

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Comprehensive Income
for the financial period ended 30 September 2014

| | Individual Quarter | | Cumulative Quarters | |
|--|--------------------|----------------|---------------------|-----------------|
| | Jul - Sep 2014 | Jul - Sep 2013 | Jan - Sep 2014 | Jan - Sep 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | |
| Revenue | | | | |
| - sales of goods | 55,810 | 65,765 | 151,724 | 182,873 |
| - services | 170 | 168 | 509 | 504 |
| | 55,980 | 65,933 | 152,233 | 183,377 |
| Cost of sales | | | | |
| - sales of goods | (52,653) | (65,653) | (148,856) | (182,528) |
| - services | - | - | - | - |
| | (52,653) | (65,653) | (148,856) | (182,528) |
| Gross profit | 3,327 | 280 | 3,377 | 849 |
| Other operating income | 1,174 | 2,035 | 3,697 | 4,452 |
| Distribution costs | (839) | (1,023) | (2,453) | (2,708) |
| Administrative expenses | (2,978) | (2,831) | (9,018) | (8,934) |
| Other operating expenses | (159) | (117) | (3,521) | (1,035) |
| Operating profit/(loss) | 525 | (1,656) | (7,918) | (7,376) |
| Interest expense | (1,164) | (1,247) | (3,471) | (3,437) |
| Share of results of Associates | (27) | (13) | (55) | (20) |
| Loss before tax | (666) | (2,916) | (11,444) | (10,833) |
| Income tax expense | - | - | - | - |
| Net loss for the period | (666) | (2,916) | (11,444) | (10,833) |
| Other Comprehensive Income/(Loss): | | | | |
| Currency translation differences arising from consolidation | (1,252) | 405 | (1,408) | 908 |
| Income/(Loss) on fair value changes on "Available For Sale" financial assets | | | | |
| - Current period | (139) | 1,003 | 786 | (7,302) |
| - Transfer to profit or loss | - | - | - | - |
| Income tax relating to components of other comprehensive income/(loss) | - | - | - | - |
| Other Comprehensive Income/(Loss) net of tax | (1,391) | 1,408 | (622) | (6,394) |
| Total Comprehensive Income/(Loss) for the period | (2,057) | (1,508) | (12,066) | (17,227) |
| Loss attributable to: | | | | |
| Owners of the Company | (314) | (2,468) | (10,390) | (9,496) |
| Non controlling interests | (352) | (448) | (1,054) | (1,337) |
| | (666) | (2,916) | (11,444) | (10,833) |
| Total Comprehensive Income/(Loss) attributable to: | | | | |
| Owners of the Company | (1,705) | (1,060) | (11,012) | (15,890) |
| Non controlling interests | (352) | (448) | (1,054) | (1,337) |
| | (2,057) | (1,508) | (12,066) | (17,227) |
| Profit/(Loss) per share attributable to owners of the Company | | | | |
| - Basic (sen) | (0.05) | (0.44) | (1.76) | (1.70) |
| - 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 2013

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Financial Position
As at 30 September 2014

| | Un-audited | Audited |
|--|--------------------|--------------------|
| | As at | As at |
| | 30 Sep 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 57,935 | 58,703 |
| Investment property | 8,938 | 9,151 |
| Exploration & evaluation assets | 4,467 | 4,406 |
| Intangible asset | 98 | 158 |
| Investment in associates | 975 | 1,030 |
| Other financial assets | 10,044 | 12,682 |
| Goodwill on consolidation | 3,025 | 3,025 |
| Deferred tax assets | 300 | 300 |
| | 85,782 | 89,455 |
| Current assets | | |
| Inventories | 52,007 | 45,031 |
| Trade receivables | 20,708 | 19,570 |
| Other receivables, deposits and prepayments | 4,801 | 4,208 |
| Tax recoverable | 62 | 58 |
| Fixed deposits | 736 | 765 |
| Cash and bank balances | 26,883 | 29,052 |
| | 105,197 | 98,684 |
| TOTAL ASSETS | 190,979 | 188,139 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company: | | |
| Share capital | 118,206 | 118,206 |
| Reserves | 27,637 | 28,259 |
| Accumulated losses | (80,291) | (69,901) |
| | 65,552 | 76,564 |
| Non controlling interests | (8,462) | (7,408) |
| TOTAL EQUITY | 57,090 | 69,156 |
| Non-current liabilities | | |
| Hire purchase and finance lease liabilities | 74 | 114 |
| Long term borrowings | 22,887 | - |
| Retirement benefits obligation | 1,554 | 1,473 |
| Deferred tax liabilities | 2,188 | 2,188 |
| | 26,703 | 3,775 |
| Current liabilities | | |
| Trade payables | 37,282 | 25,836 |
| Other payables and accruals | 18,823 | 13,634 |
| Hire purchase and finance lease liabilities | 57 | 66 |
| Amount due to associates | 2,364 | 2,383 |
| Short term borrowings | 48,655 | 73,263 |
| Tax payable | 5 | 26 |
| | 107,186 | 115,208 |
| TOTAL LIABILITIES | 133,889 | 118,983 |
| TOTAL EQUITY AND LIABILITIES | 190,979 | 188,139 |
| The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 | | |
| Net Assets per share (RM) | 0.11 | 0.13 |
| Net Tangible Assets per share (RM) | 0.10 | 0.12 |

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Changes in Equity
for the financial period ended 30 September 2014

| | ← Attributable to Shareholders of the Company → | | | | | | | | | | | Non controlling interests RM'000 | Total equity RM'000 |
|--|---|----------------------------|----------------------------------|---------------------------------|---|------------------------------|----------------------------|--|---------------------------------|---|---------------------|---|---------------------------|
| | ← Non Distributable → | | | | | | | | | | Sub-total RM'000 | | |
| | 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 | Non controlling interests RM'000 | | | |
| <u>Current year's 9 months period ended 30 September 2014</u> | | | | | | | | | | | | | |
| At 1 January 2014 | 118,206 | 21,606 | 6,577 | (53) | 352 | 13,640 | (13,640) | (223) | (69,901) | 76,564 | (7,408) | 69,156 | |
| Total comprehensive income/(loss): | | | | | | | | | | | | | |
| Loss for the period | - | - | - | - | - | - | - | - | (10,390) | (10,390) | (1,054) | (11,444) | |
| Other comprehensive income/(loss) | - | - | - | 786 | - | - | - | (1,408) | - | (622) | - | (622) | |
| Total comprehensive income/(loss) | - | - | - | 786 | - | - | - | (1,408) | (10,390) | (11,012) | (1,054) | (12,066) | |
| At 30 September 2014 | 118,206 | 21,606 | 6,577 | 733 | 352 | 13,640 | (13,640) | (1,631) | (80,291) | 65,552 | (8,462) | 57,090 | |
| <u>Preceding year's 9 months period ended 30 September 2013</u> | | | | | | | | | | | | | |
| At 1 January 2013 | 107,418 | 18,639 | 6,380 | (59) | 366 | 13,640 | (13,640) | (135) | (45,699) | 86,910 | (5,834) | 81,076 | |
| Transactions with owners: | | | | | | | | | | | | | |
| Exercise of employee share options | 39 | 11 | - | - | (11) | - | - | - | - | 39 | - | 39 | |
| Share issued pursuant to private placement | 10,746 | 2,956 | - | - | - | - | - | - | - | 13,702 | - | 13,702 | |
| | 10,785 | 2,967 | - | - | (11) | - | - | - | - | 13,741 | - | 13,741 | |
| Total comprehensive income/(loss): | | | | | | | | | | | | | |
| Loss for the period | - | - | - | - | - | - | - | - | (9,496) | (9,496) | (1,337) | (10,833) | |
| Other comprehensive income/(loss) | - | - | - | (7,302) | - | - | - | 908 | - | (6,394) | - | (6,394) | |
| Total comprehensive income/(loss) | - | - | - | (7,302) | - | - | - | 908 | (9,496) | (15,890) | (1,337) | (17,227) | |
| At 30 September 2013 | 118,203 | 21,606 | 6,380 | (7,361) | 355 | 13,640 | (13,640) | 773 | (55,195) | 84,761 | (7,171) | 77,590 | |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Cash Flow Statement
for the financial period ended 30 September 2014

| <u>NOTE</u> | 30 Sep 2014 RM'000 | 30 Sep 2013 RM'000 |
|--|-----------------------|-----------------------|
| Cash flows from/(used in) operating activities | | |
| Loss before taxation | (11,444) | (10,833) |
| Adjustments for: | | |
| Amortisation of intangible asset | 60 | - |
| Bad debts written off | 11 | - |
| Depreciation | 3,528 | 4,877 |
| Gross dividend income from available for sale financial assets in Malaysia | (1) | - |
| Gain on disposal of available for sale financial assets | (306) | - |
| Impairment loss on available for sale of financial assets | 1,924 | - |
| Impairment loss on investment in associate | - | - |
| Interest expense | 3,471 | 3,437 |
| Interest income | (10) | (54) |
| (Gain)/Loss on disposal of property, plant and equipment | (14) | 38 |
| Loss on disposal of a subsidiary | - | - |
| Provision for doubtful debts | - | - |
| Provision for doubtful debts no longer required | - | - |
| Provision for retirement benefit obligations | 175 | 175 |
| Property, plant and equipment written off | - | - |
| Share options granted to employees ("ESOS") | - | - |
| Share of results of associates | 55 | 20 |
| Unrealised loss/(gain) on foreign exchange | (137) | (247) |
| Operating loss before working capital changes | (2,688) | (2,587) |
| Increase in inventories | (6,977) | (182) |
| Increase in trade and other receivables | (1,204) | (602) |
| Increase in trade and other payables | 16,200 | 4,490 |
| Cash flows from operations | 5,331 | 1,119 |
| Income tax paid | (4) | (227) |
| Interest paid | (3,471) | (3,437) |
| Interest received | 10 | 54 |
| Net cash from/(used in) operating activities | 1,866 | (2,491) |
| Cash flows from/(used in) investing activities | | |
| Dividends received | 1 | - |
| Increase in sinking funds account | (1,272) | (3,297) |
| Decrease/(Increase) in fixed deposits pledged | 35 | (652) |
| Acquisition of shares in subsidiaries | - | - |
| Payment for exploration and evaluation assets | (61) | (1,156) |
| Purchase of property, plant and equipment | (2,540) | (2,233) |
| Proceeds from disposal of property, plant and equipment | 34 | 32 |
| Proceeds from disposal of available for sale financial assets | 1,807 | - |
| Net cash used in investing activities | (1,996) | (7,306) |
| Cash flows from/(used in) financing activities | | |
| Repayment to associate | (13) | (180) |
| Proceeds from rights issue of ordinary shares | - | - |
| Proceeds from shares issued pursuant to private placement | - | 13,702 |
| Proceeds from exercise of employees share options | - | 39 |
| Proceeds from trade finance | 98,020 | 104,877 |
| Repayments of trade finance | (95,853) | (101,053) |
| Proceeds from term loan(s) | - | - |
| Repayments of term loan(s) | (4,060) | (7,344) |
| Repayments of hire purchase and finance lease liabilities | (48) | (48) |
| Payments of retirement benefits | (98) | (204) |
| Net cash (used in)/from financing activities | (2,052) | 9,789 |
| Exchange differences | (1,253) | (60) |
| Net decrease in cash and cash equivalents | (3,435) | (68) |
| Cash and cash equivalents at beginning of year | 6,368 | 5,407 |
| Cash and cash equivalents at end of year | 2,933 | 5,339 |

NOTE

1. Cash and cash equivalents

Cash and cash equivalents comprise of :

| | 30 Sep 2014 RM'000 | 30 Sep 2013 RM'000 |
|------------------------------|-----------------------|-----------------------|
| Cash and bank balances | 26,883 | 29,211 |
| Deposits with licensed banks | 736 | 758 |
| Bank overdraft | - | (2,716) |
| | 27,619 | 27,253 |
| Deposits pledged as security | (736) | (758) |
| Sinking fund account | (23,950) | (21,156) |
| | 2,933 | 5,339 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

HO WAH GENTING BERHAD (272923-H)

DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

| | As at 30 Sep 2014 | Audited As at 31 Dec 2013 |
|---|------------------------------|--|
| | RM'000 | RM'000 |
| Total accumulated losses of HWGB and its subsidiaries: | | |
| - Realised | (84,654) | (73,265) |
| - Unrealised | 774 | 774 |
| | (83,880) | (72,491) |
| Total share of accumulated losses from associated companies: | | |
| - Realised | (1,425) | (1,370) |
| - Unrealised | - | - |
| | (85,305) | (73,861) |
| Consolidation adjustments | 5,014 | 3,960 |
| Total group accumulated losses as per financial statements | (80,291) | (69,901) |
| | | |