W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018 - UNAUDITED

	Unaudited 31.03.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Non-current assets			
Property, plant and equipment	703,756	717,086	742,492
Prepaid land lease payments	31,750	32,000	33,000
Investment properties	16,292	16,385	16,759
Investment in associates	-	293	50,517
Other investments	665	733	15,369
Intangible assets	48,522	50,060	56,214
Biological assets	54,091	53,758	44,868
	855,076	870,315	959,219
Current assets			
Prepaid land lease payments	1,000	1,000	1,000
Inventories	114,018	111,601	147,994
Biological assets	531	672	790
Trade receivables	36,750	53,180	92,572
Other receivables	22,452	27,071	53,958
Tax recoverable	6,550	5,007	6,674
Cash and bank balances	378,089	423,544	368,047
	559,390	622,075	671,035
Total assets	1,414,466	1,492,390	1,630,254

W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018 - UNAUDITED (CONT'D)

	Unaudited 31.03.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Equity			
Share capital	309,346	309,346	240,672
Share premium	-	-	68,674
Treasury shares	(8,156)	(8,156)	(8,156)
Other reserves	4,898	5,815	6,466
Retained earnings	720,648	656,713	858,647
Equity attributable to owners of the Company	1,026,736	963,718	1,166,303
Non-controlling interests	(13,891)	(13,136)	(9,080)
Total equity	1,012,845	950,582	1,157,223
Non-current liabilities			
Retirement benefit obligations	2,001	1,960	2,210
Long term borrowings	120,944	127,329	122,623
Deferred tax liabilities	71,185	71,195	69,912
	194,130	200,484	194,745
Current liabilities			
Retirement benefit obligations	328	328	181
Short term borrowings	104,566	134,454	146,952
Trade payables	78,398	165,924	106,233
Other payables	21,873	38,310	23,262
Current tax payable	2,326	2,308	1,658
	207,491	341,324	278,286
Total liabilities	401,621	541,808	473,031
Total equity and liabilities	1,414,466	1,492,390	1,630,254

Note: The consolidated statements of financial position as at 31 December 2017, and as at the beginning of the financial year ended 31 December 2016 were audited. The statements have been restated arising from the adoption of MFRS as described in Notes 3(a) and 24 to the Interim Financial Statements. The restated consolidated statements of financial position have yet to be audited.

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED

	Current quarter Three months ended 31 March		Cumulative quarter Three months ended 31 March	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Continuing Operations				
Revenue	183,229	209,516	183,229	209,516
Cost of sales	(180,329)	(176,944)	(180,329)	(176,944)
Gross profit	2,900	32,572	2,900	32,572
Other income	125,148	4,606	125,148	4,606
Selling and distribution expenses	(12,800)	(15,981)	(12,800)	(15,981)
Administrative and other expenses	(48,573)	(11,442)	(48,573)	(11,442)
Operating profit	66,675	9,755	66,675	9,755
Finance costs	(2,327)	(2,221)	(2,327)	(2,221)
Profit before tax	64,348	7,534	64,348	7,534
Income tax expense	(809)	(2,219)	(809)	(2,219)
Profit for the period from continuing operations	63,539	5,315	63,539	5,315
Discontinued Operation				
Loss for the period from discontinued operation	(359)	(9,591)	(359)	(9,591)
Profit/(Loss) for the period	63,180	(4,276)	63,180	(4,276)
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
(Loss)/gain on available-for-sale financial assets				
- (Loss)/Gain on fair value changes	(68)	294	(68)	294
Foreign currency translation	(849)	395	(849)	395
Other comprehensive (loss)/income, net of tax	(917)	689	(917)	689
Total comprehensive income/(loss) for the period	62,263	(3,587)	62,263	(3,587)
Profit attributable to:				
Owners of the Company	63,935	(3,580)	63,935	(3,580)
Non-controlling interests	(755)	(696)	(755)	(696)
Profit/(Loss) for the period	63,180	(4,276)	63,180	(4,276)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	63,018	(2,891)	63,018	(2,891)
Non-controlling interests	(755)	(696)	(755)	(696)
Total comprehensive income/(loss) for the period	62,263	(3,587)	62,263	(3,587)
Earnings/(Loss) per share attributable to owners of the Company:				
Basic	13.39	(0.75)	13.39	(0.75)
Earnings per share from continuing operations attributable to owners of the Company:				
Basic	13.47	1.26	13.47	1.26
Loss per share from discontinued operation attributable to owners of the Company:				
Basic	(0.08)	(2.01)	(0.08)	(2.01)

Note: The comparatives have been restated following the adoption of MFRS as described in Notes 3(a) and 24 to the Interim Financial Statements.

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED

	← Attributable to owners of the Company									
			← Non-distributable	→		Distributable	← Non-distributable		→	
	Total equity RM'000	Total equity attributable to the owners of the Company RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Non-controlling interests RM'000
Quarter ended 31 March 2018										
At 1 January 2018, as previously stated	1,176,955	1,169,035	309,346	-	(8,156)	862,030	5,815	5,919	(104)	7,920
Effects of transition to MFRS (Note 3(a))	(226,373)	(205,317)	-	-	-	(205,317)	-	-	-	(21,056)
At 1 January 2018, as restated	950,582	963,718	309,346	-	(8,156)	656,713	5,815	5,919	(104)	(13,136)
Total comprehensive income	62,263	63,018	-	-	-	63,935	(917)	(849)	(68)	(755)
At 31 March 2018	1,012,845	1,026,736	309,346	-	(8,156)	720,648	4,898	5,070	(172)	(13,891)
Quarter ended 31 March 2017										
At 1 January 2017, as previously stated	1,376,317	1,367,212	240,672	68,674	(8,156)	1,059,556	6,466	6,576	(110)	9,105
Effects of transition to MFRS (Note 3(a))	(219,094)	(200,909)	-	-	-	(200,909)	-	-	-	(18,185)
At 1 January 2017, as restated	1,157,223	1,166,303	240,672	68,674	(8,156)	858,647	6,466	6,576	(110)	(9,080)
Total comprehensive loss	(3,587)	(2,891)	-	-	-	(3,580)	689	395	294	(696)
At 31 March 2017, as restated	1,153,636	1,163,412	240,672	68,674	(8,156)	855,067	7,155	6,971	184	(9,776)

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED

	31.3.2018 RM'000	31.3.2017 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	64,348	7,534
Loss before tax from discontinued operation	(359)	(9,591)
	63,989	(2,057)
Adjustments for:		
Accretion of interest on RCPS	-	(312)
Amortisation	1,788	1,788
Bad debts written off	35,273	-
Depreciation	14,057	12,178
Dividend income	-	(3)
Fair value gain on valuation of biological assets	(502)	(425)
Loss on disposal of property, plant and equipment	1,069	887
Gain on deconsolidation of a subsidiary	(120,234)	-
Interest expense	3,415	2,608
Interest income	(3,604)	(2,619)
Inventories written down	5	5
Inventories written off	12	-
Property, plant and equipment written off	187	33
Retirement benefit obligations	41	42
Reversal of impairment loss on inventories	-	(1)
Share of results of associates	2	9,327
Unrealised loss on foreign exchange	199	175
Operating (loss)/profit before working capital changes	(4,303)	21,626
Changes in working capital :		
Net decrease in current assets	14,256	32,764
Net decrease in current liabilities	(14,474)	(4,600)
Cash (used in)/generated from operations	(4,521)	49,790
Income taxes paid, net of tax refund	(1,816)	(1,995)
Interest paid	(3,415)	(2,608)
Interest received	3,604	2,619
Net cash (used in)/from operating activities	(6,148)	47,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in fixed deposits pledged to licensed financial institutions	64	64
Purchase of property, plant and equipment	(2,271)	(8,325)
Proceeds from disposal of property, plant and equipment	147	689
Net dividend received from investment securities	-	3
Net cash outflow from deconsolidation of a subsidiary	(337)	-
Net cash used in investing activities	(2,397)	(7,569)

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018 - UNAUDITED (CONT'D)

	31.3.2018 RM'000	31.3.2017 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	111	33,611
Drawdown of trade financing facilities	3,247	14,564
Repayment of hire purchases	(401)	(713)
Repayment of term loans	(5,470)	(36,299)
Repayment of trade financing facilities	(34,647)	(24,542)
Net cash used in financing activities	(37,160)	(13,379)
Net (decrease)/increase in cash and cash equivalents	(45,705)	26,858
Effects of exchange rate changes	(404)	147
Net cash and cash equivalents at the beginning of the period	421,931	344,570
Net cash and cash equivalents at the end of the period	375,822	371,575
For the purpose of statements of cash flows, net cash and cash equivalents include the following:-		
Cash and bank balances	378,089	389,502
Less: Bank overdrafts	(2,267)	(17,927)
Cash and cash equivalents	375,822	371,575

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 May 2018.

2. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Save and disclosed as below, the interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017. 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 the Group since the financial year ended 31 December 2017.

3. Significant accounting policies

The significant accounting policies and methods of computation adopted by the Group for the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and Issues Committee Interpretations ("IC Interpretations") effective for financial year beginning 1 January 2018.

(a) Changes in accounting policies

On 1 January 2018, the Group adopted the relevant and applicable new and revised MFRSs mandatory for annual financial periods beginning on or after 1 January 2018 as follows:

Description	**Effective for annual periods beginning on or after**
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payments Transactions	1 January 2018

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

3. Significant accounting policies (cont'd)

(a) Changes in accounting policies (cont'd)

On 1 January 2018, the Group adopted the relevant and applicable new and revised MFRSs mandatory for annual financial periods beginning on or after 1 January 2018 as follows (cont'd):

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRSs Annual Improvements to MFRSs 2014 – 2016	1 January 2018

The application of the new/revised MFRSs, Amendments to MFRSs and IC Interpretation did not result in any material financial impact to the Group, except for the below changes:

First time adoption of MFRS

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the financial year ending 31 December 2018. MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2017 (which is also the date of transition), the Group has consistently applied the same accounting policies throughout all years, presented as if these policies had always been in effect and has adjusted the amounts previously reported in financial statements prepared in accordance with Financial Reporting Standards ("FRS"). An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows are as set out in Note 24 to the Interim Financial Statements. These notes include reconciliations of equity for the comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

3. Significant accounting policies (cont'd)

(a) Changes in accounting policies (cont'd)

The application of the new/revised MFRSs, Amendments to MFRSs and IC Interpretation did not result in any material financial impact to the Group, except for the below changes:

First time adoption of MFRS (cont'd)

MFRS 141 Agriculture and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

In the past, the Group adopted the capital maintenance model on its bearer plants (previously termed as biological assets made up of oil palm plantation development expenditure) whereby the expenditure on new planting (also termed as plantation development expenditure) incurred from the stage of land clearing up to the stage of maturity was capitalised as biological assets at cost and was not amortised. Replanting of same crops expenditure was charged to the profit or loss in the financial year in which the expenditure was incurred.

Upon the adoption of the MFRS, bearer plants (both new planting and replanting) will be accounted for in the same way as self-constructed items of property, plant and equipment. Expenditure on new planting and replanting of bearer plants are capitalised at cost and depreciated on a straight-line basis over the economic useful lives of 25 years for its oil palm trees. The bearer plants will be classified as property, plant and equipment. The bearer plants will be assessed for indicator of impairment, and if indication exists, an impairment test will be performed in accordance with MFRS 136 – Impairment of Assets.

The biological assets of the Group comprise of fresh fruit bunch ("FFB") prior to harvest and trees in planted forest. The valuation model to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB and tree logs felled.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 15 days to harvest to be negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

3. Significant accounting policies (cont'd)

(a) Changes in accounting policies (cont'd)

The application of the new/revised MFRSs, Amendments to MFRSs and IC Interpretation did not result in any material financial impact to the Group, except for the below changes:

First time adoption of MFRS (cont'd)

MFRS 141 Agriculture and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

The adoption of MFRS has been applied retrospectively and has resulted in:

- the reclassification of bearer plants from biological assets to property, plant and equipment;
- the capitalisation and subsequent depreciation of bearer plants; and
- the valuation of FFB prior to harvest and trees in planted forest at fair value less cost to sell.

The effects of the adoption of above MFRS on the comparative figures and the reconciliations of the Group's financial statements at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are set out in Note 24 to the Interim Financial Statements.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

3. Significant accounting policies (cont'd)

(b) Standards issued but not yet effective

The Group has not adopted the following new and revised MFRSs applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Prepayments Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRSs Annual Improvements to MFRSs 2015 – 2017 Cycle	1 January 2019
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 deferred to a date to be announced by MASB.

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

5. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial quarter except for the following:

Deconsolidation of a subsidiary

On 26 December 2017, the Company announced that Alanya Marine Ventures Sdn. Bhd. ("AMV"), a wholly owned subsidiary of the Group, has been served with a winding-up petition by Mr Goh Chung Sen, who is also a director of AMV for outstanding advances made to AMV. The winding-up petition dated 18 December 2017 was presented to the High Court of Malaya at Kuala Lumpur on 18 December 2017. The hearing of the said petition at High Court of Malaya, Kuala Lumpur was fixed on 22 February 2018. The Company and AMV do not intend to contest the petition.

Consequently, the results of AMV has been disclosed as discontinued operation and the comparative statements of comprehensive income has been restated to show the discontinued operation separately from continuing operations. The subsidiary is principally involved in the business to import, export and supply oil and gas equipment, provision of oil and gas related services and investment holding and reported as part of the oil and gas segment.

On 23 February 2018, the Company announced that the High Court of Malaya in Kuala Lumpur had on 22 February 2018 ordered AMV to be wound-up and appointed Dato' Narendrakumar Jasani a/l Chunilal Rugnath of Grant Thornton Consulting Sdn. Bhd. as the Liquidator of AMV.

Upon the court winding-up order, as well as the appointment of liquidator on 22 February 2018, AMV ceased to be a subsidiary of the Group. AMV's accounts is deconsolidated from the Group on 23 February 2018.

Accordingly, the Group recognised a gain on deconsolidation amounting to RM120,234,000 and recognised write-off of the allowance for impairment loss of RM35,273,000 in respect of amount owed from AMV. As such, the net effect of the above resulted in a gain of RM84,961,000.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

5. Changes in composition of the Group (cont'd)

There were no changes in the composition of the Group during the current financial quarter except for the following (cont'd):

Deconsolidation of a subsidiary (cont'd)

The results of AMV are as follows:

	3 months ended	
	22.2.2018 RM'000 (Unaudited)	**31.3.2017 RM'000 (Unaudited)**
Revenue	-	12,230
Cost of sales	-	(11,928)
Gross Profit	-	302
Other income	111	271
Administrative and other expenses	(236)	(449)
Finance costs	(232)	(388)
Share of results of associates	(2)*	(9,327)
Loss before tax	(359)	(9,591)
Tax expense	-	-
Loss for the period from discontinued operation	**(359)**	**(9,591)**

* The Group has discontinued recognition of its share of losses of Nautical Returns Sdn. Bhd. where its share of losses has exceeded the Group's interest in the associate.

The cash flows of discontinued operation are as follows:

	3 months ended	
	22.2.2018 RM'000 (Unaudited)	**31.3.2017 RM'000 (Unaudited)**
Net cash flow from/(used in) operating activities	335	(903)
Net cash flow from investing activities	-	86
Net cash flow used in financing activities	-	(339)
Net cash inflow/(outflow) from discontinued operation	**335**	**(1,156)**

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

5. Changes in composition of the Group (cont'd)

There were no changes in the composition of the Group during the current financial quarter except for the following (cont'd):

Deconsolidation of a subsidiary (cont'd)

The details of net liabilities and net cash flow arising from the deconsolidation of AMV at the effective date are as follows:

	22.2.2018 RM'000 (Unaudited)
Investment in an associate	291
Receivables	3,768
Tax recoverable	42
Cash and bank balances	337
Payables	(89,399)
Amount due to holding company	(35,208)
Amount due to a related company	(65)
Net liabilities/Gain on deconsolidation of a subsidiary	(120,234)
Add: Allowance for impairment loss on AMV written off	35,273
Net gain on deconsolidation of a subsidiary	84,961
Cash and cash equivalent in subsidiary deconsolidated/ Net cash outflow from deconsolidation of a subsidiary	(337)

Subsequent to the deconsolidation, the Group had written off the allowance for impairment loss of RM35,273,000 in respect of amount owed from AMV. The amount was recognised in "Administrative and other expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

6. Segmental information

	3 months ended 31.3.2018		3 months ended 31.3.2017	
	Revenue RM'000	**Profit/(Loss) before tax RM'000**	**Revenue RM'000**	**Profit/(Loss) before tax RM'000 (Restated)**
Continuing Operations:				
Timber	149,733	(13,702)	181,319	9,689
Plantation	17,234	(7,625)	8,457	(4,948)
Manufacturing	9,052	768	11,666	2,106
Trading	6,772	470	7,593	564
Others	438	84,437	481	123
Total continuing operations	183,229	64,348	209,516	7,534
Discontinued Operation:				
Oil and gas	-	(359)	12,230	(9,591)
Total	**183,229**	**63,989**	**221,746**	**(2,057)**

For the purpose of segmental information, the gain on deconsolidation of a subsidiary of RM84,961,000 in the current period is presented under Others segment of continuing operations.

The Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

Timber	:	the extraction and sales of timber, manufacture and sales of plywood, veneer and sawn timber and tree planting.
Plantation	:	cultivation of oil palm, production and sales of crude palm oil and palm kernel (“CPO & PK”).
Oil and Gas	:	provision of Offshore Service Vessels (OSV) to the oil majors in Malaysia and the regions, specifically Accommodation Work Boats (AWB), a segment within the OSV sector.
Manufacturing	:	manufacture and sales of adhesive and gummed tapes.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

7. Segmental information (cont'd)

The Group is organised into business units based on their products and services, and has six reportable operating segments as follows (cont'd):

Trading	:	the trading of tapes, foil, papers and electrostatic discharge products.
Others	:	rental income, interest income and net gain on deconsolidation of a subsidiary as disclosed in Note 5 to the Interim Financial Statements.

8. Seasonality of operations

There were no recurrent or cyclical events that would affect the Group's operations.

9. Profit before tax

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2018 RM'000	31.3.2017 RM'000 (Restated)	31.3.2018 RM'000	31.3.2017 RM'000 (Restated)
Profit before tax for the period is arrived at after charging:				
Amortisation	1,788	1,788	1,788	1,788
Bad debts written off	35,273	-	35,273	-
Depreciation	14,057	12,178	14,057	12,178
Interest expense	3,415	2,608	3,415	2,608
Inventories written down	5	5	5	5
Inventories written off	12	-	12	-
Loss on foreign exchange				
- Unrealised	199	175	199	175
- Realised	215	-	215	-
Loss on disposal of property, plant and equipment	1,069	887	1,069	887
Property, plant and equipment written off	187	33	187	33

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

9. Profit before tax (cont'd)

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2018 RM'000	**31.3.2017 RM'000 (Restated)**	**31.3.2018 RM'000**	**31.3.2017 RM'000 (Restated)**
and crediting:				
Accretion of interest on RCPS	-	312	-	312
Fair value gain on valuation of biological assets	502	425	502	425
Gain on deconsolidation of a subsidiary	120,234	-	120,234	-
Gain on foreign exchange				
- Realised	-	116	-	116
Hire of machinery	87	152	87	152
Interest income	3,604	2,619	3,604	2,619
Reversal of impairment loss on inventories	-	1	-	1

10. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2018 RM'000	**31.3.2017 RM'000**	**31.3.2018 RM'000**	**31.3.2017 RM'000**
Taxation based on results for the period:				
Current income tax				
- Malaysian income tax	738	2,101	738	2,101
- Foreign tax	79	95	79	95
	817	2,196	817	2,196
Deferred income tax				
- Original and reversal of temporary differences	(8)	20	(8)	20
- Under provision in prior year	-	3	-	3
	(8)	23	(8)	23
Total	809	2,219	809	2,219
Income tax attributable to:				
- Continuing operations	809	2,219	809	2,219

Income tax expense is recognised in each quarter based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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11. Earnings/(Loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the financial period net of tax, attributable to owners of the parent by weighted average number of ordinary shares outstanding during the financial period, excluding treasury shares held by the Company.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

	Current quarter 3 months ended		**Cumulative quarter 3 months ended**	
	31.3.2018	**31.3.2017 (Restated)**	**31.3.2018**	**31.3.2017 (Restated)**
Profit/(Loss) attributable to the owners of the Company (RM'000)	63,935	(3,580)	63,935	(3,580)
Profit/(Loss) attributable to the owners of the Company (RM'000)	63,935	(3,580)	63,935	(3,580)
Add: Loss from discontinued operation attributable to the owners of the Company	359	9,591	359	9,591
Profit from continuing operations attributable to the owners of the Company	64,294	6,011	64,294	6,011
Weighted average number of ordinary shares in issue ('000)	477,474	477,490	477,474	477,490
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,474	477,490	477,474	477,490
Basic earnings/(loss) per share (sen)	13.39	(0.75)	13.39	(0.75)
Diluted earnings/(loss) per share (sen)	13.39	(0.75)	13.39	(0.75)

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11. Earnings/(Loss) per share (cont'd)

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2018	**31.3.2017 (Restated)**	**31.3.2018**	**31.3.2017 (Restated)**
Basic earnings/(loss) per share (sen) attributable to:				
- Continuing operations	13.47	1.26	13.47	1.26
- Discontinued operation	(0.08)	(2.01)	(0.08)	(2.01)
	13.39	(0.75)	13.39	(0.75)
Diluted earnings/(loss) per share (sen) attributable to:				
- Continuing operations	13.47	1.26	13.47	1.26
- Discontinued operation	(0.08)	(2.01)	(0.08)	(2.01)
	13.39	(0.75)	13.39	(0.75)

12. Property, plant and equipment

During the 3 months ended 31 March 2018, the Group acquired assets with a total cost of RM2,479,000 (31 March 2017: RM8,101,000).

Assets with carrying amount of RM1,216,000 (31 March 2017: RM1,576,000) were disposed of by the Group during the 3 months ended 31 March 2018, resulting in a loss on disposal of RM1,069,000 (31 March 2017: RM887,000).

13. Intangible assets

	Goodwill RM'000	Timber rights RM'000	Total RM'000
Cost			
At 1 January 2017/31 December 2017/31 March 2018	33,593	111,584	145,177
Accumulated amortisation and impairment			
At 1 January 2017	9,404	79,559	88,963
Amortisation	-	6,154	6,154
At 31 December 2017	9,404	85,713	95,117
Amortisation	-	1,538	1,538
At 31 March 2018	9,404	87,251	96,655
Net carrying amount			
At 31 March 2018	24,189	24,333	48,522
At 31 December 2017	24,189	25,871	50,060
At 1 January 2017	24,189	32,025	56,214

13. Intangible assets (cont'd)

(a) Impairment testing of goodwill

Allocation of goodwill

Goodwill acquired through business combinations is allocated to the Group's cash-generating units ("CGU") as follows:

	Goodwill		
	31.3.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Timber division	22,873	22,873	22,873
Trading division	1,308	1,308	1,308
Manufacturing division	8	8	8
	24,189	24,189	24,189

The recoverable amount of goodwill is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period and/or over the period of the rights granted and expected to be granted.

The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

i. Budgeted gross margin

The basis used to determine the values assigned to the budgeted gross margins is the average gross margins achieved during the year immediately before the budgeted year, increased for expected efficiency improvements.

ii. Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

iii. Terminal growth rates

The forecasted growth are based on industry research and past historical trend.

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14. Cash and bank balances

	31.3.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Cash on hand and at banks	228,905	109,270	118,535
Short term deposits with licensed financial institutions	149,184	314,274	249,512
Cash and bank balances	378,089	423,544	368,047

15. 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 (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 : other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at reporting date, the Group held the following financial assets that are measured at fair value.

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Available-for-sale financial assets					
- Quoted investments	31 March 2018	565	-	-	565
	31 December 2017	633	-	-	633
	1 January 2017	1,226	-	-	1,226

No transfer between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

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16. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares during the current quarter ended 31 March 2018.

The number of shares bought back and retained as treasury shares amounted to 3,871,000 shares as at 31 March 2018.

17. Interest bearing loans and borrowings

The Group's interest bearing loans and borrowings are as follows:

	31.3.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Short term borrowings			
Secured	37,866	64,754	106,952
Unsecured	66,700	69,700	40,000
	104,566	134,454	146,952
Long term borrowings			
Secured	120,944	127,329	122,623
Total	225,510	261,783	269,575

18. Provisions for costs of restructuring

The Group did not engage in any restructuring exercise, hence, there were no provisions for costs of restructuring.

19. Dividends

No interim dividend has been declared for the current quarter ended 31 March 2018 (31 March 2017: RM Nil).

20. Commitments

Capital expenditure as at the reporting date are as follows:

	31.3.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Capital expenditure			
Approved and contracted for:			
Property, plant and equipment	990	990	21,236

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21. Contingencies

There were no material changes to the contingent liabilities since the date of the last annual financial statements.

There were no contingent assets as at 31 March 2018, 31 December 2017 and 1 January 2017.

22. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2018 and 31 March 2017.

		Transaction value	
		31.3.2018	**31.3.2017**
	Note	**RM'000**	**RM'000**
Sawn timber sales:			
W T K Realty Sdn. Bhd.	#	23	76
W T K Service & Warehousing Sdn. Bhd.	^	30	-
		53	76
Contract fee received:			
W T K Realty Sdn. Bhd.	#	31	-
Purchase of logs:			
Harbour-View Realty Sdn. Bhd.	^	2,162	1,626
Ocarina Development Sdn. Bhd.	#	1,497	5,177
		3,659	6,803
Lighterage and freight:			
Master Ace Territory Sdn. Bhd.	#	142	334
Ocarina Development Sdn. Bhd.	#	370	559
W T K Realty Sdn. Bhd.	#	691	2,441
Harbour-View Realty Sdn. Bhd.	^	23	24
		1,226	3,358
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	5,262	5,163

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22. Related party transactions (cont'd)

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2018 and 31 March 2017. (cont'd)

		Transaction value	
		31.3.2018	31.3.2017
	Note	RM'000	RM'000
Purchase of frozen food:			
Sing Chew Coldstorage Sdn. Bhd.	^	1,716	67
Purchase of hardware and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	4,265	5,043
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	563	1,632
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	810	810
United Agencies Sdn. Bhd.	^	1,772	600
W T K Realty Sdn. Bhd.	#	-	35
		2,582	1,445
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	2,404	254
Harvard Master Sdn. Bhd.	#	1,807	385
Southwind Plantation Sdn. Bhd.	#	633	283
		4,844	922
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	4,085	-
W T K Realty Sdn. Bhd.	#	42	46
		4,127	46

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22. Related party transactions (cont'd)

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2018 and 31 March 2017. (cont'd)

^ *The directors and/or major shareholders of W T K Holdings Berhad are directors and/or major shareholders of these companies.*

The director(s) and/or major shareholder(s) of W T K Holdings Berhad is/are director(s) and/or major shareholder(s) of these companies, whilst family member(s) is/are also director(s) and/or major shareholder(s) of these companies.

* *The family members of a director and major shareholder of W T K Holdings Berhad, are directors and major shareholder of this company.*

The outstanding balances arising from related party transactions as at 31 March 2018, 31 December 2017 and 1 January 2017 were as follows:

	31.3.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Total outstanding balances due from/(to) related parties included in:			
Trade receivables (net of allowance for impairment)	1,982	1,848	3,045
Other receivables (net of allowance for impairment)	2,528	1,284	3,877
Trade payables	(25,667)	(26,321)	(23,622)
Other payables	(2,019)	(2,125)	(3,403)

23. Events after the reporting period

There are no events after the quarter ended 31 March 2018 which could materially affect the Group.

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24 Comparative figures

The Group's financial statements has been restated as due to the effects of the adoption of MFRS as disclosed in Note 3(a) to the Interim Financial Statements and the discontinued operation of a subsidiary as disclosed in Note 5 to the Interim Financial Statements:

(i) Reconciliation of statements of financial position as at 1 January 2017

	FRS as at 1.1.2017 RM'000	Effect of transition to MFRS RM'000	MFRS as at 1.1.2017 RM'000
Non-current assets			
Property, plant and equipment	616,336	126,156	742,492
Prepaid land lease payments	33,000	-	33,000
Investment properties	16,759	-	16,759
Investment in associates	50,517	-	50,517
Other investments	15,369	-	15,369
Intangible assets	56,214	-	56,214
Biological assets	390,908	(346,040)	44,868
	1,179,103	(219,884)	959,219
Current assets			
Prepaid land lease payments	1,000	-	1,000
Inventories	147,994	-	147,994
Biological assets	-	790	790
Trade receivables	92,572	-	92,572
Other receivables	53,958	-	53,958
Tax recoverable	6,674	-	6,674
Cash and bank balances	368,047	-	368,047
	670,245	790	671,035
Total assets	1,849,348	(219,094)	1,630,254
Equity			
Share capital	240,672	-	240,672
Share premium	68,674	-	68,674
Treasury shares	(8,156)	-	(8,156)
Other reserves	6,466	-	6,466
Retained earnings	1,059,556	(200,909)	858,647
Equity attributable to owners of the Company	1,367,212	(200,909)	1,166,303
Non-controlling interests	9,105	(18,185)	(9,080)
Total equity	1,376,317	(219,094)	1,157,223
Non-current liabilities			
Retirement benefit obligations	2,210	-	2,210
Long term borrowings	122,623	-	122,623
Deferred tax liabilities	69,912	-	69,912
	194,745	-	194,745
Current liabilities			
Retirement benefit obligations	181	-	181
Short term borrowings	146,952	-	146,952
Trade payables	106,233	-	106,233
Other payables	23,262	-	23,262
Current tax payable	1,658	-	1,658
	278,286	-	278,286
Total liabilities	473,031	-	473,031
Total equity and liabilities	1,849,348	(219,094)	1,630,254

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
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24 Comparative figures (cont'd)

The Group's financial statements has been restated as due to the effects of the adoption of MFRS as disclosed in Note 3(a) to the Interim Financial Statements and the discontinued operation of a subsidiary as disclosed in Note 5 to the Interim Financial Statements (cont'd):

(ii) Reconciliation of statements of financial position as at 31 December 2017

	FRS as at 31.12.2017 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31.12.2017 RM'000
Non-current assets			
Property, plant and equipment	595,830	121,256	717,086
Prepaid land lease payments	32,000	-	32,000
Investment properties	16,385	-	16,385
Investment in associates	293	-	293
Other investments	733	-	733
Intangible assets	50,060	-	50,060
Biological assets	402,059	(348,301)	53,758
	1,097,360	(227,045)	870,315
Current assets			
Prepaid land lease payments	1,000	-	1,000
Inventories	111,601	-	111,601
Biological assets	-	672	672
Trade receivables	53,180	-	53,180
Other receivables	27,071	-	27,071
Tax recoverable	5,007	-	5,007
Cash and bank balances	423,544	-	423,544
	621,403	672	622,075
Total assets	1,718,763	(226,373)	1,492,390
Equity			
Share capital	309,346	-	309,346
Treasury shares	(8,156)	-	(8,156)
Other reserves	5,815	-	5,815
Retained earnings	862,030	(205,317)	656,713
Equity attributable to owners of the Company	1,169,035	(205,317)	963,718
Non-controlling interests	7,920	(21,056)	(13,136)
Total equity	1,176,955	(226,373)	950,582
Non-current liabilities			
Retirement benefit obligations	1,960	-	1,960
Long term borrowings	127,329	-	127,329
Deferred tax liabilities	71,195	-	71,195
	200,484	-	200,484
Current liabilities			
Retirement benefit obligations	328	-	328
Short term borrowings	134,454	-	134,454
Trade payables	165,924	-	165,924
Other payables	38,310	-	38,310
Current tax payable	2,308	-	2,308
	341,324	-	341,324
Total liabilities	541,808	-	541,808
Total equity and liabilities	1,718,763	(226,373)	1,492,390

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For the three months ended 31 March 2018 - unaudited

24 Comparative figures (cont'd)

The Group’s financial statements has been restated as due to the effects of the adoption of MFRS as disclosed in Note 3(a) to the Interim Financial Statements and the discontinued operation of a subsidiary as disclosed in Note 5 to the Interim Financial Statements (cont'd):

(iii) Reconciliation of statements of profit or loss and other comprehensive income for the 3 months ended 31 March 2017

	FRS as at 31.3.2017 (3 months) RM'000	**Effect of transition to MFRS RM'000**	**Adjusted to discontinued operation RM'000**	**MFRS as at 31.3.2017 (3 months) RM'000**
Continuing Operations				
Revenue	221,746	-	(12,230)	209,516
Cost of sales	(186,240)	(2,632)	11,928	(176,944)
Gross profit	35,506	(2,632)	(302)	32,572
Other income	4,452	425	(271)	4,606
Selling and distribution expenses	(15,981)	-	-	(15,981)
Administrative and other expenses	(10,190)	(1,701)	449	(11,442)
Operating profit	13,787	(3,908)	(124)	9,755
Finance costs	(2,409)	(200)	388	(2,221)
Share of results of associates	(9,327)	-	9,327	-
Profit before tax	2,051	(4,108)	9,591	7,534
Income tax expense	(2,219)	-	-	(2,219)
(Loss)/Profit for the period from continuing operations	(168)	(4,108)	9,591	5,315
Discontinued Operation				
Loss for the period from discontinued operation	-	-	(9,591)	(9,591)
Loss for the period	(168)	(4,108)	-	(4,276)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Gain on available-for-sale financial assets				
- Gain on fair value changes	294	-	-	294
Foreign currency translation	395	-	-	395
Other comprehensive income, net of tax	689	-	-	689
Total comprehensive income/(loss) for the period	521	(4,108)	-	(3,587)
Profit/(Loss) attributable to:				
Owners of the Company	210	(3,790)	-	(3,580)
Non-controlling interests	(378)	(318)	-	(696)
Profit/(Loss) for the period	(168)	(4,108)	-	(4,276)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	899	(3,790)	-	(2,891)
Non-controlling interests	(378)	(318)	-	(696)
Total comprehensive income/(loss) for the period	521	(4,108)	-	(3,587)
Earnings/(Loss) per share attributable to owners of the Company:				
Basic	0.04			(0.75)
Earnings per share from continuing operations attributable to owners of the Company:				
Basic	0.04			1.26
Loss per share from discontinued operation attributable to owners of the Company:				
Basic	-			(2.01)

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24 Comparative figures (cont'd)

The Group’s financial statements has been restated as due to the effects of the adoption of MFRS as disclosed in Note 3(a) to the Interim Financial Statements and the discontinued operation of a subsidiary as disclosed in Note 5 to the Interim Financial Statements (cont'd):

(iv) Reconciliation of statements of cash flows for the 3 months ended 31 March 2017

	FRS as at 31.3.2017 (3 months) RM'000	Effect of transition to MFRS RM'000	FRS as at 31.3.2017 (3 months) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations	11,642	(4,108)	7,534
Loss before tax from discontinued operation	(9,591)	-	(9,591)
	2,051	(4,108)	(2,057)
Adjustments for:			
Accretion of interest on Redeemable Convertible Preference Shares	(312)	-	(312)
Amortisation	1,788	-	1,788
Depreciation	10,247	1,931	12,178
Dividend income	(3)	-	(3)
Fair value gain on valuation of biological assets	-	(425)	(425)
Loss on disposal of property, plant and equipment	887	-	887
Interest expense	2,408	200	2,608
Interest income	(2,619)	-	(2,619)
Inventories written down	5	-	5
Property, plant and equipment written off	33	-	33
Retirement benefit obligations	42	-	42
Reversal of impairment loss on inventories	(1)	-	(1)
Share of results of associates	9,327	-	9,327
Unrealised loss on foreign exchange	175	-	175
Operating profit before working capital changes	24,028	(2,402)	21,626
Changes in working capital :			
Net decrease in current assets	32,764	-	32,764
Net decrease in current liabilities	(4,600)	-	(4,600)
Cash generated from operations	52,192	(2,402)	49,790
Income taxes paid, net of tax refund	(1,995)	-	(1,995)
Interest paid	(3,024)	416	(2,608)
Interest received	2,619	-	2,619
Net cash from operating activities	49,792	(1,986)	47,806

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
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24 Comparative figures (cont'd)

The Group's financial statements has been restated as due to the effects of the adoption of MFRS as disclosed in Note 3(a) to the Interim Financial Statements and the discontinued operation of a subsidiary as disclosed in Note 5 to the Interim Financial Statements (cont'd):

(iv) Reconciliation of statements of cash flows for the 3 months ended 31 March 2017 (cont'd)

	FRS as at 31.3.2017 (3 months) RM'000	Effect of transition to MFRS RM'000	FRS as at 31.3.2017 (3 months) RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in fixed deposits pledged to licensed financial institutions	64	-	64
Addition of biological assets	(2,210)	2,210	-
Purchase of property, plant and equipment	(8,101)	(224)	(8,325)
Proceeds from disposal of property, plant and equipment	689	-	689
Net dividend received from investment securities	3	-	3
Net cash used in investing activities	(9,555)	1,986	(7,569)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans	33,611	-	33,611
Drawdown of trade financing facilities	14,564	-	14,564
Repayment of finance leases	(713)	-	(713)
Repayment of term loans	(36,299)	-	(36,299)
Repayment of trade financing facilities	(24,542)	-	(24,542)
Net cash used in financing activities	(13,379)	-	(13,379)
Net increase in cash and cash equivalents	26,858	-	26,858
Effects of exchange rate changes	147	-	147
Net cash and cash equivalents at the beginning of the period	344,570	-	344,570
Net cash and cash equivalents at the end of the period	371,575	-	371,575
For the purpose of statements of cash flows, net cash and cash equivalents include the following:-			
Cash and bank balances	389,502	-	389,502
Less: Bank overdrafts	(17,927)	-	(17,927)
Cash and cash equivalents	371,575	-	371,575

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25. Performance review

For the current quarter under review, the Group’s revenue was RM183.2 million as compared to RM209.5 million recorded in 1Q2017, representing a decrease of RM26.3 million or 12.6%. The lower revenue reported was mainly attributable to timber divisions, but partially offset by higher revenue recorded from its plantation division.

Despite lower revenue, the Group recorded a higher profit before tax from its continuing operations of RM64.4 million for the current quarter as compared to a profit before tax of RM7.5 million for 1Q2017, representing an increase of RM56.9 million or 758.7%. The higher profit reported was mainly contributed by others division which was partially offset by the losses from its timber and plantation divisions.

In addition to the above, the Group recorded a loss before tax of RM0.4 million (1Q2017: RM9.6 million) from its discontinued operation, i.e. the oil and gas division, in the current quarter.

Accordingly, the Group reported a profit before tax of RM64.0 million from its continuing and discontinued operations for the current quarter as compared to a loss before tax of RM2.1 million in 1Q2017.

Quarter 1, 2018

Continuing Operations

Timber

Timber division registered a revenue of RM149.7 million in 1Q2018 as compared to RM181.3 million in 1Q2017, representing a decrease of RM31.6 million or 17.4%. This was mainly attributed to lower sales recorded by its log and plywood segments by RM6.3 million and RM21.7 million respectively.

Despite the increase in log volume, logs sales revenue dropped by RM6.3 million to RM48.5 million in 1Q2018 (1Q2017: 54.8 million) as shortages of quality logs has caused a significant pull back of export sales during the current quarter. The shortage of quality logs coupled with increased costs of production brought on by the hike in hill timber premium rate effective 1 July 2017, were the main contributing factors for the loss before tax of RM4.3 million in the current quarter as against a profit before tax of RM2.8 million in 1Q2017.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

25. Performance review (cont'd)

Quarter 1, 2018 (cont'd)

Continuing Operations (cont'd)

Timber (cont'd)

For the plywood segment, the decrease in plywood sales revenue by RM21.7 million to RM94.1 million in 1Q2018 (1Q2017: RM115.8 million) was attributed to shortage of quality logs for its production, and consequently, the lower production has resulted in approximately 10,000 M^3 drop in its sales volume in 1Q2018 as compared to the corresponding quarter of the preceding year. With current quarter's sales to fulfil mostly the backlog orders from its customers at the committed price, the segment registered a loss before tax of RM6.0 million in 1Q2018 as compared to a profit before tax of RM8.8 million in 1Q2017.

Accordingly, the division recorded a loss before tax of RM13.7 million in 1Q2018 (1Q2017: profit before tax of RM9.7 million) which includes the costs impact of RM1.5 million (1Q2017: RM2.1 million) from the adoption of MFRS 141 as explained in Note 3(a) to the Interim Financial Statements.

Plantation

The plantation division registered a revenue of RM17.2 million in 1Q2018 as compared to 1Q2017's revenue of RM8.5 million, representing an increase of RM8.7 million or 102.4%. The higher revenue recorded was mainly due to its newly commissioned palm oil mill in July 2017 which contributed RM9.8 million of the division's revenue in the current quarter. The sales of crude palm oil ("CPO") & palm kernel ("PK") from its mill operations, however, was partially offset by the reduced sales from its estate operation as a result of a drop in the average selling price of FFB.

For the current quarter, revenue from the sales of FFB of RM7.4 million was derived from the sales of 17,000 metric tonne ("MT") of FFB in comparison to a revenue of RM8.5 million derived from the sales of 14,000 MT in 1Q2017. Despite a 21.4% increase in FFB sales volume, lower revenue was registered due to 28.1% drop in the average selling price of FFB in comparison to the previous year corresponding quarter. The effect of lower average selling price has resulted in a higher loss before tax of RM8.5 million recorded in 1Q2018 (1Q2017: loss before tax of RM4.9 million). The loss before tax for the current quarter includes the costs impact of RM2.9 million (4Q2017: RM2.8 million) from the adoption of MFRS 141 and 116 as explained in Note 3(a) to the Interim Financial Statements.

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25. Performance review (cont'd)

Quarter 1, 2018 (cont'd)

<u>Continuing Operations (cont'd)</u>

Plantation (cont'd)

The mill operations registered a profit before tax of RM0.9 million from its revenue of RM9.8 million in the current quarter. There was no comparative sales and profit figures for the mill operations as it was commissioned in July 2017.

Accordingly, the division recorded a loss before tax of RM7.6 million in 1Q2018 (1Q2017: loss before tax of RM4.9 million) from the combined estate and mill operations.

Manufacturing and Trading

The division recorded a revenue of RM15.8 million in 1Q2018 (1Q2017: RM19.3 million), a decrease of RM3.5 million or 18.1%, as both its local and export sales decreased by RM2.1 million and RM1.4 million, respectively. The higher local sales recorded in the previous year corresponding quarter was attributed to dealers taking advantage to stock up prior to the upward price adjustments effective March 2017. Whereas the higher export sales recorded in 1Q2017 were mainly attributed to stronger USD against RM, which was at 11% premium as compared to 1Q2018, as well as higher sales volume during 1Q2017. Consequently, the division recorded a lower profit before tax of RM1.2 million in 1Q2018 as compared to a profit before tax of RM2.7 million in 1Q2017.

Others

Upon the winding-up petition was served on the oil and gas subsidiary, i.e. Alanya Marine Ventures Sdn Bhd ("AMV") on 22 December 2017, the account of AMV was prepared on a basis other than a going concern. Hence, all its investment and receivables had been assessed for impairment, which had resulted in an impairment loss on receivables of RM101.2 million and an impairment loss of RM15.0 million on other investment being recognised in the Group's Consolidated Financial Statements as at 31 December 2017. Subsequent to the winding-up order, as well as the appointment of liquidator on 22 February 2018, AMV's account had been deconsolidated from the Group on 23 February 2018 and thus realised a gain from the deconsolidation of RM120.3 million and recognised the write off of the allowance for impairment loss of RM35.3 million in respect of amount owed from AMV. As such, a net gain of RM85.0 million was recognised in the current quarter.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

25. Performance review (cont'd)

Quarter 1, 2018 (cont'd)

<u>Continuing Operations (cont'd)</u>

Others (cont'd)

The profit before tax stood at RM84.4 million in the current quarter as compared to a profit before tax of RM0.1 million recorded in 1Q2017. The current quarter's profit before tax was mainly due to gain from the deconsolidation of AMV amounting to RM120.3 million, offset by the write off of the impairment loss in respect of amount due from AMV of RM35.3 million.

<u>Discontinued Operation</u>

Oil and Gas

The main unit of the Group's oil and gas division is its wholly-owned subsidiary, i.e. AMV, which is in the winding-up process following the order from the High Court of Malaya in Kuala Lumpur for the Company to be wound-up and a liquidator was appointed for AMV on 22 February 2018.

The division's loss before tax stood at RM0.4 million in the current quarter as compared to 1Q2017's loss before tax of RM9.6 million. The lower loss before tax in the current quarter was mainly due to the Group has discontinued the recognition of its share of loss of Nautical Returns Sdn. Bhd. ("NRSB") where its share of loss has exceeded the Group's interest in the associate. Its current quarter's loss mainly due to unrealised loss on foreign exchange and finance charges on revolving credit facilities prior to the court winding-up order and deconsolidation of AMV.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

26. Comment on material change in profit before taxation

Material Changes for the Quarter Reported on as Compared with the Preceding Quarter

Quarter 1, 2018

<u>Continuing Operations</u>

Timber

The division recorded a revenue of RM149.7 million as compared to 4Q2017's revenue of RM181.5 million, representing a decrease of RM31.8 million or 17.5%. This was mainly attributed to lower sales recorded by its log and plywood segments by RM24.8 million and RM4.5 million respectively.

The decreased in logs sales revenue by RM24.8 million to RM48.5 million in 1Q2018 (4Q2017: 73.3 million), was mainly caused by shortages of quality logs which has resulted in decrease in export sales revenue by RM23.4 million as compared to the preceding quarter. Consequently, the segment registered a loss before tax of RM4.3 million in 1Q2018 as against a profit before tax of RM16.3 million in the preceding quarter. The segment results for the current quarter includes the costs impact of RM1.5 million (4Q2017: gain of RM5.1 million) from the adoption of MFRS 141 as explained in Note 3(a) to the Interim Financial Statements.

For the plywood segment, the decrease in plywood sales revenue by RM4.5 million to RM94.1 million in 1Q2018 (4Q2017: RM98.6 million) was due to slight reduction 2.7% of sales volume. However, the segment recorded a loss before tax of RM6.0 million in 1Q2018 as compared to profit before tax of RM2.9 million in the preceding quarter, due to the effect sales for the current quarter was substantially to fulfil the backlog orders from its customers at the committed price as explained hereinabove.

Accordingly, the division recorded a loss before tax of RM13.7 million in 1Q2018 (4Q2017: profit before tax of RM17.6 million), in line with the decrease in revenue and increase in production costs.

Plantation

The division registered a revenue of RM17.2 million in 1Q2018 as compared to RM25.1 million in 4Q2017, representing a decrease of RM7.9 million or 31.5% with both the revenue from the sales of FFB from estate operations and CPO and PK from oil mill operations dropped by RM3.0 million and RM4.9 million, respectively. This was due to seasonally lower crop production during first-half of the calendar year.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

26. Comment on material change in profit before taxation (cont'd)

Material Changes for the Quarter Reported on as Compared with the Preceding Quarter (cont'd)

Quarter 1, 2018 (cont'd)

Continuing Operations (cont'd)

Plantation (cont'd)

For the current quarter, lower sales of FFB was mainly due to a 20.9% decrease in sales volume coupled with 9.9% drop in average selling price. Consequently, this resulted in higher loss before tax of RM8.5 million in 1Q2018 as compared to a loss before tax of RM4.8 million reported in 4Q2017, representing an increase of RM3.7 million or 77.1%. The loss before tax for the current quarter has taken into account the costs impact of RM2.9 million (4Q2017: RM2.0 million) from the adoption of MFRS 141 and 116 as explained in Note 3(a) to the Interim Financial Statements.

The decreased sales of CPO and PK in 1Q2018 was mainly due to 25.8% drop in its sales volume and 10.6% decrease in average selling price. Accordingly, a lower profit before tax of RM0.9 million was registered for oil mill operations as compared to a profit before tax of RM3.2 million in 4Q2017, representing a decrease of RM2.3 million or 71.9%.

Accordingly, the division registered a loss before tax of RM7.6 million as compared to a loss before tax of RM1.6 million reported in 4Q2017.

Manufacturing and Trading

Revenue for the manufacturing and trading division recorded a decrease of RM2.6 million or 14.1% to RM15.8 million as compared to RM18.4 million in 4Q2017. The decrease in revenue was mainly due to decrease in local and export sales by RM1.7 million and RM1.1 million, respectively. Local sales decreased by 13% as compared to 4Q2017 mainly due to stocking up by dealers in 4Q2017 to meet their year-end target as well as seasonally softer demand experienced in the current quarter. Export sales decreased by 15.8% was mainly due to lower sales. Accordingly, profit before tax recorded a decrease of RM0.1 million or 9.0% as compared to RM1.1 million in 4Q2017.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

26. Comment on material change in profit before taxation (cont'd)

Material Changes for the Quarter Reported on as Compared with the Preceding Quarter (cont'd)

Quarter 1, 2018 (cont'd)

Continuing Operations (cont'd)

Others

The division's profit before tax stood at RM84.4 million, representing an increase of RM94.6 million as compared to a loss before tax of RM10.2 million in the preceding quarter. The profit before tax in the current quarter was mainly due to gain from the deconsolidation of AMV amounting to RM120.3 million, offset by the write off of the allowance for impairment loss of RM35.3 million in respect of amount owed from AMV. The loss before tax in the preceding quarter was mainly due to allowance for impairment loss on receivable of RM10.0 million.

Discontinued Operation

Oil and Gas

Its loss before tax stood at RM0.4 million in the current quarter, as compared to 4Q2017's loss before tax of RM157.8 million. The lower loss before tax in the current quarter was mainly due to the Group has discontinued the recognition of its share of loss of NRSB where its share of losses has exceeded the Group's interest in the associate. Its current quarter's loss was mainly due to unrealised loss on foreign exchange and finance charges on revolving credit facilities prior to the court winding-up order and deconsolidation of AMV.

27. Commentary on prospects

Timber

Japanese economy is expected to expand at an annualised rate of 1.2% in 2018, supported by strong external demand due to resilient economic activity among Japan’s main trading partners, coupled with a robust job market and works related to the 2020 Tokyo Olympics to boost its domestic economy. This is expected to have a positive effect on the Group’s plywood business, subject to the Group’s ability to overcome the logs supply constraint in the current quarter.

Similarly, the Group’s timber logs export is expected to improve with the projected annualised economic growth in India at 7.4% in 2018, coupled with the reduced supply of timber logs for export market arising from the recent export ban on timber logs by the State Government of Sabah in Malaysia that took effect on 23 May 2018.

Plantation

The Group’s plantation division is expected to achieve higher FFB production in view of the increasing mature palms hectarage coupled with higher age profile of palms. With the expectation of the higher FFB production and CPO price to maintain in the range of RM2,400 to RM2,800 per MT in 2018, revenue from FFB sales is expected to improve over the previous year. In addition to this, with the expected full year production of CPO and PK in 2018, the oil palm mill is expected to contribute positively to the Group.

Manufacturing and Trading

In the face of the challenging economic conditions, the Group’s manufacturing and trading division will continue to expand its efforts on continual product innovation and differentiation and to continuously review its product mix and deliver quality and competitively priced products to its customers, apart from focusing on its core competency on product quality and branding.

At the same time, the Group’s will continue to expand efforts to broaden its market reach and customer base, especially overseas markets. With all these efforts in place, the Group is cautiously optimistic of a modest growth in 2018.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

28. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

The Group did not announce or disclose any revenue or profit estimate, forecast, projection or internal target in a public document.

29. Statements by directors on achievability of revenue or profit estimate, forecast, projection or internal targets.

Please refer to the commentary on Note 28 to the Interim Financial Statements.

30. Profit forecast or profit guarantee

The Group has not provided any profit forecast or profit guarantee.

31. Corporate proposal

There is no corporate proposal announced.

32. Changes in material litigation

There was no material litigation against the Group.

33. Dividend payable

Please refer to Note 19 to the Interim Financial Statements for details.

34. Disclosure on nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

35. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2018 or the previous financial period ended 31 March 2017.

36. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2018 or the previous financial period ended 31 March 2017.

37. Disclosure on gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2018, 31 December 2017 and 1 January 2018.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2018 – unaudited

38. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not qualified.

BY ORDER OF THE BOARD

DAVID TING KAH SOON
TAN MEE LIAN
COMPANY SECRETARIES
KUALA LUMPUR
Date: 25 MAY 2018