



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER (UNAUDITED) 30.06.2017	PRECEDING YEAR CORRESPONDING QUARTER (UNAUDITED) 30.06.2016	CURRENT YEAR TO DATE (UNAUDITED) 30.06.2017	PRECEDING YEAR CORRESPONDING PERIOD (UNAUDITED) 30.06.2016
Revenue	A7	205,257	183,521	404,445	363,191
Cost of goods sold		(172,733)	(157,574)	(340,248)	(306,026)
<b>Gross profit</b>		32,524	25,947	64,197	57,165
Other income		(395)	3,630	1,058	4,753
Selling and distribution expenses		(8,202)	(6,865)	(15,535)	(13,106)
Administrative expenses		(7,070)	(5,767)	(14,632)	(12,961)
Other expenses		(35)	1,068	(1,787)	(2,276)
<b>Results from operating activities</b>	B5	16,822	18,013	33,301	33,575
Interest income		708	453	1,233	835
Finance costs		(477)	(397)	(783)	(626)
<b>Profit before tax</b>	A7	17,053	18,069	33,751	33,784
Tax expense	B6	(2,953)	(3,068)	(6,224)	(5,057)
<b>Profit for the period</b>		14,100	15,001	27,527	28,727
<b>Other comprehensive income/(expense), net of tax</b>					
Fair value of available-for-sale financial assets		-	(5)	-	(5)
Foreign currency translation differences for foreign operation:		(1,372)	503	(1,978)	(7,463)
<b>Total comprehensive income for the period</b>		12,728	15,499	25,549	21,259
<b>Profit attributable to:</b>					
Owners of the Company		13,766	14,529	26,849	27,595
Non-controlling interests		334	472	678	1,132
		14,100	15,001	27,527	28,727
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		12,394	15,027	24,871	20,127
Non-controlling interests		334	472	678	1,132
		12,728	15,499	25,549	21,259
<b>Earnings per ordinary share (sen)</b>					
- Basic	B15	10.97	13.81	21.40	26.22
- Diluted	B15	7.98	11.89	15.56	22.59

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	UNAUDITED AS AT 30.06.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
<b>ASSETS</b>			
Property, plant and equipment	A8	139,318	138,905
Prepaid lease payments		21,024	12,684
Intangible asset		222	222
Other investments		567	567
Deferred tax assets		673	1,113
Fixed deposit with a licensed bank		30	30
<b>Total non-current assets</b>		161,834	153,521
Inventories		156,308	157,059
Trade and other receivables		174,689	156,034
Current tax assets		680	587
Cash and cash equivalents		136,931	152,610
<b>Total current assets</b>		468,608	466,290
<b>TOTAL ASSETS</b>		630,442	619,811
<b>EQUITY</b>			
* Share capital		135,731	118,307
Reserves		322,912	311,606
<b>Total equity attributable to owners of the Company</b>		458,643	429,913
<b>Non-controlling interests</b>		9,048	8,370
<b>Total equity</b>		467,691	438,283
Long term borrowings		7,701	11,372
Deferred tax liabilities		6,492	6,431
<b>Total non-current liabilities</b>		14,193	17,803
Short term borrowings		67,172	45,368
Trade and other payables		78,940	117,468
Current tax liabilities		2,446	889
<b>Total current liabilities</b>		148,558	163,725
<b>Total LIABILITIES</b>		162,751	181,528
<b>TOTAL EQUITY AND LIABILITIES</b>		630,442	619,811
<b>Net Assets per share attributable to the owners of the Company (RM)</b>		3.82	3.63

\* Total number of shares as at 30 June 2017 is 128,572,710

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

# QUARTERLY REPORT

FOR THE SECOND QUARTER ENDED 30 JUNE 2017



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Distributable Retained earnings	Total	Non- controlling interests	Total equity
	Non-distributable										
	Share capital	Share premium	Equity component of ICULS	Warrant reserve	Translation reserve	Fair value reserve	Statutory reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>6 months year ended 30.06.2016</b>											
<b>At 1 January 2016</b>	105,212	3,946	26,296	17,024	25,837	5	4,141	207,239	389,700	6,796	396,496
Total comprehensive income for the period	-	-	-	-	(7,463)	(5)	-	27,595	20,127	1,132	21,259
Exercise of warrants	59	67	-	(38)	-	-	-	-	88	-	88
<b>At 30 June 2016</b>	<b>105,271</b>	<b>4,013</b>	<b>26,296</b>	<b>16,986</b>	<b>18,374</b>	<b>-</b>	<b>4,141</b>	<b>234,834</b>	<b>409,915</b>	<b>7,928</b>	<b>417,843</b>
<b>6 months year ended 30.06.2017</b>											
<b>At 1 January 2017</b>	118,307	4,762	20,105	16,564	24,008	-	4,141	242,026	429,913	8,370	438,283
Total comprehensive income for the period	-	-	-	-	(1,978)	-	-	26,849	24,871	678	25,549
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note a)	4,762	(4,762)	-	-	-	-	-	-	-	-	-
Exercise of warrants	4,485	-	-	(1,352)	-	-	-	-	3,133	-	3,133
Convertible of ICULS	8,177	-	(4,088)	-	-	-	-	(3,363)	726	-	726
<b>At 30 June 2017</b>	<b>135,731</b>	<b>-</b>	<b>16,017</b>	<b>15,212</b>	<b>22,030</b>	<b>-</b>	<b>4,141</b>	<b>265,512</b>	<b>458,643</b>	<b>9,048</b>	<b>467,691</b>

**Note a**

Pursuant to the Section 618 of Companies Act 2016 ("CA2016") which came into effect on 31 January 2017, the credit amounts in the share premium account has been transferred to the share capital account. The Group may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended	
	UNAUDITED 30.06.2017 RM'000	UNAUDITED 30.06.2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	33,751	33,784
Adjustments for:		
Depreciation of property, plant and equipment	7,561	7,822
Amortisation of prepaid lease payments	254	132
Gain on disposal of property, plant and equipment	(26)	(2,040)
Written off of property, plant and equipment	7	22
Gain on disposal of short term other investment	-	(4)
Interest income	(1,233)	(835)
Interest expense	783	626
Operating profit before changes in working capital	41,097	39,507
Changes in working capital:		
Trade and other receivables	(19,092)	(3,955)
Inventories	258	28,136
Trade and other payables	(38,561)	(1,419)
Cash generated from operations	(16,298)	62,269
Income taxes paid	(4,488)	(1,263)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(20,786)</b>	<b>61,006</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of short term other investments	4	2,523
Acquisition of property, plant and equipment	(7,190)	(17,486)
Additions to prepaid lease payments	(8,803)	(16)
Proceeds from disposal of property, plant and equipment	50	2,087
Interest received	1,233	835
<b>Net cash used in investing activities</b>	<b>(14,706)</b>	<b>(12,057)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Placement of pledged fixed deposit with a licensed bank	-	-
ICULS interest paid	(962)	(1,229)
Dividend paid	-	-
Interest paid	(700)	(626)
Drawdown of revolving credit	2,147	-
Repayment of finance lease liabilities	(1,104)	2
Repayment of term loans, net	(2,295)	(2,433)
Other bank borrowings, net	19,763	(9,567)
Proceeds from conversion of warrants	3,132	88
<b>Net cash from/ (used in) financing activities</b>	<b>19,981</b>	<b>(13,765)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(15,511)</b>	<b>35,184</b>
Effects of exchange rate fluctuations on cash held	(412)	(709)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>151,538</b>	<b>103,026</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>135,615</b>	<b>137,501</b>
<b>REPRESENTED BY:-</b>		
Cash and bank balances	66,846	71,477
Short-term deposits	70,085	66,229
Bank overdrafts	(1,316)	(205)
	<b>135,615</b>	<b>137,501</b>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.



## PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

**A1 Basis of preparation**

This quarterly report is unaudited and is prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") No 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read together with the Group's audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following:

Description	Effective date
Amendments to MFRS 12, Disclosure of Interests in Other Entities	1 January 17
Amendments to MFRS 107, Statement of Cash Flows	1 January 17
Amendments to MFRS 112, Income Taxes	1 January 17

The adoption of the above Amendments and Annual Improvements to standard did not have any material financial impact to the Group.

**A2 Seasonal or cyclical factors**

The cyclical nature of the manufacturing sector is generally correlated to the global economy while seasonally demand will normally peak for the year end festive periods.

**A3 Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date as a consequence of their nature, size or incidence.

**A4 Changes in estimates**

There were no material changes in estimates of amount reported in either the prior interim period of the current financial year or prior financial years that have a material effect on the results during the current quarter and financial year-to-date.

**A5 Debt and equity securities**

There were no issuance or 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 ended 30 June 2017.

**A6 Dividends paid**

There was no dividend paid in the quarter under review.

**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017

**A7 Segment information**

The Group's operations can be divided into two products based operating segments.

Segment information for the year ended 30 June 2017 are as follow:

	<u>Plastic and petroleum products</u> RM'000	<u>Food, beverages and other consumable products</u> RM'000	<u>Consolidated</u> RM'000
<b>2017</b>			
<b>Revenue</b>			
Revenue from external customers	377,437	27,008	404,445
<b>Segment profit</b>	32,377	1,374	33,751
Included in the measure of segment profit is:			
-Depreciation and amortisation	7,320	495	7,815
<b>Segment assets</b>	581,437	48,332	629,769
Included in the measure of segment assets is:			
-Capital expenditure	16,391	814	17,205

Segment information for the year ended 30 June 2016 are as follow:

	<u>Plastic and petroleum products</u> RM'000	<u>Food, beverages and other consumable products</u> RM'000	<u>Consolidated</u> RM'000
<b>2016</b>			
<b>Revenue</b>			
Revenue from external customers	337,810	25,381	363,191
<b>Segment profit</b>	31,053	2,731	33,784
Included in the measure of segment profit is:			
-Depreciation and amortisation	7,597	357	7,954
<b>Segment assets</b>	499,706	45,732	545,438
Included in the measure of segment assets is:			
-Capital expenditure	19,180	3,110	22,290

**A8 Revaluation of property, plant and equipment**

Land and buildings of the Group have not been revalued since certain properties were first revalued in 1995. The Directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standard Board, these assets are stated at their respective valuation less accumulated depreciation.

**A9 Material events subsequent to the end of the financial period**

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements as the date of this report.

**A10 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter ended 30 June 2017.

**A11 Contingent liabilities**

The Company has provided financial support to certain subsidiaries to enable them to continue operating as a going concern.

**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017

**B1 Review of performance**

	Individual quarter			
	30.06.2017 RM'000	30.06.2016 RM'000	Variance RM'000	Variance %
<b>Revenue</b>				
Plastic and petroleum products	191,331	170,805	20,526	12.0
Food, beverages and other consumable products	13,926	12,716	1,210	9.5
<b>Group</b>	<b>205,257</b>	<b>183,521</b>	<b>21,736</b>	<b>11.8</b>
<b>Profit before tax</b>				
Plastic and petroleum products	16,536	16,693	(157)	(0.9)
Food, beverages and other consumable products	517	1,376	(859)	(62.4)
<b>Group</b>	<b>17,053</b>	<b>18,069</b>	<b>(1,016)</b>	<b>(5.6)</b>
<b>Cumulative period</b>				
	30.06.2017 RM'000	30.06.2016 RM'000	Variance RM'000	Variance %
<b>Revenue</b>				
Plastic and petroleum products	377,437	337,810	39,627	11.7
Food, beverages and other consumable products	27,008	25,381	1,627	6.4
<b>Group</b>	<b>404,445</b>	<b>363,191</b>	<b>41,254</b>	<b>11.4</b>
<b>Profit before tax</b>				
Plastic and petroleum products	32,377	31,053	1,324	4.3
Food, beverages and other consumable products	1,374	2,731	(1,357)	(49.7)
<b>Group</b>	<b>33,751</b>	<b>33,784</b>	<b>(33)</b>	<b>(0.1)</b>

*Current Quarter - Revenue*

For the second quarter ended 30 June 2017 (2Q17), the Group registered a revenue of RM205.26 million as compared to RM183.52 million recorded in 30 June 2016 (2Q16). The 12% increase in revenue was mainly due to the increase in sales volume of its plastic products and is mainly from export sales. The Group's food and beverage and consumables (F&B) products also increased by 9.5% contribute to the growth in revenue in 2Q17. This is mainly contributed by the sales of coffee, curry powder and other consumable products.

*Current Quarter - Profit Before Tax (PBT)*

For the second quarter ended 30 June 2017 (2Q17), the Group's plastic products division and F&B division recorded a PBT of RM16.54 million and RM0.52 million respectively as compared to RM16.69 million and RM1.38 million recorded in 2Q16. The profit before tax from its plastic products division was in line with its revenue level. The Group has managed to increase its gross profit margin during the current quarter especially from export sales of premium stretch films, PVC food wrap and industrial bags. However, the PBT of plastic products for 2Q17 of RM16.54 million is lower than the PBT of 2Q16 of RM16.69 million as the 2Q16 PBT includes an amount of RM2.02 million which arise from the gain from disposal of machinery.

For food and beverages and consumable division, despite of an increased in revenue, the division recorded a drop in its profit before tax due mainly to the lower sales in its higher margin products of tea and coffee and also an adjustment downward of its standard costing which caused closing stock to be valued lower.

**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017

*Cumulative Period - Revenue*

For the six months cumulative period, the Group recorded a growth in revenue of 11.7% or RM39.63 million in its plastic products division. The Group also achieved a 6.4% or RM1.63 million growth in its food and beverages division. The total revenue for the six months cumulative period is RM404.45 million as compared to preceding year's corresponding period of RM363.19 million. The increased in revenue was mainly contributed by the increase in sales of its plastic products.

*Cumulative Period - Profit before Tax (PBT)*

The Group's profit before tax for the 6 months cumulative period ended 30 June 2017 increased to RM32.38 million (2016: RM31.05 million) and dropped to RM1.37 million (2016: RM2.73 million) for its plastic products division and food and beverages division respectively. The increase in profit before tax for plastic products division was in line with the increase in revenue and higher margin contributed by export sales. Lower profit before tax in food and beverages division was mainly due to the drop in sales of tea products which contributes higher margin and also an adjustment downward of its standard costing which caused closing stock to be valued lower.

**B2 Comparison with immediate preceding quarter's results**

	Individual quarter ended		Variance RM'000	Variance %
	30.06.2017 RM'000	31.03.2017 RM'000		
Revenue	205,257	199,188	6,069	3.0
Profit before tax	17,053	16,698	355	2.1

Higher revenue recorded as compared to preceding quarter was mainly due to the increase in its sales volume from plastic products division. The increase in profit before tax was in line with the increased in revenue.

**B3 Prospect**

For the second quarter ended 30 June 2017, the Group has continue its double digit growth trend in its sales. The group is scheduled to commission its second nano layer stretch film line and its 8th PVC food wrap line during the current quarter. With the additional capacity coming on stream in the second half of 2017, the Group is optimistic to continue its upward trend in sales volume and profitability.

Barring any unforeseen circumstances, the Group is confident of its continuous growth and contributions from all its business units.

**B4 Variance of actual profit from forecast profit**

Not applicable.



**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017

**B5 Results from operating activities**

Results from operating activities are arrived at:

	Individual quarter		Cumulative period	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
After charging:				
Bad debt written off	-	9	-	15
Depreciation of property, plant and equipment	3,759	4,003	7,561	7,822
Amortisation of prepaid lease payments	126	66	254	132
Property, plant and equipment written off	-	-	7	22
Loss on foreign exchange				
- realised	887	-	-	-
- unrealised	35	-	1,787	2,203
and crediting:				
Gain on disposal of plant and equipment	-	2,021	26	2,040
Gain on foreign exchange				
- realised	-	1,018	302	1,417
- unrealised	-	1,131	-	-
Reversal of impairment loss on receivables	31	2	31	5

**B6 Income tax expense**

	Individual quarter		Cumulative period	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Income tax in respect of				
- Current period	2,858	2,704	5,183	5,236
- Prior year	17	-	769	-
Deferred tax expense	78	364	272	(179)
	<u>2,953</u>	<u>3,068</u>	<u>6,224</u>	<u>5,057</u>

The Group's effective tax rate was lower than the statutory corporate tax rate due to the availability of certain tax incentives to certain subsidiary companies within the group.

**B7 Sale of unquoted investments and/or properties**

There were no sale of unquoted investments for the current financial quarter and financial period-to-date.

**B8 Quoted securities**

There were no purchases or disposals of quoted securities for the current financial quarter and financial period-to-date.

**B9 Status of corporate proposals announced**

There were no material corporate proposals announced and not completed as at date of this report.

**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017



**B10 Group borrowings and debt securities**

**30.06.2017**  
**RM'000**

**Current**

**Secured**

Bankers' acceptances

Finance lease liability

Onshore foreign currency loans

304

612

1,946

2,862

**Unsecured**

Term loans

Revolving credit

Overdrafts

Bankers' acceptances

Onshore foreign currency loans

Foreign currency trust receipt

Liability component of ICULS

3,585

2,147

1,012

3,007

38,367

14,643

1,549

64,310

67,172

**Non-current**

**Secured**

Finance lease liability

1,204

**Unsecured**

Term loans

Liability component of ICULS

4,300

2,197

7,701

The above borrowings are denominated in Ringgit Malaysia except for discounted bills, onshore foreign currency loans and unsecured term loans which are denominated in US Dollar.

**B11 Disclosure of derivatives**

There were no derivatives in the quarter under review.

**B12 Realised and unrealised retained earnings**

	<b>As at 30.06.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Total retained earnings of Thong Guan Industries Berhad and its subsidiaries		
- Realised	281,277	255,447
- Unrealised	(7,606)	(1,169)
	273,671	254,278
Less: Consolidation adjustments	(8,159)	(12,252)
Total group retained earnings	265,512	242,026

**B13 Changes in material litigation**

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

**B14 Dividends**

The final single tier dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2016 was approved at the Company's 22nd Annual General Meeting on 30 May 2017 and will be paid on 18 August 2017 to depositors registered in the Record of Depositor on 28 July 2017.

**QUARTERLY REPORT**

FOR THE SECOND QUARTER ENDED 30 JUNE 2017

**B15 Earnings per ordinary share****(a) Basic earnings per ordinary share**

Basic earnings per ordinary share amounts are calculated by dividing profit attributable to the ordinary equity shareholders by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company.

	Individual quarter		Cumulative period	
	<u>30.06.2017</u>	<u>30.06.2016</u>	<u>30.06.2017</u>	<u>30.06.2016</u>
Profit attributable to ordinary equity owners of the Company (RM'000)	<u>13,766</u>	<u>14,529</u>	<u>26,849</u>	<u>27,595</u>
Weighted average number of ordinary share in issue (units'000)	<u>125,439</u>	<u>105,237</u>	<u>125,439</u>	<u>105,237</u>
Basic earnings per ordinary share (sen)	<u>10.97</u>	<u>13.81</u>	<u>21.40</u>	<u>26.22</u>

**(b) Diluted earnings per ordinary share**

	Individual quarter		Cumulative period	
	<u>30.06.2017</u>	<u>30.06.2016</u>	<u>30.06.2017</u>	<u>30.06.2016</u>
Profit attributable to ordinary equity owners of the Company (RM'000)	<u>13,766</u>	<u>14,529</u>	<u>26,849</u>	<u>27,595</u>
Weighted average number of ordinary share in issue (units'000)	<u>172,583</u>	<u>122,147</u>	<u>172,583</u>	<u>122,147</u>
Diluted earnings per ordinary share (sen)	<u>7.98</u>	<u>11.89</u>	<u>15.56</u>	<u>22.59</u>

The ICULS can only be converted into new TGIB Shares in the second (2nd) anniversary (10 October 2016) of the date of issue of the ICULS.

**B16 Auditors' report on preceding annual financial statements**

There were no qualification on the auditors' report of the Group's most recent annual audited financial statements.

**By Order of the Board**

**Dato' Ang Poon Chuan**  
Managing Director

**DATED THIS 25 AUGUST 2017**