

WHITE HORSE BERHAD (Company No: 455130-X)

Notes to the quarterly report on consolidated results for the FIRST quarter ended 31 Mar 2009.

1. BASIS OF PREPARATION

The interim financial statements have been prepared on a historical basis, except for the freehold land and buildings included within property, plant and equipment that have been stated at their fair values

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting, and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008 and the Group have not opted for any early adoption of the following new FRSs and Issues Committee Interpretations ("IC Interpretations") :

FRS 8 Operating Segments, which is effective for financial period beginning on or after 1 July 2009; and

FRS 4 Insurance Contract;

RS 7 Financial Instruments: Disclosures;

FRS 139 Financial Instruments: Recognition and Measurement;

IC Interpretation 9 Reassessment of Embedded Derivatives, and

IC Interpretation 10 : Interim Financial Reporting and Impairment, which are effective for financial period beginning on or after 1 January 2010.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

4. SEGMENTAL INFORMATION

No segmental financial information has been prepared as the Group's business activities are primarily in the manufacturing and distribution of ceramic tiles, which were also principally conducted in Malaysia.

5. 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.

6. CHANGES IN ESTIMATES

There were no other changes in estimates that had a material effect in the current quarter results.

7. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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 that the business's performance will be improved in the forthcoming quarters.

8. DIVIDENDS PAID

No dividends were paid for the current quarter.

9. CARRYING AMOUNT OF REVALUED ASSETS

Except for the landed property, the valuation of plant and equipment had been brought forward without amendment from the financial statements for the year ended 31 December 2008.

10. DEBT AND EQUITY SECURITIES

During the current financial quarter, the company had purchased its own shares, which were retained as treasury shares and there is no resale or cancellation of the treasury shares.

Details of the share buy-back are as follows :-

<u>Month</u>	<u>No. of Shares Purchased</u>	<u>Purchase Price</u>		<u>Average Price</u>	<u>Total Consideration</u>
		<u>Highest</u>	<u>Lowest</u>		
		RM	RM	RM	RM
Balance b/f	9,738,900	2.5000	0.9200	1.5340	15,025,644
Jan 2009	75,300	1.0900	1.0300	1.0573	80,204
Feb 2009	75,500	1.1000	1.0600	1.0834	82,414
Mar 2009	128,000	1.0900	1.0600	1.0785	139,071
Balance c/f	10,017,700	2.5000	0.9200	1.5212	15,327,333

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial quarter.

12. DISCONTINUED OPERATION

White Horse Ceramic (India) Pte Ltd ("WHID"), a wholly owned subsidiary of White Horse Ceramic Industries Sdn Bhd ("WHC"), a wholly owned subsidiary, had ceased operations and is in the midst of voluntary liquidation.

The discontinuation was due to the change in the marketing strategies and also cost-savings measures. The operations of WHID is relatively smaller scale as compare to the Group, henceforth the discontinuation had little impact on the Group's result as its past performances had been reflected in the financial reporting each year.

In the long run, the discontinuation will contribute positively to the Group's bottom-line due to cost-savings measures.

13. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment and prepaid lease, which are not provided for in the interim financial statements as at 15 May 2009 is as follows:-

Approved :	RM2.0 million
Approved and Contracted for :	<u>RM6.1 million</u>
Total	<u>RM8.1 million</u>

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

All contingent liabilities were made-up of corporate guarantees issued to financial institutions for credit facilities, including the Bank Guarantee, Foreign Exchange Forward Contract and Letter of Credit, utilised by a subsidiary, amounting to RM39.8 million as at 15 May 2009.

15. SUBSEQUENT EVENTS

Other than as disclosed in the Note 10, subsequent to the end of the first quarter, the company had further purchased its own shares as treasury shares as at 15 May 2009, which were not resale or canceled, as shown below :-

Details of the share buy-back are as follows :-

<u>Month</u>	<u>No. of Shares Purchased</u>	<u>Purchase Price</u>		<u>Average Price</u> RM	<u>Total Consideration</u> RM
		<u>Highest</u> RM	<u>Lowest</u> RM		
Balance b/f	10,017,700	2.5000	0.9200	1.5212	15,327,333
Apr 09	10,000	1.1800	1.1800	1.1800	11,886
Balance c/f	10,027,700	2.5000	0.9200	1.5209	15,339,219

16. PERFORMANCE REVIEW

The Group had achieved a turnover of RM101.0 million, a gross profit of RM27.9 million and a profit before tax of RM11.2 million for the current quarter as compared to the same corresponding period of last year of RM102.0 million, RM29.0 million and RM10.9 million respectively.

The turnover and gross profit had reduced by 1% and 4% respectively, mainly due to the stiff market competition. However, the profit before tax had increased by 3% mainly due to the lower borrowing cost resulting from the reduced debt position.

17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAX

The profit before tax of RM11.2 million for the current quarter is 36% lower than the immediate preceding quarter mainly due to the norm of lower sales volume resulting from the festive season for the current quarter.

18. COMMENTARY ON PROSPECTS

The Group anticipates that the results for the next financial quarter will be performing better than the current quarter.

19. PROFIT FORECAST AND PROFIT GUARANTEE

- (a) Profit forecast : Not applicable
- (b) Profit guarantee : Not applicable

20. INCOME TAX EXPENSE

The taxation charge for the Group is as follows: -

	Current quarter	Year to date
	RM'000	RM'000
Income tax	2,199	2,199
Deferred tax	116	116
Total	2,315	2,315

The effective tax rate on the Group's profits is lower than the statutory rate mainly due to the claim of reinvestment allowance by a subsidiary.

21. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and properties for the current quarter.

22. QUOTED SECURITIES

- (a) There were no purchases or sales of quoted securities for the current quarter, except for the above Notes 10 and 15.

- (b) There were no investments in quoted securities, as at the reporting period, except for the above Notes 10 and 15.

23. CORPORATE PROPOSALS

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

24. BORROWINGS

Group borrowings as at 31 March 2009 are as follows:-

- (a) Securities on banks' borrowings were corporate guarantees and negative pledge.
- (b) (i) Short-term borrowings

	RM'000
Unsecured :	
Bankers acceptance	23,327
Fixed Loan	40,000
Total	63,327

- (ii) Hire-purchase creditors

Secured	
Repayments due within 12 months	58
Repayments after 12 month	10
Total	68

- (iii) Long-term borrowings

Unsecured	
Fixed Loan	30,000
Total	30,000

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instrument as at 15 May 2009 was made-up of Bank Guarantee, details of which are shown as follows :-

(1) Bank Guarantee

- (a) The face amount involved is RM15.0 million, and
- (b) It was issued to the Royal Custom of Malaysia, Immigration Department and utilities companies (gas and electricity), including the following :-
- (i) There is no credit and market risk as it is for the operational transaction;
 - (ii) Cash requirement upon presentation of claim, and
 - (iii) Recognition of expenditure, asset and liability upon its settlement.

26. CHANGES IN MATERIAL LITIGATION

White Horse Marketing Sdn Bhd ("WHM"), a wholly-owned subsidiary, was served with a second (2nd) writ of summons on 09 July 2004, as a co-defendant, by a customer claiming damages and losses for allegedly committing a tort of malicious prosecution or tort of abuse of process of court, namely presenting a winding-up petition against the said customer's company for failure to settle a debt due to WHM.

On 24 August 2005, the Deputy Registrar of the High Court has allowed WHM's application summarily to strike out the suit filed by the customer, with costs.

On 15 August 2006, the High Court Judicial Commissioner has allowed the customer's appeal with costs.

On 07 September 2006, WHM had filed a Notice of Appeal to the Court of Appeal, against the said decision.

On 04 May 2009, WHM's appeal came up for hearing before the Court of Appeal. However, as the customer had already been compulsorily wound up by the High Court in Alor Setar, the Official Receiver had requested for a postponement of the hearing of WHM's appeal, so as to enable the Official Receiver to call for a meeting among the contributories and creditors of the customer. The Official Receiver's request was allowed by the presiding Judges of the Court of Appeal on 04 May 2009. The hearing of the appeal is now adjourned to a date to be fixed by the Court of Appeal.

27. DIVIDEND PAYABLE

No interim dividend has been recommended for the current quarter.

However, at the forthcoming Annual General Meeting, a final tax exempt dividend of 7% amounting to RM16.1 million, in respect of the financial year ended 31 December 2008 will be proposed for shareholders' approval.

The financial statements for the current quarter do not reflect this proposed dividend. Upon approval by the shareholders, it will be accounted for in shareholders' equity as an appropriation of retained profits in the current financial year.

28. EARNINGS PER SHARE

The basic earnings per share for the current quarter is 3.86 sen.

It was computed by dividing the net profit of current quarter of RM8.9 million by the weighted average number of ordinary shares in issue of 230.0 million, excluding treasury shares held by the company.

29. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 May 2009.