

WHITE HORSE BERHAD

(Company No: 455130-X)

**CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME**FOR THE QUARTER ENDED
31 DECEMBER 2016

	CURRENT QUARTER 03 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 DEC 2016 Unaudited RM '000	31 DEC 2015 Unaudited RM '000	31 DEC 2016 Unaudited RM '000	31 DEC 2015 Audited RM '000
Revenue	174,588	186,365	695,680	752,729
Cost of goods sold	(115,276)	(148,444)	(519,785)	(553,132)
Gross profit	59,312	37,921	175,895	199,597
Other income	15,985	10,671	20,167	14,504
Administrative and general expenses	(54,230)	(12,113)	(99,899)	(103,111)
Selling and distribution expenses	(12,609)	(12,767)	(53,428)	(57,415)
Operating Profit	8,458	23,712	42,735	53,575
Interest expense	(2,474)	(2,142)	(6,871)	(5,890)
Profit before tax	5,984	21,570	35,864	47,685
Income tax expense	(1,356)	388	(8,599)	(13,468)
Profit for the period	4,628	21,958	27,265	34,217
Other comprehensive income :				
Exchange differences on translation foreign operations	2,674	10,830	2,674	12,056
Total Other comprehensive income	2,674	10,830	2,674	12,056
Total Comprehensive Income	7,302	32,788	29,939	46,273
Profit attributable to :				
Owners of the parent	4,628	21,958	27,265	34,217
Non-controlling interests	-	-	-	-
	4,628	21,958	27,265	34,217
Total comprehensive income attributable to :				
Owners of the parent	7,302	32,788	29,939	46,273
Non-controlling interests	-	-	-	-
	7,302	32,788	29,939	46,273
Earnings per share (sen)				
Basic and diluted, for the period	2.02	9.57	11.89	14.92

(The Condensed Consolidated Statement of Comprehensive Income shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2015, 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 31 DECEMBER 2016

	31 DEC 2016 Unaudited RM '000	31 DEC 2015 Audited RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	465,258	482,240
Prepaid lease payments	16,116	19,295
Other asset	597	48,929
Goodwill on consolidation	677	677
	482,648	551,141
Current assets		
Inventories	415,572	409,569
Trade receivables	134,109	148,707
Other receivables	29,898	18,729
Investment securities	1,000	1,000
Cash and bank balances	146,807	144,235
	727,386	722,240
TOTAL ASSETS	1,210,034	1,273,381
EQUITY AND LIABILITIES		
Equity		
Share capital	240,000	240,000
Share premium	6,936	6,936
Treasury share	(16,598)	(16,354)
Foreign currency translation reserve	22,221	19,547
Other reserve	(4,069)	
Retained earnings	515,874	511,541
Total equity	764,364	761,670
Non-current liabilities		
Borrowings	13,230	1,391
Other payables	59,196	91,839
Deferred tax liabilities	13,403	15,653
	85,829	108,883
Current liabilities		
Borrowings	230,792	248,742
Trade payables	60,459	52,681
Other payables	60,158	85,030
Taxation	(3,060)	4,870
Dividend payable	11,492	11,505
	359,841	402,828
Total liabilities	445,670	511,711
TOTAL EQUITY AND LIABILITIES	1,210,034	1,273,381
Net Assets per share (RM)	3.33	3.32

(The Condensed Consolidated Statement of Financial Position shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 31 DEC 2016

	Equity Total RM '000	Non-Distributable					Distributable Retained Profits RM '000
		Share Capital RM '000	Share Premium RM '000	Treasury Share RM '000	Foreign Currency Translation Reserve RM '000	Other Reserve RM '000	
Opening balance at 01 January 2016	761,670	240,000	6,936	(16,354)	19,547	-	511,541
Purchase of treasury shares	(244)	-	-	(244)	-	-	-
Total comprehensive income	29,939	-	-	-	2,674	-	27,265
Other reserve	(4,069)	-	-	-	-	(4,069)	-
Dividends	(22,932)	-	-	-	-	-	(22,932)
Closing balance at 31 Dec 2016	764,364	240,000	6,936	(16,598)	22,221	(4,069)	515,874
Opening balance at 01 January 2015	738,380	240,000	6,936	(16,309)	7,491	-	500,262
Purchase of treasury shares	(45)	-	-	(45)	-	-	-
Total comprehensive income	46,273	-	-	-	12,056	-	34,217
Dividends	(22,938)	-	-	-	-	-	(22,938)
Closing balance at 31 Dec 2015	761,670	240,000	6,936	(16,354)	19,547	-	511,541

(The Condensed Consolidated Statement of Changes in Equity shall be read in conjunction with the Annual Financial Report for the year end 31 December 2015, 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 31 DECEMBER 2016

	12 MONTHS ENDED	
	31 DEC 2016	31 DEC 2015
	Unaudited	Audited
	RM '000	RM '000
Operating Activities		
Profit Before Tax	35,864	47,685
Adjustments for :		
Interest income	(2,924)	(2,534)
Interest expense	6,871	5,890
Amortisation of prepaid lease payments	3,277	1,144
Depreciation of property, plant and equipment	40,038	44,243
Gain on disposal of property, plant and equipment	(69)	(366)
Write down of property, plant and equipment	75	98
(Written-back) / Written down of inventories	(4,200)	8,403
Others	(7,688)	(8,046)
Loss on foreign currency exchange : unrealised	10,203	27,721
Total adjustments	45,583	76,553
Operating cash flow before changes in working capital	81,447	124,238
Changes in working capital		
Increase in inventories	(6,003)	(50,530)
Decrease in trade and other receivables	3,429	21,752
(Decrease) / Increase in trade and other payables	(17,094)	28,932
Total changes in working capital	(19,668)	154
Interest received	2,924	2,534
Interest paid	(6,871)	(5,890)
Income taxes paid	(12,391)	(26,581)
	(16,338)	(29,937)
Net cash flows generated from operating activities	45,441	94,455
Investing Activities		
Purchase of property, plant and equipment	(14,141)	(42,412)
Proceed from disposal of property, plant and equipment	284	638
Net cash used in investing activities	(13,857)	(41,774)
Financing Activities		
Dividends paid	(22,657)	(22,927)
Purchase of treasury shares	(244)	(45)
Decrease in loans and borrowings	(6,111)	(9,273)
Net cash used in financing activities	(29,012)	(32,245)
Net increase in cash and cash equivalents	2,572	20,436
Cash and cash equivalents at beginning of period	144,235	123,799
Cash and cash equivalents at end of period	146,807	144,235

(The Condensed Consolidated Statement of Cash Flow shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2015, and the accompanying explanatory notes attached to the interim financial statements)

WHITE HORSE BERHAD (Company No: 455130-X)

Explanatory Notes pursuant to MFRS 134 for the Fourth Quarter ended 31 December 2016.

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 28 February 2017.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements, for the period ended 31 December 2016, 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 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015.

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

A segmental financial information for the current quarter has been prepared based on the geographical location as follows:

**SEGMENTAL
INFORMATION**

- By geographical area
31 DECEMBER 2016

	Malaysia Operation RM '000	Vietnam Operation RM '000	Other Operation RM '000	Eliminations RM '000	Total RM '000
Segment Revenue					
External sales	497,655	124,423	73,602		695,680
Inter-segment sales	30,797	20,353	6,963	(58,113)	-
	528,452	144,776	80,565	(58,113)	695,680
Segment Results					
Interest income	2,858	21	45		2,924
Depreciation & amortisation	32,276	8,818	2,221		43,315
Profit / (Loss) before tax	37,321	94	2,912	(4,463)	35,864

Segment Assets					
Total asset	940,838	196,339	72,857	-	1,210,034
Segment Liabilities					
Total liabilities	363,275	75,154	7,241	-	445,670

**SEGMENTAL
INFORMATION**

- By geographical area
31 DECEMBER 2015

	Malaysia Operation RM '000	Vietnam Operation RM '000	Other Operation RM '000	Eliminations RM '000	Total RM '000
Segment Revenue					
External sales	564,662	98,613	89,454		752,729
Inter-segment sales	26,165	38,797	-	(64,962)	-
	590,827	137,410	89,454	(64,962)	752,729
Segment Results					
Interest income	2,440	71	23		2,534
Depreciation & amortisation	31,010	11,956	2,421		45,387
Profit / (Loss) before tax	61,351	(8,764)	988	(5,890)	47,685

Segment Assets					
Total asset	994,290	200,716	77,698	677	1,273,381
Segment Liabilities					
Total liabilities	364,574	120,689	5,925	20,523	511,711

7. SEASONALITY OF OPERATIONS

The Group's business operation is related to the construction and renovation industries. It is a norm that every first quarter of the calendar year, the business will be performed at a slower pace due to the festive season and it is expected the business's performance will be improved in the forthcoming quarters.

8. PROFIT BEFORE TAX

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

	CURRENT QUARTER		CUMULATIVE QUARTER	
	03 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2016 RM '000	31 DEC 2015 RM '000	31 DEC 2016 RM '000	31 DEC 2015 RM '000
Interest income	(789)	(764)	(2,924)	(2,534)
Interest expense	2,474	2,142	6,871	5,890
Amortisation of prepaid lease payments	819	(1,168)	3,277	1,144
Depreciation of property, plant and equipment	10,037	16,306	40,038	44,243
Loss / (Gain) on disposal of property, plant and equipment	14	(80)	(69)	(366)
Write down of property, plant and equipment	44	39	75	98
(Written-back) / Written down of inventories	(4,200)	8,403	(4,200)	8,403
(Gain) / Loss on foreign currency exchange : realised	(2,589)	785	(3,727)	745
Loss / (Gain) on foreign currency exchange : unrealised	17,745	(4,596)	10,202	27,721

9. INCOME TAX EXPENSE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	03 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2016 RM '000	31 DEC 2015 RM '000	31 DEC 2016 RM '000	31 DEC 2015 RM '000
Current Tax:				
Malaysian Income Tax	3,069	8,189	10,467	21,870
Foreign Tax	(617)	1,008	382	1,329
	2,452	9,197	10,849	23,199
Deferred Tax	(1,096)	(9,585)	(2,250)	(9,731)
	1,356	(388)	8,599	13,468

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.

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 earning per share :-

	CURRENT QUARTER		CUMULATIVE QUARTER	
	03 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
Profit net of tax attributable to owners of the parent used in the computation of earning per share (RM'000)	4,628	21,958	27,265	34,217
Weighted average number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Treasury shares	10,745	10,625	10,745	10,625
Net Weighted average number of ordinary shares in issue ('000)	229,255	229,375	229,255	229,375
Basic earnings per share (sen per share)	2.02	9.57	11.89	14.92

11. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 December 2016, the Group acquired assets at a cost of RM 7.8 million (31 December 2015 : RM 11.1 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:-

	31 DEC 2016 RM '000	31 DEC 2015 RM '000
Cash on hand and at banks	141,237	139,350
Short term deposits with banks	5,570	4,885
Total Cash and Cash Equivalents	146,807	144,235

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, SHARE PREMIUM AND TREASURY SHARES

Subsequent to the end of the third quarter, the Company had further purchased its own shares as treasury shares as at 21 February 2017, 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 31-12-16	10,745,300	2.5000	0.9200	1.5308	16,598,278
January 2017	52,000	2.0400	2.0000	2.0060	105,113
Balance as at 28-02-17	10,797,300	2.5000	0.9200	1.5380	16,703,391

16. INTEREST-BEARING LOANS AND BORROWINGS

	31 DEC 2016 RM '000	31 DEC 2015 RM '000
Secured	1,273	1,375
Unsecured	229,519	247,367
Short-term borrowings	230,792	248,742
Secured	-	1,391
Unsecured	13,230	-
Long-term borrowings	13,230	1,391
Secured	1,273	2,766
Unsecured	242,749	247,367
Total borrowings	244,022	250,133

The above secured loans and borrowings are denominated in USD and mortgaged over its machinery of White Horse Ceramic Industries (Vietnam) Co. Ltd. ("WHV"). It carries interest rate of 5.0% p.a.

While, the unsecured loans and borrowings are subject to corporate guarantee and negative pledge. It also included borrowings denominated in foreign currency as follows:-

- (i) Between 2.20% p.a. and 2.90% floating rate United State Dollars ("USD") bank loan for USD 42.8 million (equivalent of RM 190.8 million).

17. PROVISIONS FOR COSTS OF RESTRUCTURING

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

18. DIVIDEND

An interim 5 sen per share tax-exempted dividend in respect of the current financial year of 2016, amounting to RM11.5 million was paid on 10 January 2017.

The Board has recommended a final tax-exempt dividend of 5 sen per share for the current quarter, that make-up the total tax-exempt dividend for the financial year to 10 sen per share which is same rate as last year, and it is subjected to the shareholders' approval at the forthcoming Annual General Meeting.

19. COMMITMENT

	31 DEC 2016 RM '000	31 DEC 2015 RM '000
Capital expenditure :-		
Approved and contracted for		
Property, plant and equipment	11,500	-
Approved but not contracted for		
Property, plant and equipment	2,000	25,000
Total Commitment	13,500	25,000

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 12 months period ended 31 Dec 2016 and 31 Dec 2015 as well as the balances with the related parties as at 31 Dec 2016 and 31 December 2015.

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	2016	5,984	-	2,115	-
	2015	4,183	-	3,177	-
Teobros Ceramica Sdn Bhd	2016	29,907	279	24,840	28
	2015	41,191	201	33,970	-
White Horse Investment (S) Pte Ltd	2016	-	-	-	76,578
	2015	-	-	48,929	129,822

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

22. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period.

23. PERFORMANCE REVIEW

The revenue and profit before tax had reduced by 6.3% and 72.3% respectively, while the gross profit had increased by 56.4%, as compared to the same corresponding period of last year.

The revenue was lower due to the market competition and also the slow pace in the construction industry.

The gross profit was higher due to the impact from the improvement in the production efficiency and productivity, coupled with the written back of inventories.

The reduced profit before tax for the current quarter is due to the unrealized foreign exchange loss resulting from the weakening of Ringgit Malaysia against the foreign currencies.

24. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The profit before tax of RM 5.98 million for the current quarter is 166.9% higher than the immediate preceding quarter mainly due to the higher sales revenue and also the improvement in the production efficiency and productivity, coupled with the written back of inventories.

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 terms of market competitiveness, fluctuation of foreign exchange currencies, higher production and operating costs. Counter measures had been implemented to enhance the manufacturing efficiency, cost-saving and market restructuring to address such challenges.

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. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 31 December 2016 and 31 December 2015 into realised and unrealised profits, is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current Quarter Ended 31 Dec 2016 RM '000	Previous Financial Year Ended 31 Dec 2015 RM '000
Total retained profits of White Horse Berhad and its subsidiaries		
- Realised	550,864	535,850
-Unrealised	(42,090)	(37,666)
	508,774	498,184
Add : Consolidation adjustments	7,100	13,357
Total group retained profits as per financial statement	515,874	511,541

33. AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.