

WOODLANDOR HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No.376693-D)

Selected Explanatory Notes to the Interim Financial Statements for the year 31 December 2016

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 2015. 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 2015.

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 2015 except for the adoption of the following new and revised Standards and IC Interpretations with effect from 1 January 2016 :-

- MFRS 14, “Regulatory Deferral Accounts”
- Amendment to MFRS 5, “Non-Current Assets Held for Sale and Discontinued Operations” (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, “Financial Instruments: Disclosures” (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, MFRS 12 and MFRS 128, “Investment Entities: Applying the Consolidation Exception”
- Amendments to MFRS 11, “Accounting for Acquisitions 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”
- Amendment to MFRS 119, “Employee Benefits” (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, “Equity Method in Separate Financial Statements”
- Amendment to MFRS 134, “Interim Financial Reporting” (Annual Improvements 2012-2014 Cycle)

A1 Accounting policies (Cont'd)

Significant Accounting Policies (Cont'd)

The above amendments to accounting standards effective during the financial year do not have any significant impact on the financial results and financial position of the Group.

The following accounting standards, amendments to accounting standards and interpretations have been issued but not yet effective and not yet adopted by the Group.

MFRSs	Effective for Periods Beginning On/After
Amendments to MFRS 107 Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2 Classification and Measurement of Share-Based Payment Transactions	1 January 2017
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures	Effective date yet to be determined by the Malaysia Accounting Standards Board

The adoption of the accounting standards and amendments to accounting standards should not be expect to 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 year.

A5 Change in estimates

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

A6 *Debts and equity securities*

There were no issuances, repurchases and repayments of debt and equity securities during the period ended 31 December 2016.

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 year ended 31 December 2016:

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Property Development RM'000	Elimination RM'000	Consolidated RM'000
<u>Revenue</u>						
External	-	22,706	3,542	-	-	26,248
Inter-segment	1,185	2,764	425	-	(4,374)	-
Total revenue	1,185	25,470	3,967	-	(4,374)	26,248
<u>Results</u>						
Segment results	(928)	4,712	(376)	(5)	(11)	3,392
Finance cost						(296)
Finance income						178
Profit before tax						3,274
Income tax expense						(1,202)
Net profit for the year						2,072

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 flow 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 RM0.493 million. The decrease was mainly attributable to the trading segment.

Manufacturing segment

Revenue from manufacturing segment increased from RM5.569 million to RM6.096 million over the corresponding quarter.

Trading segment

Revenue from trading segment decreased from RM1.662 million to RM0.642 million over the corresponding quarter.

Overall, the Group registered a profit before tax of RM0.365 million for the current financial quarter as compared to RM0.390 million in previous corresponding quarter. This was mainly due to decreased in revenue.

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

The Group posted a profit before tax of RM0.365 million for the current financial quarter as compared to profit before tax of RM0.930 million in the immediate preceding quarter. This was due to increase in operating expenses for the current quarter.

B3 *Prospect*

The Group's business segments are expected to operate in a challenging economic outlook. 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:

	2016 Current quarter ended 31 December RM'000	2016 12 months Cumulative to date RM'000
Finance Income	(44)	(178)
Depreciation and amortisation	323	1,273
Finance cost	65	296
Provision for and write off of receivable	84	84
Loss on disposal of other investment	33	33

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

B6 Income tax expense

	2016 Current quarter ended 31 December RM'000	2016 12 months Cumulative to date RM'000
Estimated current tax payable	263	1,225
(Over)/Under provision in previous financial year	(25)	(25)
Deferred tax	(1)	2
	<u>237</u>	<u>1,202</u>

The effective tax rate on the Group's profit for the current quarter is higher than the statutory rate mainly due to chargeable income 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 31 December 2016:

	Total RM'000
Secured:	
Short term borrowings	3,953
Long term borrowings	458
	<u>4,411</u>

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

B9 *Material litigations*

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*

	2016 Current Quarter ended 31 December	2015 Comparative Quarter ended 31 December	2016 12 months Cumulative to date	2015 12 months Cumulative to date
a) Profit attributable to ordinary shareholders (RM'000)	128	118	2,072	549
b) Weighted average number of ordinary shares ('000)				
No. of ordinary shares at beginning of the period	40,001	40,001	40,001	40,001
Effect of shares issued	-	-	-	-
No. of ordinary shares at end of the period	<u>40,001</u>	<u>40,001</u>	<u>40,001</u>	<u>40,001</u>
c) Earnings per ordinary share (sen)				
- Basic	<u>0.32</u>	<u>0.29</u>	<u>5.18</u>	<u>1.37</u>

B12 Realised and Unrealised Profit/(Loss) Disclosure

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total accumulated profit of the company and its subsidiaries :		
- Realised	8,615	7,266
- Unrealised	1,401	1,374
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	10,016	8,640
Less: Consolidation adjustments	(6,929)	(7,625)
Total Group accumulated profit	<hr/>	<hr/>
	3,087	1,015