

WOODLANDOR HOLDINGS BERHAD

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

Selected Explanatory Notes to the Interim Financial Statements for the second quarter ended 30 June 2021

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 period ended 30 June 2020. 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 30 June 2020.

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 period ended 30 June 2020, except for the adoption of the following Malaysian Financial Reporting Standard (“MFRSs”) and amendments to MFRS for financial periods beginning on or after 1 January 2020 are as follows:

- Amendments to References to the Conceptual Framework in MFRS Standards:
 - Amendments to MFRS 2, “Share Based Payments”
 - Amendments to MFRS 3, “Business Combinations”
 - Amendments to MFRS 6, “Exploration for and Evaluation of Mineral Resources”
 - Amendments to MFRS 14, “Regulatory Deferral Accounts”
 - Amendments to MFRS 101, “Presentation of Financial Statements”
 - Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”
 - Amendments to MFRS 134, “Interim Financial Reporting”
 - Amendments to MFRS 137, “Provisions, Contingent Liabilities and Contingent Assets”
 - Amendments to MFRS 138, “Intangible Assets”
 - Amendments to IC Interpretation 12, “Service Concession Arrangements”
 - Amendments to IC Interpretation 19, “Extinguishing Financial Liabilities with Equity Instruments”
 - Amendments to IC Interpretation 20, “Stripping Costs in the Production Phase of a Surface Mine”
 - Amendments to IC Interpretation 22, “Foreign Currency Transactions and Advance Considerations”
 - Amendments to IC Interpretation 132, “Intangible Assets- Web Site Costs”

A1 Significant Accounting Policies (Cont'd)

- Amendments to MFRS 3, “Business Combinations” (Definition of a Business)
- Amendments to MFRS Standards arising from Definition of Material:
 - Amendments to MFRS 101, “Presentation of Financial Statements”
 - Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform:
 - Amendments to MFRS 7, “Financial Instruments: Disclosures”
 - Amendments to MFRS 9, “Financial Instruments”
 - Amendments to MFRS 139, “Financial Instruments: Recognition and Measurement”

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:

Annual periods beginning on/after 1 January 2021

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform – Phase 2:
 - Amendments to MFRS 4, “Insurance Contracts”
 - Amendments to MFRS 7, “Financial Instruments: Disclosures”
 - Amendments to MFRS 9, “Financial Instruments”
 - Amendments to MFRS 16, “Leases”
 - Amendments to MFRS 139, “Financial Instruments: Recognition and Measurement”

Annual periods beginning on/after 1 January 2022

- Amendments to MFRS 3, “Business Combinations” (Reference to the Conceptual Framework)
- Amendments to MFRS 116, “Property, Plant and Equipment” (Proceeds before Intended Use)
- Amendments to MFRS 137, “Provision, Contingent Liabilities and Contingent Assets” (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2020:
 - Amendment to MFRS 101, “First-time Adoption of Malaysian Financial Reporting Standards”
 - Amendment to MFRS 9, “Financial Instruments”
 - Amendment to Illustrative Examples accompanying MFRS 16, “Leases”
 - Amendment to MFRS 141, “Agriculture”

A1 Significant Accounting Policies (Cont'd)

Annual periods beginning on/after 1 January 2023

- MFRS 17, “Insurance Contracts”
- Amendments to MFRS 17, “Insurance Contracts”
- Amendments to MFRS 101, “Presentation of Financial Statements” (Classification of Liabilities as Current or Non-current)

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

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 period ended 30 June 2020.

A6 Debts and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the period ended 30 June 2021.

A7 Dividend paid

There was no dividend paid by the Company since the end of previous financial period.

A8 Segmental reporting

Segmental reporting for the financial period ended 30 June 2021:

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Property Development RM'000	Elimination RM'000	Consolidated RM'000
<u>Revenue</u>						
External	-	8,335	1,294	-	-	9,629
Inter-segment	1,188	1,053	31	-	2,272	-
Total revenue	1,188	9,388	1,325	-	2,272	9,629
<u>Results</u>						
Segment results	(219)	(3,958)	(500)	(5)	129	(4,553)
Finance costs						(289)
Finance income						81
Profit before tax						(4,761)
Income tax expense						(24)
Net loss for the period						(4,785)

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 year to date.

A11 Changes in composition of the Group

There were no other changes in the composition of the Group for the current financial year 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 June 2021				
Financial assets				
Available-for-sales financial assets				
-Other investments	28	-	-	28
As at 30 June 2020				
Financial assets				
Available-for-sales financial assets				
-Other investments	36	-	-	36

B1 Review of performance

The Group's revenue for the current financial quarter compared to preceding period corresponding quarter (Q6 2019) increased by RM0.534 million. The increase was mainly attributable to the Manufacturing segment.

Manufacturing segment

Revenue from manufacturing segment increased from RM0.678 million to RM1.139 million over the corresponding quarter.

Trading segment

Trading revenue increased from RM0.158 million to RM0.231 million over the corresponding quarter.

Overall, the Group registered a loss before tax of RM2.160 million for the current financial quarter as compared to loss before tax of RM2.218 million in preceding period corresponding quarter (Q6 2019). This was mainly due to higher sales volume.

B2 Comparison with the immediate preceding quarter's result

The Group posted a loss before tax of RM2.160 million for the current financial quarter as compared to loss before tax of RM0.902 million in the immediate preceding quarter. This was mainly attributable to lower sales volume for the current quarter.

B3 Prospect

The COVID-19 pandemic has severely effected the economy. Various Movement Control Orders implemented by the Government to combat COVID-19 since year 2020 have a significant impact on the business activities.

The Board anticipates the challenging environment to remain into foreseeable future. Nonetheless, the Board will continue to exercise cautions and to guide the Group.

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:

	Current Quarter ended 30 June 2021 RM'000	Cumulative Quarter ended 30 June 2021 RM'000
Finance Income	(16)	(81)
Depreciation	192	807
Amortisation	3	11
Finance Costs	79	289

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

	Current Quarter ended 30 June 2021 RM'000	For the period ended 30 June 2021 RM'000
Income tax		
-Current quarter/period	(2)	(15)
Deferred taxation	(9)	(9)
	<u>(11)</u>	<u>(24)</u>

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 June 2021:

	Total RM'000
Secured:	
Short term borrowings	5,814
Long term borrowings	203
	<u>6,017</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

There was no dividend paid by the Company since the end of previous financial period.

B11 Earnings per share

	Individual Period		Cumulative Quarter	
	Current Quarter Ended 30 June 2021	Corresponding Quarter Ended 30 June 2020	Cumulative Year To Date 30 June 2021	Corresponding Year To Date 30 June 2020
Loss attributable to the owners of the Company (RM'000)	(2,171)	(1,705)	(4.785)	N/A
Weighted average number of ordinary shares ('000)	40,002	40,002	40,002	N/A
Basic loss per share (sen)	(5.43)	(4.26)	(11.96)	N/A