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

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

	Unaudited 31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Non-current assets			
Property, plant and equipment	714,967	767,180	792,520
Prepaid land lease payments	31,000	32,000	33,000
Investment properties	16,010	16,385	16,759
Investment in associates	-	293	50,517
Other investments	439	733	15,369
Intangible assets	43,906	50,060	56,214
Biological assets	63,303	53,757	44,849
Deferred tax assets	13	-	-
	869,638	920,408	1,009,228
Current assets			
Prepaid land lease payments	1,000	1,000	1,000
Inventories	130,291	111,601	147,994
Biological assets	396	673	790
Trade receivables	44,876	53,180	92,572
Other receivables	24,724	27,071	53,958
Tax recoverable	5,426	5,007	6,674
Cash and bank balances	384,232	423,544	368,047
	590,945	622,076	671,035
Total assets	1,460,583	1,542,484	1,680,263

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 - UNAUDITED (CONT'D)

	Unaudited 31.12.2018 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	5,475	5,815	6,466
Retained earnings	799,473	723,152	924,174
Equity attributable to owners of the Company	1,106,138	1,030,157	1,231,830
Non-controlling interests	(8,633)	(5,927)	(2,062)
Total equity	1,097,505	1,024,230	1,229,768
Non-current liabilities			
Retirement benefit obligations	1,918	1,960	2,210
Long term borrowings	122,316	127,329	122,623
Deferred tax liabilities	42,153	47,602	47,376
	166,387	176,891	172,209
Current liabilities			
Retirement benefit obligations	181	328	181
Short term borrowings	100,522	134,454	146,952
Trade payables	71,912	165,924	106,233
Other payables	20,252	38,349	23,262
Current tax payable	3,824	2,308	1,658
	196,691	341,363	278,286
Total liabilities	363,078	518,254	450,495
Total equity and liabilities	1,460,583	1,542,484	1,680,263

Note: The consolidated statements of financial position as at 31 December 2017, and as at the beginning of the financial year ended 31 December 2017 were audited. The statements have been restated arising from the adoption of MFRS as described in Notes 3(a) and 23 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)
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018 - UNAUDITED

	Current quarter Three months ended 31 December		Cumulative quarter Twelve months ended 31 December	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Continuing Operations				
Revenue	218,933	224,470	822,156	792,279
Cost of sales	(183,398)	(193,132)	(744,012)	(688,083)
Gross profit	35,535	31,338	78,144	104,196
Other income	13,124	14,836	156,645	31,339
Selling and distribution expenses	(15,434)	(15,116)	(54,129)	(58,648)
Administrative and other expenses	(23,893)	(21,480)	(90,085)	(53,019)
Operating profit	9,332	9,578	90,575	23,868
Finance costs	(2,352)	(2,766)	(10,528)	(11,086)
Profit before tax	6,980	6,812	80,047	12,782
Income tax expense	(1,376)	(5,717)	(4,446)	(11,658)
Profit for the period/year from continuing operations	5,604	1,095	75,601	1,124
Discontinued Operation				
Profit/(Loss) for the period/year from discontinued operation	3,148	(157,493)	2,789	(196,651)
Profit/(Loss) for the period/year	8,752	(156,398)	78,390	(195,527)
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss:				
Gain on available-for-sale financial assets				
- Gain on fair value changes	-	(80)	-	-
- Transfer to profit or loss upon disposal	-	189	-	-
Foreign currency translation	16	(643)	(46)	(657)
	16	(534)	(46)	(657)
Item that will not be reclassified subsequently to profit or loss:				
(Loss)/Gain on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	(74)	195	(294)	195
Other comprehensive loss, net of tax	(58)	(339)	(340)	(462)
Total comprehensive income/(loss) for the period/year	8,694	(156,737)	78,050	(195,989)
Profit/(Loss) attributable to:				
Owners of the Company	9,290	(155,559)	81,096	(191,662)
Non-controlling interests	(538)	(839)	(2,706)	(3,865)
Profit/(Loss) for the period/year	8,752	(156,398)	78,390	(195,527)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	9,232	(155,898)	80,756	(192,124)
Non-controlling interests	(538)	(839)	(2,706)	(3,865)
Total comprehensive income/(loss) for the period/year	8,694	(156,737)	78,050	(195,989)
Earnings/(Loss) per share attributable to owners of the Company:				
Basic	1.95	(32.58)	16.98	(40.14)
Earnings per share from continuing operations attributable to owners of the Company:				
Basic	1.29	0.40	16.40	1.04
Earnings/(Loss) per share from discontinued operation attributable to owners of the Company:				
Basic	0.66	(32.98)	0.58	(41.18)

Note: The comparatives have been restated following the adoption of MFRS as described in Notes 3(a) and 23 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.

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 December 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 23(ii))	(152,725)	(138,878)	-	-	-	(138,878)	-	-	-	(13,847)
At 1 January 2018, as restated	1,024,230	1,030,157	309,346	-	(8,156)	723,152	5,815	5,919	(104)	(5,927)
Total comprehensive income	78,050	80,756	-	-	-	81,096	(340)	(46)	(294)	(2,706)
Transaction with owners										
Dividends on ordinary shares	(4,775)	(4,775)	-	-	-	(4,775)	-	-	-	-
At 31 December 2018	1,097,505	1,106,138	309,346	-	(8,156)	799,473	5,475	5,873	(398)	(8,633)
Quarter ended 31 December 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 23(i))	(146,549)	(135,382)	-	-	-	(135,382)	-	-	-	(11,167)
At 1 January 2017, as restated	1,229,768	1,231,830	240,672	68,674	(8,156)	924,174	6,466	6,576	(110)	(2,062)
Total comprehensive loss	(195,989)	(192,124)	-	-	-	(191,662)	(462)	(657)	195	(3,865)
Realised fair value gain transferred to retained earnings upon disposal of financial assets at FVOCI	-	-	-	-	-	189	(189)	-	(189)	-
Transaction with owners										
Dividends on ordinary shares	(9,549)	(9,549)	-	-	-	(9,549)	-	-	-	-
Other equity movement										
Transfer pursuant to Companies Act 2016 *	-	-	68,674	(68,674)	-	-	-	-	-	-
At 31 December 2017, as restated	1,024,230	1,030,157	309,346	-	(8,156)	723,152	5,815	5,919	(104)	(5,927)

Note
* Upon the commencement of the Companies Act 2016 ("CA2016") on 31 January 2017, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to Section 618(2) of the CA2016. The Group may use the credit amount of the share premium within twenty-four months upon the commencement of Section 74 of the CA2016.

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.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 - UNAUDITED

	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	80,047	12,782
Profit/(Loss) before tax from discontinued operation	2,789	(196,192)
	82,836	(183,410)
Adjustments for:		
Accretion of interest on Redeemable Convertible Preference Shares ("RCPS")	-	(957)
Allowance for impairment loss on receivables	36	121,507
Allowance for impairment loss on receivables no longer required	(10,042)	(1,200)
Amortisation	7,154	7,154
Bad debts written off	45,315	-
Depreciation	58,563	53,443
Dividend income	(19)	(11)
Fair value gain on valuation of biological assets	(9,578)	(8,482)
Gain on disposal of financial assets at FVTOCI	-	(28)
Loss on disposal of property, plant and equipment	4,174	1,973
Gain on deconsolidation of a subsidiary	(117,085)	-
Impairment loss on other investment	-	15,000
Interest expense	10,760	12,692
Interest income	(12,226)	(13,184)
Inventories written down	18	2,351
Inventories written off	36	683
Property, plant and equipment written off	304	1,797
Retirement benefit obligations	165	170
Reversal of impairment loss on inventories	-	(25)
Share of results of associates	(31)	50,224
Unrealised loss on foreign exchange	131	598
Operating profit before working capital changes	60,511	60,295
Changes in working capital :		
Net increase in current assets	(12,115)	(27,242)
Net (decrease)/increase in current liabilities	(26,001)	81,497
Cash generated from operations	22,395	114,550
Income taxes paid, net of tax refund	(8,295)	(10,127)
Interest paid	(10,760)	(12,692)
Interest received	12,226	13,184
Payment of retirement benefit	(354)	(273)
Net cash from operating activities	15,212	104,642

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

	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of biological assets	-	(308)
Decrease in fixed deposits pledged to licensed financial institutions	-	64
Purchase of investment securities	-	(199)
Purchase of property, plant and equipment	(11,725)	(31,603)
Proceeds from disposal of financial assets at FVOCI	-	1,013
Proceeds from disposal of property, plant and equipment	1,707	1,904
Net dividend received from investment securities	19	11
Net cash outflow from deconsolidation of a subsidiary	(338)	-
Net cash used in investing activities	(10,337)	(29,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(4,775)	(9,549)
Drawdown of term loans	7,268	57,398
Drawdown of trade financing facilities	80,453	52,288
Repayment of hire purchases	(1,128)	(1,966)
Repayment of term loans	(27,751)	(53,809)
Repayment of trade financing facilities	(98,046)	(41,851)
Net cash (used in)/from financing activities	(43,979)	2,511
Net (decrease)/increase in cash and cash equivalents	(39,104)	78,035
Effects of exchange rate changes	(38)	(610)
Net cash and cash equivalents at the beginning of the year	421,995	344,570
Net cash and cash equivalents at the end of the year	382,853	421,995

For the purpose of statements of cash flows, net cash and cash equivalents include the following:-

Cash and bank balances	384,232	423,544
Less: Bank overdrafts	(1,379)	(1,549)
Cash and cash equivalents	382,853	421,995

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 twelve months ended 31 December 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 27 February 2019.

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 twelve months ended 31 December 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 ended 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 23 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 twelve months ended 31 December 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 (cont'd):

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.

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 (cont'd):

First time adoption of MFRS (cont'd)

MFRS 141 Agriculture and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants (cont'd)

The adoption of MFRS 141 & 116 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;
- the valuation of FFB prior to harvest and trees in planted forest at fair value less cost to sell; and
- the recognition of its deferred tax impact.

MFRS 15 Revenue from Contracts with Customers

Under MFRS 15, revenue will be recognised when a customer obtains control of goods. The overall requirements for revenue recognition are captured in the 5-step approach.

The Group has assessed its sales of goods transactions and reviewed its supporting marketing activities to identify the performance obligation. The Group regards its sales transactions consist of a single performance obligation to transfer promised goods. This includes cash rebates, cash incentives, free-of-charge goods with purchase and special discount for new outlets. The Group view these transactions having the same characteristic of bundled sales and has determined the allocation of the transaction price.

The Group expects the revenue recognition to occur at a point in time when the customers take control of the goods, generally on delivery of the goods. Except for timing of revenue recognition for free-of-charge goods with purchase, the Group determines that MFRS 15 affects only changes in classification.

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 (cont'd):

First time adoption of MFRS (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

Supporting marketing activities provided for or organised together with the Group's customers will be considered as a part of customer relationship and related costs will be recognised as discounts, not as marketing expenses. When applying the new policy, judgement is required to decide whether an activity with customer should be classified as a discount or marketing expense, taking into account the drivers behind and the purpose of the activity. Generally, if the purpose of the marketing activity is to increase sales with the individual customers, the activity should be seen as a reduction of the transaction price and therefore classified as discount.

The adoption of MFRS 15 has been applied retrospectively and has resulted in:

- the decrease in revenue, increase in cost of sales and a deferred revenue has also been recognised due to timing difference between revenue recognition (free-of-charge goods with purchase) and when control of the goods passes to customer on delivery; and

- the reclassification of marketing expenses to revenue as discounts.

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (a) classification and measurement of financial assets; (b) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (c) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of the adoption of MFRS 9 on the financial statements of the Group are described below:-

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 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 (cont'd):

First time adoption of MFRS (cont'd)

MFRS 9 Financial Instruments (cont'd)

1) Classification and measurement

Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. MFRS 9 contains the classification categories for financial assets either measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale.

The Group has elected to classify the Group's equity investments previously classified as available-for-sale investments as financial assets at FVOCI.

The adoption of MFRS 9 has been applied retrospectively and has resulted in:

- the fair value changes on equity investments at FVOCI be presented in other comprehensive income ("OCI'') and are not subsequently transferred to profit or loss. Upon sale of equity instruments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings.

As MFRS 9 retains most of MFRS 139 requirements on financial liabilities, there is no change to the classification and measurement of the Group's financial liabilities.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 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 (cont'd):

First time adoption of MFRS (cont'd)

MFRS 9 Financial Instruments (cont'd)

2) Impairment

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, the Group is required to record expected credit loss and/or lifetime expected credit loss basis.

The Group's trade receivables mainly consist of creditworthy debtors with good payment records. The Group minimises credit risk by dealing with high credit rating counterparties, application of credit approval limits and continuous monitoring procedures. There is no significant financial impact to the Group's financial statements arising from impairment based on the expected credit loss model on the Group's trade and non-trade receivables.

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 23 to the Interim Financial Statements.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 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
MFRSs Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 Definition of Material	1 January 2020
Amendments to MFRS 108 Definition of Material	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 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.

5. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

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

6. Segmental information

	12 months ended 31.12.2018		12 months ended 31.12.2017	
	Revenue RM'000	**Profit/(Loss) before tax RM'000**	**Revenue RM'000 (Restated)**	**Profit/(Loss) before tax RM'000 (Restated)**
Continuing Operations:				
Timber	667,911	20,991	659,764	33,618
Plantation	84,908	(26,796)	59,557	(17,835)
Manufacturing	35,794	4,520	39,844	4,821
Trading	31,838	1,858	30,996	2,262
Others	1,705	79,474	2,118	(10,084)
Total continuing operations	822,156	80,047	792,279	12,782
Discontinued Operation:				
Oil and gas	-	2,789	36,321	(196,192)
Total	**822,156**	**82,836**	**828,600**	**(183,410)**

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.
Trading	:	the trading of tapes, foil, papers and electrostatic discharge products.
Others	:	rental income, interest income and net gain on deconsolidation of a subsidiary.

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7. Seasonality of operations

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

8. Profit/(Loss) before tax

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Profit/(Loss) before tax for the period/year is arrived at after charging:				
Amortisation	1,790	1,790	7,154	7,154
Allowance for impairment loss on receivables	36	111,507	36	121,507
Bad debts written off	10,042	-	45,315	-
Depreciation	16,931	16,327	58,563	53,443
Impairment loss on other investment	-	15,000	-	15,000
Interest expense	2,352	3,119	10,760	12,692
Inventories written down	5	2,337	18	2,351
Inventories written off	10	654	36	683
Loss on foreign exchange				
- Unrealised	72	246	131	598
- Realised	2	97	2	162
Loss on disposal of property, plant and equipment	3,142	-	4,174	1,973
Loss on deconsolidation of a subsidiary	3,149	-	-	-
Property, plant and equipment written off	65	1,653	304	1,797

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8. Profit/(Loss) before tax (cont'd)

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
and crediting:				
Accretion of interest on RCPS	-	-	-	957
Allowance for impairment loss on receivables no longer required	10,042	-	10,042	1,200
Fair value gain on valuation of biological assets	2,776	6,472	9,578	8,482
Gain on deconsolidation of a subsidiary	-	-	117,085	-
Gain on disposal of financial assets at FVOCI		-	-	28
Gain on disposal of property, plant and equipment	-	24	-	-
Gain on foreign exchange				
- Realised	110	-	172	-
Hire of machinery	296	146	949	620
Interest income	2,857	4,878	12,226	13,184

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9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Taxation based on results for the period/year:				
Current income tax				
- Malaysian income tax	6,613	5,294	10,587	11,003
- Foreign tax	80	6	313	277
	6,693	5,300	10,900	11,280
Under/(Over) provision in respect of previous years				
- Malaysian income tax	159	(111)	(991)	(106)
- Foreign tax	-	1	-	(77)
	6,852	5,190	9,909	11,097
Deferred income tax				
- Original and reversal of temporary differences	(2,736)	213	(2,723)	244
- (Over)/Under provision in respect of previous years	(2,740)	314	(2,740)	317
	(5,476)	527	(5,463)	561
Total	1,376	5,717	4,446	11,658
Income tax attributable to:				
- Continuing operations	1,376	5,717	4,446	11,658

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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10. Earnings/(Loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the financial year net of tax, attributable to owners of the parent by weighted average number of ordinary shares outstanding during the financial year, 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 12 months ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
Profit/(Loss) attributable to the owners of the Company (RM'000)	9,290	(155,559)	81,096	(191,662)
Profit/(Loss) attributable to the owners of the Company (RM'000)	9,290	(155,559)	81,096	(191,662)
Less: Profit/(Loss) from discontinued operation attributable to the owners of the Company	(3,148)	157,493	(2,789)	196,651
Profit from continuing operations attributable to the owners of the Company	6,142	1,934	78,307	4,989
Weighted average number of ordinary shares in issue ('000)	477,474	477,474	477,474	477,474
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,474	477,474	477,474	477,474
Basic earnings/(loss) per share (sen)	1.95	(32.58)	16.98	(40.14)
Diluted earnings/(loss) per share (sen)	1.95	(32.58)	16.98	(40.14)

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

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
Basic earnings/(loss) per share (sen) attributable to:				
- Continuing operations	1.29	0.40	16.40	1.04
- Discontinued operation	0.66	(32.98)	0.58	(41.18)
	1.95	(32.58)	16.98	(40.14)
Diluted earnings/(loss) per share (sen) attributable to:				
- Continuing operations	1.29	0.40	16.40	1.04
- Discontinued operation	0.66	(32.98)	0.58	(41.18)
	1.95	(32.58)	16.98	(40.14)

11. Property, plant and equipment

During the twelve months ended 31 December 2018, the Group acquired assets with a total cost of RM12,160,000 (31 December 2017: RM28,921,000).

Assets with carrying amount of RM5,881,000 (31 December 2017: RM3,878,000) were disposed by the Group during the 12 months ended 31 December 2018, resulting in a loss on disposal of RM4,174,000 (31 December 2017: RM1,973,000).

12. Intangible assets

	Goodwill RM'000	Timber rights RM'000	Total RM'000
Cost			
At 1 January 2017/31 December 2017/31 December 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	-	6,154	6,154
At 31 December 2018	9,404	91,867	101,271
Net carrying amount			
At 31 December 2018	24,189	19,717	43,906
At 31 December 2017	24,189	25,871	50,060
At 1 January 2017	24,189	32,025	56,214

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12. 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		
	31.12.2018	**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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13. Cash and bank balances

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Cash on hand and at banks	98,158	109,270	118,535
Short term deposits with licensed financial institutions	286,074	314,274	249,512
Cash and bank balances	384,232	423,544	368,047

14. 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					
Financial assets at FVOCI					
- Quoted investments	31 December 2018	339	-	-	339
	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.

Quoted investments previously classified as available-for-sale were held by the Group primarily for collecting contractual cash flows and selling it if the need arises to meet liquidity requirements. These quoted investments were reclassified as financial assets at FVOCI during the current interim period.

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15. Share capital, share premium and treasury shares

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

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

16. Interest bearing loans and borrowings

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

	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Short term borrowings			
- Secured	30,522	64,754	106,952
- Unsecured	70,000	69,700	40,000
	100,522	134,454	146,952
Long term borrowings			
- Secured	122,316	127,329	122,623
Total	222,838	261,783	269,575

17. Provisions for costs of restructuring

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

18. Dividends

A final single-tier dividend in respect of the financial year ended 31 December 2018, of 1.50 sen (2017: 1.00 sen) net per share on 481,344,552 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of approximately RM7,162,000 (31 December 2017: RM4,775,000) will be proposed for shareholders' approval at the upcoming Annual General Meeting.

19. Commitments

Capital expenditure as at the reporting date are as follows:

	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Capital expenditure			
Approved and contracted for:			
Property, plant and equipment	-	990	21,236

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20. 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 December 2018, 31 December 2017 and 1 January 2017.

21. Related party transactions

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

		Transaction value	
		31.12.2018	**31.12.2017**
	Note	**RM'000**	**RM'000**
Sawn timber sales:			
W T K Realty Sdn. Bhd.	#	23	289
W T K Service & Warehousing Sdn. Bhd.	^	362	188
		385	477
Contract fee received:			
W T K Realty Sdn. Bhd.	#	89	51
Purchase of logs:			
Harbour-View Realty Sdn. Bhd.	^	7,815	10,032
Ocarina Development Sdn. Bhd.	#	18,079	14,990
		25,894	25,022
Lighterage and freight:			
Master Ace Territory Sdn. Bhd.	#	362	1,374
Ocarina Development Sdn. Bhd.	#	2,465	2,376
W T K Realty Sdn. Bhd.	#	6,739	9,451
Harbour-View Realty Sdn. Bhd.	^	142	73
		9,708	13,274
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	21,436	27,456

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21. Related party transactions (cont'd)

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

	Note	Transaction value 31.12.2018 RM'000	Transaction value 31.12.2017 RM'000
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd.	^	7,433	6,674
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	16,634	21,853
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	8,958	9,726
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	3,240	3,240
United Agencies Sdn. Bhd.	^	7,690	7,704
W T K Realty Sdn. Bhd.	#	260	282
		11,190	11,226
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	10,508	13,636
Harvard Master Sdn. Bhd.	#	7,277	10,006
Southwind Plantation Sdn. Bhd.	#	1,794	3,322
WTK Oil Mill Sdn Bhd	#	-	72
		19,579	27,036
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	14,467	9,244
W T K Realty Sdn. Bhd.	#	42	296
		14,509	9,540

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21. Related party transactions (cont'd)

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

	Note	Transaction value 31.12.2018 RM'000	Transaction value 31.12.2017 RM'000
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	23	-
Harbour-View Realty Sdn. Bhd.	^	112	-
Southwind Plantation Sdn. Bhd.	#	24	-
Tab Timbers (Sarawak) Sdn. Bhd.	^	100	-
Utahol Sdn. Bhd.	#	17	-
W T K Realty Sdn. Bhd.	#	258	-
		534	-
Hiring of machinery received:			
B.H.B Sdn. Bhd.	#	36	-
Harbour-View Realty Sdn. Bhd.	^	45	-
Imbok Enterprise Sdn. Bhd.	#	72	-
United Agencies Sdn. Bhd.	^	222	-
Utahol Sdn. Bhd.	#	36	-
WTK Reforestation Sdn. Bhd.	#	48	-
		459	-
Office rental paid:			
W T K Realty Sdn. Bhd.	#	244	-
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	6,113	-

^ *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.*

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21. Related party transactions (cont'd)

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

	31.12.2018 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)	3,782	1,848	3,045
Other receivables (net of allowance for impairment)	977	1,284	3,877
Trade payables	(27,917)	(26,321)	(23,622)
Other payables	(1,578)	(2,125)	(3,403)

22. Events after the reporting period

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

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23 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:

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

	FRS as at 1.1.2017 RM'000	Effects of transition to MFRS MFRS 141 & 116 RM'000	MFRS as at 1.1.2017 RM'000
Non-current assets			
Property, plant and equipment	616,336	176,184	792,520
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	(346,059)	44,849
	1,179,103	(169,875)	1,009,228
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	(169,085)	1,680,263
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	(135,382)	924,174
Equity attributable to owners of the Company	1,367,212	(135,382)	1,231,830
Non-controlling interests	9,105	(11,167)	(2,062)
Total equity	1,376,317	(146,549)	1,229,768
Non-current liabilities			
Retirement benefit obligations	2,210	-	2,210
Long term borrowings	122,623	-	122,623
Deferred tax liabilities	69,912	(22,536)	47,376
	194,745	(22,536)	172,209
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	(22,536)	450,495
Total equity and liabilities	1,849,348	(169,085)	1,680,263

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
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23 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 (cont'd):

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

	FRS as at	Effects of transition to MFRS		MFRS as at
	31.12.2017	MFRS 141 & 116	MFRS 15	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	595,830	171,350	-	767,180
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	(348,302)	-	53,757
	1,097,360	(176,952)	-	920,408
Current assets				
Prepaid land lease payments	1,000	-	-	1,000
Inventories	111,601	-	-	111,601
Biological assets	-	673	-	673
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	673	-	622,076
Total assets	1,718,763	(176,279)	-	1,542,484
Equity				
Share capital	309,346	-	-	309,346
Treasury shares	(8,156)	-	-	(8,156)
Other reserves	5,815	-	-	5,815
Retained earnings	862,030	(138,839)	(39)	723,152
Equity attributable to owners of the Company	1,169,035	(138,839)	(39)	1,030,157
Non-controlling interests	7,920	(13,847)	-	(5,927)
Total equity	1,176,955	(152,686)	(39)	1,024,230
Non-current liabilities				
Retirement benefit obligations	1,960	-	-	1,960
Long term borrowings	127,329	-	-	127,329
Deferred tax liabilities	71,195	(23,593)	-	47,602
	200,484	(23,593)	-	176,891
Current liabilities				
Retirement benefit obligations	328	-	-	328
Short term borrowings	134,454	-	-	134,454
Trade payables	165,924	-	-	165,924
Other payables	38,310	-	39	38,349
Current tax payable	2,308	-	-	2,308
	341,324	-	39	341,363
Total liabilities	541,808	(23,593)	39	518,254
Total equity and liabilities	1,718,763	(176,279)	-	1,542,484

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23 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 (cont'd):

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

	FRS as at 31.12.2017 (3 months) RM'000	Effects of transition to MFRS MFRS 141 & 116 RM'000	MFRS 15 RM'000	MFRS 9 RM'000	Adjusted to discontinued operation RM'000	MFRS as at 31.12.2017 (3 months) RM'000
Continuing Operations						
Revenue	200,992	-	(1,031)	-	24,509	224,470
Cost of sales	(156,099)	(1,570)	(36)	-	(35,427)	(193,132)
Gross profit	44,893	(1,570)	(1,067)	-	(10,918)	31,338
Other income	7,636	6,472	-	(189)	917	14,836
Selling and distribution expenses	(16,144)	-	1,028	-	-	(15,116)
Administrative and other expenses	(8,997)	(723)	-	-	(11,760)	(21,480)
Operating profit	27,388	4,179	(39)	(189)	(21,761)	9,578
Finance costs	(550)	(963)	-	-	(1,253)	(2,766)
Share of results of associates	15,418	-	-	-	(15,418)	-
Profit before tax	42,256	3,216	(39)	(189)	(38,432)	6,812
Income tax expense	(6,047)	1,056	-	-	(726)	(5,717)
Profit for the period from continuing operations	36,209	4,272	(39)	(189)	(39,158)	1,095
Discontinued Operation						
Loss for the period from discontinued operation	(196,651)	-	-	-	39,158	(157,493)
Loss for the period	(160,442)	4,272	(39)	(189)	-	(156,398)
Other comprehensive loss						
Items that may be reclassified subsequently to profit or loss:						
Gain on available-for-sale financial assets						
- Gain/(Loss) on fair value changes	115	-	-	(195)	-	(80)
- Transfer to profit or loss upon disposal	-	-	-	189	-	189
Foreign currency translation	(643)	-	-	-	-	(643)
	(528)	-	-	(6)	-	(534)
Item that will not be reclassified subsequently to profit or loss:						
Gain on fair value changes of financial assets at FVOCI	-	-	-	195	-	195
Other comprehensive loss, net of tax	(528)	-	-	189	-	(339)
Total comprehensive loss for the period	(160,970)	4,272	(39)	-	-	(156,737)
Loss attributable to:						
Owners of the Company	(160,557)	5,226	(39)	(189)	-	(155,559)
Non-controlling interests	115	(954)	-	-	-	(839)
Loss for the period	(160,442)	4,272	(39)	(189)	-	(156,398)
Total comprehensive loss attributable to:						
Owners of the Company	(161,085)	5,226	(39)	-	-	(155,898)
Non-controlling interests	115	(954)	-	-	-	(839)
Total comprehensive loss for the period	(160,970)	4,272	(39)	-	-	(156,737)
Loss per share attributable to owners of the Company:						
Basic	(33.62)					(32.58)
(Loss)/Earnings per share from continuing operations attributable to owners of the Company:						
Basic	(0.64)					0.40
Loss per share from discontinued operation attributable to owners of the Company:						
Basic	(32.98)					(32.98)

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23 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 (cont'd):

(iv) Reconciliation of statements of profit or loss and other comprehensive income for the 12 months ended 31 December 2017

	FRS as at 31.12.2017 (12 months) RM'000	Effects of transition to MFRS			MFRS as at 31.12.2017 (12 months) RM'000
		MFRS 141 & 116 RM'000	MFRS 15 RM'000	MFRS 9 RM'000	
Continuing Operations					
Revenue	793,310	-	(1,031)	-	792,279
Cost of sales	(678,834)	(9,213)	(36)	-	(688,083)
Gross profit	114,476	(9,213)	(1,067)	-	104,196
Other income	23,046	8,482	-	(189)	31,339
Selling and distribution expenses	(59,676)	-	1,028	-	(58,648)
Administrative and other expenses	(48,689)	(4,330)	-	-	(53,019)
Operating profit	29,157	(5,061)	(39)	(189)	23,868
Finance costs	(8,954)	(2,132)	-	-	(11,086)
Profit before tax	20,203	(7,193)	(39)	(189)	12,782
Income tax expense	(12,714)	1,056	-	-	(11,658)
Profit for the year from continuing operations	7,489	(6,137)	(39)	(189)	1,124
Discontinued Operation					
Loss for the year from discontinued operation	(196,651)	-	-	-	(196,651)
Loss for the year	(189,162)	(6,137)	(39)	(189)	(195,527)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss:					
Loss on available-for-sale financial assets					
- Gain on fair value changes	195	-	-	(195)	-
- Transfer to profit or loss upon disposal	(189)	-	-	189	-
Foreign currency translation	(657)	-	-	-	(657)
	(651)	-	-	(6)	(657)
Item that will not be reclassified subsequently to profit or loss:					
Gain on fair value changes of financial assets at FVOCI	-	-	-	195	195
Other comprehensive loss, net of tax	(651)	-	-	189	(462)
Total comprehensive loss for the year	(189,813)	(6,137)	(39)	-	(195,989)
Loss attributable to:					
Owners of the Company	(187,977)	(3,457)	(39)	(189)	(191,662)
Non-controlling interests	(1,185)	(2,680)	-	-	(3,865)
Loss for the year	(189,162)	(6,137)	(39)	(189)	(195,527)
Total comprehensive loss attributable to:					
Owners of the Company	(188,628)	(3,457)	(39)	-	(192,124)
Non-controlling interests	(1,185)	(2,680)	-	-	(3,865)
Total comprehensive loss for the year	(189,813)	(6,137)	(39)	-	(195,989)
Loss per share attributable to owners of the Company:					
Basic	(39.37)				(40.14)
Earnings per share from continuing operations attributable to owners of the Company					
Basic	1.82				1.04
Loss per share from discontinued operations attributable to owners of the Company:					
Basic	(41.19)				(41.18)

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23 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 (cont'd):

(v) Reconciliation of statements of cash flows for the 12 months ended 31 December 2017

	FRS as at 31.12.2017 (12 months) RM'000	Effects of transition to MFRS RM'000	FRS as at 31.12.2017 (12 months) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations	20,203	(7,421)	12,782
Loss before tax from discontinued operation	(196,192)	-	(196,192)
	(175,989)	(7,421)	(183,410)
Adjustments for:			
Accretion of interest on RCPS	(957)	-	(957)
Allowance for impairment loss on receivables	121,507	-	121,507
Allowance for impairment loss on receivables no longer required	(1,200)	-	(1,200)
Amortisation	7,154	-	7,154
Depreciation	43,929	9,514	53,443
Dividend income	(11)	-	(11)
Fair value gain on valuation of biological assets	-	(8,482)	(8,482)
Gain on disposal of financial assets at FVOCI	(217)	189	(28)
Loss on disposal of property, plant and equipment	1,973	-	1,973
Impairment loss on other investment	15,000	-	15,000
Interest expense	10,560	2,132	12,692
Interest income	(13,184)	-	(13,184)
Inventories written down	2,351	-	2,351
Inventories written off	683	-	683
Property, plant and equipment written off	1,797	-	1,797
Retirement benefit obligations	170	-	170
Reversal of impairment loss on inventories	(25)	-	(25)
Share of results of associates	50,224	-	50,224
Unrealised loss on foreign exchange	598	-	598
Operating profit before working capital changes	64,363	(4,068)	60,295
Changes in working capital :			
Net decrease in current assets	(27,242)	-	(27,242)
Net increase in current liabilities	81,458	39	81,497
Cash generated from operations	118,579	(4,029)	114,550
Income taxes paid, net of tax refund	(10,127)	-	(10,127)
Interest paid	(13,944)	1,252	(12,692)
Interest received	13,184	-	13,184
Payment of retirement benefit	(273)	-	(273)
Net cash from operating activities	107,419	(2,777)	104,642

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23 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 (cont'd):

(v) Reconciliation of statements of cash flows for the 12 months ended 31 December 2017 (cont'd)

	FRS as at 31.12.2017 (12 months) RM'000	Effects of transition to MFRS RM'000	FRS as at 31.12.2017 (12 months) RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in fixed deposits pledged to licensed financial institutions	64	-	64
Addition of biological assets	(5,665)	5,357	(308)
Purchase of investment securities	(199)	-	(199)
Purchase of property, plant and equipment	(29,023)	(2,580)	(31,603)
Proceeds from disposal of financial assets at FVTOCI	1,013	-	1,013
Proceeds from disposal of property, plant and equipment	1,904	-	1,904
Net dividend received from investment securities	11	-	11
Net cash used in investing activities	(31,895)	2,777	(29,118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to owners of the Company	(9,549)	-	(9,549)
Drawdown of term loans	57,398	-	57,398
Drawdown of trade financing facilities	52,288	-	52,288
Repayment of finance leases	(1,966)	-	(1,966)
Repayment of term loans	(53,809)	-	(53,809)
Repayment of trade financing facilities	(41,851)	-	(41,851)
Net cash from financing activities	2,511	-	2,511
Net increase in cash and cash equivalents	78,035	-	78,035
Effects of exchange rate changes	(610)	-	(610)
Net cash and cash equivalents at the beginning of the year	344,570	-	344,570
Net cash and cash equivalents at the end of the year	421,995	-	421,995
For the purpose of statements of cash flows, net cash and cash equivalents include the following:-			
Cash and bank balances	423,544	-	423,544
Less: Bank overdrafts	(1,549)	-	(1,549)
Cash and cash equivalents	421,995	-	421,995

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24. Performance review

For the quarter ("4Q2018") under review, the Group's revenue from its continuing operation was RM218.9 million as compared to RM224.5 million in the preceding year corresponding quarter ("4Q2017"), representing a decrease of RM5.6 million or 2.5%. The lower revenue reported was mainly attributed to lower sales by plantation and manufacturing & trading divisions of RM2.8 million and RM1.8 million, respectively, while timber and others divisions sales was marginally lower by RM0.7 million and RM0.3 million, respectively.

Despite lower revenue for 4Q2018, the Group recorded a higher profit before tax at RM7.0 million from its continuing operations as compared to RM6.8 million in 4Q2017, representing an increase RM0.2 million or 2.9%. This was mainly attributed to lower loss before tax by others division by RM7.0 million, but was partially offset by lower profit before tax for the timber division by RM1.6 million and an increase in the loss before tax for the plantation division by RM5.1 million.

For the Group's discontinued operation of the oil & gas division, there was no revenue recorded for the current quarter following its deconsolidation from the Group's accounts in 1Q2018. However, the reversal of provision for onerous contract relating to the unit has resulted in the Group recorded a profit before tax of RM3.1 million in 4Q2018, as compared to a loss before tax of RM157.8 million from its revenue of RM11.8 million in 4Q2017.

Accordingly, the Group reported a profit before tax of RM10.1 million from its continuing and discontinued operations for the current quarter as compared to a loss before tax of RM150.9 million in 4Q2017.

Quarter 4, 2018

Continuing Operations

Timber

4Q2018 compared with 4Q2017

For the current quarter, the timber division recorded a revenue of RM180.8 million, representing a slight decrease of RM0.7 million or 0.4%, as compared to RM181.5 million in 4Q2017. The lower revenue was mainly attributed to lower sales recorded by the log segment of RM20.1 million, but was partially offset by the higher sales of plywood segment by RM19.4 million.

24. Performance review (cont'd)

Quarter 4, 2018 (cont'd)

Continuing Operations (cont'd)

Timber (cont'd)

4Q2018 compared with 4Q2017 (cont'd)

The lower revenue recorded by the log segment was mainly attributed to decrease in export sales of logs by RM33.1 million, as the effect from the depreciation of Indian Rupee ("INR") against United States Dollar ("USD") and slower market demand continued to drag both the export volume and selling prices lower. On the flipside, revenue from logs sold locally increased by RM13.0 million, which partially offset the decrease in export sales during the quarter. The higher local sales were mainly attributed to shortage of domestic logs supply in Sarawak which enabled the Group to record an increase in the volume of logs sold locally and supported by an upward revision to the domestic selling prices of logs. Consequently, the segment recorded a loss before tax of RM2.9 million (4Q2017: profit before tax of RM9.6 million) as logs sold locally fetch a lower margin as compared to export grade logs. Additionally, the Group had recognised a gain of RM0.7 million during the current quarter (4Q2017: RM5.1 million) from the adoption of MFRS 141 as explained in Note 3(a) to the Interim Financial Statements.

For plywood segment, sales revenue for the current quarter was higher by RM19.4 million mainly due to increase in average selling prices of plywood by 27.6%, as compared to 4Q2017. This has enabled the plywood segment to record an increase in its profit before tax by RM15.3 million, from RM2.9 million in 4Q2017 to RM18.2 million in the current quarter.

Accordingly, the timber division recorded a lower profit before tax of RM16.0 million in the current quarter, as compared to RM17.6 million in 4Q2017.

Current year to date ("12M2018") compared with preceding year to date ("12M2017")

For 12M2018, the division registered a revenue of RM667.9 million, an increase of RM8.1 million or 1.2% as compared to RM659.8 million recorded in 12M2017. The higher revenue was mainly attributed to increased sales revenue from the plywood segment by RM9.6 million, but was partially offset by lower contribution from the log segment by RM1.4 million.

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24. Performance review (cont'd)

Quarter 4, 2018 (cont'd)

Continuing Operations (cont'd)

Timber (cont'd)

12M2018 compared with 12M2017 (cont'd)

For plywood segment, revenue for 12M2018 was RM423.7 million (12M2017: RM414.1 million), representing an increase of RM9.6 million or 2.3%. The higher sales revenue was mainly attributed to increase in average selling prices of plywood by 14.0% as compared to 12M2017. Consequently, plywood segment recorded a higher profit before tax of RM28.5 million for 12M2018 (12M2017: RM19.2 million), an increase of RM9.3 million or 48.4%.

For log segment, revenue derived from export sales declined by RM67.5 million during 12M2018 as compared to 12M2017 mainly due to stronger USD against INR had caused buyers from India to significantly reduced their orders or delayed some of their shipments in the hope of a rebound in their currency. On the flipside, local sales increased by RM66.1 million which partially offset the decrease in revenue of export sales for 12M2018. The higher local sales were mainly attributed to the increased sales volume coupled with upward revision in average selling prices of logs in response to shortage of logs supply for domestic market. Despite a marginal decrease in sales, the segment recorded a loss before tax of RM9.2 million in 12M2018 (12M2017: profit before tax of RM12.2 million) as logs sold locally derived a lower margin as compared to export grade logs. Additionally, the Group had recognised a gain of RM1.7 million during 12M2018 (12M2017: RM2.1 million) from the adoption of MFRS 141 as explained in Note 3(a) to the Interim Financial Statements.

Accordingly, the timber division recorded a lower profit before tax of RM21.0 million in 12M2018 as compared to RM33.6 million achieved in 12M2017.

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24. Performance review (cont'd)

Quarter 4, 2018 (cont'd)

Continuing Operations (cont'd)

Plantation

4Q2018 compared with 4Q2017

Plantation division recorded a revenue of RM22.3 million in 4Q2018 as compared to RM25.1 million in 4Q2017, representing a decrease of RM2.8 million or 11.2%, mainly attributed to the decline in fresh fruit bunch ("FFB") sales of RM3.1 million, but was partially offset by higher sales from its palm oil mill by RM0.3 million.

On the oil palm estates, lower FFB sales was recorded at RM7.4 million (4Q2017: RM10.4 million) mainly due to 33.5% drop in the average selling price, despite sales volume grew by 6.0%. As a result, its loss before tax for the quarter widened to RM5.2 million (4Q2017: RM2.8 million). Additionally, the Group had recognised the costs impact of RM4.0 million (4Q2017: RM1.9 million) from the adoption of MFRS 141 and 116 as explained in Note 3(a) to the Interim Financial Statements.

Higher sales recorded by the palm oil mill of RM15.0 million (4Q2017: RM14.7 million) was achieved on the back of a 51.7% increase in the sales volume of crude palm oil ("CPO") during the quarter under review as compared to the preceding year corresponding quarter. Despite higher revenue, the mill recorded a lower profit before tax of RM2.6 million in 4Q2018 (4Q2017: RM3.2 million), mainly due to lower gain in oil extraction rate ("OER") and kernel extraction rate ("KER").

Overall, the division's loss before tax in 4Q2018 widened to RM6.6 million from RM1.5 million in 4Q2017.

12M2018 compared with 12M2017

The division registered an increase in revenue by RM25.3 million or 42.4% to RM84.9 million in 12M2018 as compared to RM59.6 million in 12M2017. This was mainly attributed to higher sales recorded by the palm oil mill by RM29.9 million, but was partially offset by lower FFB sales by RM4.6 million.

Higher sales recorded by the palm oil mill was mainly due to cumulative full year sales of RM52.6 million as compared to only 6 months cumulative sales of RM22.6 million in 12M2017 when the mill was first commissioned in July 2017. Accordingly, the palm oil mill recorded a higher profit before tax of RM6.4 million in 12M2018 as compared to RM2.7 million in the preceding year.

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24. Performance review (cont'd)

Quarter 4, 2018 (cont'd)

Continuing Operations (cont'd)

Plantation (cont'd)

12M2018 compared with 12M2017 (cont'd)

On the other hand, lower FFB sales of RM32.3 million (12M2017: RM36.9 million) was mainly due to the weakening FFB selling price by 25.7% despite the sales volume increased by 17.8%. As a result of lower revenue coupled with increasing operational costs, the estate operations' loss before tax widened to RM21.2 million during 12M2018 as compared to RM11.2 million in 12M2017. Additionally, the Group had recognised the costs impact of RM12.0 million during 12M2018 (12M2017: RM9.3 million) from the adoption of MFRS 141 and 116 as explained in Note 3(a) to the Interim Financial Statements.

Overall, the division's loss before tax widened to RM26.8 million in 12M2018 as compared to RM17.8 million in 12M2017.

Manufacturing and Trading

4Q2018 compared with 4Q2017

The division recorded a revenue of RM15.6 million in 4Q2018 as compared to RM17.4 million in 4Q2017, which includes the reduction of revenue of RM0.9 million (4Q2017: RM1.0 million) arising from the adoption of MFRS 15 as explained in Note 3(a) to the Interim Financial Statements. Excluding the impact of MFRS 15, the division's revenue for 4Q2018 stood at RM16.5 million, representing a decrease of RM1.9 million or 10.3%, when compared to RM18.4 million in 4Q2017, mainly due to the decrease in local sales. Lower local sales in 4Q2018 was attributed to high stockholding level in 4Q2018 due to stock-up activities by dealers during the period between 1 June 2018 and 31 August 2018 where the Goods and Services Tax (GST) rate was set at zero percent ("zero rate GST period"), and prior to the implementation of Sales and Services Tax ("SST") effective 1 September 2018. Consequently, the division's profit before tax declined marginally from RM1.1 million to RM0.9 million in tandem with lower sales and the effect of foreign currency fluctuations.

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24. Performance review (cont'd)

Quarter 4, 2018 (cont'd)

Continuing Operations (cont'd)

Manufacturing and Trading (cont'd)

12M2018 compared with 12M2017

For 12M2018, the division registered a revenue of RM67.6 million as compared to RM70.8 million in 12M2017, which includes the reduction of revenue of RM0.9 million (12M2017: RM1.0 million) arising from the adoption of MFRS 15 as explained in Note 3(a) to the Interim Financial Statements. Excluding the impact of MFRS 15, the division's revenue for 12M2018 reported at RM68.5 million as compared to RM71.8 million in 12M2017, representing a decrease of RM3.3 million or 4.6%. This was mainly due to reduction in export sales revenue as a result of lower demand of masking tapes from Australia, Thailand and Hong Kong, coupled with the strengthening of Ringgit Malaysia ("RM") against USD, which was at 6.5% premium as compared to 12M2017. Additionally, the lower export sales revenue was further compounded by a 4.0% exchange rate depreciation of Singapore Dollar ("SGD") against RM from its Singapore subsidiary. Accordingly, a lower profit before tax of RM6.4 million was registered in 12M2018 when compared to RM7.1 million in 12M2017, representing a decrease of RM0.7 million or 9.9%, in tandem with lower sales and exchange rate depreciation of SGD against RM from its Singapore subsidiary. Additionally, included in the profit before tax was a gain on foreign exchange of RM0.1 million in 12M2018 as opposed to a loss on foreign exchange of RM0.3 million in 12M2017.

Others

4Q2018 compared with 4Q2017

The division's revenue for 4Q2018 reported at RM0.3 million, representing a marginal decrease of RM0.2 million or 40.0% as compared to RM0.5 million in 4Q2017, mainly due to lower interest income received from short term deposits.

The division registered a lower loss before tax of RM3.4 million in 4Q2018 as compared RM10.4 million in 4Q2017. The loss before tax in 4Q2018 was mainly due to lower net gain on deconsolidation of a wholly-owned subsidiary, Alanya Marine Ventures Sdn Bhd ("AMV") from the oil and gas division of RM3.1 million, arising from the reversal of provision for onerous contract by AMV. The loss before tax in 4Q2017 was mainly due to allowance for impairment loss on receivable of RM10.0 million.

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24. Performance review (cont'd)

Quarter 4, 2018 (cont'd)

Continuing Operations (cont'd)

Others (cont'd)

12M2018 compared with 12M2017

For 12M2018, the division reported a revenue of RM1.7 million, representing a marginal decrease of RM0.4 million or 19.0% as compared to RM2.1 million in 12M2017. This was mainly due to lower interest income received from short term deposits.

However, the division registered a profit before tax of RM79.5 million as compared to a loss before tax of RM10.1 million in 12M2017. This was mainly due to the deconsolidation of AMV in the first quarter of 2018, subsequent to the winding-up order, as well as the appointment of liquidator on 22 February 2018. Included in 12M2018's profit before tax was a gain on deconsolidation amounting to RM117.1 million, partially offset by the write off of the impairment loss in respect of amount due from AMV of RM35.3 million and finance charges on revolving credit facilities of RM1.0 million.

Discontinued Operation

Oil and Gas

4Q2018 compared with 4Q2017

The wholly-owned subsidiary, AMV, which was the main unit of the Group's oil and gas division was deconsolidated in the first quarter of 2018, following the order from the High Court of Malaya in Kuala Lumpur for AMV to be wound-up and a liquidator was appointed for AMV on 22 February 2018. The division's profit before tax stood at RM3.1 million in 4Q2018 as compared to a loss before tax of RM157.8 million from its revenue of RM11.8 million in 4Q2017. Its 4Q2018's profit before tax was mainly due to the reversal of provision for onerous contract.

12M2018 compared with 12M2017

For 12M2018, there was no revenue recorded as compared to RM36.3 million in 12M2017 due to the deconsolidation of AMV in the first quarter of 2018. The division's profit before tax stood at RM2.8 million in 12M2018 as compared to a loss before tax of RM196.2 million in 12M2017. Its 12M2018's profit before tax was mainly due to reversal of provision for onerous contract, partially offset by unrealised loss on foreign exchange and finance charges on revolving credit facilities prior to the court winding-up order and deconsolidation of AMV.

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25. Comment on material change in profit before taxation

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

Quarter 4, 2018

<u>Continuing Operations</u>

Timber

The division recorded a revenue of RM180.8 million in the current quarter as compared to RM171.0 million in 3Q2018, representing an increase of RM9.8 million or 5.7%. The higher revenue was attributed to higher sales revenue recorded by both the log and plywood segments by RM0.1 million and RM9.6 million respectively.

For log segment, higher sales revenue recorded was mainly attributed to increase in local sales revenue by RM10.2 million, which compensated RM10.1 million decrease in export sales revenue as the continuing weakness of the INR against the USD had resulted in delayed shipments. The higher local sales were mainly attributed to steady rise in domestic demand as a result of shortage of log supply for domestic market and increase in average selling prices. Despite higher revenue, the segment recorded a loss before tax of RM2.9 million (3Q2018: profit before tax of RM0.7 million) as logs sold locally fetch a lower margin as compared to export grade logs. Additionally, the Group had recognised a gain of RM0.7 million during the current quarter (3Q2018: RM1.4 million) from the adoption of MFRS 141 as explained in Note 3(a) to the Interim Financial Statements.

Revenue for plywood segment increased by RM9.6 million mainly due to higher average selling prices and increase in sales volume of its premium floor base plywood. This has enabled the segment to record an increase in its profit before tax by RM9.5 million, from RM8.7 million in preceding quarter to RM18.2 million in current quarter.

Accordingly, the division recorded a profit before tax of RM16.0 million in the current quarter (3Q2018: RM10.8 million).

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25. 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 4, 2018 (cont'd)

Continuing Operations (cont'd)

Plantation

Plantation division's revenue for 4Q2018 increased marginally by RM0.1 million or 0.5% to RM22.3 million from RM22.2 million in 3Q2018, on the back of increased sales revenue from palm oil mill operations by RM2.0 million which was partially offset by RM1.9 million decrease in FFB sales.

For palm oil mill operations, sales revenue increased by RM2.0 million or 15.4% to RM15.0 million (3Q2018: RM13.0 million), mainly due to increase in CPO sales volume by 37.0% as the delay in unloading of CPO to refinery terminals has normalised after the peak crop season. As a result of higher sales, palm oil mill operations recorded a higher profit before tax of RM2.6 million, an increase of RM1.4 million from RM1.2 million recorded in 3Q2018.

For the current quarter under review, the lower sales revenue from estate operations at RM7.4 million (3Q2018: RM9.2 million) was attributed to lower FFB sales volume and average selling prices by 7.2% and 14.3% respectively, as compared to the preceding quarter. Consequently, the estate operations recorded a higher loss before tax of RM5.2 million in 4Q2018 (3Q2018: RM4.8 million). Additionally, the Group had recognised the costs impact of RM4.0 million during the current quarter (3Q2018: RM2.6 million) from the adoption of MFRS 141 and 116 as explained in Note 3(a) to the Interim Financial Statements.

Accordingly, the division reported a marginally higher loss before tax of RM6.6 million, an increase of RM0.5 million from RM6.1 million reported in the preceding quarter.

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25. 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 4, 2018 (cont'd)

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

Manufacturing and Trading

The division recorded a revenue of RM15.6 million in 4Q2018 as compared to RM19.4 million in 3Q2018, which includes the reduction of revenue of RM0.9 million (3Q2018: Nil) arising from the adoption of MFRS 15 as explained in Note 3(a) to the Interim Financial Statements. Excluding the impact of MFRS 15, the division's revenue for 4Q2018 stood at RM16.5 million, representing a decrease of RM2.9 million or 14.9%, when compared to RM19.4 million in 3Q2018. The reduction in revenue was mainly due to the decrease in both local and export sales by RM1.9 million and RM1.0 million, respectively. Lower local sales in 4Q2018 was attributed to high stockholding level in 4Q2018 due to stock-up activities by dealers during the zero rate GST period, and prior to the implementation of SST effective 1 September 2018, whilst, lower export sales for the current quarter was mainly due to decreased demand of masking tapes. Accordingly, the division registered a lower profit before tax of RM1.0 million in 4Q2018, representing a decrease of RM1.5 million or 60.0% when compared to RM2.5 million in 3Q2018 in tandem with lower revenue and after taking into account of provision for bonuses.

Others

Revenue for 4Q2018 reported at RM0.3 million, representing a marginal decrease of RM0.2 million or 40.0% as compared to RM0.5 million in 3Q2018. This was mainly due to lower interest income received from short term deposits.

However, the division registered a higher loss before tax of RM3.4 million in 4Q2018 as compared RM0.6 million in 3Q2018 mainly due to lower net gain on deconsolidation of AMV arising from the reversal of provision for onerous contract by AMV.

<u>Discontinued Operation</u>

Oil and Gas

There was no revenue recorded in 4Q2018 and 3Q2018 due to the deconsolidation of AMV in the first quarter of 2018. Its current period's profit before tax was due to the reversal of provision for onerous contract.

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

26. Commentary on prospects

The on-going trade tension between the world's major economies, i.e. United States of America and its trade partners, and tightening monetary policy continue to raise uncertainty in the growth prospects of global economy. The prolonged uncertainties may also dampen growth of economies in the region. In light of the ongoing economic events and the volatility of the commodity prices, the Group will remain cautious of the prospect of the Group's business activities.

Timber

Demand for logs from the Group's main export market, India, is expected to remain soft, mainly due to broadly lower INR against the USD. The Group maintains a cautious outlook for logs export market over the short term.

Plywood segment sales continue to face competition from Japanese domestic plywood supply as well as imported plywood from Indonesia. As a result, plywood imported into the Japanese market from overseas are experiencing downward pressure on the selling price and reduced volume. Given this scenario, the Japanese trading houses are selective in importing only higher end floor-based plywood as their domestic plywood are able to substitute the general-purpose plywood at lesser costs. This augurs well for the plywood segment as the Group expects its premium floor-base plywood products will continue to secure the continuing flow of orders from Japan.

Plantation

The Group's plantation division expects a challenging year as CPO prices remained soft, while facing increasing supplies from Indonesia. However, the Group's continuous effort to review and reduce its operational costs for field upkeep, maintenance and manuring programme coupled with increasing FFB yield, are expected to mitigate the negative impact from low CPO prices. At the same time, the performance of its palm oil mill is expected to remain satisfactory.

Manufacturing and Trading

For the Group's manufacturing and trading division, the domestic demand is expected to normalise after the slowdown in 4Q2018 as a result of the stock-up activities by dealers during the zero rate GST period. While the on-going trade tension between the United States and China has not significantly affected our sales into China, the challenges continue to be intense competition in both the domestic and overseas market and rising raw material prices.

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

26. Commentary on prospects (cont'd)

Manufacturing and Trading (cont'd)

In the face of the challenging economic conditions, the Group is determined to continuously implement appropriate measures to remain competitive in both the domestic and overseas market so as to maintain its market share and profitability. Given the adverse impact of rising production costs on the profitability of the division, the Group will continuously look into substitution plans for its raw materials without compromising on product quality. Additionally, the Group will continue to review its product mix and improve production efficiency to achieve lower production costs so as to deliver quality and competitively priced products to its customers.

At the same time, the Group will continue to expand its efforts for continual product innovations and broaden its market reach and customer base, especially in the overseas markets.

27. 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.

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

Please refer to the commentary on Note 27 to the Interim Financial Statements.

29. Profit forecast or profit guarantee

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

30. Corporate proposal

There is no corporate proposal announced.

31. Changes in material litigation

There was no material litigation against the Group.

32. Dividend payable

Please refer to Note 18 to the Interim Financial Statements for details.

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

33. Disclosure on nature of outstanding derivatives

There were no outstanding derivatives as at 31 December 2018, 31 December 2017 and 1 January 2018.

34. Rationale for entering into derivatives

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

35. Risks and policies of derivatives

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

36. 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 December 2018, 31 December 2017 and 1 January 2018.

37. 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: 27 FEBRUARY 2019