

WOODLANDOR HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No.376693-D)

Selected Explanatory Notes to the Interim Financial Statements for the period ended 30 June 2013

A1 *Accounting policies*

The interim financial statements of the Group are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 Woodlandor Holdings Berhad (“Woodlandor” or the “Company”) and its subsidiaries (“Group”) since the year ended 31 December 2012

Significant Accounting Policies

The significant accounting policies adopted by the Group in this quarterly financial statements are consistent with those adopted in the recent annual audited financial statements for the year ended 31 December 2012 except for the adoption of the following new and revised Standards and IC Interpretations with effect from 1 January 2013:-

MFRS 1	First-time adoption of Malaysian Financial Reporting Standards (Amendments relating to Government Loans)
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Mandatory Effective Date of MFRS 9 (IFRS 9 issued by International Accounting Standard Board (IASB) in November 2009 and October 2010 respectively) and Transition Disclosures)
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures-Offsetting Financial Assets and Financial Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)
MFRS 11	Joint Arrangements
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance)
MFRS 12	Disclosure of Interest in Other Entities

MFRS 12	Disclosure of Interest in Other Entities (Amendments relating to: Transition Guidance)
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
MFRS 119	Employee Benefits (IAS 9 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS contained in the document entitled Annual Improvements 2009 – 2011 Cycle issued in July 2012.

The adoption of the above Standards and IC Interpretations did not have any material effect on the financial statements of the Group.

A2 *Declaration of audit qualification*

The audit report on the Group's preceding annual audited financial statements was not subject to any qualification.

A3 *Seasonal or cyclical factors*

The Group's operations were not materially affected by any seasonality or cyclicity in the quarter under review.

A4 *Unusual items affecting assets, liabilities, equity, net income or cash flows*

There was no item of material and unusual nature, which would adversely affect the Group's assets, liabilities, equity, net income or cash flows for the current financial period to date.

A5 *Change in estimates*

There were no material changes in estimates of amounts reported in prior financial years.

A6 *Debts and equity securities*

On 18 June 2005, the Company granted to Eligible Employees of the Group 4,358,000 ordinary shares of RM1.00 each at the option price of RM1.00 per share pursuant to the Employees' Share Option Scheme ("ESOS"). Pursuant to the Company's Bye-Laws, the Company had extended the duration of ESOS for another five (5) years from 8 October 2009 to 7 October 2014. The terms of share options outstanding for the year under review are as follows:

ESOS	Date granted	Granted '000	Exercised '000	Cancelled/ Lapsed '000	As at 30 June 2013 '000	Option Price per ordinary share RM	Date of expiry
1 st Option	18/6/2005	4,358	-	(2,558)	1,800	1.00	7/10/2014

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period to date except as stated above.

A7 *Dividend paid*

There was no dividend paid by the Company since the end of the previous financial year.

A8 *Segmental reporting*

Segmental reporting for the financial period ended 30 June 2013:

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Property development RM'000	Elimination RM'000	Consolidated RM'000
<u>Revenue</u>						
External	39	11,090	5,255	-	-	16,384
Inter-segment	665	4,121	2,726	-	(7,512)	-
Total revenue	704	15,211	7,981	-	(7,512)	16,384
<u>Results</u>						
Segment results	(1,071)	1,501	43	(3)	360	830
Interest expense						(270)
Interest income						32
Profit before tax						592
Income tax expense						(412)
Net profit for the period						180

A9 *Valuation of property, plant and equipment*

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual audited financial statements.

A10 *Subsequent material events*

There was no item of material and unusual nature, which would adversely affect the Group's assets, liabilities, equity, net income or cash flows for the current financial period to date.

A11 *Changes in composition of the Group*

Pursuant to Section 272(5) of the Company Act, 1965, Akiware Sdn Bhd, a wholly- owned indirect subsidiary of the Company was fully wound-up on 25 May 2013.

There were no other changes in the composition of the Group for the current financial period to date.

A12 *Contingent liability*

The Group has no contingent liability for the current financial period to date.

Listing Requirements of Bursa Malaysia Securities Berhad – Part A of Appendix 9B

B1 *Review of performance*

The Group's revenue for the current financial quarter compared to the previous corresponding quarter increased by RM1.77 million. The increase was mainly attributable to the manufacturing segment.

Manufacturing segment

Revenue from manufacturing segment increased from RM6.47 million to RM8.35 million over the corresponding quarter.

Trading segment

Revenue from trading segment decreased from RM0.15 million to RM0.04 million over the corresponding quarter.

Overall, the Group registered a profit before tax of RM0.25 million for the current financial quarter as compared to a profit before tax of RM0.37 million in previous corresponding quarter.

The reduction in profit before tax in the current quarter was due to the one-off gratuity payment amounted to RM1.146 million paid to estate of late Mr Mun See Fun, former Executive Chairman of the Group in appreciation of his contribution and services to the Group in the past 40 years. During the current financial quarter, a subsidiary company recovered allowance for doubtful debt plus interest cost and legal fees amounted to RM0.936 million from the material litigation as disclosed in B9.

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

The Group posted a profit before tax of RM0.25 million for the current financial quarter as compared to profit before tax of RM0.34 million in the immediate preceding quarter.

The reduction in profit before tax in the current quarter was due to the one-off gratuity payment amounted to RM1.146 million paid to estate of late Mr Mun See Fun, former Executive Chairman of the Group in appreciation of his contribution and services to the Group in the past 40 years. During the current financial quarter, a subsidiary company recovered allowance for doubtful debt plus interest cost and legal fees amounted to RM0.936 million from the material litigation as disclosed in B9.

B3 *Prospects*

The Group's business segments are expected to operate in a challenging environment in 2013. However, the Group will continue to improve its efficiency and focus on better margin product mix to improve the Group's profitability.

B4 *Profit forecast or profit guarantee*

Not applicable as there was no profit forecast/guarantee published.

B5 Profit before tax

Profit before tax is arrived at after charging/(crediting) the following:

	2013 Current quarter ended 30 June RM'000	2013 6 months Cumulative to date RM'000
Allowance for doubtful debts no longer required	(735)	(779)
Interest income	(16)	(32)
Gain on disposal of asset held for sale	(50)	(50)
Depreciation and amortisation	255	511
Interest expenses	129	270

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B6 Income tax expense

	2013 Current quarter ended 30 June RM'000	2013 6 months Cumulative to date RM'000
Estimated current tax payable	134	328
Real Property Gain Tax	47	47
Deferred tax	15	37
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	196	412

The effective tax rate on the Group's profit for the current quarter is higher than the statutory rate mainly due to operating profits of certain companies, which, for tax purposes, cannot be offset against operating losses of other companies in the Group.

B7 Status of corporate proposals

There was no corporate proposal announced but not completed at the date of issuance of the interim financial statements.

B8 *Group borrowings*

Group borrowings for the financial quarter ended:

	Total RM'000
Secured:	
Short term borrowings	6,740
Long term borrowings	1,388
	<hr/> <u>8,128</u> <hr/>

The Group does not have any borrowings denominated in foreign currency.

B9 *Material litigation*

Material litigation as at the date of issuance of the period-end financial statements are as follows:

On 6 February 2008, Woodlandor Roof Systems Sdn Bhd (“WRS”) filed a legal suit at the Shah Alam High Court, Summon No. MT3-22-209-2008 (Sealed copy of the said Summons was extracted from the Court on 11 March 2008) claiming against Syarikat Yean Tat (M) Sdn Bhd (“the Defendant”) for the sum of RM634,418.25 as at 31 December 2006 for goods sold and delivered to the Defendant. At the hearing of 10 June 2010, the Court file had been misplaced. WRS had been advised to withdraw this case and to file afresh. The new case number is 22-872-2010. The file has been misplaced again when the Court relocated, we had been advised to file a fresh summon and the new case number is 22NCVC-762-2011. At the case management on 23 August 2011, the Court has fixed a further case management on 17 November 2011 for parties to file in their Bundle of Documents. During the case management on 17 November 2011, Parties have filed in their respective Bundle of Documents. Further case management has been fixed on 10 February 2012 and full trial has been fixed on 10 & 11 May 2012. The trial proceeded on 10 May 2012. The trial on 11 May 2012 was vacated. The Court then adjourned this matter on 25 and 26 June 2012. The trial on 25 and 26 June 2012 was vacated. The trial fixed on 25 and 26 July 2012 and proceeded on the date. The Court then fixed the matter for continued trial and proceeded on 7 and 8 August 2012. The Court has then adjourned the matter continue trial on 17 and 18 October 2012. The trial continued on 17 October 2012 and the parties closed their case after all the witnesses were called to the Court. The parties were instructed by the Judges to submit written submission on 30 October 2012. The date for Decision is fixed on 5 December 2012. Subsequently, the matter came up for Decision on 17 December 2012 and the Learned Judge had ordered as follows:-

1. Judgement for the principal sum against the Defendant amounting to RM636,598.25;
2. Interest of 1.5% per month on RM636,598.25 from 31 August 2010 until the date of judgement;
3. Interest of 5% per annum on RM636,598.25 calculated from the date of judgement until full settlement; and
4. The Defendant to bear the costs of RM30,000.

The Defendant had filed an appeal against the Learned Judge's decision given on 17 December 2012 and the appeal was fixed for case management on 21 March 2013. To date, the Defendant has failed to file in their Memorandum and/or the Records of Appeal within the time stipulated. There is also no record of an application to extend time for the filing of the Record of Appeal out of time. This matter is now fixed for disposal by the Court of Appeal on 29 May 2013 with the possibility of cost being awarded against the Defendant and the possibility of the Defendant's deposit being forfeited.

WRS has issued Section 218 Notice on 27 February 2013 and initiate Winding Up proceeding on 8 May 2013 pending for the settlement by Defendant.

On the Court of Appeal proceeding on 29 May 2013, the Defendant had file in their Notice of Motion in the Memorandum and the Court had allowed their motion to be heard on 8 July 2013. On the hearing date, the Defendant had failed on their application and their appeal had been strike out by the Court.

While on the Winding-Up proceeding, the Defendant had make full settlement amounting to RM936,358.95. Therefore, WRS had withdrawn the winding-up proceeding against the Defendants.

As for conclusion, all proceeding has been closed.

B10 *Dividend*

No interim dividend was recommended for the current quarter and financial period to date.

B11 Earnings/(Loss) per Ordinary Share

	2013 Current Quarter ended 30 June	2012 Comparative Quarter ended 30 June	2013 6 months Cumulative to date	2012 6 months Cumulative to date
a) (Loss)/Profit attributable to ordinary shareholders (RM'000)	58	242	180	(60)
b) Weighted average number of ordinary shares ('000)				
No. of ordinary shares at beginning of period	40,001	40,001	40,001	40,001
Effect of shares issued	-	-	-	-
No. of ordinary shares at end of period	40,001	40,001	40,001	40,001
c) Earnings/(Losses) per ordinary share (sen)				
- Basic	0.14	0.60	0.45	(0.15)
- Diluted	Note	Note	Note	Note

Note:

Fully diluted earnings per share for the current quarter has not been disclosed as the average exercise price of the share options granted pursuant to the ESOS is above the average fair value of the Company's shares during the current quarter. The potential effect of the conversion of such options would be anti-dilutive.

B12 Realised and Unrealised Profits/(Losses) Disclosure

	As at 30 June 2013 RM'000	As at 31 December 2012 RM'000
Total accumulated profit/(losses) of the Company and its subsidiaries:		
- Realised	1,696	1,511
- Unrealised	1,552	1,574
	3,248	3,086
Less: Consolidation adjustments	(4,352)	(4,369)
Total Group accumulated losses	(1,104)	(1,283)