



**HO WAH GENTING BERHAD**

**Company No: 272923-H**  
(Incorporated In Malaysia)

**NOTES TO FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**PART A**

**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 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 2014.

**2. Significant Accounting Policies**

The significant 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 2014 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2015:

Amendments to MFRS 119 : Employees Benefits - *Defined Benefit Plans: Employees Contributions*  
Annual Improvements to MFRSs 2010 – 2012 Cycle  
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

		<b>Effective for financial periods beginning on or after</b>
MFRS 14	: Regulatory Deferral Accounts	01 January 2016
Amendments to MFRS 11	: Joint Arrangements - <i>Accounting for Acquisition of Interest in Joint Venture Operations</i>	01 January 2016
Amendments to MFRS 116 and MFRS 138	: Property, Plant and Equipment and Intangible Assets - <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	01 January 2016
Amendments to MFRS 116 and MFRS 141	: Property, Plant and Equipment and Agriculture - <i>Bearer Plants</i>	01 January 2016

## 2 Significant Accounting Policies (continue)

	<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 127 : Separate Financial Statements - <i>Equity Method in Separate Financial Statements</i>	01 January 2016
Amendments to MFRS 10 and MFRS 128 : Consolidated Financial Statements and Investments In Associates and Joint Ventures - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	01 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Consolidated Financial Statements, Disclosure of Interest in Other Entities and Investments in Associates and Joint Ventures – <i>Investment Entities: Applying the Consolidation Exception</i>	01 January 2016
Amendments to MFRS 101 : Presentation of Financial Statements – <i>Disclosure Initiative</i>	01 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	01 January 2016
MFRS 15 : Revenue from Contract with Customers	01 January 2018
MFRS 9 : Financial Instruments (IFRS 9 as issued by International Accounting Standards Board in July 2014)	01 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group.

## 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 2014.

## 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.

**6. Material Change in Estimates**

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

**7. Issuance and Repayment of Debt and Equity Securities**

During the financial year under review, the Company increased its issued and paid up share capital from RM118,206,669 to RM120,229,009 by way of issuance of 10,111,699 new ordinary shares of RM0.20 each pursuant to the conversion of Warrants 2010/2015 at a conversion price at RM0.20 per ordinary share.

**8. Dividends Paid**

No dividend was paid in the current quarter.

**9. The Status of Corporate Proposals**

On 5 August 2015, the Company announced the following Multiple Corporate Proposals:

**a) Proposed Par Value Reduction**

Proposed reduction of the existing issued and paid up share capital of the Company via the cancellation of RM0.15 of the par value of each existing issued and paid-up ordinary share of RM0.20 to RM0.05 each (“HWGB Shares”) pursuant to Section 64 of the Companies Act, 1965;

**b) Proposed Rights Issue with Warrants**

Proposed renounceable rights issue of up to 617,598,349 new HWGB Shares (“Rights Shares”) on the basis of one (1) Right Share for every one (1) existing HWGB Share held after the Proposed Par Value Reduction, together with up to 494,078,679 free detachable warrants (“Warrants”) on the basis of four (4) Warrants for every five (5) Rights Shares subscribed on the entitlement date and at an issue price to be determined later;

**9. The Status of Corporate Proposals (continued)**

- c) Proposed Amendments to the Memorandum and Articles of Association of the Company**  
Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the implementation of the Proposed Par Value Reduction;
- d) Proposed Termination of the Existing ESOS**  
Proposed termination of the Company's existing Employees' Share Option Scheme 2010; and
- e) Proposed Establishment of a new ESOS**  
Proposed establishment of a new Employees' Share Option Scheme for the eligible directors and employees of HWGB and its subsidiary companies.

On 30 September 2015, the Company announced that Bursa Securities had, vide its letter dated 29 September 2015, resolved to approve the following:

- a) The listing and quotation of up to 617,598,349 new Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- b) Admission to the Official List and the listing of and quotation for up to 494,078,679 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- c) The listing and quotation of up to 494,078,679 new ordinary shares of RM0.05 each to be issued pursuant to the exercise of the Warrants;
- d) The listing and quotation of up to 2,146,470 Additional Warrants 2011/2016 arising from the adjustment made pursuant to the Proposed Rights Issue with Warrants;
- e) The listing and quotation of up to 2,980,792 new ordinary shares of RM0.05 each to be issued pursuant to the exercise of the Additional Warrants 2011/2016 and existing Employees' Share Option Scheme; and
- f) The listing and quotation of such number of new ordinary shares of RM0.05 each in HWGB, representing up to 10% of the issued and paid up share capital of HWGB to be issued pursuant to the exercise of options under the Proposed New ESOS.

The approval by Bursa Securities for the Proposed Rights Issue with Warrants and Proposed New ESOS is subject to the following conditions:

- a) HWGB and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements ("LR") pertaining to the implementation of the Proposed Rights Issue with Warrants and Proposed New ESOS;

## 9. The Status of Corporate Proposals (continued)

- b) HWGB and its adviser are to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;
- c) HWGB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed;
- d) HWGB's adviser is required to submit a confirmation to Bursa Securities of full compliance of the Proposed New ESOS pursuant to Paragraph 6.43 (1) of the LR and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the proposed New ESOS;
- e) HWGB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants and Proposed New ESOS as at end of each quarter together with a detailed computation of listing fees payable; and

On 12 November 2015, the Company announced that all the resolutions for the aforesaid Multiple Corporate Proposals set out in the Notice of Extraordinary General Meeting ("EGM") dated 20 October 2015 were duly passed at the EGM held on Thursday, 12 November 2015.

On 13 November 2015, the Company's solicitor had submitted the petition for capital reduction to the High Court of Malaya for sanction.

On 7 January 2016, the Company announced that the sealed order of the High Court of Malaya confirming the par value reduction has been lodged with the Companies Commission of Malaysia on 7 January 2016, upon which the Par Value Reduction shall be take effect. Hence the Par Value Reduction is deemed completed.

On 22 January 2016, the Board of Directors of HWGB announced that they have resolved to fix the issue price for the Rights Shares at RM0.08 per Rights Share and the exercise price for the Warrant at RM0.08 per Warrant.

On 5 February 2016, the Company announced the following important relevant dates for Renounceable Rights Issue:

	Date	Time
Entitlement date	23 February 2016	at 05:00:00 PM
Last date and time for:		
Sale of provisional allotment of rights	01 March 2016	at 05:00:00 PM
Transfer of provisional allotment of rights	04 March 2016	at 04:00:00 PM
Acceptance and payment*	09 March 2016	at 05:00:00 PM
Excess share application and payment*	09 March 2016	at 05:00:00 PM

## 9. The Status of Corporate Proposals (continued)

\* The last date and time for acceptance and payment as well as the last date and time for excess application and payment may be extended as the Board of Directors of HWGB may determine and announce not less than two (2) market days before the stipulated date and time.

On 23 February 2016, the Board of Directors of HWGB announced that pursuant to the outcome of the Extraordinary General Meeting of the Company held on 12 November 2015 in relation to the termination of the Company’s existing employees’ share option scheme (“Existing ESOS”), the Company has on 22 February 2016 (“Effective Date”) terminated the Existing ESOS.

## 10. Segmental Reporting

Analysis of the Group’s segment revenue and segment result for business segments for the current financial year ended 31 December 2015 are given as follows:

	<b>Segment Revenue RM’000</b>	<b>Profit/(Loss) Before Tax For The Year RM’000</b>
Investments	48	368
Moulded power supply cord sets	153,546	(8,572)
Tin mining	8,493	(7,771)
Wire and cable	11,934	(270)
Automotive	123	(270)
Travel services and direct sales	14,587	(3,732)
	<b>188,731</b>	<b>(20,247)</b>

## 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**

**(a) Internal Group Restructuring Involving the Company, Vitaxel Sdn Bhd (1013530-U) (“Vitaxel”) and Ho Wah Genting Holiday Sdn Bhd (formerly known as Ho Wah Genting Poipet Resorts Sdn Bhd) (203789-P) (“HWGH”)**

The Company had on 13 February 2015, completed an internal group restructuring involving the Company, Vitaxel and HWGH by transferring the Company’s 100% equity interest (1,500,000 ordinary shares) in Vitaxel to HWGH (99.48% owned subsidiary), for a total cash consideration of RM120,000. The consideration of RM120,000 is the same acquisition price paid by the Company earlier. Upon completion of the aforesaid share transfer, Vitaxel became a sub-subsidiary of the Company instead.

**(b) Disposal of Sub-subsidiary company Orient Sun Motors Sdn Bhd (840617-P) (“OSM”)**

On 25 March 2015, the Company announced the disposal of the entire 70% equity interest in OSM held by its wholly owned subsidiary Rex Oriental Sdn Bhd (1056831-K) (“ROSB”) for a cash consideration of RM595,000. The disposal was completed on 2 April 2015 and OSM ceased to be a subsidiary of ROSB and a sub-subsidiary of the Company.

**(c) Disposal of Sub-subsidiary company Vitaxel Sdn Bhd (1013530-U) (“Vitaxel”)**

On 17 November 2015, the Company announced that its subsidiary, Ho Wah Genting Holiday Sdn Bhd (203789-P) (“HWGH”) has on 17 November 2015 entered into a Share Sale Agreement (“Agreement”) with Lim Chun Yen, Leong Yee Ming, Lim Wee Kiat and Megat D. Shariman Bin Zaharudin (“Purchasers”), to dispose to the Purchasers its entire 100% equity holding in Vitaxel consist of 1,500,000 ordinary shares (“Sale Shares”) for a total cash consideration of RM150,000.00 (“Sale Consideration”) payable upon completion (“Proposed Disposal”).

On 30 November 2015, HWGH and the Purchasers have mutually waived the condition precedents as stated in the Agreement. The Purchasers agreed to waive the requirement of the Vendor to obtain the approval from the Ministry Trade and Consumer Affairs for the transfer of the Sale Shares and agreed to be responsible and liable to proceed and obtain the same.

In view thereof, the disposal of subsidiary, Vitaxel was completed on 30 November 2015. Accordingly, Vitaxel will cease to be a subsidiary of HWGH and a sub-subsidiary of the Company

**14. Contingent Liabilities and Contingent Assets**

There were no material contingent liabilities and contingent assets for the Company and the Group at the end of the current quarter.

**15. Capital Commitments**

There were no material capital commitments for the Company and for the Group at the end of the current quarter.



## **PART B**

### **ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**

#### **1. Review of Performance for the fourth quarter and current financial year to date**

For the current financial year, the Group recorded revenue of RM188.73 million and loss before taxation of RM20.25 million as compared to its preceding year's revenue of RM191.03 million and loss before taxation of RM23.25 million.

The lower revenue recorded in the current financial year is mainly due to the Group's lower sales in Moulded Power Supply Cord Sets Division in Indonesia despite the favourable currency conversion effect from USD to RM. The higher revenue from the Tin Mining Division and additional revenue from new division in Travel Services and Direct Sales also improved the revenue in the current financial year.

The Group's Moulded Power Supply Cord Sets Division recorded operating revenue of RM153.55 million and loss before taxation of RM8.57 million for the current financial year ended 31 December 2015 as compared to its preceding year's corresponding period operating revenue of RM172.9 million and loss before taxation of RM6.37 million. The lower revenue recorded in the current financial year is due to intense competition from China made products and constraints of fundings to provide the working capital requirement. The higher loss before taxation was due to low contribution generated from lower revenue which were unable to cover the factory operation costs and the weakening of RM against the USD further increased the loss before taxation upon conversion.

The Group's Wire and Cable Trading Division posted operating revenue of RM11.93 million and loss before taxation of RM0.27 million for the current financial year ended 31 December 2015 as compared to its preceding year's corresponding period operating revenue of RM13.93 million and loss before taxation of RM0.40 million

Generally, the demand for wire and cable market is slow as there were lesser new real estate projects launched.

The Group's Tin Mining Division recorded an operating revenue of RM8.49 million and loss before taxation of RM7.77 million for the current financial year ended 31 December 2015 as compared to its preceding year's corresponding period operating revenue of RM2.08 million and loss before taxation of RM3.02 million.

A total of 261 metric tons of tin concentrates had been produced during the current financial year ended 31 December 2015 as compared to its preceding year's corresponding period output of 51 metric tons of tin concentrates.

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

Though the total tin concentrates output and revenue were higher as compared to the preceding year's corresponding period, the Tin Mining Division recorded a higher losses due to increase in mining activities on the site. The Tin Mining Division is now processing the tin ores from a selection of top soil with high grade of tin ore contents while focusing on the top soil removal.

The Group's Travel Services and Direct Sales Division recorded a revenue of RM14.59 million and a loss before taxation of RM3.73 million for the financial year ended 31 December 2015. The loss incurred was due to higher commission and incentive payout to members as a marketing strategy to expedite the recruitment of new members during this initial stage of operations by the Direct Sales Division.

There are no comparative figures for Travel Services and Direct Sales Division for the same financial year end in the preceding year. The Direct Sales Division under Vitaxel Sdn Bhd was disposed off in the current quarter as disclosed in Note 13(c) of Part A.

At Company level, the Company recorded a loss before taxation of RM2.67 million for the current financial year ended 31 December 2015 as compared to a loss of RM41.15 million in the preceding year's corresponding period. The lower loss before taxation recorded in the current financial year was contributed by the gain on disposal of "Available-For-Sale" financial assets of RM1.92 million as against the impairment loss for "Available-For-Sale" financial assets and impairment loss of investment in subsidiary of RM2.54 million and RM31.08 million respectively in the preceding year's corresponding period. Also in the preceding year corresponding period, the Company incurred a loss on disposal of investment property of RM0.62 million and an allowance for doubtful debts of RM2.18 million was provided.

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 from 31 December 2015 to 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 RM41.42 million and RM6.46 million respectively as compared to the preceding quarter's operating revenue and loss before taxation of RM53.43 million and RM3.86 million respectively.

The lower revenue recorded in the current quarter is mainly due to the lower sales in Moulded Power Supply Cord Sets Division due to the cyclicity of operations as disclosed in Note 4 of Part A.

## **2. Comparison with Preceding Quarter's Results (continued)**

The higher loss before taxation in the current quarter is mainly due to lower contributions earned to cover the operation costs from lower revenue in the Moulded Power Supply Cord Set Division and additional depreciation charged of RM0.94 million for the Tin Mining Division as a result of change in method of depreciation calculations from total annual tin output divided by total tin output projected instead of against the estimated tin reserve.

## **3. Commentary on Prospects**

The recovery in the US economy has pushed the demand for housing market higher, improve the employment rate and higher consumer spending. All these factors may have a favourable effect to the sale of moulded power supply cord sets as US accounts for a majority of the Group's revenue.

However, the Board is of the opinion that business operations in moulded power supply cord sets and wire and cable will continue to be challenging in view of the intense competition in the US market, rising inflationary cost in Indonesia, especially the compulsory annual increment of wages and salaries, high volatility of copper price and working capital requirement.

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 Group's revenue from trading of wire and cable may be affected by lesser new property projects launched and tighter credit controls set by financial institutions as lenders are more cautious in providing the consumer loan.

On the Travel Services Division, the implementation of "Goods and Services Tax" ("GST") since April 2015 and the continuous weakening of Ringgit Malaysia had also affected the consumer spending.

The Board is hopeful that the implementation of the Corporate Proposals as mentioned in Note 9 of Part A of this Report would provide funding requirement and improve the financial position of the Group.

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

## **4. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee for the current quarter.

## 5. Notes to the Comprehensive Income Statement

Loss before tax is arrived at after charging / (crediting) the following items:

No	Subject	Individual Quarter		Cumulative Quarter	
		31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
a.	Interest income	(32)	(7)	(121)	(17)
b.	Other income including investment income	(456)	(1,067)	(3,758)	(3,932)
c.	Interest expense	1,412	1,121	3,834	4,592
d.	Depreciation and amortization	2,110	903	5,008	4,496
e.	Provision for and write off of receivables	524	998	690	1,223
f.	Provision for and write off of inventories	-	-	310	-
g.	(Gain)/loss on disposal of quoted or unquoted investments or properties	(4,998)	590	(6,132)	24
h.	Impairment of assets	-	614	-	5,563
i.	Foreign exchange gain:				
	- Realised	(213)	(564)	(1,654)	(814)
	- Unrealised	(1,509)	(231)	(3,686)	(546)
	Foreign exchange loss:				
	- Realised	1,754	186	2,193	532
	- Unrealised	412	-	862	56
j.	Gain or loss on derivatives	-	-	-	-
k.	Exceptional items (with details)	-	-	-	-

## 6. Taxation

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

	Individual Quarter		Cumulative Quarter	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
<b>i. Current tax expense</b>				
- Malaysian	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
<b>ii. Over/(under) provision in prior year:</b>				
- Malaysian	6	(2)	6	(2)
- Overseas	16	-	-	-
	22	(2)	6	(2)

## 6. Taxation (continued)

	Individual Quarter		Cumulative Quarter	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
iii. <b>Deferred tax expense:</b>				
- Malaysian	62	(300)	62	(300)
- Overseas	(17)	60	(17)	112
	<u>45</u>	<u>(240)</u>	<u>45</u>	<u>(188)</u>
<b>Total</b>	<u>67</u>	<u>(242)</u>	<u>51</u>	<u>(190)</u>

## 7. Purchase or Disposal of Quoted Securities/Other Financial Assets

During the current financial year, the Company disposed off its entire Available-For-Sale quoted shares in Hong Kong for RM7.81 million. The cost of these shares was RM10.41 million and the allowance for diminution in value made for these shares was RM4.52 million.

During the same financial year, Ho Wah Genting Kintron Sdn Bhd, a wholly-owned subsidiary of the Company also disposed off its entire Available-For-Sale quoted shares in Malaysia for RM107,000. The cost of these shares was RM1.12 million and the allowance for diminution in value made for these shares was RM1.01 million.

Investments in quoted securities as at 31 December 2015 are as follows:

	RM'000
i. Shares quoted in Malaysia at cost	-
ii. Shares quoted in Hong Kong at cost	-
iii. Market value of quoted equity shares	-

## 8. Group Borrowings and Debt Securities

	As At	As At
	31/12/2015	31/12/2014
	RM'000	RM'000
i. <b>Short Term Borrowings</b>		
<b>Secured</b>		
- Bankers' acceptances	-	13,986
- Hire purchase and finance lease liabilities	14	52
- Term loans	7,538	5,827
	<u>7,552</u>	<u>19,865</u>
ii. <b>Long Term Borrowings</b>		
<b>Secured</b>		
- Hire purchase and finance lease liabilities	23	63
- Term loans	25,110	27,592
	<u>25,133</u>	<u>27,655</u>

## 8. Group Borrowings and Debt Securities (continued)

Breakdown of borrowings in foreign denominated debts included above is:

	<b>As At</b> <b>31/12/2015</b> <b>USD'000</b>	<b>As At</b> <b>31/12/2014</b> <b>USD'000</b>
iii. <b>Secured</b>		
- Bills payable	-	4,000
- Term loan	6,560	8,227
	<b>6,560</b>	<b>12,227</b>

## 9. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 19 February 2016, being the latest practicable date.

## 10. 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 2014.

## 11. Material Litigation

There is no material litigation for the Group as at 19 February 2016, being the latest practicable date.

## 12. Dividends

No dividend has been declared for the current quarter and financial year ended 31 December 2015.

## 13. Quarterly Updates on Tin Mining Activities

On 10 June 2013, HWG Tin Mining Sdn Bhd ("HWG Tin Mining") had engaged an external exploration consultancy company to carry out resource estimation works entailing among others, evaluation of historical data, geological evaluation, geological mapping, geophysical survey, review of all existing drill data, design drill and exploration plan, field and surface sampling, laboratory chemical analysis, culminating in a resource estimation report.

The fieldwork was completed on 27 July 2013 and a copy the geological and geophysical report dated 16 August 2013 was issued. The report indicated a rough resource estimation of tin deposits and iron deposits of approximately 44,000 metric tons and 29,250,000 metric tons respectively.

### 13. Quarterly Updates on Tin Mining Activities (continued)

The report also recommended HWG Tin Mining to undertake a deep drilling plan to determine the essential features such as the possibility of the ore body continuance, origin and type of the deposit and economic feasibility.

HWG Tin Mining has yet to engage the drilling contractor to do the drilling works as at the latest practicable date of this report.

During the quarter, the Tin Mining Division increased its mining activities on the site. The Tin Mining Division is now processing the tin ores from a selection of top soil with high grade of tin ore contents while focusing on the top soil removal.

### 14. Loss per share

#### Basic

	Individual Quarter		Cumulative Quarter	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Loss attributable to shareholders (RM'000)	(4,462)	(10,862)	(16,303)	(21,586)
Weighted average number of ordinary shares ('000) – basic	601,145	591,033	601,145	591,033
<b>Basic (sen)</b>	<b><u>(0.74)</u></b>	<b><u>(1.84)</u></b>	<b><u>(2.71)</u></b>	<b><u>(3.65)</u></b>

#### Diluted

	Individual Quarter		Cumulative Quarter	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Loss attributable to shareholders (RM'000)	(4,462)	(10,862)	(16,303)	(21,586)
<u>Add</u>				
Notional interest savings due to repayment of bank borrowings (RM'000)	<u>475</u>	<u>528</u>	<u>1,900</u>	<u>2,112</u>
Adjusted loss attributable to shareholders (RM'000)	<u>(3,987)</u>	<u>(10,334)</u>	<u>(14,403)</u>	<u>(19,474)</u>
Weighted average number of ordinary shares ('000) – basic	601,145	591,033	601,145	591,033
<u>Add</u>				
Assuming conversion of ESOS and Warrants ('000)	<u>16,453</u>	<u>159,830</u>	<u>16,453</u>	<u>159,830</u>
Weighted average number of ordinary shares ('000) – diluted	<u>617,598</u>	<u>750,863</u>	<u>617,598</u>	<u>750,863</u>
<b>Diluted (sen)</b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>

**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 2015. 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 2015.

**By Order of the Board**

**Coral Hong Kim Heong**  
(MAICSA 7019696)  
*Company Secretary*

Date: 26 February 2016