

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income for the financial period ended
30 June 2017

	Individual Quarter		Cumulative Quarters	
	2017 Apr - Jun RM'000	2016 Apr - Jun RM'000	2017 Jan - Jun RM'000	2016 Jan - Jun RM'000
Continuing operations				
Revenue				
- sales of goods	37,165	38,167	70,161	69,668
- rendering of services	880	1,000	1,776	1,774
- rental income	33	33	66	66
	38,078	39,200	72,003	71,508
Cost of sales				
- sales of goods	(34,443)	(38,063)	(65,706)	(71,755)
- rendering of services	(845)	(904)	(1,659)	(1,614)
- rental income	-	-	-	-
	(35,288)	(38,967)	(67,365)	(73,369)
Gross profit/(loss)	2,790	233	4,638	(1,861)
Other operating income	915	428	1,630	2,970
Distribution costs	(568)	(545)	(1,317)	(1,099)
Administrative expenses	(2,299)	(2,602)	(4,619)	(5,107)
Other operating expenses	(1,338)	(22)	(2,134)	(2,686)
Operating loss	(500)	(2,508)	(1,802)	(7,783)
Finance costs	(482)	(700)	(1,012)	(1,516)
Loss before taxation	(982)	(3,208)	(2,814)	(9,299)
Income tax expense	-	-	-	-
Net loss for the period	(982)	(3,208)	(2,814)	(9,299)
Other comprehensive Income/(Loss):				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences	(227)	(14)	(317)	1,416
Other comprehensive income/(loss) for the period, net of tax	(227)	(14)	(317)	1,416
Total comprehensive loss for the period	(1,209)	(3,222)	(3,131)	(7,883)
Loss attributable to:				
Owners of the Company	(849)	(2,684)	(2,510)	(8,186)
Non controlling interests	(133)	(524)	(304)	(1,113)
	(982)	(3,208)	(2,814)	(9,299)
Total comprehensive loss attributable to:				
Owners of the Company	(1,076)	(2,698)	(2,827)	(6,770)
Non controlling interests	(133)	(524)	(304)	(1,113)
	(1,209)	(3,222)	(3,131)	(7,883)
Loss per share attributable to owners of the Company				
- Basic (sen)	(0.09)	(0.34)	(0.25)	(1.04)
- Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Financial Position
As at 30 June 2017

	Unaudited As at 30 Jun 2017 RM'000	Audited As at 31 Dec 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	57,205	59,228
Intangible asset	15	19
	57,220	59,247
Current assets		
Inventories	20,516	20,757
Trade receivables	11,446	13,266
Other receivables, deposits and prepayments	3,626	3,798
Tax recoverable	60	62
Fixed deposits	176	170
Cash and bank balances	1,293	7,653
	37,117	45,706
TOTAL ASSETS	94,337	104,953
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company:		
Share capital	49,913	49,902
Reserves	41,835	42,275
Accumulated losses	(33,802)	(31,415)
	57,946	60,762
Non controlling interests	(18,169)	(17,865)
TOTAL EQUITY	39,777	42,897
Non-current liabilities		
Hire purchase and finance lease liabilities	230	255
Long term borrowings	14,427	18,700
Retirement benefits obligation	2,677	2,759
Deferred tax liabilities	2,953	2,953
	20,287	24,667
Current liabilities		
Trade payables	9,964	8,933
Other payables and accruals	16,920	20,747
Hire purchase and finance lease liabilities	53	55
Short term borrowings	7,336	7,654
	34,273	37,389
TOTAL LIABILITIES	54,560	62,056
TOTAL EQUITY AND LIABILITIES	94,337	104,953
Net Assets per share (RM)	0.04	0.04
Net Tangible Assets per share (RM)	0.04	0.04

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statement of Changes in Equity
for the financial period ended 30 June 2017

----- Attributable to Shareholders of the Company -----											
----- Non Distributable -----											
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Employee share option reserve RM'000	Warrant reserve RM'000	Other reserve RM'000	Exchange fluctuation reserve RM'000	Accumulated losses RM'000	Sub-total RM'000	Non controlling interests RM'000	Total equity RM'000
Current 6 months period ended 30 June 2017											
At 1 January 2017	49,902	23,098	10,019	2,066	7,348	-	(256)	(31,415)	60,762	(17,865)	42,897
Transaction with owners:											
Employee Share Option ("ESOS") exercised	11	-	-	(10)	-	-	-	10	11	-	11
ESOS lapsed	-	-	-	(113)	-	-	-	113	-	-	-
	11	-	-	(123)	-	-	-	123	11	-	11
Other comprehensive income/(loss) for the period											
Foreign currency translation differences	-	-	-	-	-	-	(317)	-	(317)	-	(317)
	-	-	-	-	-	-	(317)	-	(317)	-	(317)
Loss for the period	-	-	-	-	-	-	-	(2,510)	(2,510)	(304)	(2,814)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(317)	(2,510)	(2,827)	(304)	(3,131)
At 30 June 2017	49,913	23,098	10,019	1,943	7,348	-	(573)	(33,802)	57,946	(18,169)	39,777
Preceding year's 6 months period ended 30 June 2016											
At 1 January 2016	120,229	21,606	6,577	279	2,956	(2,956)	(2,357)	(107,870)	38,464	(12,692)	25,772
Transactions with owners:											
Capital reduction	(90,172)	-	-	-	-	-	-	90,172	-	-	-
Issuance of shares pursuant to Rights Issue with Warrants	15,308	9,186	-	-	-	-	-	-	24,494	-	24,494
Issuance of Warrants 2016/2021	-	-	-	-	11,781	(11,781)	-	-	-	-	-
Expenses related to Corporate Exercise	-	(800)	-	-	-	-	-	-	(800)	-	(800)
Termination of employee share options	-	-	-	(279)	-	-	-	279	-	-	-
Offer and acceptance of employee share options 2016/2026	-	-	-	160	-	-	-	-	160	-	160
Issuance of shares by a subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	-	490	490
	(74,864)	8,386	-	(119)	11,781	(11,781)	-	90,451	23,854	490	24,344
Other comprehensive income/(loss) for the period											
Foreign currency translation differences	-	-	-	-	-	-	1,416	-	1,416	-	1,416
	-	-	-	-	-	-	1,416	-	1,416	-	1,416
Loss for the period	-	-	-	-	-	-	-	(8,186)	(8,186)	(1,113)	(9,299)
Total comprehensive loss for the period	-	-	-	-	-	-	1,416	(8,186)	(6,770)	(1,113)	(7,883)
At 30 June 2016	45,365	29,992	6,577	160	14,737	(14,737)	(941)	(25,605)	55,548	(13,315)	42,233

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016

HO WAH GENTING BERHAD (272923-H)
Condensed Consolidated Statements of Cash Flows
for the financial period ended 30 June 2017

	<u>NOTE</u>	Unaudited 30 Jun 2017 RM'000	Unaudited 30 Jun 2016 RM'000
Cash flows from/(used in) operating activities			
Loss before taxation		(2,814)	(9,299)
Adjustments for:			
Amortisation of intangible asset	5	4	4
Depreciation	5	2,228	1,976
Interest expense	5	1,012	1,516
Interest income	5	(10)	(25)
Gain on disposal of plant and equipment	5	(113)	(402)
Allowance for doubtful debts	5	-	5
Provision for retirement benefit obligations		264	148
Plant and equipment written off		194	-
Fair value of ESOS granted		-	160
Unrealised loss on foreign exchange	5	1,162	1,711
Unrealised gain on foreign exchange	5	(373)	(1,221)
Operating profit/(loss) before working capital changes		1,554	(5,427)
Increase in inventories		(649)	(2,725)
Decrease/(Increase) in trade and other receivables		1,325	(1,228)
Decrease in trade and other payables		(2,105)	(11,412)
Cash flows from/(used in) operations		125	(20,792)
Interest paid		(1,012)	(1,253)
Interest received		10	25
Retirement benefits paid		(219)	(910)
Net cash used in operating activities		(1,096)	(22,930)
Cash flows from/(used in) investing activities			
Increase in fixed deposits pledged		(6)	(9)
Purchase of plant and equipment		(1,555)	(448)
Proceeds from disposal of plant and equipment		113	452
Net cash used in investing activities		(1,448)	(5)
Cash flows from/(used in) financing activities			
Proceeds from rights issue of ordinary shares		-	24,494
Proceeds from exercise of employees share options		11	-
Proceeds from issuance of shares by subsidiary to non-controlling interest		-	490
Payment of corporate exercise expenses		-	(800)
Repayment of term loan(s)		(3,742)	(3,477)
Proceeds from hire purchase and finance lease liabilities		-	320
Repayment of hire purchase and finance lease liabilities		(27)	(20)
Net cash (used in)/from financing activities		(3,758)	21,007
Exchange differences		(58)	845
Net decrease in cash and cash equivalents		(6,360)	(1,083)
Cash and cash equivalents at beginning of period		7,653	3,956
Cash and cash equivalents at end of period		1,293	2,873
Cash and cash equivalents at end of period comprises:			
Cash and bank balances		1,293	2,873
Deposits with licensed banks		176	287
		1,469	3,160
Deposits pledged as security		(176)	(287)
		1,293	2,873
		-	-

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016

HO WAH GENTING BERHAD (272923-H)**DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)**

	Unaudited As at 30 Jun 2017 RM'000	Audited As at 31 Dec 2016 RM'000
Total accumulated losses of HWGB and its subsidiaries:		
- Realised	(33,013)	(33,817)
- Unrealised	(789)	2,402
	(33,802)	(31,415)
Consolidation adjustments	-	-
Accumulated losses as per financial statements	(33,802)	(31,415)



HO WAH GENTING BERHAD

Company No: 272923-H

(Incorporated In Malaysia)

**NOTES TO FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 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:

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		
MFRS 16	: Leases	01 January 2019
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.

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 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

There was no corporate proposal announced during the current quarter.

10. Segmental Reporting

Analysis of the Group’s segmental revenue and result for business segments for the current financial period ended 30 June 2017 are given as follows:

Analysis of Business Segment	Segmental Revenue RM’000	Profit/(Loss) Before Tax For The Period RM’000
Investments	142	(3,251)
Moulded power supply cord sets	69,807	2,275
Tin mining	345	(605)
Wire and cable	53	(777)
Travel services	1,802	(204)
	<u>72,149</u>	<u>(2,562)</u>
Inter-segment elimination	(146)	(252)
	<u>72,003</u>	<u>(2,814)</u>



11. Valuations of Property, Plant and Equipment

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

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

There 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

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 financial period to date

For the current financial period, the Group recorded revenue of RM72.00 million and loss before taxation of RM2.81 million as compared to its preceding year's corresponding period revenue of RM71.51 million and loss before taxation of RM9.30 million.

The higher revenue recorded in the current financial period was mainly due to favourable currency conversion effect from USD to RM despite the 4.3% lower actual sales recorded in USD for the Moulded Power Supply Cord Sets Division in Indonesia as compared to the preceding year's corresponding period.

The lower loss before taxation recorded in the current financial period was mainly due to the improved production efficiencies after the implementation of semi-automated production cycle and replacement of old machineries in stages in the Moulded Power Supply Cord Sets Division. The reduction in tin mining and its related activities at the mining site has also reduced the loss before taxation for the current financial period.

The Group's Moulded Power Supply Cord Sets Division recorded operating revenue of RM69.81 million and profit before taxation of RM2.28 million for the current financial period ended 30 June 2017 as compared to its preceding year's corresponding period operating revenue of RM66.67 million and loss before taxation of RM2.39 million. The higher revenue recorded in the current financial period was mainly due to favourable currency conversion effect from USD to RM. The turnaround from loss to profit despite a 4.3% drop 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.

The Group's Tin Mining Division recorded an operating revenue of RM0.35 million and incurred a loss before taxation of RM0.61 million for the current financial period ended 30 June 2017 as compared to its preceding year's corresponding period operating revenue of RM1.04 million and loss before taxation of RM2.22 million. The lower loss before taxation for the current financial period was mainly due to reduced tin mining and its related activities at the mining site. The Tin Mining Division produced 2 metric tons of tin concentrates from tailing sand during the current financial period ended 30 June 2017 as compared to 20 metric tons produced from mining tin ore during the preceding year's corresponding period.

1 Review of Performance for the financial period to date (continued)

The Group's Travel Services Division recorded operating revenue of RM1.80 million and a loss before taxation of RM0.20 million for the financial period ended 30 June 2017 as compared to its preceding year's corresponding period operating revenue of RM1.77 million and loss before taxation of RM0.22 million. The stagnant revenue and loss before taxation is mainly due to cautious consumer spending in the current economic climate.

At Company level, the Company recorded a loss before taxation of RM3.25 million for the current financial period ended 30 June 2017 as compared to a loss of RM3.80 million in the preceding year's corresponding period. The higher loss before taxation in the preceding year's corresponding period was mainly due to expenses incurred related to corporate exercise.

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 June 2017 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 RM38.08 million and RM0.98 million respectively as compared to the preceding quarter's operating revenue and loss before taxation of RM33.92 million and RM1.83 million respectively.

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 from the Moulded Power Supply Cord Sets Division.

3. 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.

3. 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 operational productivity, to improve efficiencies, and product quality to 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.

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	
		30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
a.	Interest income	(1)	(3)	(10)	(25)
b.	Other income including investment income	(556)	(796)	(1,134)	(1,234)
c.	Interest expense	482	700	1,012	1,516
d.	Depreciation and amortization	1,114	912	2,232	1,980
e.	Provision for and write off of receivables	-	-	-	5
f.	Provision for and write off of inventories	-	-	-	-
g.	(Gain)/loss on disposal of quoted or unquoted investments or properties	(113)	(402)	(113)	(402)
h.	Impairment of assets	-	-	-	-
i.	Foreign exchange gain:				
	- Realised	-	-	-	(88)
	- Unrealised	(248)	(232)	(373)	(1,221)
	Foreign exchange loss:				
	- Realised	12	719	58	797
	- Unrealised	774	678	1,162	1,711
j.	Gain or loss on derivatives	-	-	-	-
k.	Exceptional items	-	-	-	-

6. Taxation

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

	Individual Quarter		Cumulative Quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	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	-	-	-	-

7. 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.

8. Group Borrowings and Debt Securities

	As At	As At
	30/06/2017	31/12/2016
	RM'000	RM'000
i. Short Term Borrowings Secured		
- Hire purchase and finance lease liabilities	53	55
- Term loans	7,336	7,654
	7,389	7,709
ii. Long Term Borrowings Secured		
- Hire purchase and finance lease liabilities	230	255
- Term loans	14,427	18,700
	14,657	18,955

8. Group Borrowings and Debt Securities (continued)

Breakdown of borrowings in foreign denominated debts included above is:

	As At	As At
	30/06/2017	31/12/2016
	USD'000	USD'000
iii. Secured		
- Term loan	4,060	4,893
	4,060	4,893

9. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 14 August 2017, 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 2016.

11. Material Litigation

There is no material litigation for the Group as at 14 August 2017, being the latest practicable date.

12. Dividends

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

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 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.

14. 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.

15. Loss per share

Basic

	Individual Quarter		Cumulative Quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Loss attributable to shareholders (RM'000)	(849)	(2,684)	(2,510)	(8,186)
Weighted average number of ordinary shares ('000) – basic	998,079	784,510	998,079	661,706
Basic (sen)	(0.09)	(0.34)	(0.25)	(1.04)



15. Loss per share (continued)

Diluted

	Individual Quarter		Cumulative Quarter	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Loss attributable to shareholders (RM'000)	(849)	(2,684)	(2,510)	(8,186)
<u>Add</u>				
Notional interest savings due to repayment of bank borrowings (RM'000)	<u>450</u>	<u>213</u>	<u>925</u>	<u>426</u>
Adjusted loss attributable to shareholders (RM'000)	<u>(399)</u>	<u>(2,471)</u>	<u>(1,585)</u>	<u>(7,760)</u>
Weighted average number of ordinary shares ('000) – basic	998,079	784,510	998,079	784,510
<u>Add</u>				
Assuming full conversion of Warrants and ESOS ('000)	<u>282,082</u>	<u>297,953</u>	<u>282,082</u>	<u>297,953</u>
Weighted average number of ordinary shares ('000) – diluted	<u>1,280,161</u>	<u>1,082,463</u>	<u>1,280,161</u>	<u>1,082,463</u>
Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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 June 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 June 2017.

By Order of the Board

Coral Hong Kim Heong
(MAICSA 7019696)
Company Secretary

Date: 21 August 2017