



HO WAH GENTING BERHAD

Company No: 272923-H

(Incorporated In Malaysia)

**NOTES TO FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

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 2016.

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 2016 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2017:

- Amendments to MFRS 107 : Statement of Cash Flows – *Disclosure initiative*
- Amendments to MFRS 112 : Income Taxes – *Recognition of deferred Tax Assets for Unrealised Losses*
- Amendments to MFRS 12 : Disclosure of interests in Other Entities
- Annual Improvements to MFRSs 2014 – 2016 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the Amendments to MFRS 107 Statement of Cash Flows – *Disclosure Initiative*.

These amendments to MFRS 107 Statement of Cash Flows require the entity to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes. The adoption of these amendments affects only the disclosure notes to the financial statements and has no financial impact on the Group’s financial statements.

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:

PART A (continued)

2 Significant Accounting Policies (continued)

	Effective for financial periods beginning on or after
Amendments to MFRS 1 : First-time Adoption of Malaysia Financial Reporting Standards	01 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycles	
Amendments to MFRS 2 : Share-based payment – <i>Classification and Measurement of Share-based Payment transactions</i>	01 January 2018
Amendments to MFRS 4 : Insurance Contracts – <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract</i>	01 January 2018
Amendments to MFRS 140 : Investment property – <i>Transfers of investment property</i>	01 January 2018
Amendments to MFRS 128 : Investment in Associates and Joint Ventures	01 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycles	
IC Interpretations 22 Foreign Currency Transactions and Advanced Consideration	01 January 2018
MFRS 16 : Leases	01 January 2019
IC Interpretations 23 Uncertainty over Income Tax Treatments	01 January 2019
MFRS 17 : Insurance Contracts	01 January 2021
Amendments to MFRS 10 and MFRS 128 : Consolidated Financial Statements and Investments in Associates and Joint Ventures – <i>Sale or Contribution of Assets between and Investor and its Associate or Joint Venture</i>	The effective date of these Standards have been deferred, and yet to be announced by MASB.

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 2016.



PART A (continued)

4. Seasonality or Cyclicalities 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 period, a total of 200,000 employee share options (“ESOS”) had been converted into 200,000 new ordinary shares at an issue price of RM0.055 each and a total proceeds of RM11,000 was raised. These new ordinary shares were listed on BMSB on 15 June 2017.

8. Dividends Paid

No dividend was paid in the current quarter.

9. The Status of Corporate Proposals

On 14 November 2017, the Company through its adviser, M&A Securities Sdn Bhd (“Adviser”) announced that the Company intends to undertake the following:-

- (a) Proposed share consolidation involving the consolidation of every four (4) existing ordinary shares in HWGB into one (1) ordinary share (“Consolidated Shares”);
- (b) Proposed diversification of HWGB into travel retail business in view of the shareholders’ agreement dated 25 September 2017 entered into between the Company and Dufry International AG, a member of the Dufry Group to establish a joint-venture company, for the operation of a duty free and tax free shop in Genting Highlands resort, Pahang; and



Part A (continued)

9. The Status of Corporate Proposals (continued)

- (c) Proposed private placement of up to 77,624,400 new Consolidated Shares representing up to 30% of the issued shares in HWGB after the Proposed Share Consolidation.

10. Segmental Reporting

Analysis of the Group's segmental revenue, results, assets and liabilities for business segments for the current financial period ended 30 September 2017 are given as follows:



Ho Wah Genting Berhad (Company No: 272923-H)
 [Notes to Quarterly Financial Report – continued]

PART A (continued)

10. Segmental Reporting (continued)

	Investment RM'000	Moulded Power Supply Cord sets RM'000	Wires and cables RM'000	Mining RM'000	Travelling services RM'000	Total RM'000	Elimination RM'000	Group RM'000
Current year's 9 months' period ended 30 September 2017								
Segmental revenue by strategic/functional division units								
External revenue	99	111,279	77	400	3,001	114,856	-	114,856
Inter-segment revenue	114	61	-	-	47	222	(222)	-
	213	111,340	77	400	3,048	115,078		114,856
Segmental revenue by geographical location								
Malaysia	213	61	77	400	3,048	3,799	(222)	3,577
Asia	-	7,274	-	-	-	7,274		7,274
North America	-	104,005	-	-	-	104,005		104,005
	213	111,340	77	400	3,048	115,078		114,856
Results								
Operating profit/(loss)	(5,369)	6,070	(960)	(931)	(255)	(1,445)	(512)	(1,957)
Profit/(Loss) before interest and tax	(5,369)	6,070	(960)	(931)	(255)	(1,445)	(512)	(1,957)
Profit/(Loss) before tax	(5,378)	4,789	(1,114)	(933)	(249)	(2,885)	(512)	(3,397)
Profit/(Loss) after tax	(5,378)	4,789	(1,114)	(933)	(249)	(2,885)	(512)	(3,397)
Non controlling interest	7	-	-	457	2	466		466
Profit/(Loss) attributable to ordinary equity holders of parent	(5,371)	4,789	(1,114)	(476)	(247)	(2,419)	(512)	(2,931)
Assets and liabilities as at 30 September 2017								
Segment assets								
Consolidated total assets	124,943	74,655	23,900	17,726	2,068	243,292	(140,071)	103,221
Segmental liabilities								
Consolidated total liabilities	26,271	64,510	12,040	56,047	673	159,541	(95,318)	64,223
Segmental non current assets by geographical location								
Malaysia	82,527	-	-	17,397	58	99,982	(70,541)	29,441
Asia	-	25,128	-	-	-	25,128	1,485	26,613
North America	-	-	-	-	-	-		-
	82,527	25,128	-	17,398	58	125,110		56,054



Ho Wah Genting Berhad (Company No: 272923-H)
 [Notes to Quarterly Financial Report – continued]

PART A (continued)

10. Segmental Reporting (continued)

	Investment RM'000	Moulded power supply cord sets RM'000	Wires and cables RM'000	Tin mining RM'000	Travelling services RM'000	Total RM'000	Elimination RM'000	Group RM'000
Preceding year's 9 months' period ended 30 September 2016								
Segmental revenue by strategic/functional division units								
External revenue	99	105,052	2,027	1,036	6,030	114,244		114,244
Inter-segment revenue	114	1,530	-	-	41	1,685	(1,685)	-
	213	106,582	2,027	1,036	6,071	115,929		114,244
Segmental revenue by geographical location								
Malaysia	213	1,530	2,027	1,036	6,071	10,877	(1,685)	9,192
Asia	-	10,183	-	-	-	10,183		10,183
North America	-	94,869	-	-	-	94,869		94,869
	213	106,582	2,027	1,036	6,071	115,929		114,244
Results								
Operating profit/(loss)	(5,487)	2,205	(268)	(2,407)	(115)	(6,072)	445	(5,627)
Profit/(Loss) before interest and tax	(5,487)	2,205	(268)	(2,407)	(115)	(6,072)	445	(5,627)
Profit/(Loss) before tax	(5,482)	531	(407)	(2,406)	(109)	(7,873)	172	(7,701)
Profit/(Loss) after tax	(5,482)	531	(407)	(2,406)	(109)	(7,873)	172	(7,701)
Non controlling interest	9	-	-	1,179	2	1,190		1,190
Profit/(Loss) attributable to ordinary equity holders of parent	(5,473)	531	(407)	(1,227)	(107)	(6,683)	172	(6,511)
Assets and liabilities as at 31 December 2016								
Segmental assets								
Consolidated total assets	157,677	72,303	25,664	18,155	1,961	275,760	(170,807)	104,953
Segmental liabilities								
Consolidated total liabilities	53,653	66,800	12,690	55,544	318	189,005	(126,949)	62,056
Segmental non current assets by geographical location								
Malaysia	83,115	-	1	17,484	60	100,660	(70,541)	30,119
Asia	-	27,130	-	-	-	27,130	1,998	29,128
North America	-	-	-	-	-	-		-
	83,115	27,130	1	17,484	60	127,790		59,247



PART A (continued)

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 year audited financial statements.

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

There were no material events subsequent to the end of the interim period.

13. Changes in the Composition of the Group

The Company had on 25 September 2017 announced that it had entered into a Shareholders Agreement with Dufry International AG (“Dufry”), a member of Dufry Group (“Dufry Group”), to incorporate a company (“JV Co”) for the operation of a duty free and tax free shop in SkyAvenue mall located at the popular tourist spot in Malaysia, Genting Highlands Resort, Pahang, Malaysia.

The said JV Co was incorporated on 27 September 2017 under the name of Dufry HWG Shopping Sdn. Bhd. (“Dufry HWG Shopping”) (Company no: 1248672-U) with Dufry and HWGB holding 51% and 49% equity respectively. Therefore, Dufry HWG Shopping is an associate of HWGB.

14. Contingent Liabilities and Contingent Assets

The Company and the Group have no material contingent liabilities and contingent assets at the end of the current quarter.

15. Capital Commitments

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



PART B
ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

1. Group's Financial Performance Review And Segmental Analysis

Summary of Statement of Profit and Loss of the Group

	Individual Quarter (3rd Quarter)		Changes		Cumulative Quarters (Year todate)		Changes	
	Current Year Quarter 30/09/2017 RM'mil	Preceding Year Corresponding Quarter 30/09/2016 RM'mil	RM'mil	%	Current Year To date 30/09/2017 RM'mil	Preceding Year Corresponding Period 30/09/2016 RM'mil	RM'mil	%
Revenue	42.85	42.74	0.11	0.3	114.86	114.24	0.62	0.5
Operating (loss)/profit	(0.15)	2.18	(2.33)	-106.9	(1.95)	(5.60)	3.65	65.2
(Loss)/Profit before interest and tax	(0.15)	2.18	(2.33)	-106.9	(1.95)	(5.60)	3.65	65.2
(Loss)/Profit before tax	(0.58)	1.60	(2.18)	-136.3	(3.40)	(7.70)	4.30	55.8
(Loss)/Profit after tax	(0.58)	1.60	(2.18)	-136.3	(3.40)	(7.70)	4.30	55.8
(Loss)/Profit attributable to ordinary equity holders of the parent	(0.42)	1.68	(2.10)	-125.0	(2.93)	(6.51)	3.58	55.0

PART B - Additional Information Required By BMSB's Listing Requirements (continued)

1. Group's Financial Performance Review And Segmental Analysis (continued)

A. Overall Review of Group's Financial Performance

The higher revenue of RM114.86 million (2016: RM114.24 million) recorded in the current financial period was mainly due to favourable currency conversion effect from USD to RM despite the lower sales of 2.1% recorded in USD for the Moulded Power Supply Cord Sets Division in Indonesia as compared to the preceding year's corresponding period. The average exchange rate used in the current financial period was RM4.3626/USD as compared to preceding year's corresponding financial period of RM4.0869/USD.

The lower loss before taxation of RM3.40 million (2016: RM7.70 million) recorded in the financial period was mainly due to improved production efficiencies after implementation of semi-automated production cycles and replacement of old machineries in stages in the Moulded Power Supply Cord Sets Division. The reduction in tin mining activities at the mining site had also reduced the loss before taxation for the current financial period.

B. Summary of Statement of Financial Positions of the Group

	Unaudited 30 Sep 2017 RM'mil	Audited 31 Dec 2016 RM'mil	Changes RM'mil	%
Non current assets	56.05	59.25	(3.20)	-5.4
Current assets	47.17	45.71	1.46	3.2
Current liabilities	(44.22)	(37.39)	(6.83)	-18.3
Non current liabilities	(20.00)	(24.67)	4.67	18.9
Equity attributable to owner of the Company	(57.33)	(60.76)	(3.43)	-5.6
Non controlling interest	18.33	17.87	0.46	-2.6
Total equity	(39.00)	(42.90)	(3.90)	-9.1

Figures in bracket for unaudited 30 September 2017 and audited 31 December 2016 denotes credit balances

The decrease of RM3.20 million or 5.4% in non-current assets was mainly due to depreciation charged on property, plant and equipment as disclosed in Note 6: Notes to the Comprehensive Income.

The increase of RM6.83 million or 18.3% in current liabilities were mainly due to increase in trade payable for materials purchased to cater for the peak season production in current quarter and the increase of advance payment of RM2.12 million from customers for the sales order in the Moulded Power Supply Cord Sets Division.

The decrease of RM4.67 million or 18.9% in non-current liabilities was mainly due to reclassifications of long term borrowings into short term borrowings after repayment to financial institutions of RM5.57 million and proceeds from new term loan of RM1.60 million.

The decrease in "equity attributable to owners of the Company" of RM3.43 million or 5.6% and the decrease in "total equity" of RM3.90 million or 9.1% was mainly due to the losses incurred for the financial period ended 30 September 2017.

PART B - Additional Information Required By BMSB's Listing Requirements (continued)

I. Group's Financial Performance Review And Segmental Analysis (continued)

C. Summary of Statement of Cash Flows of the Group

	Unaudited 30 Sep 2017 RM mil	Unaudited 30 Sep 2016 RM' mil	Changes RM'mil	%
Net cash from/(used in) operating activities	1.92	(22.18)	24.10	108.7
Net cash (used in)/from investing activities	(1.91)	0.06	(1.97)	-3,283.3
Net cash (used in)/from financing activities	(4.00)	19.36	(23.36)	-120.7
Net decrease in cash and cash equivalent	3.58	1.92	1.66	86.5

The higher “net cash used in operating activities” in the immediate preceding year’s corresponding period was mainly due to agreed schedule payments to a major supplier of the Moulded Power Supply Cord Sets Division which is long outstanding.

The higher “net cash from financing” in the immediate preceding year’s corresponding period was due to proceeds from issuance of share capital under the Rights Issue with Warrants.

D. Segmental Analysis

I. Moulded Power Supply Cord Sets Division

Summary of revenue by geographical	Cumulative Quarter			
	30/09/2017 USD'000	30/09/2016 USD'000	Changes USD'000	%
Sales to external parties				
North America	23,840	23,213	627	2.7
Other Asia countries	1,668	2,492	(824)	(33.1)
	<u>25,508</u>	<u>25,705</u>	<u>(197)</u>	<u>0.8</u>
Sales within HWGB Group				
Malaysia – Wires and Cables Division	14	374	(360)	(96.3)
	<u>25,522</u>	<u>26,079</u>	<u>(557)</u>	<u>(2.1)</u>

Note: “Other Asian countries” refers to Indonesia, Singapore, Thailand, Vietnam and Taiwan, Republic of China.

The sales to North America remained constant for both quarters. The sales to other Asia countries particularly to Singapore for the current financial period ended 30 September 2017 has dropped by approximately USD0.70 million due to competitive price offered, allowing smaller quantity supply instead of bulk purchase and longer credit terms offered by competitors.

The drop in sales of the Wires and Cables Division for the current financial period ended 30 September 2017 were mainly due to the following:

- Local manufacturers had shorter lead time and they accept small quantity order compared to bulk purchase.
- Volatility of RM against USD discourages customers of the Wires and Cables Division to import and instead place order to local manufacturers to minimize their foreign currency exposure.

PART B - Additional Information Required By BMSB's Listing Requirements (continued)

I. Group's Financial Performance Review And Segmental Analysis (continued)

D. Segmental Analysis (continued)

I. Moulded Power Supply Cord Sets Division (continued)

	30/09/2017	Cumulative Quarter		
	30/09/2016	30/09/2016	Changes	
	USD'000	USD'000	USD'000	%
Revenue	25,522	26,079	(557)	(2.1)
Operating profit/(loss)	1,391	513	878	171.2
Profit/(loss) before interest and tax	1,391	513	878	171.2
Profit/(loss) before tax	1,098	104	994	955.8
Profit/(loss) after tax	1,098	104	994	955.8
Profit/(loss) attributable to owners of the Company	1,098	104	994	955.8

The increase in profit before taxation of USD0.99 million despite a drop of USD0.56 million or 2.1% in operating revenue in terms of USD was due to improved production efficiencies after the implementation of semi-automated production cycles and replacement of old machineries in stages.

II. Wires and Cables Division

The lower sales for the current financial period ended 30 September 2017 of RM0.08 million (2016: RM2.03 million) were mainly due to the following tough competition from local manufacturer:

- shorter lead time to supply goods.
- supply in smaller quantity compared to bulk purchase with longer credit term given.

The higher losses before taxation of RM1.11 million (2016: RM0.41 million) in the current financial period was mainly due to foreign currency exchange loss of RM0.55 million arising from currency conversion from USD to RM at the end of the financial period. The exchange rate as at 30 September 2017 was RM4.2220/USD as compared to RM4.4860/USD as at 31 December 2016.

III. Tin Mining Division

The lower operating revenue of RM0.4 million (2016: RM1.04 million) and lower loss before taxation of RM0.93 million (2016: RM2.41 million) in the current financial period ended 30 September 2017 was mainly due to reduced tin mining activities at the mining site due to low grade of tin ore extracted.

The Tin Mining Division produced 2 metric tons of tin concentrates from tailing sands during the current financial period ended 30 September 2017 as compared to 21 metric tons during the preceding year's corresponding period.

- I. Group's Financial Performance Review And Segmental Analysis (continued)**
D. Segmental Analysis (continued)

IV. Travel Services Division

Summary of revenue by products	30/09/2017	Cumulative Quarter		Changes	%
	RM'000	30/09/2016	RM'000		
Sales to external parties					
Tour packages	1,517	1,611	(94)	-5.8	
Cruise tour	183	3,008	(2,825)	-93.9	
Hotel booking	456	150	306	204.0	
Air tickets	784	1,087	(303)	-27.9	
Other tour related services	61	174	(113)	-64.9	
	3,001	6,030	(3,029)	-50.2	
Sales within HWGB Group					
Air tickets	47	41	6	14.6	
	3,048	6,071	(3,023)	-49.8	

The lower revenue of RM3.05 million (2016: RM6.07 million) in the current financial period ended 30 September 2017 was mainly due to the one-off cruise charter which contributed RM3.00 million or 49.4% revenue in the preceding year's corresponding period. The lower revenue had resulted in higher loss before taxation of RM0.25 million (2016: RM0.11 million).

The current economic climate had also affected the consumers' spending in leisure and holiday.

V. Investment Division

Investment Division consists of the Company and the subsidiaries which are engaged in investment holding and inactive companies.

At Company level, the Company recorded a loss before taxation RM4.73 million for the financial period ended 30 September 2017 as compared to a loss before taxation of RM4.96 million in the preceding year's corresponding period. The higher loss before taxation in the preceding year's corresponding period was mainly due to allowance for doubtful debts of RM0.13 million and Real Property Gains Tax of RM0.13 million charged by Inland Revenue Board on an investment property disposed in 2014.

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 30 September 2017 to the date of issue of this quarterly report.

2. Comparison with Preceding Year's Corresponding Quarter's Result

Overall the revenue of the Group remained constant for both corresponding quarters.

The Group incurred a loss before taxation of RM0.58 million in the quarter under review as compared to a profit before taxation of RM1.60 million in the preceding year's corresponding quarter mainly due to:

- i. additional depreciation charged on the revalued buildings of the Group of RM0.26 million;
- ii. higher foreign exchange loss of RM0.77 million due to appreciation of RM against USD;
- iii. write off of bad debts of RM0.20 million; and
- iv. write off of plant and equipment of RM0.20 million in the Moulded Power Supply Cord Sets Division.

3. Comparison with Current Year Preceding Quarter's Results

	Current Quarter 30/09/2017 RM'mil	Immediate Preceding Quarter 30/06/2017 RM'mil	Changes	
			RM'mil	%
Revenue	42.85	38.08	4.77	12.5
Operating loss	(0.15)	(0.50)	0.35	70.0
Loss before interest and tax	(0.15)	(0.50)	0.35	70.0
Loss before tax	(0.58)	(0.98)	0.40	40.8
Loss after tax	(0.58)	(0.98)	0.40	40.8
Loss attributable to ordinary equity holders of the parent	(0.42)	(0.85)	0.43	50.1

Overall, the revenue of the Group increased due to the seasonality or cyclicity of operations as mentioned in Note 4 of Part A above. The lower loss before taxation in the current quarter is mainly due to higher contribution earned from higher revenue generated by the Moulded Power Supply Cord Sets Division.

4. Commentary on Prospects

The recovery in the US economy has pushed the demand for housing market higher, improved the employment rate and led to higher consumer spending. All these factors may have a favourable effect to the sale of moulded power supply cord sets as the sales in US accounts for 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 remain 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.

PART B - Additional Information Required By BMSB's Listing Requirements (continued)

4. *Commentary on Prospects (continued)*

To counter these unfavourable conditions, the Moulded Power Supply Cord Sets Division will continue to focus on lean manufacturing process for better operational productivity, improve efficiencies, and product quality to be more competitive and attract more customers.

Barring unforeseen circumstances, the Group is targeting to achieve a better operating and financial performance for the financial year ending 31 December 2017.

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

5. **Profit Forecast or Profit Guarantee**

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

6. **Notes to the Comprehensive Income Statement**

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

No.	Subject	Individual Quarter		Cumulative Quarter	
		30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
a.	Interest income	(1)	(2)	(11)	(27)
b.	Other income including investment income:				
	- Sales of scrap metals	(530)	(450)	(1,570)	(1,682)
	- Rental income from premises	(185)	-	(185)	-
	- Others	-	(2)	-	(4)
c.	Interest expense	438	584	1,450	2,100
d.	Depreciation and amortization	1,234	902	3,466	2,882
e.	Provision for and write off of receivables	196	-	196	5
f.	Provision for and write off of inventories	-	-	-	-
g.	(Gain)/loss on disposal of quoted or unquoted investments or properties				
	- plant and equipment	192	2	80	(400)
h.	Impairment of assets	-	-	-	-
i.	Foreign exchange gain:				
	- Realised	(336)	85	(336)	(3)
	- Unrealised	(244)	(619)	(618)	(1,840)
	Foreign exchange loss:				
	- Realised	23	858	81	1,460
	- Unrealised	746	(694)	1,908	1,017
j.	Gain or loss on derivatives	-	-	-	-
k.	Exceptional items	-	-	-	-

PART B - Additional Information Required By BMSB's Listing Requirements (continued)

7. Taxation

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

	Individual Quarter		Cumulative Quarter	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	RM'000	RM'000	RM'000	RM'000
i. Current tax expense				
- Malaysian	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
ii. Over/(under) provision in prior year:				
- Malaysian	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
iii. Deferred tax expense:				
- Malaysian	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
Total	-	-	-	-

8. Purchase or Disposal of Quoted Securities/Other Financial Assets

There was no purchase or disposal of quoted securities and/or other financial assets during the current financial period.

9. Group Borrowings and Debt Securities

	As at third quarter ended 30 September 2017					
	Long term		Short term		Total borrowing	
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Term loan 1*	1,977	8,346	1,667	7,037	3,644	15,383
Term loan 2	-	4,149	-	134	-	4,283
Term loan 3	-	1,600	-	-	-	1,600
Hire purchase and finance lease liabilities	-	220	-	49	-	269
	1,977	14,315	1,667	7,220	3,644	21,535

* USD1.0000 is equivalent to RM4.2220

Term loan 3 is for a period of 84 months. It bears a fixed interest rate of 12.00% per annum for the first 24 months and 6.50% above a local financial institution's Base Rate of 3.00% per annum for subsequent months.

PART B - Additional Information Required By BMSB's Listing Requirements (continued)

9. Group Borrowings and Debt Securities (continued)

	As at fourth quarter ended 31 December 2016					
	Long term Denomination		Short term Denomination		Total borrowing Denomination	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Term loan 1*	3,226	14,472	1,667	7,478	4,893	21,950
Term loan 2	-	4,228	-	176	-	4,404
Hire purchase and finance lease liabilities	-	255	-	55	-	310
	<u>3,226</u>	<u>18,955</u>	<u>1,667</u>	<u>7,709</u>	<u>4,893</u>	<u>26,664</u>

* USD1.0000 is equivalent to RM4.4860

10. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 16 November 2017, being the latest practicable date.

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 2016.

12. Material Litigation

There is no material litigation for the Group as at 16 November 2017, being the latest practicable date.

13. Dividends

No dividend has been declared for the current quarter and financial period ended 30 September 2017.

14. 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.

14. Quarterly Updates on Tin Mining Activities (continued)

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.

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 exploration drilling works as at the latest practicable date of this report.

Currently mining activities on site had reduced. The Tin Mining Division planned to carry out drilling works on certain identified locations to verify the tin ore.

15. Status of Memorandum and Understanding announced

On 10 August 2016 the Company announced that it had entered into a Memorandum and Understanding (“MOU”) with SM Duty Free Co. Ltd to negotiate on services for business know-how, products and information technology for proposed opening of duty free outlets in Malaysia.

The MOU remains status quo as at the latest practicable date of this report.

16. Loss per share

Basic

	Individual Quarter		Cumulative Quarter	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Loss attributable to shareholders (RM'000)	(421)	1,675	(2,931)	(6,511)
Weighted average number of ordinary shares ('000) – basic	998,135	825,744	998,135	825,744
Basic (sen)	(0.04)	0.20	(0.29)	(0.78)



PART B - Additional Information Required By BMSB's Listing Requirements (continued)

16. (Loss)/Profit per share (continued)

Diluted

	Individual Quarter		Cumulative Quarter	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Loss attributable to shareholders (RM'000)	(421)	1,675	(2,931)	(6,511)
<u>Add</u>				
Notional interest savings due to repayment of bank borrowings (RM'000)	412	490	1,337	803
Adjusted loss attributable to shareholders (RM'000)	(9)	2,165	(1,594)	(5,708)
Weighted average number of ordinary shares ('000) – basic	998,135	825,744	998,135	825,744
<u>Add</u>				
Assuming full conversion of Warrants and ESOS ('000)	281,682	284,547	281,682	284,547
Weighted average number of ordinary shares ('000) – diluted	1,279,817	1,110,291	1,279,817	1,110,291
Diluted (sen)	N/A	0.19	N/A	N/A

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 warrants and ESOS into new ordinary shares.

The adjusted loss 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 warrants and ESOS into new ordinary shares.

There was no dilution in loss per share during the current quarter and financial period ended 30 September 2017. The notional interest savings and the increase in the number of ordinary shares arising from the abovementioned conversion of all warrants and ESOS, both of which would have a positive effect of reducing the loss per share for the current quarter and financial period ended 30 September 2017.

By Order of the Board

Coral Hong Kim Heong
 (MAICSA 7019696)
 Company Secretary

Date: 23 November 2017