

WOODLANDOR HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No.376693-D)

Selected Explanatory Notes to the Interim Financial Statements for the period ended 31 December 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.

MFRSs and IC Interpretations in Issue But Not Yet Effective

At the date of authorization for issue of these financial statements, the new MFRSs and amendments to MFRSs which were in issue but not yet effective and not ready adopted by the Group are as listed below:

<u>MFRSs</u>	<u>Titles</u>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an investor and its Associate or Joint Venture
Amendments to MFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRSs	Annual Improvement to MFRSs2010 – 2012 Cycle
Amendments to MFRSs	Annual Improvement to MFRSs2011 – 2013 Cycle
Amendments to MFRSs	Annual Improvement to MFRSs2012 – 2014 Cycle

The Group plans to apply the abovementioned MFRSs in the annual financial statements when they become effective and that the adoption of these standards will have no material impact on the financial statements of the Group in the period of initial application.

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. As at 31 December 2014, none of the share options were exercised and had expired.

ESOS	Date granted	Granted '000	Exercised '000	Cancelled/ Lapsed '000	As at 31 December 2014 '000	Option Price per ordinary share RM	Date of expiry
1 st Option	18/6/2005	4,358	-	(4,358)	-	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 31 December 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	78	21,193	10,067	-	-	31,338
Inter-segment	1,308	8,226	1,987	-	(11,521)	-
Total revenue	1,386	29,419	12,054	-	(11,521)	31,338
<u>Results</u>						
Segment results	(349)	3,165	437	(10)	(148)	3,095
Interest expense						(409)
Interest income						60
Profit before tax						2,746
Income tax Expense						(1,266)
Net profit for the period						1,480

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 RM2.51 million. The increase was mainly attributable to the manufacturing segment.

Manufacturing segment

Revenue from manufacturing segment increased from RM2.09 million to RM5.56 million over the corresponding quarter. This is due to a better cost control measure and better product mix with higher profit margin.

Trading segment

Revenue from trading segment decreased from RM4.17 million to RM3.2 million over the corresponding quarter.

Overall, the Group registered a profit before tax of RM0.12 million for the current financial quarter as compared to a loss before tax of RM0.4 million in previous corresponding quarter.

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

The Group posted a lower profit before tax of RM0.12 million for the current financial quarter as compared to a profit before tax of RM1.16 million in the immediate preceding quarter. This was mainly due to higher raw materials & consumables recorded in the current financial quarter.

B3 *Prospects*

The Group's business segments are expected to operate in a challenging environment in the year 2015. 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 31 December RM'000	2014 12 months Cumulative to date RM'000
Allowance for doubtful debts no longer required	(23)	(390)
Gain on disposal of property, plant and equipment	-	(83)
Interest income	(12)	(60)
Depreciation and amortisation	328	1,153
Interest expense	121	409

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 31 December RM'000	2014 12 months Cumulative to date RM'000
Estimated current tax payable	327	1,170
(Over) / Under provision of current tax	(49)	69
Deferred tax	(2)	27
	<u>276</u>	<u>1,266</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	5,254
Long term borrowings	1,360
	<hr/>
	6,614
	<hr/>

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 31 December	2013 Comparative Quarter ended 31 December	2014 12 months Cumulative to date	2013 12 months Cumulative to date
a) Profit/(Loss) attributable to ordinary shareholders (RM'000)	(152)	(578)	1,480	328
b) Weighted average number of ordinary shares ('000)	40,001	40,001	40,001	40,001
c) Earnings per ordinary share (sen)				
- Basic	(0.38)	(1.44)	3.70	0.82
- Diluted	Note	Note	Note	Note

Note:

Fully diluted earnings per share for the current quarter has not been disclosed as the share options granted pursuant to the ESOS had expired during the current quarter and none of the options were exercised.

B12 Realised and Unrealised Profits/(Losses) Disclosure

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Total retained earnings / (accumulated losses) of the Company and its subsidiaries:		
- Realised	3,867	2,262
- Unrealised	1,598	1,625
	<u>5,465</u>	<u>3,887</u>
Less: Consolidation adjustments	<u>(4,940)</u>	<u>(4,842)</u>
Total Group retained earnings / (accumulated losses)	<u>525</u>	<u>(955)</u>