

**WHITE HORSE BERHAD**

(Company No: 455130-X)

**CONDENSED CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME**FOR THE QUARTER ENDED  
31 MARCH 2017

	CURRENT QUARTER 03 MONTHS ENDED		CUMULATIVE QUARTER 03 MONTHS ENDED	
	31 MAR 2017 Unaudited RM '000	31 MAR 2016 Unaudited RM '000	31 MAR 2017 Unaudited RM '000	31 MAR 2016 Unaudited RM '000
Revenue	142,610	169,730	142,610	169,730
Cost of goods sold	(111,870)	(128,638)	(111,870)	(128,638)
<b>Gross profit</b>	<b>30,740</b>	<b>41,092</b>	<b>30,740</b>	<b>41,092</b>
Other income	1,259	1,504	1,259	1,504
Administrative and general expenses	(13,105)	(6,097)	(13,105)	(6,097)
Selling and distribution expenses	(11,906)	(12,981)	(11,906)	(12,981)
<b>Operating Profit</b>	<b>6,988</b>	<b>23,518</b>	<b>6,988</b>	<b>23,518</b>
Interest expense	(1,567)	(1,125)	(1,567)	(1,125)
<b>Profit before tax</b>	<b>5,421</b>	<b>22,393</b>	<b>5,421</b>	<b>22,393</b>
Income tax expense	(1,181)	(5,122)	(1,181)	(5,122)
<b>Profit for the period</b>	<b>4,240</b>	<b>17,271</b>	<b>4,240</b>	<b>17,271</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>4,240</b>	<b>17,271</b>	<b>4,240</b>	<b>17,271</b>
Profit attributable to :				
Owners of the parent	4,240	17,271	4,240	17,271
Non-controlling interests	-	-	-	-
	<b>4,240</b>	<b>17,271</b>	<b>4,240</b>	<b>17,271</b>
Total comprehensive income attributable to :				
Owners of the parent	4,240	17,271	4,240	17,271
Non-controlling interests	-	-	-	-
	<b>4,240</b>	<b>17,271</b>	<b>4,240</b>	<b>17,271</b>
Earnings per share (sen)				
Basic and diluted, for the period	1.85	7.53	1.85	7.53

(The Condensed Consolidated Statement of Comprehensive Income shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2016, 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 MARCH 2017

	<b>31 MAR 2017 Unaudited RM '000</b>	<b>31 DEC 2016 Audited RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	458,156	463,145
Prepaid lease payments	15,611	16,116
Trade and other receivables	939	939
Goodwill on consolidation	677	677
	<b>475,383</b>	<b>480,877</b>
<b>Current assets</b>		
Inventories	397,870	415,413
Trade receivables	139,606	141,690
Other receivables	32,032	19,613
Investment securities	1,000	1,000
Cash and bank balances	120,766	150,058
	<b>691,274</b>	<b>727,774</b>
<b>TOTAL ASSETS</b>	<b>1,166,657</b>	<b>1,208,651</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	240,000	240,000
Share premium	6,936	6,936
Treasury share	(17,108)	(16,598)
Foreign currency translation reserve	22,904	22,904
Retained earnings	519,295	515,055
<b>Total equity</b>	<b>772,027</b>	<b>768,297</b>
<b>Non-current liabilities</b>		
Borrowings	14,004	14,006
Other payables	51,791	47,832
Deferred tax liabilities	14,275	15,025
	<b>80,070</b>	<b>76,863</b>
<b>Current liabilities</b>		
Borrowings	212,107	230,016
Trade payables	44,851	49,623
Other payables	55,852	72,360
Taxation	1,721	-
Dividend payable	29	11,492
	<b>314,560</b>	<b>363,491</b>
<b>Total liabilities</b>	<b>394,630</b>	<b>440,354</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,166,657</b>	<b>1,208,651</b>
<b>Net Assets per share (RM)</b>	<b>3.37</b>	<b>3.35</b>

(The Condensed Consolidated Statement of Financial Position shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 MAR 2017

	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 2017	768,297	240,000	6,936	(16,598)	22,904	515,055
Purchase of treasury shares	(510)	-	-	(510)	-	-
Total comprehensive income	4,240	-	-	-	-	4,240
Dividends	-	-	-	-	-	-
Closing balance at 31 March 2017	772,027	240,000	6,936	(17,108)	22,904	519,295
Opening balance at 01 January 2016	761,670	240,000	6,936	(16,354)	19,547	511,541
Purchase of treasury shares	-	-	-	-	-	-
Total comprehensive income	17,271	-	-	-	-	17,271
Dividends	-	-	-	-	-	-
Closing balance at 31 March 2016	778,941	240,000	6,936	(16,354)	19,547	528,812

(The Condensed Consolidated Statement of Changes in Equity shall be read in conjunction with the Annual Financial Report for the year end 31 December 2016, 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 MARCH 2017

	03 MONTHS ENDED	
	31 MAR 2017	31 MAR 2016
	Unaudited	Unaudited
	RM '000	RM '000
<b>Operating Activities</b>		
Profit Before Tax	5,421	22,393
<b>Adjustments for :</b>		
Interest income	(600)	(605)
Interest expense	1,567	1,125
Amortisation of prepaid lease payments	839	811
Depreciation of property, plant and equipment	10,142	9,939
(Gain) / Loss on disposal of property, plant and equipment	(183)	28
Write down of property, plant and equipment	206	7
Gain on foreign currency exchange : realised	(774)	(332)
Gain on foreign currency exchange : unrealised	(3,118)	(11,484)
<b>Total adjustments</b>	<b>8,079</b>	<b>(511)</b>
Operating cash flow before changes in working capital	13,500	21,882
<b>Changes in working capital</b>		
Decrease in inventories	17,543	26,614
Increase in trade and other receivables	(10,335)	(6,236)
Decrease in trade and other payables	(13,350)	(11,774)
<b>Total changes in working capital</b>	<b>(6,142)</b>	<b>8,604</b>
Interest received	600	605
Interest paid	(1,567)	(1,125)
Income taxes paid	(2,152)	(5,533)
	(3,119)	(6,053)
<b>Net cash flows generated from operating activities</b>	<b>4,239</b>	<b>24,433</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(3,669)	(3,707)
Proceed from disposal of property, plant and equipment	23	44
<b>Net cash used in investing activities</b>	<b>(3,646)</b>	<b>(3,663)</b>
<b>Financing Activities</b>		
Dividends paid	(11,464)	(11,469)
Purchase of treasury shares	(510)	-
Decrease in loans and borrowings	(17,911)	(19,453)
<b>Net cash used in financing activities</b>	<b>(29,885)</b>	<b>(30,922)</b>
Net increase in cash and cash equivalents	(29,292)	(10,152)
Cash and cash equivalents at beginning of period	150,058	144,235
<b>Cash and cash equivalents at end of period</b>	<b>120,766</b>	<b>134,083</b>

(The Condensed Consolidated Statement of Cash Flow shall be read in conjunction with the Annual Financial Report for the year ended 31 December 2016, 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 First Quarter ended 31 March 2017.**

**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 26 May 2017.

**2. BASIS OF PREPARATION**

The condensed consolidated interim financial statements, for the period ended 31 March 2017, 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 2016.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016.

**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 current quarter has been prepared based on the geographical location as follows:

**SEGMENTAL INFORMATION**- By geographical area  
31 MARCH 2017

	Malaysia Operation RM '000	Vietnam Operation RM '000	Other Operation RM '000	Eliminations RM '000	Total RM '000
<b>Segment Revenue</b>					
External sales	109,299	19,770	13,541		142,610
Inter-segment sales	4,591	3,901	457	(8,949)	-
	113,890	23,671	13,998	(8,949)	142,610
<b>Segment Results</b>					
Interest income	584	2	14		600
Depreciation & amortisation	8,093	2,317	571		10,981
Profit / (Loss) before tax	7,089	(1,151)	(47)	(479)	5,412
<b>Segment Assets</b>					
Total asset	892,961	212,755	60,941	-	1,166,657
<b>Segment Liabilities</b>					
Total liabilities	299,444	84,780	10,406	-	394,630

**SEGMENTAL INFORMATION**- By geographical area  
31 MARCH 2016

	Malaysia Operation RM '000	Vietnam Operation RM '000	Other Operation RM '000	Eliminations RM '000	Total RM '000
<b>Segment Revenue</b>					
External sales	128,632	22,466	18,632		169,730
Inter-segment sales	7,575	2,704	1,756	(12,035)	-
	136,207	25,170	20,388	(12,035)	169,730
<b>Segment Results</b>					
Interest income	589	6	10		605
Depreciation & amortisation	8,014	2,181	555		10,750
Profit / (Loss) before tax	22,157	(277)	1,523	(1,010)	22,393
<b>Segment Assets</b>					
Total asset	961,312	205,177	72,496	-	1,238,985
<b>Segment Liabilities</b>					
Total liabilities	317,463	131,590	10,991	-	460,044

## 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		03 MONTHS ENDED	
	31 MAR 2017 RM '000	31 MAR 2016 RM '000	31 MAR 2017 RM '000	31 MAR 2016 RM '000
Interest income	(600)	(605)	(600)	(605)
Interest expense	1,567	1,125	1,567	1,125
Amortisation of prepaid lease payments	839	811	839	811
Depreciation of property, plant and equipment	10,142	9,939	10,142	9,939
(Gain) / Loss on disposal of property, plant and equipment	(183)	28	(183)	28
Write down of property, plant and equipment	206	7	206	7
(Written-back) / Written down of inventories	-	-	-	-
Gain on foreign currency exchange : realised	(774)	(332)	(774)	(332)
Gain on foreign currency exchange : unrealised	(3,118)	(11,484)	(3,118)	(11,484)

## 9. INCOME TAX EXPENSE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	03 MONTHS ENDED		03 MONTHS ENDED	
	31 MAR 2017 RM '000	31 MAR 2016 RM '000	31 MAR 2017 RM '000	31 MAR 2016 RM '000
Current Tax:				
Malaysian Income Tax	1,906	6,899	1,906	6,899
Foreign Tax	26	(277)	26	(277)
	1,932	6,622	1,932	6,622
Deferred Tax	(750)	(1,500)	(750)	(1,500)
	1,182	5,122	1,182	5,122

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		03 MONTHS ENDED	
	31 MAR 2017	31 MAR 2016	31 MAR 2017	31 MAR 2016
Profit net of tax attributable to owners of the parent used in the computation of earning per share (RM'000)	4,230	17,271	4,230	17,271
Weighted average number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Treasury shares	10,998	10,625	10,998	10,625
Net Weighted average number of ordinary shares in issue ('000)	229,002	229,375	229,002	229,375
Basic earnings per share (sen per share)	1.85	7.53	1.85	7.53

## 11. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2017, the Group acquired assets at a cost of RM 3.70 million (31 March 2016 : RM 3.71 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 MAR 2017 RM '000	31 MAR 2016 RM '000
Cash on hand and at banks	48,938	48,799
Short term deposits with banks	71,828	85,284
<b>Total Cash and Cash Equivalents</b>	<b>120,766</b>	<b>134,083</b>

### 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

There is no movement of share capital, share premium and treasury shares for the current quarter.

Details of the treasury shares as at 31 March 2017 are as follows:-

Month	No. of shares purchased	Purchase Price		Average Price	Total Consideration
		Highest RM	Lowest RM		
Balance as at 31-03-17	10,998,400	2.5000	0.9200	1.5464	17,107,951

## 16. INTEREST-BEARING LOANS AND BORROWINGS

	31 MAR 2017 RM '000	31 MAR 2016 RM '000
Secured	-	16,373
Unsecured	212,107	212,125
Short-term borrowings	212,107	228,498
Secured	1,004	2,182
Unsecured	13,000	-
Long-term borrowings	14,004	2,182
Secured	1,004	18,555
Unsecured	225,107	212,125
<b>Total borrowings</b>	<b>226,111</b>	<b>230,680</b>

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 40.8 million (equivalent of RM 181.3 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.

No interim dividend has been declared for the current quarter ended 31 March 2017 (31 March 2016: Nil).

However, at the Annual General Meeting on 26 May 2017, a final tax exempt dividend of 5 sen per share (Year 2015: 5 sen) amounting to RM11.5 million, in respect of the financial year ended 31 December 2016 has been approved by the shareholders. The total tax-exempt dividend for the financial year of 2016 would be amounting to 10 sen per share (Year 2015: 10 sen per share). The financial statements for the current quarter do not reflect this approved dividend

## 19. COMMITMENT

	31 MAR 2017 RM '000	31 MAR 2016 RM '000
<b>Capital expenditure :-</b>		
Approved and contracted for		
Property, plant and equipment	11,600	15,000
Approved but not contracted for		
Property, plant and equipment	2,000	10,000
<b>Total Commitment</b>	<b>13,600</b>	<b>25,000</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 3 months period ended 31 March 2017 and 31 March 2016 as well as the balances with the related parties as at 31 March 2017 and 31 December 2016.

<b>Key Management Personnel of the Group : Directors' interest</b>		Sales to related parties RM '000	Purchases from related parties RM '000	Amounts owed by related parties RM '000	Amounts owed to related parties RM '000
White Horse Ceramic Co Ltd	2017	567	-	1,752	-
	2016	2,037	-	2,615	-
Teobros Ceramica Sdn Bhd	2017	6,603	63	25,501	94
	2016	8,822	85	24,840	28
White Horse Investment (S) Pte Ltd	2017	-	-	-	78,350
	2016	-	-	-	74,748

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**

The revenue, gross profit and profit before tax had reduced by 16%, 25% and 76% respectively as compared to the same corresponding period of last year.

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

The lower gross profit was mainly due to the lower sales volume coupled with the high production and overhead costs.

The reduced profit before tax is due to slow market demand, high production and operating costs and also the lower unrealized foreign exchange gain.

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

The profit before tax of RM 5.4 million for the current quarter is 10% lower than the immediate preceding quarter mainly due to the lower sales volume achieved in the first quarter of the year, which is a norm in the ceramic tiles industry.

### **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 March 2017 and 31 December 2016 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 Mar 2017 RM '000	Previous Financial Year Ended 31 Dec 2016 RM '000
Total retained profits of White Horse Berhad and its subsidiaries		
- Realised	520,469	521,805
-Unrealised	(17,393)	(21,517)
	503,076	500,288
Add : Consolidation adjustments	16,219	14,767
Total group retained profits as per financial statement	519,295	515,055

### 33. AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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