363) | (32,186) | (7,021) |
| Non controlling interests | 595 | (1,199) | (1,620) | (4,333) |
| | <u>(22,562)</u> | <u>(6,562)</u> | <u>(33,806)</u> | <u>(11,354)</u> |
| Total Comprehensive (Loss)/Income attributable to: | | | | |
| Owners of the Company | (6,561) | (14,577) | (24,387) | (14,213) |
| Non controlling interests | 595 | (1,199) | (1,620) | (4,333) |
| | <u>(5,966)</u> | <u>(15,776)</u> | <u>(26,007)</u> | <u>(18,546)</u> |
| Loss per share attributable to owners of the Company | | | | |
| - Basic (sen) | (4.27) | (1.09) | (6.06) | (1.50) |
| - Diluted (sen) | N/A | N/A | N/A | N/A |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Financial Position
As at 31 December 2012

| | <u>NOTE</u> | Amended Un-audited As at 31.12.12 RM'000 | Un-audited As at 31.12.12 RM'000 | Audited As at 31.12.11 RM'000 |
|---|-------------|--|---|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 62,082 | 62,082 | 66,732 |
| Exploration & evaluation assets | | 3,217 | 3,217 | 475 |
| Prepaid lease payments | | 5,248 | 5,248 | 5,600 |
| Investment in Associates | | 1,040 | 1,040 | 1,055 |
| Available for sale quoted investments | | 23,611 | 23,611 | 36,639 |
| Deferred tax assets | | 600 | 600 | 600 |
| | | <u>95,798</u> | <u>95,798</u> | <u>111,101</u> |
| Current assets | | | | |
| Inventories | | 42,004 | 42,004 | 34,783 |
| Trade and other receivables | N1, N2 | 39,067 | 66,546 | 29,436 |
| Prepaid lease payments | | 236 | 236 | 242 |
| Tax recoverable | | 19 | 19 | 101 |
| Fixed deposits with licensed banks | N2 | 932 | - | 4,132 |
| Cash and bank balances | N2 | 21,646 | 5,683 | 15,956 |
| | | <u>103,904</u> | <u>114,488</u> | <u>84,650</u> |
| TOTAL ASSETS | | <u>199,702</u> | <u>210,286</u> | <u>195,751</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to owners of the Company: | | | | |
| Share capital | | 107,418 | 107,418 | 97,451 |
| Reserves | | (19,964) | (19,964) | (3,617) |
| | | <u>87,454</u> | <u>87,454</u> | <u>93,834</u> |
| Non controlling interests | | (5,834) | (5,834) | (4,263) |
| TOTAL EQUITY | | <u>81,620</u> | <u>81,620</u> | <u>89,571</u> |
| Non-current liabilities | | | | |
| Long term borrowings | | 702 | 702 | 8,927 |
| Retirement benefits obligation | | 1,107 | 1,107 | 935 |
| | | <u>1,809</u> | <u>1,809</u> | <u>9,862</u> |
| Current liabilities | | | | |
| Trade and other payables | N1 | 44,304 | 54,888 | 28,766 |
| Amount due to associates | | 2,542 | 2,542 | 2,542 |
| Short term borrowings | | 69,415 | 69,415 | 64,878 |
| Tax payable | | 12 | 12 | 132 |
| | | <u>116,273</u> | <u>126,857</u> | <u>96,318</u> |
| TOTAL LIABILITIES | | <u>118,082</u> | <u>128,666</u> | <u>106,180</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>199,702</u> | <u>210,286</u> | <u>195,751</u> |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

| | | | |
|---|--------------|--------------|--------------|
| Net Assets per share (RM) | 0.163 | 0.163 | 0.193 |
| Net Tangible Assets per share (RM) | 0.155 | 0.155 | 0.190 |

NOTE

The following amendments have been incorporated into the announced (unaudited) financial results for the financial year ended 31 December 2012 released on 26 February 2013 for consistency with the presentation in the audited financial statements for the financial year ended 31 December 2011. The amendments have no impact on the earnings, cash flow position and net assets of the Group for the financial year ended 31 December 2012.

N1

Included in the trade and other receivables, and trade and other payables as announced earlier, is an amount of RM10.584 million being a new trade facility drawdown by a local subsidiary for a foreign sister company. This amount is now eliminated from the Group level to reflect the substance of the arrangement.

N2

Being reclassification of pledged fixed deposits of RM0.923 million and sinking funds of RM15.963 million from trade and other receivables.

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2012

| | Attributable to Shareholders of the Company | | | | | | | | | | Total equity RM'000 | |
|---|---|----------------------|----------------------------|---------------------------|--------------------------------------|------------------------|----------------------|-------------------------------------|---------------------------|------------------|----------------------------------|---------------|
| | Non Distributable | | | | | Non Distributable | | | | | | |
| | Share capital RM'000 | Share premium RM'000 | Revaluation reserve RM'000 | Fair value reserve RM'000 | Employee share option reserve RM'000 | Warrant reserve RM'000 | Other reserve RM'000 | Exchange fluctuation reserve RM'000 | Accumulated losses RM'000 | Sub-total RM'000 | Non controlling interests RM'000 | |
| Current Year's 12 months ended 31.12.12 | | | | | | | | | | | | |
| At 1 January 2012 | 97,451 | 10,535 | 8,971 | (8,194) | 430 | 13,640 | (13,640) | 203 | (15,562) | 93,834 | (4,263) | 89,571 |
| Increase in share capital via placement of ordinary shares | 9,745 | - | - | - | - | - | - | - | - | 9,745 | - | 9,745 |
| Increase in share premium via placement of ordinary shares | - | 8,040 | - | - | - | - | - | - | - | 8,040 | - | 8,040 |
| Share options granted to employees: - converted into ordinary shares | 222 | 66 | - | - | (66) | - | - | - | - | 222 | - | 222 |
| Subscription for ordinary shares in subsidiary company | - | - | - | - | - | - | - | - | - | - | 49 | 49 |
| Total comprehensive loss for the financial year ended 31 December 2012 | - | - | - | 8,134 | - | - | - | (335) | (32,186) | (24,387) | (1,620) | (26,007) |
| At 31 December 2012 | 107,418 | 18,641 | 8,971 | (60) | 364 | 13,640 | (13,640) | (132) | (47,748) | 87,454 | (5,834) | 81,620 |
| Preceding Year's 12 months ended 31.12.11 | | | | | | | | | | | | |
| At 1 January 2011 | 91,777 | 4,348 | 8,971 | (84) | 666 | 9,652 | (9,652) | (715) | (8,541) | 96,422 | 70 | 96,492 |
| Increase in share capital via rights issue of ordinary shares | 4,739 | - | - | - | - | - | - | - | - | 4,739 | - | 4,739 |
| Increase in share premium via rights issue of ordinary shares | - | 5,924 | - | - | - | - | - | - | - | 5,924 | - | 5,924 |
| Issuance of additional Warrants 2010/2015 | - | - | - | - | - | 1,032 | (1,032) | - | - | - | - | - |
| Issuance of New Warrants | - | - | - | - | - | 2,956 | (2,956) | - | - | - | - | - |
| Share options granted to employees: - converted into ordinary shares | 935 | 263 | - | - | (263) | - | - | - | - | 935 | - | 935 |
| - offer and acceptance of additional share options | - | - | - | - | 55 | - | - | - | - | 55 | - | 55 |
| - lapsed | - | - | - | - | (28) | - | - | - | - | (28) | - | (28) |
| Total comprehensive loss for the financial year ended 31 December 2011 | - | - | - | (8,110) | - | - | - | 918 | (7,021) | (14,213) | (4,333) | (18,546) |
| At 31 December 2011 | 97,451 | 10,535 | 8,971 | (8,194) | 430 | 13,640 | (13,640) | 203 | (15,562) | 93,834 | (4,263) | 89,571 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Cash Flow Statement
for the financial year ended 31 December 2012

| | Amended 31.12.2012 RM'000 | 31.12.2012 RM'000 | Audited 31.12.2011 RM'000 |
|--|---------------------------------|----------------------|---------------------------------|
| Cash flows from/(used in) operating activities | | | |
| Loss before taxation | (33,806) | (33,806) | (11,229) |
| Adjustments for: | | | |
| Amortisation of prepaid lease payments | 229 | 229 | 235 |
| Depreciation | 7,261 | 7,261 | 10,004 |
| Fixed asset(s) written off | - | - | 19 |
| Gross dividend income from quoted investment(s) in Malaysia | (2) | (2) | (2) |
| Gain on disposal of property, plant and equipment | - | - | (6) |
| Gain on deemed disposal of a quoted associate | - | - | (12,204) |
| Gain on disposal of leasehold property held for sale | - | - | (29) |
| Interest expense | 4,890 | 4,890 | 5,703 |
| Interest income | (135) | (135) | (291) |
| Inventories written down | - | - | 1,781 |
| Impairment loss on equipment | - | - | 6 |
| Impairment charge due to decline market value of AFS quoted investment | 21,163 | 21,163 | - |
| Loss on disposal of property, plant and equipment | 129 | 129 | 15 |
| Loss on reclassification from investment in associate to AFS quoted investment | - | - | 1,221 |
| Provision for retirement benefits | 222 | 222 | 600 |
| - fair value of ESOS | - | - | 55 |
| - expiry of ESOS | - | - | (28) |
| Share of results of associates | 15 | 15 | 6,330 |
| Unrealised gain on foreign exchange | (12) | (12) | (2,339) |
| Unrealised loss on foreign exchange | 418 | 418 | - |
| Operating profit/(loss) before working capital changes | 372 | 372 | (159) |
| Increase in inventories | (8,580) | (8,580) | (925) |
| Increase in trade and other receivables | (10,545) | (10,545) | (3,811) |
| Increase in trade and other payables | 16,599 | 16,599 | 3,782 |
| Cash flows used in operations | (2,154) | (2,154) | (1,113) |
| Income tax paid | (120) | (120) | (121) |
| Income tax refunded | 29 | 29 | 217 |
| Interest paid | (4,890) | (4,890) | (5,703) |
| Interest received | 135 | 135 | 291 |
| Net cash used in operating activities | (7,000) | (7,000) | (6,429) |
| Cash flows from/(used in) investing activities | | | |
| Dividends received | 2 | 2 | 2 |
| Increase in fixed deposits pledged | (4,005) | (4,005) | (4,101) |
| Payment for exploration and evaluation assets | (2,742) | (2,742) | (578) |
| Purchase of property, plant and equipment | (3,723) | (3,723) | (9,650) |
| Proceeds from disposal of leasehold property held for sale | - | - | 1,879 |
| Proceeds from disposal of property, plant and equipment | 74 | 74 | 36 |
| Net cash used in investing activities | (10,394) | (10,394) | (12,412) |
| Cash flows from/(used in) financing activities | | | |
| Repayment(s) to associate(s) | - | - | (24) |
| Proceeds from rights issue of ordinary shares | - | - | 10,663 |
| Proceeds from placement of ordinary shares | 17,785 | 17,785 | - |
| Proceeds from conversion of share options into ordinary shares | 222 | 222 | 935 |
| Proceeds from trade finance | 7,606 | 7,606 | 1,467 |
| Repayments of term loan(s) | (7,972) | (7,972) | (8,991) |
| Repayments of hire purchase and finance lease liabilities | (76) | (76) | (114) |
| Net cash from financing activities | 17,565 | 17,565 | 3,936 |
| Exchange differences | (16) | (16) | 972 |
| Net increase/(decrease) in cash and cash equivalents | 155 | 155 | (13,933) |
| Cash and cash equivalents at beginning of year | 4,906 | 4,906 | 18,839 |
| Cash and cash equivalents at end of year | 5,061 | 5,061 | 4,906 |

NOTE

1. **Cash and cash equivalents**

Cash and cash equivalents comprise of :

| | Amended 31.12.2012 RM'000 | 31.12.2012 RM'000 | 31.12.2011 RM'000 |
|---|---------------------------------|----------------------|----------------------|
| Cash and bank balances | 21,646 | 5,683 | 15,956 |
| Deposits with licensed banks | 932 | 16,895 | 4,132 |
| | 22,578 | 22,578 | 20,088 |
| Bank overdrafts | (622) | (622) | (1,445) |
| Deposits pledged and sinking fund account | (16,895) | (16,895) | (13,737) |
| | 5,061 | 5,061 | 4,906 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

HO WAH GENTING BERHAD (272923-H)

DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

| | As at 31 Dec 2012 | As at 31 Dec 2011 |
|--|----------------------|----------------------|
| | RM'000 | RM'000 |
| Total retained profits/(accumulated losses) of HWGB and its subsidiaries: | | |
| - Realised | (155,671) | (118,577) |
| - Unrealised | 5,539 | 2,236 |
| | (150,132) | (116,341) |
| Total share of accumulated losses from associated companies: | | |
| - Realised | (1,360) | (1,345) |
| - Unrealised | - | - |
| | (151,492) | (117,686) |
| Consolidation adjustments | 103,744 | 102,124 |
| Total group accumulated losses as per financial statements | (47,748) | (15,562) |
| | | |

**HO WAH GENTING BERHAD (“HWGB”)
Company No: 272923-H
(Incorporated In Malaysia)**

**NOTES TO FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

1. Basis of Preparation

The interim financial report is unaudited and has been prepared and presented in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Listing Requirements. The interim financial report does not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2011.

2. Significant Accounting Policies

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2011.

3. Qualification of Financial Statements

There has not been any qualification made by the auditors on the annual financial statements of the Group for the year ended 31 December 2011.

4. Seasonality or Cyclicity of Operations

Based on past historical trend, sales of the manufacturing division, the main contributor of revenue to the Group would gradually increase in the second quarter and normally peak in the third quarter arising from increase in customer demand in anticipation of the festive seasons towards year end and subsequently, demand would slowly decline in the fourth quarter before reaching its plateau in the first quarter of the following year.

5. Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items of unusual nature affecting the assets, liabilities, equity, net income, or cash flows of the Group during the current quarter and financial year.

6. Material Change in Estimates

There were no changes in estimates that had a material effect in the results of the current quarter and financial year.

7. Issuance and Repayment of Debt and Equity Securities

During the current financial year, a total of 1,108,600 employee share options (“ESOS”) had been converted into 1,108,600 new ordinary shares of RM0.20 par value each in HWGB and a total proceeds of RM221,720 had been raised.

Following the completion of the private placement of 48,725,300 new ordinary shares of RM0.20 par value each in HWGB and at an issue price of RM0.365 each, a total proceeds of RM17,784,734 had also been raised during the first quarter of the current financial year.

Other than the above, there was no issuance, cancellation, repurchase, resale nor repayment of debt and equity securities, share buy-backs during the current quarter and financial year.

8. Dividends Paid

No dividend was paid in the current quarter and financial year.

9. The Status of Corporate Proposal

On 19 January 2012, the Company had announced to BMSB that it would implement a private placement of up to 48,725,300 new ordinary shares of RM0.20 each in HWGB (“Placement Shares”) to independent third party investor(s) to be identified at a later date.

The issue price of the Placement Shares had been fixed at RM0.365 per Placement Share by the Board on 28 February 2012, after having obtained approval from BMSB vide its letter dated 17 February 2012.

The aforesaid private placement which raised a total proceeds amounting to RM17.78 million was completed on 8 March 2012 following the listing and quotation of 48,725,300 Placement Shares on the Main Market of BMSB.

10. Segmental Reporting

Analysis of the Group's segment revenue and segment result for business segments for the current financial year ended 31 December 2012 are given as follows: -

| | Segment Revenue RM'000 | Profit/(Loss) Before Tax RM'000 |
|--|------------------------------|---------------------------------------|
| Investments | 640 | (5,158) |
| Manufacturing | 190,404 | (4,755) |
| Mining | 7,513 | (3,074) |
| Trading | 45,010 | 359 |
| Impairment charge for investment in quoted CVM | | (21,163) |
| | <u>243,567</u> | <u>(33,791)</u> |
| Share in results of associates | | <u>(15)</u> |
| | | <u>(33,806)</u> |

11. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment of the Group have been brought forward without amendment from the previous audited financial statements.

12. Material Events Subsequent to the End of the Interim Period

There is no material event subsequent to the end of the current quarter.

13. Changes in the Composition of the Group

On 18 June 2012, a new company called HWG Consortium Sdn Bhd ("HWG Consortium") was incorporated with an initial paid up capital of RM2 divided equally into two ordinary shares of RM1 each at par value.

Subsequently on 26 June 2012, its paid up capital was increased from RM2 to RM100,000 via issuance of 99,998 new ordinary shares of RM1 each of which 50,999 new ordinary shares of RM1 each were subscribed by HWGB.

As a result of the above shares issuance exercise, HWGB now holds 51% equity stake in HWG Consortium and the remaining 49% being held by bumiputra investors. This effectively made HWG Consortium a subsidiary of the HWGB Group.

13. Changes in the Composition of the Group (continued)

On 24 September 2012, HWGB had entered into a sale and purchase of shares agreement with Encik Md Azuli Bin Adnan, Encik Amar Foo Bin Abdullah @ Foo Liang Yong and Mr Lai Kin Shin (“the original vendors”) for the proposed acquisition of 867,000 ordinary shares of RM1 each in Myled Opto Technology Sdn Bhd (894664-H) (“Myled Opto”) representing 51% equity interest in Myled Opto for a cash consideration of RM1.00 million.

On 2 November 2012, HWGB had entered into an agreement for sale and purchase of shares with the original vendors of Myled Opto for the purpose of reversing the acquisition by disposing the entire 867,000 ordinary shares of RM1 each (“Disposal Shares”) representing 51% equity interest in Myled Opto back to the original vendors of Myled Opto for the same cash consideration of RM1.00 million.

On 28 December 2012, HWGB entered into a Share Sale Agreement (“SSA”) with Pioneer Hectares Sdn Bhd (“the Purchaser”) to dispose of its entire 600 shares of 20,000 Riels each (approximately USD3,600) (“Sale Shares”), representing 60% equity interest in Ho Wah Genting Poipet Casino Resorts Co., Ltd (“HWG Poipet Casino”) to the Purchaser for a total cash consideration of RM1 only (“Proposed Disposal”).

As a result of the Proposed Disposal, HWG Poipet Casino shall cease to be a subsidiary of HWGB.

HWG Poipet Casino had ceased its operations in 2006. Therefore, the Proposed Disposal is not expected to have any material effect on the earnings per share and net assets per share of HWGB.

Other than the above, there were no changes in the composition of the Group for the current quarter and financial year.

14. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities and contingent assets for the Company and the Group during the current quarter and financial year.

15. Capital Commitments

The tin mining division of HWGB had capital commitments amounting to RM2 million which was not provided for in the financial statements as at 31 December 2012.

Other than the aforesaid, there were no material capital commitments for the Company and the Group at the end of the current quarter.

ADDITIONAL INFORMATION REQUIRED BY THE BMSB'S LISTING REQUIREMENTS

1. Review of Performance for the fourth quarter and current financial year

For the current financial year, the Group recorded revenue of RM243.57 million and loss before taxation of RM33.81 million as compared to its preceding year's revenue of RM246.66 million and loss before taxation of RM11.23 million.

The Group's loss before taxation increased significantly for the current financial year ended 31 December 2012 due to impairment charge for its investment in quoted CVM Minerals Limited ("CVM") which amounted to RM21.16 million.

Included in the preceding year's loss before taxation of RM11.23 million was a gain of RM12.20 million on deemed disposal of its quoted associate, CVM as a result of dilution in HWGB's equity stake in CVM from 29.53% as of 1 January 2011 to 21.18% on 19 April 2011 and also the Group's share of loss in CVM which amounted to RM6.32 million.

The Group's manufacturing division recorded operating revenue of RM190.40 million and loss before taxation of RM4.76 million for the current financial year ended 31 December 2012 as compared to its preceding year's operating revenue of RM192.10 million and loss before taxation of RM3.47 million.

The weak consumer spending in the US due to decline in household income and high unemployment rates and a sluggish housing market had resulted in our manufacturing division recording a lower operating revenue. This coupled with the deterioration in margin, high trade financing costs and inflationary cost pressure further affected our bottom line and as a result, the manufacturing division recorded a higher loss for the current financial year ended 31 December 2012.

The Group's trading division posted operating revenue of RM45.01 million and profit before taxation of RM0.36 million for the current financial year ended 31 December 2012 as compared to its preceding year's operating revenue of RM51.86 million and profit before taxation of RM1.18 million.

Though our domestic economy continued with its growth performance, the property market began to soften due to our Central Bank's stricter guidelines on lending. Therefore, a decrease of 13% in operating revenue was recorded during the current financial year as compared to the preceding year's operating revenue and this together with the intense competition in the local market caused our trading division reporting a significantly lower profit before taxation for the current financial year ended 31 December 2012.

The Group's tin mining division recorded an operating revenue of RM7.51 million and loss before taxation of RM3.07 million for the current financial year ended 31 December 2012 as compared to its preceding year's operating revenue of RM2.07 million and loss before taxation of RM8.84 million.

**1. Review of Performance for the fourth quarter and current financial year
(continued)**

A total of 221 metric tons of tin concentrates had been produced during the current financial year ended 31 December 2012 as compared to its preceding year's output of 62 metric tons of tin concentrates.

The tin mining division is continuing its exploration activities and top soil removal to reach the higher grade of tin ore deposits underground in order to increase its tin output.

At Company level, the Company recorded a loss before taxation of RM4.92 million for the current financial year ended 31 December 2012 as compared to a loss of RM8.42 million in the preceding year. Included in the preceding year's loss before taxation was an impairment charge of RM2.74 million relating to investment in a wholly owned subsidiary.

In the opinion of the Directors, other than as disclosed above, the results for the current quarter have not been affected by any transactions or events of a material or unusual nature which have arisen between 31 December 2012 and the date of issue of this quarterly report.

2. Comparison with Preceding Quarter's Results

The Group's operating revenue and loss before taxation for the current quarter under review were RM57.27 million and RM22.56 million respectively as compared to the preceding quarter's operating revenue and loss before taxation of RM80.46 million and RM4.16 million respectively.

The decline in the Group's operating revenue was due to the nature of seasonal sales of our manufacturing division which would normally show a gradual uptrend reaching its peak during the third quarter of the financial year.

The higher loss before taxation for the current quarter was due to impairment charge for its investment in quoted CVM which amounted to RM21.16 million though our Group's tin mining division recorded a lower loss before taxation during the current quarter as compared to the preceding quarter.

3. Commentary on Prospects

The Board is of the opinion that business operations in moulded power supply cord sets and wires and cables will continue to be challenging in view of the intense competition in the US market, volatility in prices of commodities or raw materials, inflationary cost pressure and the looming increase of tax rates and reduction in public expenditures add further uncertainty to the economic recovery in US which accounts for a majority of the Group's revenue.

The Group would continue to focus on production efficiencies by implementing tighter cost control measures and also development and penetration of new products and new markets particularly in Asia which have higher growth rates as compared to the US.

The outlook for domestic demand would be underpinned by domestic consumption, market demand for local real estate projects, accommodative monetary policies and continued fiscal stimulus by the public sector. The Board expects the roll out of mega projects (including construction of affordable homes) and the Economic Transformation Program ("ETP") would help to sustain the momentum of our local economy and boost our domestic market moving forward.

The Board is hopeful that the tin mining division would be able to improve its performance and generate an additional and sustainable source of revenue and income to the HWGB Group.

Meanwhile, the Group will continue to explore viable, synergistic and profitable business ventures to improve the Group's performance.

4. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee for the current quarter and financial year.

5. Taxation

Taxation for current quarter and financial year under review comprises the following:

| | Individual Quarter | | Cumulative Quarters | |
|--|--------------------|------------|---------------------|--------------|
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| I Current tax expense | | | | |
| - Malaysian | - | - | - | - |
| - Overseas | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| II Over/(under) provision in prior year | | | | |
| - Malaysian | - | - | - | - |
| - Overseas | - | (11) | - | (725) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| III Deferred tax expense | | | | |
| - Malaysian | - | 600 | - | 600 |
| - Overseas | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 589 | - | (125) |

6. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter and financial year.

Investments in quoted securities as at 31 December 2012 are as follows:

| | RM'000 |
|---|--------|
| (i) Shares quoted in Malaysia at cost | 1,332 |
| (ii) Shares quoted in Hong Kong at cost | 17,050 |
| (iii) Market value of quoted shares | 23,611 |

7. Investments in Associates

There was no purchase or disposal of equity stakes in Associates during the current quarter and financial year.

Investments in Associates as at 31 December 2012 are as follows:

| | RM'000 |
|-------------------------|--------|
| (i) At cost | 2,400 |
| (ii) At carrying amount | 1,040 |

8. Group Borrowings and Debt Securities

| | As At 31/12/2012 RM'000 | As At 31/12/2011 RM'000 |
|----------------------------------|-------------------------------|-------------------------------|
| (i) Short Term Borrowings | | |
| Secured | | |
| - Bank overdraft | 622 | 1,445 |
| - Bankers' acceptances | 61,484 | 55,947 |
| - Finance lease liabilities | 62 | 61 |
| - Term loans | 7,247 | 7,425 |
| Unsecured | | |
| - Bank overdrafts | - | - |
| | 69,415 | 64,878 |
| (ii) Long Term Borrowings | | |
| Secured | | |
| - Finance lease liabilities | 182 | 259 |
| - Term loans | 520 | 8,668 |
| | 702 | 8,927 |

Breakdown of borrowings in foreign denominated debts included above is:

| | USD'000 | USD'000 |
|----------------------|---------------|---------------|
| (iii) Secured | | |
| - Bills payable | 20,106 | 17,610 |
| - Short term loan | 1,667 | 1,666 |
| - Long term loan | - | 1,667 |
| | 21,773 | 20,943 |

9. Status of Utilization of Proceeds raised from Rights Issue and Private Placement

The proposed and actual utilization (as of 21 February 2013) of RM10,663,238 proceeds raised from the rights issue of 23,696,084 new ordinary shares of RM0.20 each ("Rights Shares") ("RS") at an issue price of RM0.45, which was completed on 28 September 2011, is given as follows:-

| Description | Proposed Utilization RM'000 | As at 21 Feb 2013 | | Estimated timeframe for utilization of proceeds |
|---------------------------|--------------------------------|------------------------------|-------------------|---|
| | | Actual Utilization RM'000 | Balance RM'000 | |
| Working Capital | 9,663 | 9,663 | Nil | Within one (1) year from listing and quotation of RS |
| Expenses for Rights Issue | 1,000 | 1,000 | Nil | Within one (1) month from listing and quotation of RS |
| TOTAL | 10,663 | 10,663 | Nil | |

The proposed and actual utilization (as of 21 February 2013) of RM17,784,734 proceeds raised from the private placement of 48,725,300 new ordinary shares of RM0.20 each ("Placement Shares") ("PS") at an issue price of RM0.365, which was completed on 8 March 2012, is given as follows:-

| Description | Proposed Utilization RM'000 | As at 21 Feb 2013 | | Estimated timeframe for utilization of proceeds |
|--------------------------------|--------------------------------|------------------------------|-------------------|--|
| | | Actual Utilization RM'000 | Balance RM'000 | |
| Repayment of Bank Loans | 4,200 | 4,200 | Nil | Within six (6) months from listing and quotation of PS |
| Working Capital | 13,485 | 13,485 | Nil | Within six (6) months from listing and quotation of PS |
| Expenses for Private Placement | 100 | 100 | Nil | Within one (1) month from listing and quotation of PS |
| TOTAL | 17,785 | 17,785 | Nil | |

10. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 21 February 2013, being the latest practical date that shall not be earlier than 7 days from the date of issue of this quarterly report.

11. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2011.

12. Material Litigation

There is no material litigation for the Group as at 21 February 2013, being the latest practicable date that shall not be earlier than 7 days from the date of issue of this quarterly report.

13. Dividends

No dividend has been declared for the current quarter and financial year ended 31 December 2012.

14. Loss per share

Basic

| | Individual Quarter | | Cumulative Quarters | |
|---|--------------------|---------------|---------------------|---------------|
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| Loss attributable to shareholders (RM'000) | (23,157) | (5,364) | (32,186) | (7,021) |
| Weighted average number of ordinary shares ('000) – basic | 542,213 | 490,910 | 531,426 | 468,442 |
| Basic (sen) | (4.27) | (1.09) | (6.06) | (1.50) |

Diluted

| | Individual Quarter | | Cumulative Quarters | |
|--|--------------------|------------|---------------------|------------|
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| Loss attributable to shareholders (RM'000) | (23,157) | (5,364) | (32,186) | (7,021) |
| <u>Add</u> | | | | |
| Notional interest savings due to repayment of bank borrowings (RM'000) | 605 | 605 | 1,815 | 2,420 |
| Adjusted Loss attributable to shareholders (RM'000) | (22,552) | (4,759) | (30,371) | (4,601) |
| Weighted average number of ordinary shares ('000) – basic | 542,213 | 490,910 | 531,426 | 468,442 |
| <u>Add</u> | | | | |
| Assuming conversion of ESOS and Warrants ('000) | 160,052 | 161,161 | 160,052 | 148,926 |
| Weighted average number of ordinary shares ('000) – diluted | 702,265 | 652,071 | 691,478 | 617,368 |
| Diluted (sen) | N/A | N/A | N/A | N/A |

14. Loss per share (continued)

The diluted earnings or profit per share is calculated based on the adjusted net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period, adjusted to assume full conversion of all ESOS and warrants into new ordinary shares.

The adjusted net profit attributable to equity holders of the Company is arrived at by adding notional interest savings as a result of repayment of bank borrowings from proceeds made available through exercise of ESOS and warrants into new ordinary shares.

There was no dilution in loss per share during the current quarter and financial year ended 31 December 2012. The additional notional interest savings and the increase in the number of ordinary shares arising from the abovementioned conversion of all ESOS and warrants, both of which would have a positive effect of reducing the loss per share for the current quarter and financial year ended 31 December 2012.