

WOODLANDOR HOLDINGS BERHAD

(Incorporated in Malaysia) Company No.199601004347 (376693-D)

Selected Explanatory Notes to the Interim Financial Statements for the period ended 30 September 2019

A1 Accounting policies

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“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 2018. 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 2018.

Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and amendments to MFRS for financial periods beginning on or after 1 January 2019:-

<u>Title</u>	<u>Standard effective for financial periods beginning on/after</u>
MFRS 16, Leases	1 January 2019
Amendments to MFRS 3, “Business Combination” (Annual Improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 9, “Prepayment Features with Negative Compensation”	1 January 2019
Amendments to MFRS 11, “Joint Arrangement” (Annual Improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 112, “Income Taxes” (Annual Improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 119, “Employee Benefits” (Plan Amendment, Curtailment or Settlement)	1 January 2019
Amendments to MFRS 123, “Borrowing Costs” (Annual Improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 128, “Long-term Interests in Associates and Joint Ventures”	1 January 2019
IC Interpretations 23, “Uncertainty over Income Tax Treatments”	1 January 2019

A1 Significant Accounting Policies (Cont'd)

As at the date of authorisation of the interim financial report, the following new MFRSs, amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:-

<u>Title</u>	<u>Standard effective for financial periods beginning on/after</u>
Amendments to MFRS 2, "Share Based Payment"	1 January 2020
Amendments to MFRS 3, "Business Combinations"	1 January 2020
Amendments to MFRS 6, "Exploration for and Evaluation of Mineral Resources"	1 January 2020
Amendments to MFRS 14, "Regulatory Deferral Accounts"	1 January 2020
Amendments to MFRS 101, "Presentation of Financial Statements"	1 January 2020
Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"	1 January 2020
Amendments to MFRS 134, "Interim Financial Reporting"	1 January 2020
Amendments to MFRS 137, "Provisions, Contingent Liabilities and Contingent Assets"	1 January 2020
Amendments to MFRS 138, "Intangible Assets"	1 January 2020
Amendments to IC Interpretation 12, "Service Concession Arrangements"	1 January 2020
Amendments to IC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments"	1 January 2020
Amendments to IC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"	1 January 2020
Amendments to IC Interpretation 22, "Foreign Currency Transactions and Advance Consideration"	1 January 2020
Amendments to IC Interpretation 132, "Intangible Assets – Web Site Costs"	1 January 2020
MFRS 17, "Insurance Contracts"	1 January 2021
Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Effective date yet to be determined by the Malaysian Accounting Standards Board

The Group will adopt the above pronouncement when they become effective in the respective financial periods. The adoption of the above accounting standards, amendments to accounting standards and IC Interpretations effective during the financial period is not expected to have any significant impact to the financial results and position 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.

A5 *Change in estimates*

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

A6 *Debts and equity securities*

There were no issuances, repurchases and repayments of debt and equity securities during the period ended 30 September 2019.

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 2019:

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Property Development RM'000	Elimination RM'000	Consolidated RM'000
<u>Revenue</u>						
External	-	7,662	1,091	-	-	8,753
Inter-segment	891	855	111	-	1,857	-
Total revenue	<u>891</u>	<u>8,517</u>	<u>1,202</u>	<u>-</u>	<u>1,857</u>	<u>8,753</u>
<u>Results</u>						
Segment results	(389)	(2,302)	(374)	(4)	567	(2,502)
Finance costs						(135)
Finance income						<u>133</u>
Profit before tax						(2,504)
Income tax expense						<u>(32)</u>
Net loss for the period						<u><u>(2,536)</u></u>

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 *Changes in contingent liabilities and contingent assets*

There were no changes in contingent liabilities and contingent assets since the date of the last annual financial statements.

A13 *Fair value hierarchy*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Input for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value as at the reporting date.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 30 September 2019				
Financial assets				
Available-for-sales financial assets				
-Other investments	23	-	-	23
As at 31 December 2018				
Financial assets				
Available-for-sales financial assets				
-Other investments	23	-	-	23

B1 *Review of performance*

The Group's revenue for the current financial quarter compared to the previous corresponding quarter decreased by RM3.265 million. The decreased was mainly attributable to the Manufacturing segment.

Manufacturing segment

Revenue from manufacturing segment decreased from RM4.848 million to RM1.583 million over the corresponding quarter.

Trading segment

There is no changes in revenue from trading segment.

Overall, the Group registered a loss before tax of RM1.233 million for the current financial quarter as compared to loss before tax of RM0.466 million in previous corresponding quarter. This was mainly due to lower sales volume.

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

The Group posted a loss before tax of RM2.504 million for the current financial quarter as compared to profit before tax of RM0.001 million in the immediate preceding quarter. This was mainly attributable to lower sales volume for the current quarter.

B3 *Prospect*

The Group is expected to continue operating in a very challenging economic environment. However, the Group will continue its effort to improve its efficiency and the Group's profitability.

B4 *Profit forecast or profit guarantee*

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

**Listing Requirements of Bursa Malaysia Securities Berhad – Part A of Appendix 9B
(Cont'd)**

B5 (Loss)/Profit before tax

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

	2019 Current quarter ended 30 September RM'000	2019 9 months cumulative to date RM'000
Finance income	(48)	(133)
Depreciation	288	948
Amortisation	2	8
Finance costs	47	135

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

	2019 Current quarter ended 30 September RM'000	2019 9 months cumulative to date RM'000
Income tax		
-Current quarter/period	29	32
Deferred taxation	-	-
	29	32
	29	32

The effective tax rate on the Group's profit for the current quarter/period is higher than the statutory tax 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.

**Listing Requirements of Bursa Malaysia Securities Berhad – Part A of Appendix 9B
(Cont'd)**

B8 *Group borrowings*

Group borrowings for the financial period ended 30 September 2019:

	Total RM'000
Secured:	
Short term borrowings	3,475
Long term borrowings	357
	<u>3,832</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 share*

	2019 Current quarter ended 30 September	2018 Comparative quarter ended 30 September	2019 9 months cumulative to date	2018 9 months cumulative to date
Loss attributable to the owners of the Company (RM'000)	(1,262)	(388)	(2,536)	(176)
Weighted average number of ordinary shares ('000)	40,002	40,002	40,002	40,002
Basic loss per share (sen)	<u>(3.15)</u>	<u>(0.97)</u>	<u>(6.34)</u>	<u>(0.44)</u>