

# WOODLANDOR HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No.376693-D)

## **Selected Explanatory Notes to the Interim Financial Statements for the period ended 30 September 2014**

### **A1 *Accounting policies***

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 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 2013. 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 2013.

### **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 2013 except for the adoption of the following new and revised Standards and IC Interpretations with effect from 1 January 2014:-

<u>MFRSs</u>	<u>Titles</u>
Amendments to: MFRS 10, MFRS12 and MFRS 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements - Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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 2014 '000	Option Price per ordinary share RM	Date of expiry
1 <sup>st</sup> Option	18/6/2005	4,358	-	(2,908)	1,450	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 2014:

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Property Development RM'000	Elimination RM'000	Consolidated RM'000
<u>Revenue</u>						
External	59	22,268	219	-	-	22,546
Inter-segment	981	7,085	-	-	(8,066)	-
Total revenue	1,040	29,353	219	-	(8,066)	22,546
<u>Results</u>						
Segment results	(345)	2,674	(252)	(10)	795	2,862
Interest expense						(288)
Interest income						48
Profit before tax						2,622
Income tax expense						(990)
Net profit for the period						1,632

## 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 decreased by RM0.67 million. The decrease was mainly attributable to the manufacturing segment.

#### Manufacturing segment

Revenue from manufacturing segment decreased from RM9.00 million to RM8.21 million over the corresponding quarter.

#### Trading segment

Revenue from trading segment increased from RM0.09 million to RM0.22 million over the corresponding quarter.

Overall, the Group registered a profit before tax of RM1.16 million for the current financial quarter as compared to a profit before tax of RM1.07 million in previous corresponding quarter.

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

The Group posted a profit before tax of RM1.16 million for the current financial quarter as compared to a profit before tax of RM1.00 million in the immediate preceding quarter. This was mainly due to higher revenue recorded in the current financial quarter.

### **B3 *Prospects***

The Group's business segments are expected to operate in a challenging environment for the remaining period in 2014. However, the Group will strike to 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:

	2014 Current quarter ended 30 September RM'000	2014 9 months Cumulative to date RM'000
Allowance for doubtful debts no longer required	(22)	(367)
Gain on disposal of property, plant and equipment	-	(83)
Interest income	(18)	(48)
Depreciation and amortisation	308	825
Interest expense	105	288

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*

	2014 Current period ended 30 September RM'000	2014 9 months Cumulative to date RM'000
Estimated current tax payable	369	843
Under provision of current tax	118	118
Deferred tax	(7)	29
	<u>480</u>	<u>990</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	5,683
Long term borrowings	1,501
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	7,184
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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 per Ordinary Share**

	2014 Current Quarter ended 30 September	2013 Comparative Quarter ended 30 September	2014 9 months Cumulative to date	2013 9 months Cumulative to date
a) Profit attributable to ordinary shareholders (RM'000)	675	726	1,632	906
b) Weighted average number of ordinary shares ('000)	40,001	40,001	40,001	40,001
c) Earnings per ordinary share (sen)				
- Basic	1.69	1.81	4.08	2.27
- 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 September 2014 RM'000	As at 30 September 2013 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	3,971	2,846
- Unrealised	1,597	1,544
	5,568	4,390
Less: Consolidation adjustments	(4,891)	(4,768)
Total Group retained earnings / (accumulated losses)	677	(378)