

# Quarterly rpt on consolidated results for the financial period ended 30 Jun 2018

## WHITE HORSE BERHAD

<b>Financial Year End</b>	31 Dec 2018
<b>Quarter</b>	2 Qtr
<b>Quarterly report for the financial period ended</b>	30 Jun 2018
<b>The figures</b>	have not been audited
<b>Attachments</b>	
<a href="#">WhiteHorse-2Q2018.pdf</a> 55.6 kB	
<a href="#">WhiteHorse-Note2Q2018.pdf</a> 158.9 kB	

<ul style="list-style-type: none"> <li>• <b>Default Currency</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Other Currency</b></li> </ul>

Currency: Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2018

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	145,414	159,337	291,190	301,947
2 Profit/(loss) before tax	-4,183	14,342	633	19,763
3 Profit/(loss) for the period	-3,678	11,013	135	15,253
4 Profit/(loss) attributable to ordinary equity	-3,678	11,013	135	15,253

	holders of the parent				
5	Basic earnings/(loss) per share (Subunit)	-1.61	4.81	0.06	6.66
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		<b>AS AT END OF CURRENT QUARTER</b>		<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)		3.2400		3.2600

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

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<b>Company Name</b>	WHITE HORSE BERHAD
<b>Stock Name</b>	WTHORSE
<b>Date Announced</b>	23 Aug 2018
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-23082018-00038

**WHITE HORSE BERHAD**

(Company No: 455130-X)

**CONDENSED CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME**FOR THE QUARTER ENDED  
30 JUNE 2018

	<b>CURRENT QUARTER 03 MONTHS ENDED</b>		<b>CUMULATIVE QUARTER 06 MONTHS ENDED</b>	
	<b>30 JUN 2018 Unaudited RM '000</b>	<b>30 JUN 2017 Unaudited RM '000</b>	<b>30 JUN 2018 Unaudited RM '000</b>	<b>30 JUN 2017 Unaudited RM '000</b>
Revenue	145,414	159,337	291,190	301,947
Cost of goods sold	(116,843)	(120,268)	(241,829)	(232,138)
<b>Gross profit</b>	<b>28,571</b>	<b>39,069</b>	<b>49,361</b>	<b>69,809</b>
Other income	611	1,089	1,278	2,348
Administrative and general expenses	(25,738)	(10,820)	(35,350)	(23,925)
Selling and distribution expenses	(6,046)	(13,174)	(11,593)	(25,080)
<b>Operating Profit</b>	<b>(2,602)</b>	<b>16,164</b>	<b>3,696</b>	<b>23,152</b>
Interest expense	(1,581)	(1,822)	(3,063)	(3,389)
<b>(Loss) / Profit before tax</b>	<b>(4,183)</b>	<b>14,342</b>	<b>633</b>	<b>19,763</b>
Income tax expense	505	(3,329)	(498)	(4,510)
<b>(Loss) / Profit for the period</b>	<b>(3,678)</b>	<b>11,013</b>	<b>135</b>	<b>15,253</b>
Other comprehensive income :				
Exchange differences on translation foreign operations	-	-	-	-
<b>Total Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>(3,678)</b>	<b>11,013</b>	<b>135</b>	<b>15,253</b>
Profit attributable to :				
Owners of the parent	(3,678)	11,013	135	15,253
Non-controlling interests	-	-	-	-
	<b>(3,678)</b>	<b>11,013</b>	<b>135</b>	<b>15,253</b>
Total comprehensive /income attributable to :				
Owners of the parent	(3,678)	11,013	135	15,253
Non-controlling interests	-	-	-	-
	<b>(3,678)</b>	<b>11,013</b>	<b>135</b>	<b>15,253</b>
Earnings per share (sen)				
Basic and diluted, for the period	(1.61)	4.81	0.06	6.66

(The Condensed Consolidated Statement of Comprehensive Income shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2017, and the accompanying explanatory notes attached to the interim financial statements)

**WHITE HORSE BERHAD**

(Company No: 455130-X)

**CONDENSED CONSOLIDATED STATEMENT  
OF FINANCIAL POSITION**

AS AT 30 JUNE 2018

	<b>30 JUN 2018 Unaudited RM '000</b>	<b>31 DEC 2017 Audited RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	437,005	442,880
Prepaid lease payments	13,371	14,380
Trade and other receivables	793	793
Goodwill on consolidation	677	677
	<b>451,846</b>	<b>458,730</b>
<b>Current assets</b>		
Inventories	378,798	391,581
Trade receivables	131,001	139,226
Other receivables	21,740	32,291
Tax recoverable	5,639	5,639
Cash and bank balances	62,008	80,589
	<b>599,186</b>	<b>649,326</b>
<b>TOTAL ASSETS</b>	<b>1,051,032</b>	<b>1,108,056</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	246,936	246,936
Treasury share	(17,347)	(17,297)
Foreign currency translation reserve	18,557	18,557
Retained earnings	492,796	497,239
<b>Total equity</b>	<b>740,942</b>	<b>745,435</b>
<b>Non-current liabilities</b>		
Borrowings	8,000	10,000
Other payables	47,250	39,586
Deferred tax liabilities	9,325	11,125
	<b>64,575</b>	<b>60,711</b>
<b>Current liabilities</b>		
Borrowings	164,072	179,164
Trade payables	39,886	52,938
Other payables	36,506	58,286
Taxation	381	-
Dividend payable	4,670	11,522
	<b>245,515</b>	<b>301,910</b>
<b>Total liabilities</b>	<b>310,090</b>	<b>362,621</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,051,032</b>	<b>1,108,056</b>
<b>Net Assets per share (RM)</b>	<b>3.24</b>	<b>3.26</b>

(The Condensed Consolidated Statement of Financial Position shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

**WHITE HORSE BERHAD**

(Company No: 455130-X)

**CONDENSED CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY**

FOR THE QUARTER ENDED 30 JUNE 2018

	Equity Total RM '000	Non-Distributable			Foreign Currency Translation Reserve RM '000	Distributable Retained Profits RM '000
		Share Capital RM '000	Share Premium RM '000	Treasury Share RM '000		
Opening balance at 01 January 2018	745,435	246,936	-	(17,297)	18,557	497,239
Purchase of treasury shares	(50)	-	-	(50)	-	-
Total comprehensive income	135	-	-	-	-	135
Dividends	(4,578)	-	-	-	-	(4,578)
Closing balance at 30 June 2018	740,942	246,936	-	(17,347)	18,557	492,796
Opening balance at 01 January 2017	768,297	240,000	6,936	(16,598)	22,904	515,055
Effect of implementation of Companies Act 2016	-	6,936	(6,936)	-	-	-
Purchase of treasury shares	(510)	-	-	(510)	-	-
Total comprehensive income	15,253	-	-	-	-	15,253
Dividends	(11,450)	-	-	-	-	(11,450)
Closing balance at 30 June 2017	771,590	246,936	-	(17,108)	22,904	518,858

(The Condensed Consolidated Statement of Comprehensive Income shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2017, and the accompanying explanatory notes attached to the interim financial statements.)

**WHITE HORSE BERHAD**

(Company No: 455130-X)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

FOR THE QUARTER ENDED 30 JUNE 2018

	06 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017
	Unaudited	Unaudited
	RM '000	RM '000
<b>Operating Activities</b>		
Profit Before Tax	633	19,763
<b>Adjustments for :</b>		
Interest income	(278)	(1,325)
Interest expense	3,063	3,389
Amortisation of prepaid lease payments	1,527	1,681
Depreciation of property, plant and equipment	14,556	20,256
Loss / (Gain) on disposal of property, plant and equipment	20	(157)
Write down of property, plant and equipment	38	232
Net realised foreign exchange loss (gain)	670	(937)
Net unrealised foreign exchange gain	(1,056)	(9,949)
<b>Total adjustments</b>	<b>18,540</b>	<b>13,190</b>
Operating cash flow before changes in working capital	19,173	32,953
<b>Changes in working capital</b>		
Decrease / (increase) in inventories	12,783	(3,944)
Decrease / (increase) in trade and other receivables	18,776	(3,282)
(Increase) /decrease in trade and other payables	(24,713)	7,530
<b>Total changes in working capital</b>	<b>6,846</b>	<b>304</b>
Interest received	278	1,325
Interest paid	(3,063)	(3,389)
Income taxes paid	(2,974)	(5,381)
	(5,759)	(7,445)
<b>Net cash flows generated from operating activities</b>	<b>20,260</b>	<b>25,812</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(10,279)	(14,846)
Proceed from disposal of property, plant and equipment	25	23
<b>Net cash used in investing activities</b>	<b>(10,254)</b>	<b>(14,823)</b>
<b>Financing Activities</b>		
Dividends paid	(11,445)	(11,450)
Purchase of treasury shares	(50)	(510)
Decrease in loans and borrowings	(17,092)	(24,551)
<b>Net cash used in financing activities</b>	<b>(28,587)</b>	<b>(36,511)</b>
Net decrease in cash and cash equivalents	(18,581)	(25,522)
Cash and cash equivalents at beginning of period	80,589	150,058
<b>Cash and cash equivalents at end of period</b>	<b>62,008</b>	<b>124,536</b>

(The Condensed Consolidated Statement of Cash Flow shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2017, and the accompanying explanatory notes attached to the interim financial statements)

**Explanatory Notes pursuant to MFRS 134 for the 2nd Quarter ended 30 June 2018.**

**1. CORPORATE INFORMATION**

White Horse Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 21 August 2018.

**2. BASIS OF PREPARATION**

The condensed consolidated interim financial statements, for the period ended 30 June 2018, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2017 except the followings:-

**MFRS 9 Financial Instruments**

The Group adopted MFRS 9, Financial Instruments on 1 January 2018, MFRS 9 replaces the guidance in MFRS 139 Financial Instruments Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The three principal classifications categories for financial assets are measured at amortized cost fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There was no material impact on the accounting for the Group's financial assets upon initial application of the new classification requirements.

MFRS9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

## MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts. MFRS 118 Revenue and related interpretations and it applied to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected to adopt the modified retrospective method.

Henceforth, the Group's revenue and cost of goods sold are shown below:-

### (1) Revenue

	CURRENT PERIOD		CUMULATIVE QUARTER	
	2nd QUARTER		06 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017	30 JUN 2018	30 JUN 2017
Timing of Revenue Recognition	Unaudited	Unaudited	Unaudited	Unaudited
	RM '000	RM '000	RM '000	RM '000
Goods transferred at a point in time	139,252	159,337	278,592	301,947
Services transferred over time	6,162	-	12,598	-
Total revenue from contracts with customers	145,414	159,337	291,190	301,947

### (2) Cost of Goods Sold

	CURRENT PERIOD		CUMULATIVE QUARTER	
	2nd QUARTER		06 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017	30 JUN 2018	30 JUN 2017
Cost of goods sold	Unaudited	Unaudited	Unaudited	Unaudited
	RM '000	RM '000	RM '000	RM '000
Cost of goods sold	110,681	120,268	229,231	232,138
Carriage outward	6,162	-	12,598	-
Effect of MFRS 15	116,843	120,268	241,829	232,138

## 4. CHANGES IN ESTIMATES

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

## 5. CHANGES IN COMPOSITION OF THE GROUP

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



## 6. SEGMENT INFORMATION

Segmental financial information for the cumulative quarters has been prepared based on the geographical location as per the table append below.

<b>SEGMENTAL INFORMATION</b> - By geographical area 30 JUNE 2018	<b>Malaysia Operation</b> RM '000	<b>Vietnam Operation</b> RM '000	<b>Other Operation</b> RM '000	<b>Eliminations</b> RM '000	<b>Total</b> RM '000
<b>Segment Revenue</b>					
External sales	210,488	46,723	33,979		291,190
Inter-segment sales	11,285	5,204	1,816	(18,305)	-
<b>Total revenue</b>	<b>221,773</b>	<b>51,927</b>	<b>35,795</b>	<b>(18,305)</b>	<b>291,190</b>
<b>Segment Results</b>					
Interest income	223	42	13		278
Depreciation & amortisation	11,915	2,878	1,290		16,083
<b>Profit / (Loss) before tax</b>	<b>6,269</b>	<b>(5,962)</b>	<b>1,287</b>	<b>(961)</b>	<b>633</b>
<b>Segment Assets</b>					
Total assets	811,257	180,219	59,556	-	1,051,032
<b>Segment Liabilities</b>					
Total liabilities	249,393	53,968	6,729	-	310,090

<b>SEGMENTAL INFORMATION</b> - By geographical area 30 JUNE 2017	<b>Malaysia Operation</b> RM '000	<b>Vietnam Operation</b> RM '000	<b>Other Operation</b> RM '000	<b>Eliminations</b> RM '000	<b>Total</b> RM '000
<b>Segment Revenue</b>					
External sales	222,738	51,195	28,014		301,947
Inter-segment sales	11,587	6,651	1,010	(19,248)	-
<b>Total revenue</b>	<b>234,326</b>	<b>57,846</b>	<b>29,024</b>	<b>(19,248)</b>	<b>301,948</b>
<b>Segment Results</b>					
Interest income	1,293	5	27		1,325
Depreciation & amortisation	16,182	4,595	1,160		21,937
<b>Profit / (Loss) before tax</b>	<b>21,718</b>	<b>(510)</b>	<b>(333)</b>	<b>(1,112)</b>	<b>19,763</b>
<b>Segment Assets</b>					
Total assets	908,534	215,690	58,374	-	1,182,598
<b>Segment Liabilities</b>					
Total liabilities	308,061	98,608	4,339	-	411,008

Malaysia and Vietnam operations consists manufacturing and distribution activities, while the other operations were merely distribution function in ASEAN region and China.

In Malaysia operation, the profit before tax had reduced mainly due to lower foreign exchange gain for the current year, other than the slow pace in the construction industry coupled with the festive season in June 2018 where heavy vehicles were not allowed on the road.

Vietnam operation is facing stiff market condition. The loss before tax is higher than last year mainly due to the lower sales volume coupled with the rationalization of the stock.

The overall performance of the Group was mitigated by the Other operation, which had recorded higher sales and profit before tax.

## 7. SEASONALITY OF OPERATIONS

The Group's business operation is related to the construction and renovation industries. Due to the festive season in the first quarter, the business has performed at a slower pace and it is expected that the business in the forthcoming quarters would be performed better.

## 8. PROFIT BEFORE TAX

Included in the Profit Before Tax are the following items:-

	CURRENT QUARTER 03 MONTHS ENDED		CUMULATIVE QUARTER 06 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017	30 JUN 2018	30 JUN 2017
	RM '000	RM '000	RM '000	RM '000
Interest income	(202)	(725)	(278)	(1,325)
Interest expense	1,581	1,822	3,063	3,389
Amortisation of prepaid lease payments	820	842	1,527	1,681
Depreciation of property, plant and equipment	7,415	10,114	14,556	20,256
Loss / (Gain) on disposal of property, plant and equipment	25	26	20	(157)
Write down of property, plant and equipment	24	26	38	232
Net realised foreign exchange loss (gain)	432	(163)	670	(937)
Net unrealised foreign exchange loss (gain)	7,203	(6,830)	(1,056)	(9,949)

## 9. INCOME TAX EXPENSE

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

	CURRENT QUARTER 03 MONTHS ENDED		CUMULATIVE QUARTER 06 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017	30 JUN 2018	30 JUN 2017
	RM '000	RM '000	RM '000	RM '000
Current Tax:				
Malaysian Income Tax	374	3,657	2,187	5,562
Foreign Tax	21	172	111	198
	395	3,829	2,298	5,760
Deferred Tax	(900)	(500)	(1,800)	(1,250)
Total Tax	(505)	3,329	498	4,510

## 10. EARNINGS PER SHARE

Basic earnings per share amounts are computed by dividing the profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

The following reflect the profit and share data used in the computation of basic earnings per share :-

	CURRENT QUARTER		CUMULATIVE QUARTER	
	03 MONTHS ENDED		06 MONTHS ENDED	
	30 JUN 2018	30 JUN 2017	30 JUN 2018	30 JUN 2017
<b>Profit net of tax attributable to owners of the parent used in the computation of earning per share (RM'000)</b>	(3,678)	11,013	135	15,253
<b>Weighted average number of ordinary shares in issue ('000)</b>	240,000	240,000	240,000	240,000
<b>Treasury shares</b>	11,120	10,998	11,120	10,998
<b>Net Weighted average number of ordinary shares in issue ('000)</b>	228,880	229,002	228,880	229,002
<b>Basic earnings per share (sen per share)</b>	(1.61)	4.81	0.06	6.66

## 11. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 30 June 2018, the Group acquired assets of RM 1.9 million (30 June 2017 : RM 10.8 million).

## 12. INTANGIBLE ASSETS : GOODWILL

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

### 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:-

	30 JUN 2018	30 JUN 2017
	RM '000	RM '000
Cash on hand and at banks	46,910	17,034
Short term deposits with banks	15,098	107,502
Total Cash and Cash Equivalents	62,008	124,536

### 14. FAIR VALUE HIERARCHY

No transfers between any level of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

### 15. SHARE CAPITAL AND TREASURY SHARES

Subsequent to the end of the first quarter, the Company had further purchased its own shares as treasury shares as at 14 August 2018, which were not for resale or cancelled.

Details of the treasury shares are as follows :-

Month	No. of shares purchased	Purchase Price		Average Price	Total Consideration
		Highest	Lowest		
		RM	RM	RM	RM
Balance as at 30-06-18	11,120,200	2.5000	0.9200	1.5508	17,346,881
July & Aug 2018	195,800	1.8200	1.7500	1.7864	351,622
Balance as at 14-08-18	11,316,000	2.5000	0.9200	1.5549	17,698,503

## 16. INTEREST-BEARING LOANS AND BORROWINGS

	Borrowings as at 30 June 2018											
	Long term				Short term			Total borrowings				
	USD '000	RM '000	VND '000,000	SD '000	USD '000	EURO 000	RM '000	VND '000,000	SD '000	USD '000	EURO 000	RM '000
<b>Secured</b>												
Term loan	-				-	-		-	-	-	-	-
<b>Unsecured</b>												
Term loan		8,000			-	-	4,000	-	-	-	-	12,000
Revolving Credit					29,600	-	10,000	-	-	29,600	-	10,000
Trade lines	-		-		1,209	491	23,340	-	-	1,209	491	23,340
Hire Purchase				-				-	-	-	-	-
Sub-total	-	8,000	-	-	30,809	491	37,340	-	-	30,809	491	45,340
Total	-	8,000	-	-	30,809	491	37,340	-	-	30,809	491	45,340
Foreign exchange rate		1.0000	-	-	4.0385	4.6990	1.0000	-	-	4.0385	4.6990	1.0000
RM'000 Equivalent	-	8,000	-	-	124,423	2,309	37,340	-	-	124,423	2,309	45,340
Total (RM'000)		8,000					164,072					172,072

	Borrowings as at 30 June 2017											
	Long term				Short term			Total borrowings				
	USD '000	RM '000	VND '000,000	SD '000	USD '000	EURO 000	RM '000	VND '000,000	SD '000	USD '000	EURO 000	RM '000
<b>Secured</b>												
Term loan	-				150	-		-	-	150	-	-
<b>Unsecured</b>												
Term loan		12,000			-	-	4,000	-	-	-	-	16,000
Revolving Credit					34,842	-		-	-	34,842	-	-
Trade lines	156		118,785		1,080	-	25,395	118,785	-	1,236	-	25,395
Hire Purchase				20				-	20	-	-	-
Sub-total	156	12,000	118,785	20	35,922	-	29,395	118,785	20	36,078	-	41,395
Total	156	12,000	118,785	20	36,072	-	29,395	118,785	20	36,228	-	41,395
Foreign exchange rate	4.2940	1.0000	0.1890	3.1184	4.2940	-	1.0000	0.1890	3.1184	4.2940	-	1.0000
RM'000 Equivalent	669	12,000	22,450	62	154,894	-	29,395	22,450	62	155,563	-	41,395
Total (RM'000)		12,669					206,802					219,471

The unsecured borrowings are subject to corporate guarantee and negative pledge

All borrowings are based on the floating interest rate and its weighted average interest rate is about 4.5% per annum.

There was a borrowings reduction of RM 47.4 million in the current year to-date as compare to the same corresponding period in the immediate preceding year. It was a repayment of debt, which fell due for settlement, henceforth, no interest savings incurred as it was not a prepayment of debt.

There are two local currency borrowings denominated in Ringgit Malaysia and Vietnamese Dong for the Malaysia operation and Vietnam operation respectively.

No hedging was made for the borrowings denominated in United State Dollar, as source of repayment of which is from the export proceeds denominated in the same currency.

## 17. PROVISIONS FOR COSTS OF RESTRUCTURING

There were no provisions for costs of restructuring for the current quarter and comparative period.

## 18. DIVIDEND

A final 2 sen per share tax-exempted dividend in respect of the financial year 2017, amounting to RM4.6 million was paid on 10 July 2018

No interim dividend has been declared for the current quarter. (30 June 2017: Nil).

## 19. COMMITMENT

Capital expenditure :-	30 JUN 2018	30 JUN 2017
	RM '000	RM '000
Approved and contracted for		
Property, plant and equipment	1,600	3,500
Approved but not contracted for		
Property, plant and equipment	-	-
<b>Total Commitment</b>	<b>1,600</b>	<b>3,500</b>

## 20. CONTINGENCIES

There were no other contingencies for the current quarter, except the contingent liability, which was made-up of Corporate Guarantees issued to financial institutions for the subsidiaries' borrowings and banking facilities.

## 21. RELATED PARTY TRANSACTIONS

The following table provides information on the transactions, which have been entered into with related parties during the 6 months period ended 30 June 2018 and 30 June 2017 as well as the balances with the related parties as at 30 June 2018 and 31 December 2017.

Key Management Personnel of the Group : Directors' interest		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		RM '000	RM '000	RM '000	RM '000
White Horse Ceramic Co Ltd	2018	3,998	278	4,482	278
	2017	2,679	-	2,655	-
Teobros Ceramica Sdn Bhd	2018	14,467	60	23,711	17
	2017	16,551	152	25,828	189
White Horse Investment (S) Pte Ltd	2018	-	-	-	63,404
	2017	-	-	-	79,490

All outstanding balances with these related parties are unsecured and repayable on demand.

## 22. EVENTS AFTER THE REPORTING PERIOD

There were no significant subsequent events after the reporting period.

## 23. PERFORMANCE REVIEW

	CURRENT PERIOD 2nd QUARTER		Change + / (-)		CUMULATIVE PERIOD		Change + / (-)	
	30 JUN 2018 Unaudited	30 JUN 2017 Unaudited			30 JUN 2018 Unaudited	30 JUN 2017 Unaudited		
	RM '000	RM '000	RM '000	%	RM '000	RM '000	RM '000	%
Revenue	145,414	159,337	(13,923)	-8.7%	291,190	301,947	(10,757)	-3.6%
Gross Profit	28,571	39,069	(10,498)	-26.9%	49,361	69,809	(20,448)	29.3%
Profit / (Loss) Before Tax	(4,183)	14,342	(18,525)	129.2%	633	19,763	(19,130)	96.8%

The revenue for the current quarter was lower by 8.7% as compared to the same corresponding period of last year, due to the slow pace in the construction industry.

The loss before tax for the current quarter was mainly due to the foreign exchange loss as opposed to the foreign exchange gain in the corresponding quarter of last year.

## 24. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

	Current Quarter 30 Jun 2018 Unaudited	Immediate Preceding Quarter 31 Mar 2018 Unaudited	Change + / (-)	
	RM '000	RM '000	RM '000	%
Revenue	145,414	145,776	(362)	-0.2%
Gross Profit	28,571	20,790	7,781	37.4%
Profit / (Loss) Before Tax	(4,183)	4,816	(8,999)	-186.9%

The revenue for the current quarter is 0.2% marginally lower than the immediate preceding quarter mainly due to the market condition in Malaysia, in particularly the month of May 2018, where the market was at a slower pace pending for the abolishment of Goods and Service Tax (GST) with effect from 01 June 2018.

The gross profit for the current quarter was higher than the immediate preceding quarter mainly due to the sale of stock which had been provided for with no carrying value.

The loss before tax for the current quarter was mainly due to the foreign exchange loss as opposed to the foreign exchange gain in the previous quarter.

## **25. COMMENTARY ON PROSPECTS**

The Group's business is linked with the construction and renovation industries, where its markets coverage is fairly distributed into property development and replacement sectors for both local and exports markets.

Business operations are still challenging in view of market competitiveness, pricing strategy, marketing structure, fluctuation in foreign currencies, high production and operating costs, which have a great impact to the bottom-line of the Group.

Counter measures to address these challenges include enhancing the manufacturing efficiency and productivity, new products development, cost-control and market restructuring.

## **26. PROFIT FORECAST OR PROFIT GUARANTEE**

There was no profit forecast or profit guarantee announced as at the date of this quarterly report

## **27. CORPORATE PROPOSALS**

There was no corporate proposal announced but not completed as at the date of this quarterly report.

## **28. CHANGES IN MATERIAL LITIGATION**

There was no material litigation as at the date of this quarterly report

## **29. DIVIDEND PAYABLE**

Please refer to Note 18 for details.

## **30. DISCLOSURE OF NATURE OF OUTSTANDING DERIVATIVES**

There was no outstanding derivative as at the reporting period

## **31. DISCLOSURE OF GAINS / LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

There were no gains or losses arising from fair value changes of financial liabilities as at the reporting period.

## **32. AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.