

BRITE-TECH BERHAD

Company no. 550212-U
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

CONTENTS

	Page
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4
NOTES TO THE INTERIM FINANCIAL STATEMENTS	5-7
ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENT (APPENDIX 9 B)	8-10

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	<--- Individual Quarter --->		<--- Cumulative Quarters --->	
	Current Quarter Ended 31.03.2017 (Unaudited) RM'000	Preceding Year Corresponding Quarter Ended 31.03.2016 (Unaudited) RM'000	Current Year-To-Date 31.03.2017 (Unaudited) RM'000	Preceding Year-To-Date 31.03.2016 (Unaudited) RM'000
Revenue	6,188	8,994	6,188	8,994
Operating expenses	(4,661)	(6,858)	(4,661)	(6,858)
Other operating income	182	306	182	306
Profit from operating activities	1,709	2,442	1,709	2,442
Impairment loss of goodwill	-	-	-	-
Finance income	60	69	60	69
Finance costs	(60)	(26)	(60)	(26)
Profit before tax	1,709	2,485	1,709	2,485
Taxation	(474)	(625)	(474)	(625)
Profit for the period	1,235	1,860	1,235	1,860
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	1,235	1,860	1,235	1,860
Total comprehensive income for the period				
Owners of the Company	1,270	1,822	1,270	1,822
Non-controlling interests	(35)	38	(35)	38
	<u>1,235</u>	<u>1,860</u>	<u>1,235</u>	<u>1,860</u>
Number of shares in issue ('000)	252,000	252,000	252,000	252,000
Weighted average number of shares ('000)	252,000	252,000	252,000	252,000
Earnings per ordinary share attributable to owners of the Company (sen):				
- Basic	<u>0.50</u>	<u>0.72</u>	<u>0.50</u>	<u>0.72</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	As at End of Current Year Quarter 31.03.2017 (Unaudited) RM'000	As at Preceding Financial Year End 31.12.2016 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	24,410	23,916
Investment properties	22,309	22,309
Deferred taxation	33	33
Goodwill on consolidation	968	968
Total Non-Current Assets	47,720	47,226
Current Assets		
Inventories	1,453	1,366
Trade and other receivables	8,364	8,682
Tax recoverable	274	292
Short-term investments	4,714	6,002
Fixed deposits with licensed banks	-	100
Cash and bank balances	5,724	4,258
Total Current Assets	20,529	20,700
TOTAL ASSETS	68,249	67,926
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	25,200	25,200
Reserves	30,688	29,418
	55,888	54,618
Non-controlling interests	824	859
Total Equity	56,712	55,477
Non-Current Liabilities		
Long term borrowings (secured)	5,135	5,166
Deferred taxation	2,321	2,321
	7,456	7,487
Current Liabilities		
Trade and other payables	2,672	3,469
Amount due to directors	5	20
Bank overdraft	95	93
Short term borrowings (secured)	1,160	1,322
Provision for taxation	149	58
	4,081	4,962
Total Liabilities	11,537	12,449
TOTAL EQUITY AND LIABILITIES	68,249	67,926
Net assets per share attributable to owners of the Company (RM)	0.23	0.22

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

BRITE-TECH BERHAD (550212-U)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	←----- Attributable to owners of the Company -----→					Total Equity RM'000
	<--- Non-distributable --->		<-Distributable ->		Non- controlling Interests RM'000	
	Share Capital RM'000	Revaluation reserves RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000		
<u>3 Months Ended 31 March 2017</u>						
<u>(Unaudited)</u>						
Balance as at 1 January 2017	25,200	11,895	17,523	54,618	859	55,477
Total comprehensive income for the financial period	-	-	1,270	1,270	(35)	1,235
Balance as at 31 March 2017	<u>25,200</u>	<u>11,895</u>	<u>18,793</u>	<u>55,888</u>	<u>824</u>	<u>56,712</u>
<u>3 Months Ended 31 March 2016</u>						
<u>(Unaudited)</u>						
Balance as at 1 January 2016	25,200	11,895	16,060	53,155	797	53,952
Total comprehensive income for the financial period	-	-	1,822	1,822	38	1,860
Balance as at 31 March 2016	<u>25,200</u>	<u>11,895</u>	<u>17,882</u>	<u>54,977</u>	<u>835</u>	<u>55,812</u>

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	3 Months Period Ended 31.03.2017 (Unaudited) RM'000	3 Months Corresponding Period Ended 31.03.2016 (Unaudited) RM'000
Cash flows from operating activities		
Profit before taxation	1,709	2,485
Adjustments for:		
Depreciation on property, plant and equipment	227	194
Property, plant and equipment written off	2	-
Finance costs	60	26
Finance income	(60)	(69)
Operating profit before working capital changes	<u>1,938</u>	<u>2,636</u>
Changes in working capital:		
Inventories	(87)	(98)
Trade & other receivables	318	(2,427)
Trade & other payables	(812)	1,342
Cash from operations	<u>1,357</u>	<u>1,453</u>
Interest paid	(60)	(26)
Income tax paid	(364)	(319)
Net cash from operating activities	<u>933</u>	<u>1,108</u>
Cash flows from investing activities		
Interest received	60	69
Purchase of property, plant and equipment	(723)	(387)
Proceeds from disposal of property, plant and equipment	-	1
Net cash used in investing activities	<u>(663)</u>	<u>(317)</u>
Cash flows from financing activity		
(Repayment)/drawdown of loan and borrowings	(193)	2,681
Net cash (used in)/from financing activity	<u>(193)</u>	<u>2,681</u>
Net changes in cash and cash equivalents	77	3,472
Cash and cash equivalent at beginning of period	10,266	9,244
Cash and cash equivalent at end of period	<u>10,343</u>	<u>12,716</u>
Cash and cash equivalents comprise the following:		
Short-term investments	4,714	7,683
Fixed deposits with licensed banks	-	551
Cash and bank balances	5,724	4,569
Bank overdraft	(95)	(87)
Cash and cash equivalents at end of the period	<u>10,343</u>	<u>12,716</u>

(The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A1 Basis of preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The unaudited interim financial statements should be read in conjunction with the audited financial statement for the financial year ended 31 December 2016. The explanatory notes attached to the 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 2016.

As 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:

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS107	Disclosure Initiative
Amendments to MFRS112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvements to MFRSs 2014-2016 Cycle	

Effective for financial periods beginning on or after 1 January 2018

MFRS9	Financial Instruments
MFRS15	Revenue from Contracts with Customers
MFRS15	Clarifications to MFRS 15
IC Interpretation 22	Foreign Currency Transactions an Advance Consideration
Amendments to MFRS2	Classification and Measurement of Share-Based Payment Transactions
Amendments to MFRS4	Insurance Contracts
Amendments to MFRS140	Transfers of Investment Property
Annual improvements to MFRSs 2014-2016 Cycle	

Effective for financial periods beginning on or after 1 January 2019

MFRS16	Leases
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Effective date to be determined by Malaysia Accounting Standards Board

Amendments to MFRS10 & MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2016 was not qualified.

A3 Comments About Seasonal or Cyclical Factors

The Group's principal business is not significantly affected by seasonality or cyclicity factors during the current quarter under review.

A4 Unusual Items Affecting Interim Financial Report

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A5 Dividends Paid

There was no dividend paid nor declared for the current quarter under review.

A6 Material Changes in Estimates Used

There were no significant changes in the nature and amount of estimates used in prior interim reporting period or prior financial years that have a material effect in the current quarter under review.

A7 Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter under review.

A8 Segmental Information

BRITE-TECH BERHAD (550212-U)
(Incorporated in Malaysia)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

Segment revenue and segment results for the financial period ended 31 March 2017 by the respective operating segments are as follows:

Financial Period Ended 31.03.2017	Environmental products and services	System equipment and ancillary products	Investments	Inter-segment Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	5,061	1,127	-	-	6,188
Inter-segment revenue	74	3	361	(438)	-
Total revenue	<u>5,135</u>	<u>1,130</u>	<u>361</u>	<u>(438)</u>	<u>6,188</u>
RESULT					
Segment results (external)	1,398	329	(18)	-	1,709
Finance income	30	5	25	-	60
Finance costs	(60)	-	-	-	(60)
Profit before taxation	<u>1,368</u>	<u>334</u>	<u>7</u>	<u>-</u>	<u>1,709</u>
Taxation					(474)
Total comprehensive income for the period					<u>1,235</u>
Non-controlling interests					35
Profit attributable to Owners of the Company					<u>1,270</u>

Financial Period Ended 31.03.2016	Environmental products and services	System equipment and ancillary products	Investments	Inter-segment Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External revenue	5,913	3,081	-	-	8,994
Inter-segment revenue	96	1	361	(458)	-
Total revenue	<u>6,009</u>	<u>3,082</u>	<u>361</u>	<u>(458)</u>	<u>8,994</u>
RESULT					
Segment results (external)	1,528	879	35	-	2,442
Finance income	36	9	24	-	69
Finance costs	(26)	-	-	-	(26)
Profit before taxation	<u>1,538</u>	<u>888</u>	<u>59</u>	<u>-</u>	<u>2,485</u>
Taxation					(625)
Total comprehensive income for the period					<u>1,860</u>
Non-controlling interests					(38)
Profit attributable to Owners of the Company					<u>1,822</u>

A9 Valuations of Property, Plant and Equipment

There has been no valuation undertaken for the Group's property, plant and equipment in the current quarter under review.

A10 Material Subsequent Event

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

A11 Changes in the Composition of the Group

Spectrum Laboratories (Johore) Sdn. Berhad ("SLJSB")

On 10 March 2017, Brite-Tech Berhad ("BTECH or the Company") has completed the acquisition of the equity interest of 30%, representing 96,900 ordinary shares of RM1.00 each in SLJSB from the wholly-owned subsidiaries of the Company, Hooker Chemical Sdn. Berhad and Brite Tech Corporation Sdn. Berhad for a total cash consideration of RM642,206 respectively, resulting the Company's holding 100% of the total issued and paid-up capital in SLJSB.

Spectrum Laboratories (Penang) Sdn. Berhad ("SLPSB")

On 10 March 2017, Brite-Tech Berhad ("BTECH or the Company") has completed the acquisition of the equity interest of 30%, representing 80,000 ordinary shares of RM1.00 each in SLPSB from the wholly-owned subsidiary of the Company, Spectrum Laboratories Sdn. Berhad for a total cash consideration of RM934,323, resulting the Company's holding 100% of the total issued and paid-up capital in SLPSB.

For details of the above, please refer to the Company's announcement on both the Company and Bursa Malaysia website.

A12 Derivatives

- (a) There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 31 March 2017; and
- (b) The Group has not entered into a type of derivatives not disclosed in the previous financial year or any of the previous quarters under the current financial year.

A13 Gains / Losses Arising from Fair Value Changes of Financial Liabilities

There were no material amount of gains or losses arising from fair value changes of its financial liabilities for the current and cumulative quarter.

A14 Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets arising since the last financial year ended on 31 December 2017.

A15 Capital Commitments

After having made all reasonable enquiries and save as disclosed below, as at the end of the financial year, the Board is not aware of any material commitment for capital expenditure incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results / position of the Group:

	31.03.2017 (Unaudited) RM '000
Capital expenditures not provided for in the financial statements	
- Approved and contracted for	651

The above mentioned material commitments are expected to be funded through internally-generated fund and / or bank borrowings of the Group.

A16 Significant Related Party Transactions

	Current Year Quarter 31.03.2017 RM'000	Cumulative Year To Date 31.03.2017 RM'000
The Group has the following inter companies transactions:		
Management fees	361	361
Rental	53	53
Revenue	77	77

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1 Review of Performance for the Current Quarter and Financial Year-To-Date

The Group's revenue for the current quarter and financial year-to-date ended 31 March 2017 showed an decreased of 31.2% to RM6.188 million from RM8.994 million in the preceding corresponding year's quarter. The Group's profit before tax decreased by 31.2% to RM1.709 million as against preceding corresponding year's quarter of RM2.485 million mainly due to lower revenue achieved.

Environmental products and services

This segment is the main contributor for the financial period ended 31 March 2017 as it comprised 81.79% of the total revenue.

For the financial period ended 31 March 2017, the revenue in environmental products and services decreased slightly by RM0.874 million or 14.54% to RM5.135 million as compared to RM6.009 million reported in the corresponding financial period ended 31 March 2016. The profit before tax for the financial period ended 31 March 2017 decreased by RM0.170 million or 11.05% to RM1.368 million as compared to RM1.538 million reported in the corresponding financial period ended 31 March 2016.

System equipment and ancillary products

This segment comprised 18.21% of the total revenue for the financial period ended 31 March 2017.

For the financial period ended 31 March 2017, the revenue in system equipment and ancillary products decreased by RM1.952 million or 63.34% to RM1.13 million as compared to RM3.082 million reported in the corresponding financial period ended 31 March 2016. The profit before tax for the financial period ended 31 March 2017 decreased by RM0.554 million or 62.39% to RM0.334 million as compared to RM0.888 million reported in the corresponding financial period ended 31 March 2016.

The results of the current quarter and financial year-to-date under review have not been affected by any transactions or events of a material or unusual nature.

B2 Variation of Results Against Immediate Preceding Quarter

	Current Year	Immediate	Variation	
	Quarter	Preceding		
	31.03.2017	31.12.2016	RM'000	%
Revenue	6,188	6,660	-472	-7.09%
Profit before tax	1,709	502	1,207	240.44%

For the current quarter under review, the Group recorded revenue of RM6.188 million, representing a decreased of 7.09% from the immediate preceding quarter's revenue of RM6.660 million. The Group's profit before tax for the current quarter decreased by 240.44% to RM1.707 million as compared to the preceding quarter.

B3 Prospects

The Group expects the year ahead to remain challenging. Barring any unforeseen circumstances, the performance of the existing business of the Group is likely to remain satisfactory for the year ahead.

B4 Variance of Actual Profit from Forecast Profit

Not applicable as the Group did not issue any profit forecast or profit guarantee for the current quarter under review.

B5 Taxation

The Group's taxation for the current quarter and financial year-to-date were as follows:

	Individual Quarter		Cumulative Quarters	
	Current Year	Preceding Year	Current Year -To-	Preceding
	Quarter	Corresponding	Date	Year-To-Date
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Income and deferred tax				
-Current	474	625	474	625

B6 Additional Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year	Current Year-To-
	Quarter	Date
	31.03.2017	31.03.2017
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Other operating income:		
Rental income	79	79
Bad debts recovered	101	101
Operating expenses:		
Depreciation on property, plant and equipment	227	227
Plant and equipment written off	2	2

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

B8 Borrowings

The Group's borrowings as at the current quarter are as follows:

	Current Year
	Quarter
	31.03.2017
	RM'000
Short term borrowings (Secured)	1,255
Long term borrowings (Secured)	5,135
Total	6,390

Bank overdraft of RM 0.095 million has been included as short term borrowings.

The Group has no unsecured borrowings in the current quarter under review.

The Group's borrowings are all denominated in Ringgit Malaysia.

B9 Changes in Material Litigation

The Company, had on 26 April 2017 announced that Hooker Chemical Sdn. Berhad ("HCSB" or "the Defendant"), a wholly owned subsidiary of the Company, was served with a Write of Summons and Statement of Claim, dated 13 April 2017, in the High Court of Malaysia at Shah Alam, Selangor by GLS Tanks Malaysia Sdn. Bhd. ("GLS" or "the Plaintiff") for the sum of RM222,668.72 in respect of the design, supply, installation and commissioning of a GLS Glass Fused Steel Tank in consideration of a contract sum of approximately EURO207,693.00 for the supply; and RM75,000.00 for the installation.

The Writ of Summons and Statement of Claim were received by HCSB on 26 April 2017.

B10 Earnings Per Share

The basic and diluted earnings per share (EPS) for the current quarter and financial year-to-date have been calculated as follows:

	Individual Quarter		Cumulative Quarters	
	Current Year	Preceding Year	Current Year-To-	Preceding
	Quarter	Corresponding	Date	Year-To-Date
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Profits attributable to owners of the Company (RM'000)	1,270	1,822	1,270	1,822
Weighted average number of shares in issue ('000)	252,000	252,000	252,000	252,000
Basic earnings per share (sen)	0.50	0.72	0.50	0.72
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The diluted EPS is not applicable as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

B11 Dividends Payable

- a) No dividend has been proposed for the financial period ended 31 March 2017.
- b) A final single-tier dividend on ordinary share of 0.80 sen per share (2016: 0.73 sen per share) amounting to RM2,016,000 in respect of the financial year ended 31 December 2016 was approved by the shareholders at the Company's Annual General Meeting held on 22 May 2017 and will be paid by the Company on 23 June 2017 to shareholders whose names appear in the Register of Depositors at the close of business on 15 June 2017.

B12 Realised and Unrealised Retained Profits

The retained profits of the Group is analysed as follows:

	As at 31.03.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	28,745	25,467
- Unrealised	1,256	1,256
	30,001	26,723
Less: Consolidation adjustments	(11,208)	(9,200)
Total Group retained profits as per consolidated accounts	18,793	17,523

The determination of realised and unrealised profits or losses is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised retained profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

BY ORDER OF THE BOARD

Wong Maw Chuan (MIA 7413)
Wong Youn Kim (MAICSA 7018778)
Lee Chin Wen (MAICSA 7061168)
Company Secretaries
Kuala Lumpur
22 May 2017