

# **W T K HOLDINGS BERHAD**

**Registration Number: 197001000863 (10141-M)**

*(Incorporated in Malaysia)*

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020 - UNAUDITED**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Non-current assets</b>		
Property, plant and equipment	541,863	565,465
Investment properties	15,450	15,637
Right-of-use assets	125,017	127,832
Other investments	781	513
Intangible assets	15,043	18,119
Biological assets	59,832	58,916
	<u>757,986</u>	<u>786,482</u>
<b>Current assets</b>		
Biological assets	746	929
Inventories	102,586	117,284
Trade receivables	28,600	41,092
Other receivables	33,797	16,248
Tax recoverable	2,285	1,884
Cash and bank balances	356,533	383,160
	<u>524,547</u>	<u>560,597</u>
<b>Total assets</b>	<u>1,282,533</u>	<u>1,347,079</u>
<b>Equity</b>		
Share capital	309,346	309,346
Treasury shares	(9,341)	(8,156)
Other reserves	5,822	5,188
Retained earnings	643,248	679,237
<b>Equity attributable to owners of the Company</b>	<u>949,075</u>	<u>985,615</u>
Non-controlling interests	(10,594)	(9,838)
<b>Total equity</b>	<u>938,481</u>	<u>975,777</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	58,661	58,665
Lease liabilities	6,556	6,580
Retirement benefit obligations	1,840	1,754
Loans and borrowings	93,060	103,116
	<u>160,117</u>	<u>170,115</u>
<b>Current liabilities</b>		
Retirement benefit obligations	319	319
Lease liabilities	427	642
Loans and borrowings	125,276	133,746
Trade payables	42,600	48,813
Other payables	13,715	15,375
Income tax payable	1,598	2,292
	<u>183,935</u>	<u>201,187</u>
<b>Total liabilities</b>	<u>344,052</u>	<u>371,302</u>
<b>Total equity and liabilities</b>	<u>1,282,533</u>	<u>1,347,079</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2020 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	78,649	142,719	186,986	322,166
Cost of sales	<u>(76,740)</u>	<u>(139,599)</u>	<u>(185,844)</u>	<u>(302,598)</u>
Gross profit	1,909	3,120	1,142	19,568
Other income	4,599	4,474	8,230	10,305
Selling and distribution expenses	(6,213)	(9,519)	(14,437)	(19,926)
Administrative and other expenses	<u>(14,487)</u>	<u>(11,290)</u>	<u>(26,176)</u>	<u>(23,710)</u>
Operating loss	(14,192)	(13,215)	(31,241)	(13,763)
Finance costs	<u>(2,262)</u>	<u>(2,589)</u>	<u>(4,832)</u>	<u>(5,009)</u>
<b>Loss before tax</b>	(16,454)	(15,804)	(36,073)	(18,772)
Income tax expense	<u>(46)</u>	<u>(1,021)</u>	<u>(672)</u>	<u>(3,260)</u>
<b>Loss for the period</b>	<u>(16,500)</u>	<u>(16,825)</u>	<u>(36,745)</u>	<u>(22,032)</u>
<b>Other comprehensive income/(loss)</b>				
<b>Item that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation	<u>365</u>	<u>517</u>	<u>371</u>	<u>(126)</u>
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
<b>Gain on fair value changes of financial assets at</b>				
fair value through other comprehensive income ("FVOCI")	6	44	264	184
Remeasurement loss on retirement benefit obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(184)</u>
	<u>6</u>	<u>44</u>	<u>264</u>	<u>-</u>
<b>Other comprehensive income/(loss), net of tax</b>	<u>371</u>	<u>561</u>	<u>635</u>	<u>(126)</u>
<b>Total comprehensive loss for the period</b>	<u>(16,129)</u>	<u>(16,264)</u>	<u>(36,110)</u>	<u>(22,158)</u>
<b>Loss attributable to:</b>				
Owners of the Company	(16,119)	(15,881)	(35,989)	(19,726)
Non-controlling interests	<u>(381)</u>	<u>(944)</u>	<u>(756)</u>	<u>(2,306)</u>
<b>Loss for the period</b>	<u>(16,500)</u>	<u>(16,825)</u>	<u>(36,745)</u>	<u>(22,032)</u>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(15,748)	(15,320)	(35,354)	(19,852)
Non-controlling interests	<u>(381)</u>	<u>(944)</u>	<u>(756)</u>	<u>(2,306)</u>
<b>Total comprehensive loss for the period</b>	<u>(16,129)</u>	<u>(16,264)</u>	<u>(36,110)</u>	<u>(22,158)</u>
<b>Loss per share attributable to owners of the Company (sen per share):</b>				
Basic	<u>(3.38)</u>	<u>(3.33)</u>	<u>(7.58)</u>	<u>(4.13)</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2020 - UNAUDITED**

	← Attributable to owners of the Company →								Non-controlling interests RM'000
	Total equity RM'000	Total equity attributable to the owners of the Company RM'000	← Non-distributable →		Distributable		← Non-distributable →		
				Share capital 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
<b>Quarter ended 30 June 2020</b>									
<b>At 1 January 2020</b>	975,777	985,615	309,346	(8,156)	679,237	5,188	5,512	(324)	(9,838)
Loss for the period	(36,745)	(35,989)	-	-	(35,989)	-	-	-	(756)
Other comprehensive income	635	635	-	-	-	635	371	264	-
<b>Total comprehensive (loss)/income</b>	<b>(36,110)</b>	<b>(35,354)</b>	<b>-</b>	<b>-</b>	<b>(35,989)</b>	<b>635</b>	<b>371</b>	<b>264</b>	<b>(756)</b>
<b>Transaction with owners</b>									
Repurchase of treasury shares	(1,185)	(1,185)	-	(1,185)	-	-	-	-	-
<b>At 30 June 2020</b>	<b>938,482</b>	<b>949,076</b>	<b>309,346</b>	<b>(9,341)</b>	<b>643,248</b>	<b>5,822</b>	<b>5,883</b>	<b>(60)</b>	<b>(10,594)</b>
<b>Quarter ended 30 June 2019</b>									
<b>At 1 January 2019</b>	1,097,630	1,104,515	309,346	(8,156)	797,849	5,476	5,874	(398)	(6,885)
Loss for the period	(22,032)	(19,726)	-	-	(19,726)	-	-	-	(2,306)
Other comprehensive (loss)/income	(126)	(126)	-	-	(184)	58	(126)	184	-
<b>Total comprehensive (loss)/income</b>	<b>(22,158)</b>	<b>(19,852)</b>	<b>-</b>	<b>-</b>	<b>(19,910)</b>	<b>58</b>	<b>(126)</b>	<b>184</b>	<b>(2,306)</b>
<b>At 30 June 2019</b>	<b>1,075,472</b>	<b>1,084,663</b>	<b>309,346</b>	<b>(8,156)</b>	<b>777,939</b>	<b>5,534</b>	<b>5,748</b>	<b>(214)</b>	<b>(9,191)</b>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2020 - UNAUDITED**

	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(36,073)	(18,772)
<b>Adjustments for:</b>		
Amortisation	3,076	3,576
Bad debts written off	-	2
Depreciation	32,026	32,820
(Gain)/Loss on disposal of property, plant and equipment	(13)	2,205
Net gain arising from changes in fair value of biological assets	(620)	(1,456)
Interest expense	4,832	5,009
Interest income	(5,670)	(5,915)
Inventories written down	-	6
Inventories written off	-	10
Property, plant and equipment written off	-	16
Retirement benefit obligations	86	90
Unrealised gain on foreign exchange	(59)	(25)
<b>Operating (loss)/profit before working capital changes</b>	<u>(2,415)</u>	<u>17,566</u>
<b>Changes in working capital :</b>		
Net decrease/(increase) in current assets	9,725	(32,832)
Net increase in current liabilities	(7,894)	(3,836)
Cash generated from operations	<u>(584)</u>	<u>(19,102)</u>
Income taxes paid, net of tax refund	(1,764)	(170)
Interest paid	(4,737)	(5,009)
Interest received	5,670	5,915
Payment of retirement benefits	-	(115)
<b>Net cash used in operating activities</b>	<u>(1,415)</u>	<u>(18,481)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of biological assets	(113)	(826)
Purchase of property, plant and equipment	(5,425)	(2,851)
Proceeds from disposal of property, plant and equipment	140	1,867
Net dividend received from investment securities	9	-
<b>Net cash used in investing activities</b>	<u>(5,389)</u>	<u>(1,810)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	223	223
Drawdown of trade financing facilities	3,000	33,585
Interest paid for lease liabilities	(95)	-
Repayment of lease liabilities	(1,415)	-
Repayment of hire purchases	(468)	(496)
Repayment of term loans	(7,173)	(11,580)
Repayment of trade financing facilities	(14,376)	(37,733)
<b>Net cash used in financing activities</b>	<u>(20,304)</u>	<u>(16,001)</u>
Net decrease in cash and cash equivalents	(27,108)	(36,292)
Effects of exchange rate changes	213	(264)
<b>Net cash and cash equivalents at the beginning of the period</b>	<u>380,796</u>	<u>382,847</u>
<b>Net cash and cash equivalents at the end of the period</b>	<u><u>353,901</u></u>	<u><u>346,291</u></u>
For the purpose of statements of cash flows, net cash and cash equivalents include the following:		
Cash and bank balances	356,533	348,374
Less: Bank overdrafts	(2,632)	(2,083)
Cash and cash equivalents	<u><u>353,901</u></u>	<u><u>346,291</u></u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the condensed consolidated interim financial statements  
For the six months ended 30 June 2020 – 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 August 2020.

**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 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 2019. 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 2019.

**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 2019, 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 2020.

**(a) Changes in accounting policies**

On 1 January 2020, the Group adopted the relevant and applicable new and revised MFRSs mandatory for annual financial periods beginning on or after 1 January 2020 as follows:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRSs Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9 Interest Rate Benchmark Reform	1 January 2020

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<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020

The adoption of the new/revised MFRSs and Amendments to MFRSs are not expected to have any material impact on the financial statements of the Group in the period of initial application.

**(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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Classification of liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	#

# Effective for annual periods beginning on or after a date to be determined.

The adoption of the above standards and amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

**4. Changes in estimates**

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

**5. Changes in composition of the Group**

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

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**6. Segmental information**

	<b>6 months ended 30.06.2020</b>		<b>6 months ended 30.06.2019</b>	
	<b>Revenue RM'000</b>	<b>(Loss)/Profit before tax RM'000</b>	<b>Revenue RM'000</b>	<b>(Loss)/Profit before tax RM'000</b>
<u>Continuing Operations:</u>				
Timber	120,647	(31,647)	258,026	(1,244)
Plantation	39,690	(7,051)	30,274	(18,167)
Manufacturing	9,512	1,241	13,479	1,798
Trading	16,235	1,513	19,802	474
Others	902	(129)	585	(1,633)
Total continuing operations	<u>186,986</u>	<u>(36,073)</u>	<u>322,166</u>	<u>(18,772)</u>
<b>Total</b>	<b><u>186,986</u></b>	<b><u>(36,073)</u></b>	<b><u>322,166</u></b>	<b><u>(18,772)</u></b>

The Group is organised into business units based on their products and services, and has five 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”).
Manufacturing	:	manufacture and sales of adhesive and gummed tapes.
Trading	:	the trading of tapes, foil, papers and electrostatic discharge products.
Others	:	rental income and interest income.

**7. Seasonality of operations**

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



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Notes to the condensed consolidated interim financial statements  
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**8. Loss before tax**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Loss before tax for the period is arrived at after charging / (crediting):</b>				
Amortisation	1,538	1,788	3,076	3,576
Depreciation	17,362	17,047	32,026	32,820
Interest expense	2,262	2,589	4,832	5,009
Inventories written down	-	2	-	6
Inventories written off	(9)	5	-	10
Loss/(Gain) on foreign exchange - Realised	25	(63)	(157)	28
Gain on foreign exchange - Unrealised	(181)	(25)	(59)	(25)
(Gain)/loss on disposal of property, plant and equipment	(10)	1,097	(13)	2,205
Property, plant and equipment written off	-	16	-	16
Gain arising from changes in fair value of biological assets	(407)	(150)	(620)	(1,456)
Interest income	(3,045)	(3,090)	(5,670)	(5,915)
	<u>(3,045)</u>	<u>(3,090)</u>	<u>(5,670)</u>	<u>(5,915)</u>

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For the six months ended 30 June 2020 – unaudited

**9. Income tax expense**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysian income tax	33	751	487	2,853
- Foreign tax	76	29	190	121
	109	780	677	2,974
<u>Under provision in respect of previous years</u>				
- Malaysian income tax	-	239	-	291
	109	1,019	677	3,265
<u>Deferred income tax</u>				
- Original and reversal of temporary differences	(63)	2	(5)	(5)
	(63)	2	(5)	(5)
Total income tax	46	1,021	672	3,260

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. Loss per share**

Basic loss per share amounts are calculated by dividing (loss)/profit 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.

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
Loss attributable to the owners of the Company (RM'000)	(16,119)	(15,881)	(35,989)	(19,726)
Loss attributable to the owners of the Company (RM'000)	(16,119)	(15,881)	(35,989)	(19,726)
Weighted average number of ordinary shares in issue ('000)	474,842	477,474	474,842	477,474
Dilutive potential ordinary shares	-	-	-	-
Weighted average number of ordinary shares in issue ('000)	474,842	477,474	474,842	477,474
Basic loss per share (sen)	(3.38)	(3.33)	(7.58)	(4.13)

The basic and diluted loss per share are the same as at the end of the reporting periods.

**11. Property, plant and equipment**

During the six months ended 30 June 2020, the Group acquired assets with a total cost of RM5,425,000 (30 June 2019: RM2,851,000).

Assets with carrying amount of RM127,000 (30 June 2019: RM4,072,000) were disposed by the Group during the 6 months ended 30 June 2020, resulting in a gain on disposal of RM13,000 and loss on disposal during the 6 months ended 30 June 2019 was RM2,205,000.

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**12. Intangible assets**

	<b>Goodwill</b>	<b>Timber rights</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January 2020/30 June 2020	33,593	111,584	145,177
<b>Accumulated amortisation and impairment</b>			
At 1 January 2020	29,037	98,021	127,058
Amortisation	-	3,076	3,076
At 30 June 2020	29,037	101,097	130,134
<b>Net carrying amount</b>			
At 30 June 2020	4,556	10,487	15,043
At 1 January 2020	4,556	13,563	18,119

**(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:

	<b>Goodwill</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Timber division	3,240	3,240
Trading division	1,308	1,308
Manufacturing division	8	8
	<u>4,556</u>	<u>4,556</u>

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:

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**i. Terminal growth rates**

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

**ii. Discount rates**

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

**13. Cash and bank balances**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at banks	48,972	100,133
Short-term deposits with licensed financial institutions	307,561	283,027
Cash and bank balances	<u>356,533</u>	<u>383,160</u>

**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.

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

	<b>Date of valuation</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets measured at fair value</b>					
Financial assets at FVOCI					
- Quoted investments	30 June 2020	681	-	-	681
	31 December 2019	413	-	-	413
Biological assets					
- Oil palm fresh fruit bunches	30 June 2020	-	-	746	746
	31 December 2019	-	-	929	929
- Reforestation (Planted trees)	30 June 2020	-	-	59,832	59,832
	31 December 2019	-	-	58,916	58,916

There have been no transfers between Level 1 to Level 3 during the current interim period and the comparative period.

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**15. Share capital, share premium and treasury shares**

The Company did not issue any ordinary shares during the six months ended 30 June 2020.

The number of shares bought back and retained as treasury shares amounted to 7,476,900 shares as at 30 June 2020.

**16. Interest bearing loans and borrowings**

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

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings		
- Secured	24,276	106,746
- Unsecured	101,000	27,000
	125,276	133,746
Long term borrowings		
- Secured	93,060	103,116
Total	218,336	236,862

**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**

	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>Date of payment</b>
	<b>RM'000</b>	<b>RM'000</b>	
Recognised during the financial year:			
- Final single-tier dividend of 1.50 sen net per share in respect of year ended 31 December 2018	-	7,162	22 July 2019
	-	7,162	

At the Annual General Meeting held on 13 August 2020, a final single-tier dividend in respect of the financial year ended 31 December 2019, of 1.00 sen net per share have been approved by shareholders.

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**19. 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 30 June 2020 and 31 December 2019.

**20. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the six months ended 30 June 2020 and 30 June 2019.

	Note	Transaction value	
		30.06.2020 RM'000	30.06.2019 RM'000
Sawn timber sales:			
W T K Realty Sdn. Bhd.	#	-	2
Contract fee received:			
W T K Realty Sdn. Bhd.	#	-	10
Purchase of logs:			
Ocarina Development Sdn. Bhd.	#	10,218	18,556
Lighterage and freight:			
Ocarina Development Sdn. Bhd.	#	309	1,043
W T K Realty Sdn. Bhd.	#	763	2,319
Harbour-View Realty Sdn. Bhd.	^	12	36
		<u>1,084</u>	<u>3,398</u>
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	2,955	7,624
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd.	^	2,251	3,716
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	4,050	6,032
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	2,904	5,328



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	Note	30.06.2020 RM'000	30.06.2019 RM'000
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	-	1,500
United Agencies Sdn. Bhd.	^	-	2,945
W T K Realty Sdn. Bhd.	#	-	67
		-	4,512
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	4,813	3,854
Harvard Master Sdn. Bhd.	#	6,494	3,239
Southwind Plantation Sdn. Bhd.	#	-	675
		11,307	7,768
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	5,665	4,389
Utahol (2008) Sdn. Bhd.	#	394	-
		6,059	4,389
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	18	13
Harbour-View Realty Sdn. Bhd.	^	-	10
Southwind Plantation Sdn. Bhd.	#	12	12
Tab Timbers (Sarawak) Sdn. Bhd.	^	8	57
W T K Realty Sdn. Bhd.	#	18	48
		56	140
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	36	36
United Agencies Sdn. Bhd.	^	-	111
Utahol Sdn. Bhd.	#	8	18
		44	165
Office rental paid:			
W T K Realty Sdn. Bhd.	#	108	108
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	3,223	3,523

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- ^ *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 30 June 2020 and 31 December 2019 were as follows:

	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	4,560	2,585
Other receivables (net of allowance for impairment)	1,882	1,352
Trade payables	(27,739)	(25,105)
Other payables	(1,126)	(1,149)

## 21. Events after the reporting period

There are no events after the financial period ended 30 June 2020 which could materially affect the Group.

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**22. Performance review**

	<b>Current quarter</b>		<b>Variance</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>Revenue</b>				
Timber	49,035	111,736	(62,701)	-56.1%
Plantation	19,174	15,789	3,385	21.4%
Manufacturing	3,711	5,040	(1,329)	-26.4%
Trading	6,373	9,848	(3,475)	-35.3%
Others	356	306	50	16.3%
<b>Total</b>	<b>78,649</b>	<b>142,719</b>	<b>(64,070)</b>	<b>-44.9%</b>
<b>(Loss)/Profit before tax</b>				
Timber	(13,848)	(7,415)	(6,433)	86.8%
Plantation	(3,244)	(8,048)	4,804	-59.7%
Manufacturing	252	493	(241)	-48.9%
Trading	471	(189)	660	-349.2%
Others	(85)	(645)	560	-86.8%
<b>Total</b>	<b>(16,454)</b>	<b>(15,804)</b>	<b>(650)</b>	<b>4.1%</b>

For the quarter (“2Q2020”) under review, the Group’s revenue was RM78.6 million, a decrease of RM64.1 million or 44.9% as compared to the preceding year corresponding quarter (“2Q2019”) of RM142.7 million. As a result, the Group recorded a loss before tax of RM16.5 million in 2Q2020, RM0.7 million higher as compared to 2Q2019’s loss before tax of RM15.8 million. This was mainly attributed to the timber segment recorded a higher loss before tax in 2Q2020 as compared to 2Q2019.

Performance of respective segments for the financial quarter/period ended 30 June 2020 as compared to the preceding year corresponding financial quarter/period are analysed as follows:

**Timber**

For 2Q2020, the lower revenue and higher loss before tax were mainly attributed to weaker demand of timber products from both domestic and international markets.

For log business, the volume and revenue has decreased by 84% and 89% respectively as compared to 2Q2019, mainly attributed by the lockdown measures implemented to fight COVID-19 pandemic in Malaysia and foreign countries. Meanwhile, the revenue of plywood business during the quarter has decreased by 30% as compared to 2Q2019. The decrease in plywood revenue was attributed by weaker demand of import plywood in Japan due to the slowing down of construction and new houses in Japan during the period under review.

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### **Plantation**

For 2Q2020 under review, the revenue recorded was RM19.2 million, an increase of RM3.4 million or 21.4%, as compared to RM15.8 million in 2Q2019. The increase in revenue during the quarter was attributed to the improved average selling price of crude palm oil (“CPO”) and palm kernel (“PK”) as compared to 2Q2019. Consequently, the segment’s loss before tax in 2Q2020 was narrowed by RM4.8 million or 59.7% to RM3.2 million when compared with 2Q2019.

### **Manufacturing and Trading**

The division recorded a revenue of RM10.1 million in 2Q2020 as compared to RM14.9 million in 2Q2019, representing a decrease of RM4.8 million. The lower revenue in 2Q2020 was attributed to decrease in export sales resulted by the outbreak of COVID-19 pandemic. However, a higher combined profit before tax was recorded in 2Q2020 as compared with 2Q2019, mainly attributed to the cost optimisation measures implemented by the Group.

### **Others**

For 2Q2020, the segment’s revenue, which derived from rental and interest income, increased mainly due to higher interest income received from short-term deposits due to higher placements as compared to 2Q2019.

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**23. Comment on material change in profit before taxation**

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

	Current quarter		Variance	
	30.06.2020	31.03.2020	RM	%
	RM'000	RM'000		
<b>Revenue</b>				
Timber	49,035	71,612	(22,577)	-31.5%
Plantation	19,174	20,516	(1,342)	-6.5%
Manufacturing	3,711	5,801	(2,090)	-36.0%
Trading	6,373	9,862	(3,489)	-35.4%
Others	356	546	(190)	-34.8%
<b>Total</b>	<u>78,649</u>	<u>108,337</u>	(29,688)	-27.4%
<b>(Loss)/Profit before tax</b>				
Timber	(13,848)	(17,799)	3,951	-22.2%
Plantation	(3,244)	(3,807)	563	-14.8%
Manufacturing	252	989	(737)	-74.5%
Trading	471	1,042	(571)	-54.8%
Others	(85)	(44)	(41)	93.2%
<b>Total</b>	<u>(16,454)</u>	<u>(19,619)</u>	3,165	-16.1%

For 2Q2020 under review, the Group's revenue was RM78.6 million, a decrease of RM29.7 million or 27.4% as compared to the preceding quarter ("1Q2020") of RM108.3 million. However, the Group's loss before tax has reduced by RM3.1 million or 16.1% to RM16.5 million in 2Q2020 as compared to 1Q2020's loss before tax of RM19.6 million.

**Timber**

The segment recorded a lower sales revenue as a result soft demand for timber products resulted by the outbreak of COVID-19. The lower loss before tax during the quarter mainly attributed to the cost optimisation measures implemented by the Group.

**Plantation**

Plantation segment registered a lower loss before tax mainly due to the increase in sales volume of CPO and PK during the quarter.

**Manufacturing and Trading**

The segment recorded a lower revenue as compared with preceding quarter, which was attributed by the implementation of Movement Control Order in relation to COVID-19 pandemic since middle of March 2020.

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**24. Commentary on prospects**

The uncertainties in macroeconomic and COVID-19 pandemic had an adverse impact to the business of the Group. Given the unprecedented impact and levels of uncertainty from the COVID-19 pandemic, the Group is taking a cautious view over the outlook of the businesses and anticipates the recovery of the demand to be slow in the coming months.

**a) Timber**

The outlook of timber division remains challenging as the demand of plywood and log is expected to remain soft from major buyers, Japan and India. Demand of export log from Indian market was affected by the recent lockdown in India where timber industry has temporarily stopped operations. Meanwhile, the weak consumer sentiment and lower number of new houses resulted by the COVID-19 pandemic have hampered the demand of plywood in Japan.

**b) Plantation**

The CPO price is generally vulnerable to the demand and supply of the commodity, weather condition, import policies of major importing countries and others. With the increase in palms' maturity into prime age production cycle and increase in plantable area upon the completion of the Proposed Acquisition of Lumiera Estate, the Group remains cautiously optimistic on the outlook of plantation.

**c) Tapes**

Both domestic and export markets are affected by the lockdown measure to contain the COVID-19 pandemic. The Group remains cautiously optimistic on the outlook of tapes division and is determined on product innovation and differentiation to remain competitive.

The scale and duration of the economic uncertainties could not be reasonably estimated at this juncture. The Group is closely monitoring the evolving situation of the COVID-19 pandemic and its related financial effects, if any. Nonetheless, the Board is committed to be more agile in implementing the business strategies and is confident that the Group is able to leverage on its strong cash reserves and experienced management to navigate through the challenges.

**25. 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.

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

Please refer to the commentary on Note 25 to the Interim Financial Statements.

**27. Profit forecast or profit guarantee**

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

**28. Corporate proposal**

There is no corporate proposal announced.

**29. Changes in material litigation**

There was no material litigation against the Group.

**30. Dividend payable**

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

**31. Disclosure on nature of outstanding derivatives**

There were no outstanding derivatives as at 30 June 2020 and 31 December 2019.

**32. Rationale for entering into derivatives**

The Group did not enter into any derivatives during the current quarter ended 30 June 2020 or the previous financial period ended 30 June 2019.

**33. Risks and policies of derivatives**

The Group did not enter into any derivatives during the current quarter ended 30 June 2020 or the previous financial period ended 30 June 2019.

**34. 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 30 June 2020 and 31 December 2019.

**35. Auditors report on the preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

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BY ORDER OF THE BOARD

CHONG CHEW LO  
COMPANY SECRETARY  
KUALA LUMPUR  
Date: 27 AUGUST 2020