



HO WAH GENTING BERHAD

Company No: 272923-H

(Incorporated In Malaysia)

**NOTES TO FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

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 2017.

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 2017 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2018:

Amendments to MFRS 1	:	First time adoption of Malaysia Financial Reporting Standards
Amendments to MFRS 2	:	Share-based payment – <i>Classification and Measurement of Share-based Payment transactions</i>
Amendments to MFRS 4	:	Insurance Contracts – <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract</i>
Amendments to MFRS 140	:	Investment property – <i>Transfers of investment property</i>
Amendments to MFRS 128	:	Investment in Associates and Joint Ventures
Annual Improvements to MFRSs 2014 – 2016 Cycle		
IC Interpretations 22 Foreign Currency Transactions and Advanced Consideration		

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:

PART A (continued)

2 Significant Accounting Policies (continued)

	Effective for financial periods beginning on or after
MFRS 16 : Leases	01 January 2019
Amendments to : Business Combination	
MFRS 3	01 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycles	
Amendments to : Prepayment Features with Negative	
MFRS 9 Compensation	01 January 2019
Amendments to : Joint Arrangements	
MFRS 11	01 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycles	
Amendments to : Income Taxes	
MFRS 112	01 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycles	
Amendments to : Borrowing Costs	
MFRS 123	01 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycles	
Amendments to : Investments in Associates and Joint	
MFRS 128 Ventures – <i>Long-term interest in Associates and Joint Ventures</i>	01 January 2019
IC Interpretations 23 Uncertainty over Income Tax	
Treatments	01 January 2019
MFRS 17 : Insurance Contracts	01 January 2021
Amendments to : Consolidated Financial Statements and	
MFRS 10 and Investments in Associates and Joint	
MFRS 128 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 2017.



PART A (continued)

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 under review.

6. Material Change in Estimates

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

7. Issuance and Repayment of Debt and Equity Securities

During the financial period, the Company made the following issuance of share capital:

(a) Exercise of Employee Share Options (“ESOS”)

- (i) A total of 559,893 ESOS was converted into 559,893 new ordinary shares at the issue price of RM0.055 each and a total proceeds of RM30,794.12 was raised. These new ordinary shares were listed on BMSB on 26 January 2018.
- (ii) In consequences to the aforesaid exercise of ESOS, RM29,282.40 was transfer out from the ESOS reserve account to share capital.

(b) Private Placement of shares

Upon the completion of the Company’s Proposed Shares Consolidation Exercise on 7 March 2018, the Company undertook a private placement of up to 77,597,200 new consolidated shares representing up to 30% of the issued shares of the Company. On 27 March 2018, the Company issued 74,910,400 new Consolidated ordinary shares at an issue price of RM0.18 per share. A total of RM13,483,872.00 was raised from the private placement of shares and these shares were listed on BMSB on 29 March 2018.



PART A (continued)

8. Dividends Paid

No dividend was paid in the current quarter under review.

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 Share”) (“Proposed Share Consolidation”);
- (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 (“Proposed Diversification”); and
- (c) Proposed private placement of up to 77,597,200 new Consolidated Shares representing up to 30% of the issued shares in HWGB after the Proposed Share Consolidation. (“Placement Shares”) (“Proposed Private Placement”)

Collectively referred to as the “Proposals”.

On 21 November 2017, the Company through its Adviser announced that the listing application to BMSB in relation to the Proposed Share Consolidation and the Proposed Private Placement has been submitted on 21 November 2017.

On 26 December 2017 the Company’s Adviser announced that BMSB vide its letter dated 22 December 2017 approved the following applications:

- (a) The Proposed Share Consolidation; and
- (b) The listing and quotation of up to 77,597,200 Placement Shares pursuant to the Proposed Private Placement.

The approval by BMSB is subject to the following conditions:

- (i) 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 Share Consolidation and Proposed Private Placement;
- (ii) HWGB and its Adviser are to inform BMSB upon the completion of the Proposed Share Consolidation and Proposed Private Placement;

PART A (continued)

9. The Status of Corporate Proposals (continued)

- (iii) HWGB's Adviser is to furnish BMSB with a written confirmation of its compliance with the terms and conditions of BMSB's approval once the Proposed Share Consolidation and Proposed Private Placement are completed;
- (iv) HWGB is required to make the relevant announcements pursuant to Paragraph 13.20 (2) of the LR pertaining to the Proposed Share Consolidation;
- (v) HWGB or its Adviser is to furnish BMSB with a certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposals prior to listing and quotation of the ordinary shares pursuant to the Proposed Share Consolidation and Proposed Private Placement; and
- (vi) HWGB and its Adviser are to incorporate BMSB's comments in the draft circular to shareholders.

On 22 January 2018, HWGB announced that the Extraordinary General Meeting for the Proposals will be held at 9.30 am on the 14 February 2018.

On 14 February 2018, the Board of Directors of HWGB announced that the Proposals including the proposed issuance of up to 50% Placement Shares to Ho Wah Genting Holding Sdn Bhd as detailed in the Circular to shareholders dated 23 January 2018 were duly approved by the shareholders at the Extraordinary General Meeting held on the same date.

On 16 March 2018, the Company through its Adviser announced that the Company has fixed the issue price of the Placement Shares at RM0.18 per Placement Share to be issued pursuant to the Private Placement. The aforementioned issue price of RM0.18 per Placement Share represents a premium of approximately RM0.0099 or 5.82% from the five (5)-day weighted average market price of HWGB from 9 March 2018 to 15 March 2018 of approximately RM0.1701.

On 27 March 2018, the Company through its Adviser announced that pursuant to the Share Consolidation, the Company had issued 249,701,440 Consolidated Shares to the shareholders and adjusted number of 61,233,883 Consolidated Warrants to the holders of outstanding Warrants D. The Proposed Share Consolidation had been completed following the listing and quotation of the Consolidated Shares and Consolidated Warrants on the Main Market of BMSB.

On 28 March 2018, the Company through its Adviser announced that pursuant to the Share Consolidation, the number and exercise price of the ESOS options had been adjusted from 35,814,507 ESOS options at an exercise price of RM0.055 per ESOS option to 8,953,626 Consolidated Options at an exercise price of RM0.22 per Consolidated Option.



PART A (continued)

9. The Status of Corporate Proposals (continued)

On 29 March 2018, the Company through its Adviser announced that the Private Placement is completed following the listing of and quotation for 74,910,400 Placement Shares on the Main Market of BMSB on the same date.

10. Segmental Reporting

Analysis of the Group's segmental revenue, results, assets and liabilities for business segments for the financial period ended 31 March 2018 are as follow:



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 3 months' period ended 31 March 2018								
Segmental revenue by strategic/functional division units								
External revenue	55	38,555	27	-	1,066	39,703		39,703
Inter-segment revenue	38	23	-	-	7	68	(68)	-
	<u>93</u>	<u>38,578</u>	<u>27</u>	<u>-</u>	<u>1,073</u>	<u>39,771</u>		<u>39,703</u>
Segmental revenue by regions								
Malaysia	93	23	27	-	1,073	1,216	(68)	1,148
The rest of Asia	-	1,952	-	-	-	1,952		1,952
North America	-	36,603	-	-	-	36,603		36,603
	<u>93</u>	<u>38,578</u>	<u>27</u>	<u>-</u>	<u>1,073</u>	<u>39,771</u>		<u>39,703</u>
Results								
Operating profit/(loss)	(2,737)	931	(485)	(327)	(30)	(2,648)	422	(2,226)
Profit/(Loss) before interest and tax	(2,737)	931	(485)	(327)	(30)	(2,648)	422	(2,226)
Profit/(Loss) before tax	(3,106)	655	(536)	(328)	(30)	(3,345)	422	(2,923)
Profit/(Loss) after tax	(3,106)	655	(536)	(328)	(30)	(3,345)	422	(2,923)
Non controlling interest	3	-	-	137	-	140		140
Profit/(Loss) attributable to ordinary equity holders of parent	(3,103)	655	(536)	(191)	(30)	(3,205)	422	(2,783)
Assets and liabilities as at 31 March 2018								
Segmental assets								
Consolidated total assets	103,278	63,107	22,562	760	1,921	191,628	(103,800)	87,828
Segmental liabilities								
Consolidated total liabilities	28,106	52,152	11,792	56,653	635	149,338	(93,060)	56,278
Segmental non current assets by regions								
Malaysia	80,945	-	5	648	54	81,652	(68,817)	12,835
The rest of Asia	-	21,989	-	-	-	21,989	4,012	26,001
North America	-	-	-	-	-	-	-	-
	<u>80,945</u>	<u>21,989</u>	<u>5</u>	<u>648</u>	<u>54</u>	<u>103,641</u>	<u>(64,805)</u>	<u>38,836</u>



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 3 months' period ended 31 March 2017								
Segmental revenue by strategic/functional division units								
External revenue	33	32,757	13	226	896	33,925	-	33,925
Inter-segment revenue	38	23	-	-	7	68	(68)	-
	<u>71</u>	<u>32,780</u>	<u>13</u>	<u>226</u>	<u>903</u>	<u>33,993</u>	<u>(68)</u>	<u>33,925</u>
Segmental revenue by regions								
Malaysia	71	23	13	226	903	1,236	(68)	1,168
The rest of Asia	-	2,700	-	-	-	2,700	-	2,700
North America	-	30,057	-	-	-	30,057	-	30,057
	<u>71</u>	<u>32,780</u>	<u>13</u>	<u>226</u>	<u>903</u>	<u>33,993</u>	<u>(68)</u>	<u>33,925</u>
Results								
(Loss)/Profit from operations	(1,536)	1,073	(266)	(335)	(96)	(1,160)	(142)	(1,302)
(Loss)/Profit before interest and tax	(1,536)	1,073	(266)	(335)	(96)	(1,160)	(142)	(1,302)
Loss before tax	(1,540)	598	(317)	(335)	(96)	(1,690)	(142)	(1,832)
Loss after tax	(1,540)	598	(317)	(335)	(96)	(1,690)	(142)	(1,832)
Non controlling interest	6	-	-	164	1	171	-	171
Loss attributable to ordinary equity holders of parent	(1,534)	598	(317)	(171)	(95)	(1,518)	(142)	(1,661)
Assets and liabilities as at 31 December 2017								
Segmental assets								
Consolidated total assets	91,731	72,288	23,768	854	1,963	190,604	(107,428)	83,176
Segmental liabilities								
Consolidated total liabilities	56,063	60,403	12,462	56,418	511	185,857	(124,352)	61,505
Segmental non current assets by regions								
Malaysia	80,170	-	4	650	56	80,880	(68,383)	12,497
The rest of Asia	-	23,604	-	-	-	23,604	1,702	25,306
North America	-	-	-	-	-	-	-	-
	<u>80,170</u>	<u>23,604</u>	<u>4</u>	<u>650</u>	<u>56</u>	<u>104,484</u>	<u>(66,681)</u>	<u>37,803</u>



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

There were no changes in the composition of the Group for the current quarter.

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 under review.

15. Capital Commitments

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



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 (Fourth Quarter)		Changes		Cumulative Quarters (Year todate)			
	Current Year Quarter 31/03/2018 RM’ mil	Preceding Year Corresponding Quarter 31/03/2017 RM’ mil	RM’ mil	%	Current Year todate 31/03/2018 RM’ mil	Preceding Year Corresponding Period 31/03/2017 RM’ mil	RM’ mil	%
Revenue	39.70	33.93	5.77	17.0	39.70	33.93	5.77	17.0
Loss from operations	(2.23)	(1.30)	(0.93)	-71.5	(2.23)	(1.30)	(0.93)	-71.5
Loss before interest and taxation	(2.23)	(1.30)	(0.93)	-71.5	(2.23)	(1.30)	(0.93)	-71.5
Loss before taxation	(2.92)	(1.83)	(1.09)	-59.6	(2.92)	(1.83)	(1.09)	-59.6
Loss after taxation	(2.92)	(1.83)	(1.09)	-59.6	(2.92)	(1.83)	(1.09)	-59.6
Loss attributable to ordinary equity holders of the parent	(2.78)	(1.66)	(1.12)	-67.5	(2.78)	(1.66)	(1.12)	-67.5

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 RM39.70 million (2017: RM33.93 million) recorded for the financial period ended 31 March 2018 were contributed by higher sales of USD2.53 million or 37.5% in 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 financial period ended 31 March 2018 was RM3.9505/USD as compared to preceding year's corresponding financial period of RM4.4593/USD.

The higher losses before taxation of RM2.92 million (2017: RM1.83 million) recorded in the financial period ended 31 March 2018 were mainly due to net foreign exchange loss of RM0.62 million (2017: RM0.31 million) and share of loss from an associate of RM0.32 million (2017: RM nil).

B. Summary of Statement of Financial Positions of the Group

	Unaudited 31/03/2018 RM' mil	Audited 31/12/2017 RM' mil	Changes RM' mil	%
Non current assets	38.84	41.44	(2.60)	-6.3
Current assets	48.99	41.74	7.25	17.4
Current liabilities	(40.22)	(43.47)	3.25	7.5
Non current liabilities	(16.06)	(18.04)	1.98	11.0
Equity attributable to owner of the Company	(58.47)	(48.45)	10.02	20.7
Non controlling interest	26.92	26.78	0.14	0.5
Total equity	(31.55)	(21.67)	9.88	45.6

Figures in bracket denotes credit balances

The decrease of RM2.60 million or 6.3% in non-current assets were mainly due to depreciation charged on property, plant and equipment as disclosed in Note 6 to the Comprehensive Income and the exchange differences arising from conversion of property, plant and equipment of a foreign subsidiary into RM. The reduction of carrying amount of RM0.32 million in investment in an associate as a result of share of loss in the associate for current financial period also contributed to the decrease in non-current assets.

The increase of RM7.25 million or 17.4% in current assets were mainly due to cash received from private placement of shares in the Company of RM13.48 million. Improve management of working capital in the Moulded Power Supply Cord Sets Division reduced the inventories and trade receivables by RM3.49 million and RM2.70 million respectively.

The decrease of RM3.25 million or 7.5% in current liabilities was due to lower outstanding amount in trade and other payables after repayments made.

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

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

B. Summary of Statement of Financial Positions of the Group (continued)

The decrease of RM1.98 million or 11.0% in non-current liabilities were mainly due to reclassifications of long term borrowings into short term borrowings after schedule repayment to financial institutions.

The increase in non-controlling interest (“NCI”) of RM0.14 million or 0.5% was due to their share of losses in subsidiaries which are not wholly owned by the Company.

The increase in “equity attributable to owners of the Company of RM10.02 million or 20.7% and the increase in “total equity” of RM9.88 million or 45.6% were mainly due to the increase of share capital pursuant to private placement of shares and losses incurred for the financial period ended 31 March 2018.

C. Summary of Statement of Cash Flows of the Group

	Unaudited 31/03/2018 RM mil	Unaudited 31/03/2017 RM' mil	Changes RM' mil	%
Net cash used in operating activities	(0.14)	(3.59)	3.45	96.1
Net cash used in investing activities	-	(0.10)	0.1	100.0
Net cash from/(used in) financing activities	11.56	(1.92)	13.48	702.1
Exchange differences	(0.11)	(0.02)	(0.09)	450.0
Net increase/(decrease) in cash and cash equivalent	<u>11.31</u>	<u>(5.63)</u>	<u>16.94</u>	<u>300.9</u>

The “net cash used in operating activities” improved from RM3.59 million to RM0.14 million despite higher loss before taxation of RM2.92 million (2017: RM1.83 million) were mainly due to improved working capital management in the Moulded Power Supply Cords Sets Division.

The “net cash from financing activities” of RM11.56 million for the financial period ended 31 March 2018 were mainly derive from private placement proceeds of RM13.48 million and after repayment of bank borrowings of RM1.73 million. The “net cash used in financing activities” in the preceding year’s corresponding period was due to repayment of bank borrowings totaling RM 1.92 million.

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

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

D. Segmental Analysis

I. Moulded Power Supply Cord Sets Division

Summary of revenue by regions	Cumulative Quarters			
	31/03/2018 USD' 000	31/03/2017 USD' 000	Changes USD' 000	%
Sales to external parties				
North America	9,265	6,740	2,525	37.5
The rest of Asia	494	606	(112)	-18.5
	<u>9,759</u>	<u>7,346</u>	<u>2,413</u>	<u>32.8</u>
Sales within HWGB Group				
Malaysia – Wires and Cables Division	6	5	1	20.0
	<u>9,765</u>	<u>7,351</u>	<u>2,414</u>	<u>32.8</u>

Note: “The rest of Asia” refers to Indonesia, Singapore, Thailand, Vietnam and Taiwan.

The sales to North America increased by USD2.53 million or 37.5% for the financial period ended 31 March 2018 were resulted from higher average copper rod price of USD7,242 per metric tonne (2017: USD5,859 per metric tonne) and higher total consumption of copper rods of 633 metric tonne in 2018 as compared to 524 metric tonne in 2017. The sales to “the rest of Asia” countries dropped by approximately USD0.11 million were due to competitive price, longer credit terms and competitors also allowing smaller quantity purchase instead of bulk purchase.

The low sales to the Wires and Cables Division for both financial periods ended 31 March 2017 and 31 March 2018 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 to import and instead place the order with local manufacturers to minimize their foreign currency exposure.

	Cumulative Quarter			
	31/03/2018 USD' 000	31/03/2017 USD' 000	Changes USD' 000	%
Revenue	9,765	7,351	2,414	32.8
Operating profit	352	241	111	46.1
Profit before interest and tax	352	241	111	46.1
Profit before tax	282	134	148	110.4
Profit after tax	282	134	148	110.4
Profit attributable to owners of the Company	282	134	148	110.4

The higher profit before taxation for the financial period ended 31 March 2018 of USD0.28 million (2017: USD0.13 million) was due to higher revenue generated for the period under review.

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)

II. Wires and Cables Division

The low sales for both financial period ended 31 March 2018 of RM0.03 million and 31 March 2017 of RM0.01 million were mainly due to the following tough competition from local manufacturers:

- shorter lead time for supply of goods.
- allow smaller quantity order compared to bulk purchase with longer credit term given.

The higher losses before taxation of RM0.54 million (2017: RM0.32 million) for the financial period ended 31 March 2018 were mainly due to foreign currency exchange loss of RM0.39 million (2017: RM0.14 million) arising from conversion of USD to RM at the end of the financial period. The exchange rate as at 31 March 2018 was RM3.8630/USD as compared to RM4.4230/USD on 31 March 2017.

III. Tin Mining Division

The Tin Mining Division had temporary halted the mining activities at the tin mining site due to low grade of tin ore. Accordingly, no operating revenue for the financial period ended 31 March 2018 (2017: RM0.40 million). The loss before taxation of RM0.33 million (2017: RM0.33 million) was maintenance and repair costs incurred on plant and machineries and also rehabilitation costs at the tin mining site.

IV. Travel Services Division

Summary of revenue by products	Cumulative Quarter			
	31/03/2018 RM' 000	31/03/2017 RM' 000	Changes	%
Sales to external parties				
Tour packages	470	430	40	9.3
Cruise tour	198	158	40	25.3
Hotel booking	79	59	20	33.9
Air tickets	300	226	74	32.7
Other tour related services	19	23	(4)	-17.4
	<u>1,066</u>	<u>896</u>	<u>170</u>	<u>18.9</u>
Sales within HWGB Group				
Air tickets	7	7	-	-
	<u>1,073</u>	<u>903</u>	<u>170</u>	<u>18.8</u>

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)***

IV. Travel Services Division

The higher revenue of RM1.07 million (2017: RM0.90 million) for the financial period ended 31 March 2018 was due to higher sales of tour packages, cruise charter, hotel booking and air tickets. The higher revenue generated had reduced the loss before taxation to RM0.03 million (2017: RM0.10 million).

The appreciation of RM against the USD during the financial period had improved the consumers' spending thus resulted in higher sales.

V. Investment Division

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

At Company level, the Company recorded a loss before taxation RM2.34 million for the financial period ended 31 March 2018 as compared to a loss before taxation of RM1.37 million in the preceding financial period. The higher loss before taxation were mainly due to the "allowance for doubtful debts arising from amount due from a subsidiary" of RM0.38 million (2017: RM nil) and expenses incurred for corporate proposals.

In the opinion of the Directors, other than as disclosed above, the results for the financial period ended 31 March 2018 have not been affected by any transactions or events of a material or unusual nature which have arisen from 31 March 2018 to the date of issue of this quarterly report.

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

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

(Individual 1st Quarter 2018 vs Individual 1st Quarter 2017)

Revenue for current quarter under review increased by RM5.77 million or 17.0% was mainly contributed by higher copper consumption of 633 metric tonnes as compared to 524 metric tonnes to meet the demand for US market. The higher average copper price per metric tonne as mentioned in Segmental Analysis – Moulded Power Supply Cord Sets Division above also contributed to the higher revenue.

The Group incurred a loss before taxation of RM2.92 million in the quarter under review as compared to a loss before taxation of RM1.83 million in the preceding year's corresponding quarter mainly affected by net foreign exchange loss of RM0.62 million (2017: RM0.31 million) and share of loss from associate of RM0.32 million (2017: RM nil)

3. Comparison of Current Year Preceding Quarter's Results

(Individual 1st Quarter 2018 vs Individual 4th Quarter 2017)

	Current Quarter 31/03/2018 RM' mil	Immediate Preceding Quarter 31/12/2017 RM' mil	Changes	
			RM' mil	%
Revenue	39.70	41.71	(2.01)	-4.8
Operating loss	(2.23)	(18.73)	16.50	88.1
Loss before interest and tax	(2.23)	(18.73)	16.50	88.1
Loss before tax	(2.92)	(19.46)	16.54	85.0
Loss after tax	(2.92)	(16.34)	13.42	82.1
Loss attributable to ordinary equity holders of the parent	(2.78)	(10.82)	8.04	74.3

The revenue of the Group decreased by RM2.01 million for the current quarter under review. The lower revenue was mainly due to seasonality cyclical as stated in Note 4 of Part A above. The higher loss before taxation in the immediate preceding quarter were mainly due to impairment on “mines properties” of RM9.01 million, “plant and machineries” of RM7.37 million and “furniture, fittings and equipment of RM0.31 million in the Tin Mining Division. The same division also wrote off its obsolete consumable inventories of RM0.21 million in the immediate preceding quarter ended 31 December 2017.

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 to US accounts for majority of the Group's revenue.

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

4. Commentary on Prospects (continued)

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 high working capital requirement.

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

The Group's 49% owned travel retail business, Dufry HWG Shopping Sdn Bhd had since commence business in February 2018, the Board is hopeful that this new venture will provide additional income stream from the share of operating results after tax of the associate in near future.

Barring unforeseen circumstances, the Group is targeting to achieve better operating and financial performance for the financial year ending 31 December 2018.

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 financial year ending 31 December 2018.

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

6. Notes to the Comprehensive Income Statement

Loss before taxation is derived at:

	Individual Quarter		Cumulative Quarter	
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
After charging:				
Amortisation of intangible	2	2	2	2
Depreciation of property, plant and Equipment	1,239	1,116	1,239	1,116
Interest expense	196	530	196	530
Rental of premises	6	6	6	6
Rental of plant and equipment	42	17	42	17
Lease rental of equipment	-	11	-	11
Retirement benefit obligations	241	134	241	134
Loss on foreign exchange				
- Realised	19	47	19	47
-Unrealised	1,098	387	1,098	387
And crediting:				
Allowance for doubtful debts no longer required – Trade receivables	2	-	2	-
Interest income	7	9	7	9
Gain on disposal of plant and Equipment	25	1	25	1
Rental income from premises	146	33	146	33
Gain on foreign exchange				
- Realised	93	2	93	2
- Unrealised	409	126	409	126

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

7. Taxation

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

	Individual Quarter		Cumulative Quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	RM'000	RM'000	RM'000	RM'000
i. Current tax expense				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
ii. Over/(under) provision in prior year:				
- Malaysia	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
iii. Deferred tax expense:				
- Malaysia	-	-	-	-
- 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 financial period ended 31 March 2018.

9. Investment in Associate

There were no purchase or disposal of equity stakes in associate during the current quarter.

The investment in associate as at 31 March 2018 is as follows:

	31/03/2018	31/12/2017
	RM'000	RM'000
Unquoted shares at cost	980	980
Share of post acquisition loss	(433)	(116)
	547	864

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

10. Group Borrowings and Debt Securities

	As at first quarter ended 31 March 2018					
	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*	1,143	4,417	1,667	6,438	2,810	10,855
Term loan 2	-	3,982	-	184	-	4,166
Term loan 3	-	1,600	-	-	-	1,600
	1,143	9,999	1,667	6,622	2,810	16,621
Hire purchase and finance lease liabilities	-	199	-	42	-	241
	1,143	10,198	1,667	6,664	2,810	16,862

* USD1.0000 is equivalent to RM3.8630

	As at fourth quarter ended 31 December 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*	1,560	6,314	1,667	6,746	3,227	13,060
Term loan 2	-	4,049	-	186	-	4,235
Term loan 3	-	1,600	-	-	-	1,600
	1,560	11,963	1,667	6,932	3,227	18,895
Hire purchase and finance lease liabilities	-	205	-	50	-	255
	1,560	12,168	1,667	6,982	3,227	19,150

* USD1.0000 is equivalent to RM4.0475

11. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 23 May 2018, being the latest practicable date.

12. 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 2017.

13. Material Litigation

There is no material litigation for the Group as at 23 May 2018, being the latest practicable date.



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

14. Dividends

No dividend has been declared for the financial period ended 31 March 2018.

15. 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.

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.

The Tin Mining Division planned to carry out drilling works on certain identified locations to verify the tin ore.

Currently all tin mining activities on site has been temporary halted.

16. Status of utilisation of proceeds raised from the Private Placement of ordinary shares

The proposed and actual utilisation of RM13,483,872 proceeds raised from the Private Placement of 74,910,400 consolidated ordinary shares at an issue price of RM0.18 each, which was completed on 29 March 2018 are as follow:



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

16. Status of utilisation of proceeds raised from the Private Placement of ordinary shares
 (continued)

Purpose	Proposed utilization RM'000	Actual utilization as at 23 May 2018 RM'000	Balance RM'000	Estimated timeframe for utilization from listing of Placement Shares
Shareholder's equity and shareholder's loan into Dufry HWG Shopping Sdn Bhd	9,000	5,030	3,970	Within 12 months
Working capital: For the Group's manufacturing of moulded power supply cord sets division	2,564	1,950	614	Within 12 months
Working capital: For the Group's tin mining division	1,300	300	1,000	Within 12 months
Estimated expenses for the proposals	620	556	64	Within 1 month
Total	13,484	7,836	5,648	

17. Loss per share

Basic

	Individual Quarter		Cumulative Quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Loss attributable to shareholders (RM'000)	(2,783)	(1,661)	(2,783)	(1,161)
Weighted average number of ordinary shares ('000) – basic	252,170	998,046	252,170	998,046
Basic (sen)	(1.10)	(0.17)	(1.10)	(0.17)

As at 31 March 2018 and 2017, diluted loss per share is not presented in the financial statements as there is an anti-dilutive effect on the loss per share.

By Order of the Board

Coral Hong Kim Heong
 (MAICSA 7019696)
 Company Secretary

Date: 30 May 2018