

# WOODLANDOR HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No.376693-D)

## **Selected Explanatory Notes to the Interim Financial Statements for the period ended 30 September 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 September 2013 '000	Option Price per ordinary share RM	Date of expiry
1 <sup>st</sup> Option	18/6/2005	4,358	-	(2,883)	1,475	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 September 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	58	20,663	4,775	-	-	25,496
Inter-segment	992	5,674	4,281	-	(10,947)	-
Total revenue	1,050	26,337	9,056	-	(10,947)	25,496
<u>Results</u>						
Segment results	(1,231)	2,632	39	(4)	563	1,999
Interest expense						(379)
Interest income						44
Profit before tax						1,664
Income tax expense						(758)
Net profit for the period						906

## 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*

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 RM2.16 million. The increase was mainly attributable to the manufacturing segment.

#### Manufacturing segment

Revenue from manufacturing segment increased from RM6.80 million to RM9.00 million over the corresponding quarter.

#### Trading segment

Revenue from trading segment decreased from RM0.12 million to RM0.09 million over the corresponding quarter.

Overall, the Group registered a profit before tax of RM1.07 million for the current financial quarter as compared to a profit before tax of RM0.02 million in previous corresponding quarter. The higher profit before tax in the current quarter was due to higher revenue and better margin product mix.

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

The Group posted a profit before tax of RM1.07 million for the current financial quarter as compared to profit before tax of RM0.25 million in the immediate preceding quarter. This was attributed mainly due to higher revenue as well as better margin product mix.

### **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 Sept RM'000	2013 9 months Cumulative to date RM'000
Allowance for doubtful debts no longer required	-	(779)
Interest income	(13)	(44)
Gain on disposal of -asset held for sale	(50)	(50)
-property, plant and equipment	(27)	(27)
Depreciation and amortisation	259	770
Interest expenses	110	379

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 Sept RM'000	2013 9 months Cumulative to date RM'000
Estimated current tax payable	667	342
Real Property Gain Tax	47	-
Deferred tax	44	1
	<u>758</u>	<u>343</u>

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	5,854
Long term borrowings	1,312
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	7,166
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The Group does not have any borrowings denominated in foreign currency.

**B9** *Material litigation*

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

**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 Sept	2012 Comparative Quarter ended 30 Sept	2013 9 months Cumulative to date	2012 9 months Cumulative to date
a) (Loss)/Profit attributable to ordinary shareholders (RM'000)	726	(112)	906	(172)
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	1.81	(0.28)	2.27	(0.43)
- 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 Sept 2013 RM'000	As at 31 December 2012 RM'000
Total accumulated profit/(losses) of the Company and its subsidiaries:		
- Realised	2,846	1,512
- Unrealised	1,544	1,589
	4,390	3,101
Less: Consolidation adjustments	(4,768)	(4,385)
Total Group accumulated losses	(378)	(1,284)