

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 1032102-P

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016

Contents

| | Page |
|--|------|
| Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income..... | 1 |
| Unaudited Condensed Consolidated Statement of Financial Position..... | 2 |
| Unaudited Condensed Consolidated Statement of Changes in Equity..... | 3 |
| Unaudited Condensed Consolidated Statement of Cash Flows..... | 4 |
| Notes to the Condensed Financial Statements | 5 |

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31 December 2016

(The figures have not been audited)

| | Notes | Individual Quarter | | Cumulative Quarter | |
|--|------------|--|--|--|--|
| | | Current Year Quarter 31 Dec 2016 RM'000 | Preceding Year Quarter 31 Dec 2015 RM'000 | Current Year To Date 31 Dec 2016 RM'000 | Preceding Year To Date 31 Dec 2015 RM'000 |
| REVENUE | | 26,661 | 25,624 | 102,023 | 107,880 |
| COST OF SALES | | (16,810) | (16,077) | (63,666) | (67,329) |
| GROSS PROFIT | | 9,851 | 9,547 | 38,357 | 40,551 |
| OTHER OPERATING INCOME | | 85 | 153 | 436 | 512 |
| | | 9,936 | 9,700 | 38,793 | 41,063 |
| SELLING AND DISTRIBUTION EXPENSES | | (271) | (535) | (1,001) | (1,244) |
| ADMINISTRATIVE EXPENSES | | (5,443) | (5,836) | (21,331) | (20,565) |
| FINANCE COSTS | | (1,051) | (946) | (2,866) | (2,443) |
| PROFIT BEFORE TAXATION | B5 | 3,171 | 2,383 | 13,595 | 16,811 |
| TAXATION | B6 | (756) | 554 | (2,649) | (726) |
| PROFIT AFTER TAXATION | | 2,415 | 2,937 | 10,946 | 16,085 |
| OTHER COMPREHENSIVE INCOME, NET OF TAX | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD | | 2,415 | 2,937 | 10,946 | 16,085 |
| PROFIT AFTER TAXATION ATTRIBUTABLE TO:- | | | | | |
| - Owners of the Company | | 2,410 | 2,894 | 10,863 | 15,957 |
| - Non-Controlling interests | | 5 | 43 | 83 | 128 |
| | | 2,415 | 2,937 | 10,946 | 16,085 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- | | | | | |
| - Owners of the Company | | 2,410 | 2,894 | 10,863 | 16,085 |
| - Non-Controlling interests | | 5 | 43 | 83 | 128 |
| | | 2,415 | 2,937 | 10,946 | 16,085 |
| Earnings per share (sen) attributable to Owners of the Company:- | | | | | |
| - Basic | B13 | 1.34 | 1.61 | 6.04 | 9.71 |
| - Diluted | | N/A | N/A | N/A | N/A |

Notes:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

N/A - Not applicable.

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2016

| | Notes | Unaudited As At 31 Dec 2016 RM'000 | Audited As at 31 Dec 2015 RM'000 |
|--|-----------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 178,256 | 127,648 |
| Other investment | | 8,066 | - |
| | | <u>186,322</u> | <u>127,648</u> |
| CURRENT ASSETS | | | |
| Inventories | | 519 | 864 |
| Trade receivables | | 27,713 | 24,844 |
| Other receivables, deposits and prepayments | | 3,560 | 2,257 |
| Tax recoverable | | 4,264 | 3,348 |
| Deposit with financial institutions | | 22 | 10,022 |
| Cash and bank balances | | 6,646 | 14,613 |
| | | <u>42,724</u> | <u>55,948</u> |
| TOTAL ASSETS | | <u>229,046</u> | <u>183,596</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 90,000 | 90,000 |
| Share premium | | 6,452 | 6,452 |
| Merger deficit | | (68,979) | (68,979) |
| Revaluation reserve | | 18,139 | 18,139 |
| Retained profits | | 90,088 | 81,925 |
| ATTRIBUTABLE TO OWNERS OF THE COMPANY | | <u>135,700</u> | <u>127,537</u> |
| NON-CONTROLLING INTERESTS | | <u>588</u> | <u>505</u> |
| TOTAL EQUITY | | <u>136,288</u> | <u>128,042</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | B9 | 61,010 | 33,872 |
| Deferred tax liabilities | | 5,116 | 4,516 |
| | | <u>66,126</u> | <u>38,388</u> |
| CURRENT LIABILITIES | | | |
| Trade payables | | 7,843 | 5,333 |
| Other payables and accruals | | 5,106 | 6,505 |
| Provision for taxation | | 2,049 | 24 |
| Short term borrowings | B9 | 11,634 | 5,304 |
| | | <u>26,632</u> | <u>17,166</u> |
| TOTAL LIABILITIES | | <u>92,758</u> | <u>55,554</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>229,046</u> | <u>183,596</u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽¹⁾ | | <u>0.75</u> | <u>0.71</u> |

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

(1) - Based on the issued and paid-up share capital of 180,000,000 ordinary shares.

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 1032102-P

Unaudited Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 December 2016

| | -----Attributable to equity holders of the Company----- | | | | | | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|-------------------------|--------------------------|-------------------------------|----------------------------|-----------------|-------------------------------------|------------------------|
| | <-----Non-Distributable-----> | | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Merger Deficit RM'000 | Revaluation Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | | |
| As at 1 January 2016 | 90,000 | 6,452 | (68,979) | 18,139 | 81,925 | 127,537 | 505 | 128,042 |
| Total comprehensive income for the period | - | - | - | - | 10,863 | 10,863 | 83 | 10,946 |
| Dividend paid | - | - | - | - | (2,700) | (2,700) | - | (2,700) |
| As at 31 December 2016 | 90,000 | 6,452 | (68,979) | 18,139 | 90,088 | 135,700 | 588 | 136,288 |

| | -----Attributable to equity holders of the Company----- | | | | | | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|-------------------------|--------------------------|-------------------------------|----------------------------|-----------------|-------------------------------------|------------------------|
| | <-----Non-Distributable-----> | | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Merger Deficit RM'000 | Revaluation Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | | |
| As at 1 January 2015 | # | - | - | - | (247) | (247) | - | (247) |
| Effect arising from merger | 71,109 | - | (68,979) | 18,139 | 66,215 | 86,484 | 377 | 86,861 |
| Issue of shares | 18,891 | 7,556 | - | - | - | 26,447 | - | 26,447 |
| Share issuance expenses | - | (1,104) | - | - | - | (1,104) | - | (1,104) |
| Total comprehensive income for the period | - | - | - | - | 15,957 | 15,957 | 128 | 16,085 |
| As at 31 December 2015 | 90,000 | 6,452 | (68,979) | 18,139 | 81,925 | 127,537 | 505 | 128,042 |

Notes:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

- Represents RM3.

Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 31 December 2016

| | Current Year To Date 31 Dec 2016 RM'000 | Preceding Year To Date 31 Dec 2015 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 13,595 | 16,811 |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 7,057 | 5,337 |
| Gain on disposal of property, plant and equipment | (133) | (6) |
| Interest expense | 2,703 | 2,364 |
| Interest income | (378) | (330) |
| Listing expenses | - | 122 |
| Reversal of impairment losses on trade receivables | - | (34) |
| Operating profit before working capital changes | <u>22,844</u> | <u>24,264</u> |
| Decrease / (Increase) in inventories | 346 | (90) |
| (Increase) / Decrease in trade and other receivables | (4,170) | 2,361 |
| Increase / (Decrease) in trade and other payables | <u>1,111</u> | <u>(4,228)</u> |
| CASH FROM OPERATIONS | <u>20,131</u> | <u>22,307</u> |
| Tax paid | (2,385) | (2,780) |
| Tax refund | 1,445 | 152 |
| Interest paid | <u>(2,703)</u> | <u>(55)</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u>16,488</u> | <u>19,624</u> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Interest received | 378 | 330 |
| Purchase of property, plant and equipment | (57,933) | (20,787) |
| Proceeds from disposal of property, plant and equipment | 400 | 35 |
| Purchase of other investment | <u>(8,066)</u> | <u>-</u> |
| NET CASH FOR INVESTING ACTIVITIES | <u>(65,221)</u> | <u>(20,422)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of listing expenses | - | (1,227) |
| Net drawdown /(repayment) of bankers' acceptance | 2,612 | (5,439) |
| Drawdown of term loan | 35,825 | 8,564 |
| Drawdown of hire purchases payables | 168 | - |
| Proceeds from issuance of shares | - | 26,447 |
| Interest expenses | - | (2,309) |
| Dividend paid | (2,700) | - |
| Repayment of hire purchase payables | (190) | (360) |
| Repayment of term loans | <u>(4,949)</u> | <u>(7,772)</u> |
| NET CASH FROM FINANCING ACTIVITIES | <u>30,766</u> | <u>17,904</u> |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | <u>(17,967)</u> | <u>17,106</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | <u>24,621</u> | <u>7,515</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | <u>6,654</u> | <u>24,621</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:- | | |
| - Deposit with financial institutions | 22 | 10,022 |
| - Cash and bank balances | <u>6,646</u> | <u>14,613</u> |
| | <u>6,668</u> | <u>24,635</u> |
| Less: Fixed deposits pledged with licensed banks | <u>(14)</u> | <u>(14)</u> |
| | <u>6,654</u> | <u>24,621</u> |

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

Interim Financial Report for the Period Ended 31 December 2016

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these audited financial statements.

The Group has adopted merger accounting method for the preparation of this Interim Financial Statements.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those adopted as disclosed in the financial statements for the year ended 31 December 2015 except for the adoption of the following :-

| MFRSs (Including The Consequential Amendments) | Effective Date |
|--|----------------------------|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) | 1 January 2018 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| MFRS 16 Leases | 1 January 2019 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018 |
| Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Defer until further notice |
| Amendments to MFRS 15: Effective Date of MFRS 15 | 1 January 2018 |
| Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’ | 1 January 2018 |
| Amendments to MFRS 107: Disclosure Initiative | 1 January 2017 |
| Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |
| Amendments to MFRS 140 – Transfers of Investment Property | 1 January 2018 |
| Annual Improvements to MFRS Standards 2014 – 2016 Cycles: | |
| • Amendments to MFRS 12: Clarification of the Scope of Standard | 1 January 2017 |
| Annual Improvements to MFRS Standards 2014 – 2016 Cycles: | |
| • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters | |
| • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value | 1 January 2018 |

The above accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

Interim Financial Report for the Period Ended 31 December 2016

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015.

A4. Seasonal or Cyclical Factors

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors.

A5. Item of Unusual Nature

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter except for those disclosed in Note B7.

A8. Dividend Paid

An interim dividend of 1.50 sen per share amounting to RM2,700,000 in respect of the financial year ended 31 December 2015 was paid on 28 March 2016.

No dividend was paid by the Company in the current financial quarter.

Interim Financial Report for the Period Ended 31 December 2016

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A9. Segmental Information

The Group has three reportable segments as shown below, which are the Group's strategic business units in two principal geographical areas. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Business activities

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|--|
| | Current Year Quarter 31 Dec 2016 RM'000 | Preceding Year Quarter 31 Dec 2015 RM'000 | Current Year To Date 31 Dec 2016 RM'000 | Preceding Year To Date 31 Dec 2015 RM'000 |
| <u>Revenue</u> | | | | |
| Land transport operations | 24,598 | 24,480 | 95,404 | 99,056 |
| Warehousing and distribution operations | 1,954 | 984 | 6,475 | 8,559 |
| Other services | 109 | 160 | 144 | 265 |
| Total | 26,661 | 25,624 | 102,023 | 107,880 |
| <u>Profit before tax</u> | | | | |
| Land transport operations | 2,580 | 2,150 | 11,392 | 13,834 |
| Warehousing and distribution operations | 584 | 202 | 2,190 | 2,889 |
| Other services | 7 | 31 | 13 | 88 |
| Total | 3,171 | 2,383 | 13,595 | 16,811 |

Geographical area

| | Individual Quarter | | Cumulative Quarter | |
|----------------|--|--|--|--|
| | Current Year Quarter 31 Dec 2016 RM'000 | Preceding Year Quarter 31 Dec 2015 RM'000 | Current Year To Date 31 Dec 2016 RM'000 | Preceding Year To Date 31 Dec 2015 RM'000 |
| <u>Revenue</u> | | | | |
| Malaysia | 24,570 | 24,070 | 95,582 | 98,770 |
| Singapore | 2,091 | 1,554 | 6,441 | 9,110 |
| Total | 26,661 | 25,624 | 102,023 | 107,880 |

Interim Financial Report for the Period Ended 31 December 2016

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A10. Capital Commitments

Capital commitments for property, plant and equipment not provided for as at 31 December 2016 are as follows:-

| | RM'000 |
|---------------------------------|---------------|
| Approved and contracted for: | |
| - Property, plant and equipment | 10,717 |

A11. Material Events Subsequent To the End of Interim Period

There were no material events that have occurred subsequent to the end of the current financial quarter from 1 January 2017 to the date of this report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A13. Contingent Liabilities or Contingent Assets

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

| | RM'000 |
|--|---------------|
| Unsecured: | |
| Corporate guarantee given to licensed bank for credit facilities granted to subsidiary | 42,321 |

Interim Financial Report for the Period Ended 31 December 2016

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B1. Review of Performance of the Group

For the 3-month period ended 31 December 2016, the Group recorded a revenue of approximately RM26.66 million and profit before tax of approximately RM3.17 million. The revenue was mainly derived from land transport operations which accounted for approximately 92.26% of the Group's revenue. The Group's revenue from land transport operations comprises cargo transportation services and container haulage services.

For the 3-month period ended 31 December 2016, cargo transportation services accounted for approximately 55.26% of the Group's total revenue and approximately 49.19% of the Group's total PBT whilst container haulage services accounted for approximately 37.00% of the Group's total revenue and approximately 32.17% of the Group's total PBT. In aggregate, land transport operations accounted for approximately 92.26% of the Group's total revenue and 81.36% of the Group's total PBT. The increase in the revenue generated from land transport operations as compared to the previous year corresponding quarter was due mainly to the increase in the revenue generated from cargo transportation services and project cargo amounting to approximately RM0.12 million.

Warehousing and distribution operations accounted for approximately 7.33% of the Group's total revenue and 18.42% of the Group's total PBT for the 3-month period ended 31 December 2016. The period of warehousing varies between customers and the warehousing rental rate is charged based on a weekly or monthly basis. For the financial quarter under review, rental rate of the warehousing services has remained relatively constant. The increase in revenue from warehousing and distribution operations as compared to the previous year corresponding quarter was due mainly to the addition of new customers which has contributed approximately RM0.97 million to the Group's total revenue.

Revenue derived from other services which comprise freight forwarding and customs brokerage services as well as manufacturing and fabrication of trailers accounted for approximately 0.41% of the Group's total revenue and 0.22% of the Group's total PBT for the 3-month period ended 31 December 2016.

B2. Variation of Quarterly Results Compared To the Results of the Preceding Quarter

| | 3 Months Ended | | Deviation | |
|-------------------------|----------------|-------------|-----------|---------|
| | 30 Sep 2016 | 31 Dec 2016 | Amount | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 27,109 | 26,661 | (448) | (1.65) |
| Profit After Tax | 3,032 | 2,415 | (617) | (20.35) |

The Group's revenue decreased by 1.65% from approximately RM27.11 million recorded in the immediate preceding financial quarter to approximately RM26.66 million in the current financial quarter. Profit after tax of the Group decreased by 20.35% from approximately RM3.03 million in the previous financial quarter to approximately RM2.42 million in the current financial quarter. The decrease in profit after tax as compared to the preceding quarter was due mainly to the decrease in revenue and higher term loan interest incurred as a result of term loan obtained to part finance the acquisition of the land.

Interim Financial Report for the Period Ended 31 December 2016

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B3. Prospects of the Group

The Group has in place a business expansion plan moving forward, focused on the following:

- Expansion of the Group's fleet of vehicles;
- Enhance the warehousing facilities of the Group; and
- Setting-up a new external haulage division in Klang Valley and Penang.

Barring any unforeseen circumstances, the Board is optimistic about the Group's performance but cautious of the uncertain global economic conditions for the financial year ending 31 March 2017.

B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|--|
| | Current Year Quarter 31 Dec 2016 RM'000 | Preceding Year Quarter 31 Dec 2015 RM'000 | Current Year To Date 31 Dec 2016 RM'000 | Preceding Year To Date 31 Dec 2015 RM'000 |
| Depreciation of property, plant and equipment | 1,898 | 1,490 | 7,057 | 5,337 |
| Loss / (Gain) on foreign exchange | 6 | (4) | 14 | (46) |
| Interest expense | 983 | 908 | 2,703 | 2,364 |
| Interest income | (69) | (117) | (378) | (330) |
| Gain on disposal of property, plant and equipment | - | - | (133) | (6) |
| | | | | |

Save for the above, the other items as required under Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

Interim Financial Report for the Period Ended 31 December 2016

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B6. Income Tax Expense

| | Individual Quarter | | Cumulative Quarter | |
|---------------------|--------------------|----------------|--------------------|----------------|
| | Current Year | Preceding Year | Current Year | Preceding Year |
| | Quarter | Quarter | To Date | To Date |
| | 31 Dec 2016 | 31 Dec 2015 | 31 Dec 2016 | 31 Dec 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income Tax | | | | |
| Current tax expense | 756 | (554) | 2,049 | 682 |
| Deferred tax | - | - | 600 | 44 |
| | 756 | (554) | 2,649 | 726 |

The effective tax rate for the current financial quarter and financial year-to-date is lower than the statutory tax rate of 24% as the Company has been granted investment tax allowance of 60% in respect of qualifying capital expenditure incurred for the period of 5 years from 18 March 2011 until 17 March 2016.

B7. Status of Corporate Proposals

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

B8. Utilisation of IPO Proceeds

The status of utilisation of the proceeds of approximately RM26.45 million from the IPO as at 31 December 2016 are as follows:

| Details of the utilisation of proceeds | Proposed utilisation | Revised utilisation | Actual utilisation | Balance unutilised | Balance unutilised | Estimated timeframe for utilisation from the date of Listing |
|--|----------------------|----------------------|--------------------|--------------------|--------------------|--|
| | RM'000 | RM'000 | RM'000 | RM'000 | % | |
| Business expansion | | | | | | |
| - Construction of new warehouse | 4,750 | 4,750 | 4,750 | - | - | Within six (6) months |
| - Expansion of fleet of vehicles | 11,355 | 11,355 | 11,355 | - | - | Within twenty four (24) months |
| Repayment of bank borrowings | 3,750 | 3,750 | 3,750 | - | - | Within six (6) months |
| Working capital | 3,081 | 5,364 ^(a) | 5,364 | - | - | Within twenty four (24) months |
| Estimated listing expenses | 3,511 | 1,228 ^(a) | 1,228 | - | - | Within three (3) months |
| Total | 26,447 | 26,447 | 26,447 | - | - | |

Note:

(a) The excess allocation of IPO proceeds for estimated listing expenses have been re-allocated to working capital of the Group.

Interim Financial Report for the Period Ended 31 December 2016

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B9. Group Borrowings

The Group's borrowings as at 31 December 2016 are as follows:

| | Unaudited As At 31 Dec 2016 RM'000 | Audited As at 31 Dec 2015 RM'000 |
|------------------------------|---|---|
| <u>Long term borrowings</u> | | |
| <i>Secured:</i> | | |
| Term loans | 60,813 | 33,811 |
| Hire purchase | 197 | 61 |
| | <u>61,010</u> | <u>33,872</u> |
| <u>Short term borrowings</u> | | |
| <i>Secured:</i> | | |
| Term loans | 9,010 | 5,133 |
| Hire purchase | 12 | 171 |
| Banker acceptance | 2,612 | - |
| | <u>11,634</u> | <u>5,304</u> |
| Total borrowings | <u>72,644</u> | <u>39,176</u> |

B10. Material Litigation

The Group does not have any material litigation and the Directors are not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

B11. Dividends

No dividend was declared for the financial quarter under review.

An interim dividend of 1.50 sen per share amounting to RM2,700,000 in respect of the financial year ended 31 December 2015 was paid on 28 March 2016.

Total dividend paid for the current year to-date was RM2,700,000.

B12. Realised and Unrealised Profits

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

| | Unaudited As At 31 Dec 2016 RM'000 | Audited As at 31 Dec 2015 RM'000 |
|-------------------------|---|---|
| Total retained earnings | | |
| - realised | 84,972 | 77,409 |
| - unrealised | 5,116 | 4,516 |
| | <u>90,088</u> | <u>81,925</u> |

Interim Financial Report for the Period Ended 31 December 2016

Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

B13. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year to date are computed as follows:-

| | Individual Quarter | | Cumulative Quarter | |
|--|--|--|--|--|
| | Current Year Quarter 31 Dec 2016 RM'000 | Preceding Year Quarter 31 Dec 2015 RM'000 | Current Year To Date 31 Dec 2016 RM'000 | Preceding Year To Date 31 Dec 2015 RM'000 |
| Profit for the period attributable to owners of the Company | <u>2,410</u> | <u>2,894</u> | <u>10,863</u> | <u>15,957</u> |
| Weighted average number of ordinary shares of RM0.50 each in issued ('000) | <u>180,000</u> | <u>180,000</u> | <u>180,000</u> | <u>164,257</u> |
| Basic earnings per share (sen) | <u>1.34</u> | <u>1.61</u> | <u>6.04</u> | <u>9.71</u> |

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.