

W T K HOLDINGS BERHAD

Registration Number: 197001000863 (10141-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021 - UNAUDITED

	31.03.2021	31.12.2020
	RM'000	RM'000
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	490,132	497,739
Investment properties	15,171	15,263
Right-of-use assets	131,486	132,312
Other investments	371	371
Intangible assets	10,427	11,965
Biological assets	35,542	35,542
	<u>683,129</u>	<u>693,192</u>
Current assets		
Biological assets	1,500	1,081
Inventories	65,290	68,534
Trade receivables	25,300	38,755
Other receivables	6,608	14,836
Tax recoverable	4,344	3,566
Cash and bank balances	368,259	353,890
	<u>471,301</u>	<u>480,662</u>
Total assets	<u>1,154,430</u>	<u>1,173,854</u>
Equity		
Share capital	309,346	309,346
Treasury shares	(11,057)	(10,830)
Other reserves	5,732	5,475
Retained earnings	500,853	513,296
Equity attributable to owners of the Company	<u>804,874</u>	<u>817,287</u>
Non-controlling interests	(11,595)	(11,375)
Total equity	<u>793,279</u>	<u>805,912</u>
Non-current liabilities		
Deferred tax liabilities	30,879	30,849
Lease liabilities	6,275	6,387
Retirement benefit obligations	1,516	1,506
Loans and borrowings	136,759	142,439
	<u>175,429</u>	<u>181,181</u>
Current liabilities		
Retirement benefit obligations	421	421
Lease liabilities	608	569
Loans and borrowings	130,534	131,382
Trade payables	40,578	39,443
Other payables	12,867	14,274
Income tax payable	714	672
	<u>185,722</u>	<u>186,761</u>
Total liabilities	<u>361,151</u>	<u>367,942</u>
Total equity and liabilities	<u>1,154,430</u>	<u>1,173,854</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED

	Current quarter		Cumulative quarter	
	Three months ended 31 March		Three months ended 31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	86,457	108,337	86,457	108,337
Cost of sales	<u>(86,538)</u>	<u>(109,104)</u>	<u>(86,538)</u>	<u>(109,104)</u>
Gross loss	(81)	(767)	(81)	(767)
Other income	3,650	3,631	3,650	3,631
Selling and distribution expenses	(4,891)	(8,224)	(4,891)	(8,224)
Administrative and other expenses	<u>(8,476)</u>	<u>(11,689)</u>	<u>(8,476)</u>	<u>(11,689)</u>
Operating loss	(9,798)	(17,049)	(9,798)	(17,049)
Finance costs	<u>(2,444)</u>	<u>(2,570)</u>	<u>(2,444)</u>	<u>(2,570)</u>
Loss before tax	(12,242)	(19,619)	(12,242)	(19,619)
Income tax expense	<u>(421)</u>	<u>(626)</u>	<u>(421)</u>	<u>(626)</u>
Loss for the period	<u>(12,663)</u>	<u>(20,245)</u>	<u>(12,663)</u>	<u>(20,245)</u>
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation	<u>257</u>	<u>6</u>	<u>257</u>	<u>6</u>
Items that will not be reclassified subsequently to profit or loss:				
Gain on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	-	258	-	258
Remeasurement loss on retirement benefit obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>258</u>	<u>-</u>	<u>258</u>
Other comprehensive income, net of tax	<u>257</u>	<u>264</u>	<u>257</u>	<u>264</u>
Total comprehensive loss for the period	<u>(12,406)</u>	<u>(19,981)</u>	<u>(12,406)</u>	<u>(19,981)</u>
Loss attributable to:				
Owners of the Company	(12,443)	(19,870)	(12,443)	(19,870)
Non-controlling interests	<u>(220)</u>	<u>(375)</u>	<u>(220)</u>	<u>(375)</u>
Loss for the period	<u>(12,663)</u>	<u>(20,245)</u>	<u>(12,663)</u>	<u>(20,245)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(12,186)	(19,606)	(12,186)	(19,606)
Non-controlling interests	<u>(220)</u>	<u>(375)</u>	<u>(220)</u>	<u>(375)</u>
Total comprehensive loss for the period	<u>(12,406)</u>	<u>(19,981)</u>	<u>(12,406)</u>	<u>(19,981)</u>
Loss per share attributable to owners of the Company (sen per share):				
Basic	<u>(2.65)</u>	<u>(4.17)</u>	<u>(2.65)</u>	<u>(4.17)</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED**

	← Attributable to Owners of the Company →						← Non-distributable →		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		
Quarter ended 31 March 2021									
At 1 January 2021	805,912	817,287	309,346	(10,830)	513,296	5,475	5,941	(466)	(11,375)
Loss for the period	(12,663)	(12,443)	-	-	(12,443)	-	-	-	(220)
Other comprehensive income	257	257	-	-	-	257	257	-	-
Total comprehensive (loss)/income	(12,406)	(12,186)	-	-	(12,443)	257	257	-	(220)
Transaction with Owners									
Repurchase of treasury shares	(227)	(227)	-	(227)	-	-	-	-	-
At 31 March 2021	793,279	804,874	309,346	(11,057)	500,853	5,732	6,198	(466)	(11,595)
Quarter ended 31 March 2020									
At 1 January 2020	975,777	985,615	309,346	(8,156)	679,237	5,188	5,512	(324)	(9,838)
Loss for the period	(20,245)	(19,870)	-	-	(19,870)	-	-	-	(375)
Other comprehensive income	264	264	-	-	-	264	6	258	-
Total comprehensive (loss)/income	(19,981)	(19,606)	-	-	(19,870)	264	6	258	(375)
At 31 March 2020	955,796	966,009	309,346	(8,156)	659,367	5,452	5,518	(66)	(10,213)

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021 - UNAUDITED**

	31.03.2021	31.03.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(12,242)	(19,619)
Adjustments for:		
Amortisation of timber rights	1,538	1,538
Depreciation		
- property, plant and equipment	10,927	13,709
- investment properties	92	93
- right-of-use assets	826	862
Interest expense	2,444	2,570
Interest income	(1,360)	(2,625)
Inventories written off	-	9
Gain on disposal of property, plant and equipment	(215)	(3)
Net gain arising from changes in fair value of biological assets	(419)	(213)
Property, plant and equipment written off	-	5
Retirement benefit obligations	38	43
Reversal of impairment loss on receivables	-	(18)
Unrealised loss/(gain) on foreign exchange	96	(240)
Operating profit/(loss) before working capital changes	1,725	(3,889)
Changes in working capital :		
Net decrease in current assets	24,864	18,277
Net increase in current liabilities	(349)	(8,670)
Cash generated from operations	26,240	5,718
Income taxes paid, net of tax refund	(1,134)	(1,451)
Interest paid	(476)	(307)
Interest received	185	542
Payment of retirement benefits	(28)	-
Net cash from operating activities	24,787	4,502
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of biological assets	-	(54)
Interest received	1,175	2,083
Placement of deposits with tenure more than 3 months	(42)	(24)
Purchase of property, plant and equipment	(3,200)	(912)
Proceeds from disposal of property, plant and equipment	236	130
Net dividend received from investment securities	-	9
Net cash (used in)/from investing activities	(1,831)	1,232
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	112	111
Drawdown of trade financing facilities	6,000	1,000
Interest paid for lease liabilities	(23)	(12)
Interest paid	(1,945)	(2,251)
Repayment of lease liabilities	(137)	(152)
Repayment of hire purchases	(41)	(233)
Repayment of term loans	(4,917)	(3,006)
Repayment of trade financing facilities	(7,931)	(14,376)
Repurchase of treasury shares	(227)	-
Net cash used in financing activities	(9,109)	(18,919)
Net increase/(decrease) in cash and cash equivalents	13,847	(13,185)
Effects of exchange rate changes	231	79
Net cash and cash equivalents at the beginning of the period	347,891	378,715
Net cash and cash equivalents at the end of the period	361,969	365,609
For the purpose of statements of cash flows, net cash and cash equivalents include the following:		
Cash and bank balances	368,259	371,025
Less: Bank overdrafts	(1,077)	(3,311)
Less: Deposits with tenure more than 3 months	(5,213)	(2,105)
Cash and cash equivalents	361,969	365,609

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 three months ended 31 March 2021 – 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 May 2021.

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 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

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 2020, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRS and Issues Committee Interpretations (“IC Interpretations”) effective for financial year beginning 1 January 2021.

(a) Application of new and revised MFRS

On 1 January 2020, the Group has applied a number of amendments to MFRS that are mandatory effective for an accounting period that begins on or after 1 January 2021:

Amendments to MFRS 16	COVID-19 – Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2

The adoption of these amendments to MFRS has had no material impact on the disclosures or on the amounts recognised in the financial statements.

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(b) New and revised MFRS in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following MFRS and amendments to MFRS that have been issued but are not effective:

Amendments to MFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021 ¹
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020 ²
Amendments to MFRS 3	Reference to Conceptual Framework ²
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract ²
MFRS 17	Insurance Contracts ³
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 ³
Amendments to MFRS 101	Classification of liabilities as Current or Non-current ³
Amendments to MFRS 101 and MFRS Practice Statements 2	Disclosure of Accounting Policies ³
Amendments to MFRS 108	Definition of Accounting Estimates ³
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 April 2021, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

⁴ Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned MFRS and amendments to MFRS will be adopted in the financial statements of the Group when they become mandatorily effective for adoption. The directors are currently assessing the impact of the abovementioned MFRS and amendments to MFRS. As of the date of authorisation of issue of the financial statements, this assessment process is still on-going. Thus, the impact of adopting the abovementioned MFRS and amendments to MFRS cannot be determined and estimated reliably now until the process is complete.

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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

On 19 April 2021, the wholly-owned subsidiary of the Company, Linshanhao Plywood (Sarawak) Sdn. Bhd. has incorporated a new wholly-owned subsidiary, Linshanhao Resources Sdn. Bhd. (“LRSB”). LRSB main business is integrated agricultural farming, poultry and aquaculture. As at the date of these financial statements, LRSB has not commence the business.

6. Segmental information

	3 months ended 31.03.2021		3 months ended 31.03.2020	
	Revenue RM'000	(Loss)/Profit before tax RM'000	Revenue RM'000	(Loss)/Profit before tax RM'000
Timber	40,389	(10,889)	71,612	(17,799)
Plantation	24,945	(3,510)	20,516	(3,807)
Manufacturing	10,297	1,074	5,801	989
Trading	10,634	1,394	9,862	1,042
Others	192	(311)	546	(44)
Total	86,457	(12,242)	108,337	(19,619)

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.

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For the three months ended 31 March 2021 – unaudited

7. Seasonality of operations

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

8. Loss before tax

The following items have been included in arriving at loss before tax:

	Cumulative quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of timber rights	1,538	1,538	1,538	1,538
Depreciation			-	-
- property, plant and equipment	10,927	13,709	10,927	13,709
- investment properties	92	93	92	93
- right-of-use assets	826	862	826	862
Inventories written off	-	9	-	9
Gain on disposal of property, plant and equipment	(215)	(3)	(215)	(3)
Net gain arising from changes in fair value of biological assets	(419)	(213)	(419)	(213)
Property, plant and equipment written off	-	5	-	5
Reversal of impairment loss on receivables	-	(18)	-	(18)
Unrealised gain/(loss) on foreign exchange	96	(240)	96	(240)

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For the three months ended 31 March 2021 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysian income tax	311	454	311	454
- Foreign tax	128	114	128	114
	<u>439</u>	<u>568</u>	<u>439</u>	<u>568</u>
<u>Over provision in respect of previous years</u>				
- Malaysian income tax	-	-	-	-
- Foreign tax	(46)	-	(46)	-
	<u>393</u>	<u>568</u>	<u>393</u>	<u>568</u>
<u>Deferred income tax</u>				
- Original and reversal of temporary differences	28	58	28	58
Total income tax	<u>421</u>	<u>626</u>	<u>421</u>	<u>626</u>

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.

10. Earnings/(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.

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit/(Loss) attributable to the owners of the Company (RM'000)	<u>(12,443)</u>	<u>(19,870)</u>	<u>(12,443)</u>	<u>(19,870)</u>
Weighted average number of ordinary shares in issue ('000)	<u>469,998</u>	<u>475,749</u>	<u>469,998</u>	<u>475,749</u>
Basic earning/(loss) per share (sen)	<u>(2.65)</u>	<u>(4.17)</u>	<u>(2.65)</u>	<u>(4.17)</u>

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

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For the three months ended 31 March 2021 – unaudited

11. Property, plant and equipment

During the three months ended 31 March 2021, the Group acquired assets with a total cost of RM3,200,000 (31 March 2020: RM912,000).

Assets with carrying amount of RM21,000 (31 March 2020: RM127,000) were disposed by the Group during the 3 months ended 31 March 2021, resulting in a gain on disposal of RM215,000 (31 March 2020: RM3,000).

12. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	RM'000
Cost			
At 1 January 2021/31 March 2021	33,593	111,584	145,177
Accumulated amortisation			
At 1 January 2021	29,037	104,175	133,212
Amortisation	-	1,538	1,538
At 31 March 2021	29,037	105,713	134,750
Net carrying amount			
At 31 March 2021	4,556	5,871	10,427
At 1 January 2021	4,556	7,409	11,965

(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	
	31.03.2021	31.12.2020
	RM'000	RM'000
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.

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

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

	31.03.2021	31.12.2020
	RM'000	RM'000
Cash on hand and at banks	72,219	57,845
Short-term deposits with licensed financial institutions		
- Tenure of less than 3 months	290,827	290,874
- Tenure of more than 3 months	5,213	5,171
Cash and bank balances	<u>368,259</u>	<u>353,890</u>

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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	Level 1	Level 2	Level 3	Total
		valuation	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value						
Financial assets at FVOCI						
- Quoted investments	31 March 2021	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>	
	31 December 2020	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>	
Biological assets						
- Oil palm fresh fruit bunches	31 March 2021	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>	
	31 December 2020	<u>-</u>	<u>-</u>	<u>1,081</u>	<u>1,081</u>	
- Reforestation (Planted trees)	31 March 2021	<u>-</u>	<u>-</u>	<u>35,542</u>	<u>35,542</u>	
	31 December 2020	<u>-</u>	<u>-</u>	<u>35,542</u>	<u>35,542</u>	

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

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For the three months ended 31 March 2021 – unaudited

15. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares during the three months ended 31 March 2021.

The number of shares bought back and retained as treasury shares amounted to 11,392,000 shares as at 31 March 2021.

16. Interest bearing loans and borrowings

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

	31.03.2021	31.12.2020
	RM'000	RM'000
Short term borrowings		
- Secured	95,534	96,382
- Unsecured	35,000	35,000
	130,534	131,382
Long term borrowings		
- Secured	136,759	142,439
Total	267,293	273,821

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

	31.03.2021	31.12.2020	Date of payment
	RM'000	RM'000	
Recognised during the financial year:			
- Final single-tier dividend of 1.00 sen net per share in respect of year ended 31 December 2019	-	4,752	25 September 2020
	-	4,752	

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2020, of 1.00 sen net per share will be proposed for shareholders' approval.

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For the three months ended 31 March 2021 – unaudited

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 31 March 2021 and 31 December 2020.

20. 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 March 2021 and 31 March 2020.

	Note	Transaction value	
		31.03.2021 RM'000	31.03.2020 RM'000
Purchase of logs:			
Ocarina Development Sdn. Bhd.	#	-	2,504
Lighterage and freight:			
Ocarina Development Sdn. Bhd.	#	37	128
W T K Realty Sdn. Bhd.	#	175	237
		<u>212</u>	<u>365</u>
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	1,276	1,584
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd.	^	809	927
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	2,681	2,140
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	1,923	785

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	Note	Transaction value	
		31.03.2021 RM'000	31.03.2020 RM'000
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	3,668	2,591
Harvard Master Sdn. Bhd.	#	1,874	2,729
Southwind Plantation Sdn. Bhd.	#	261	-
		5,803	5,320
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	3,975	3,194
Utahol (2008) Sdn. Bhd.	#	389	207
		4,364	3,401
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	7	8
Southwind Plantation Sdn. Bhd.	#	6	4
Tab Timbers (Sarawak) Sdn. Bhd.	^	4	4
W T K Realty Sdn. Bhd.	#	6	10
		23	26
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	18	72
Utahol Sdn. Bhd.	#	5	5
		23	77
Office rental paid:			
W T K Realty Sdn. Bhd.	#	54	53
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	1,915	2,006

^ 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.

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The outstanding balances arising from related party transactions as at 31 March 2021 and 31 December 2020 were as follows:

	31.03.2021	31.12.2020
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	2,197	2,184
Other receivables (net of allowance for impairment)	1,952	1,489
Trade payables	(25,220)	(23,510)
Other payables	(843)	(1,015)
	<u> </u>	<u> </u>

21. Events after the reporting period

There are no events after the financial period ended 31 March 2021 which could materially affect the Group.

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22. Performance review

	Current quarter		Variance	
	31.03.2021	31.03.2020		
	RM'000	RM'000	RM'000	%
Revenue				
Timber	40,389	71,612	(31,223)	-43.6%
Plantation	24,945	20,516	4,429	21.6%
Manufacturing	10,297	5,801	4,496	77.5%
Trading	10,634	9,862	772	7.8%
Others	192	546	(354)	-64.8%
Total	86,457	108,337	(21,880)	-20.2%
(Loss)/Profit before tax				
Timber	(10,889)	(17,799)	6,910	-38.8%
Plantation	(3,510)	(3,807)	297	-7.8%
Manufacturing	1,074	989	85	8.6%
Trading	1,394	1,042	352	33.8%
Others	(311)	(44)	(267)	606.8%
Total	(12,242)	(19,619)	7,377	-37.6%

For the current quarter (“1Q2021”) under review, the Group’s revenue was RM86.5 million, a decrease of RM21.9 million or 20.2% as compared to the preceding year corresponding quarter (“1Q2020”) of RM108.3 million. The Group recorded a loss before tax of RM12.2 million in 1Q2021, RM7.4 million lower as compared to 1Q2020’s loss before tax of RM19.6 million.

Lower loss before tax in 1Q2021 was mainly attributed to higher sales recorded for logging operations and improved profit margin generated from the consolidation of plywood’s manufacturing facilities. After added back the interest expenses of RM2.4 million and non-cash depreciation and amortisation of RM13.4mil, the Group registered a positive EBITDA of RM3.6 million in 1Q2021.

Performance of respective segments for the financial quarter/period ended 31 March 2021 as compared to the preceding year corresponding financial quarter/period are analysed as follows:

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Timber

For 1Q2021, the lower revenue was mainly attributed to depressed market conditions and prices of timber products. In 1Q2021, the sales volume and revenue of logs operations have increased by 67% and 49% respectively to 43,000 m3 and RM15.2 million as compared to 1Q2020. Meanwhile, the revenue of plywood business during the quarter has decreased by 59% to RM25.2 million as compared to 1Q2020.

The loss before tax in 1Q2021 has decreased by RM6.9 million as compared to 1Q2020, mainly attributed to higher sales volume from the logging operations and costs optimisation generated from the consolidation of plywood's manufacturing facilities.

Plantation

For 1Q2021 under review, the revenue recorded was RM24.9 million, an increase of RM4.4 million or 22%, as compared to RM20.5 million in 1Q2020. 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 1Q2019. Although the segment recorded a higher revenue in 1Q2021, the segment only recorded a marginal decrease in loss before tax during the quarter, mainly attributed to additional one-off expenses incurred on rehabilitation works for the new estate acquired in 3Q2020.

Manufacturing and Trading

The division recorded a revenue of RM20.9 million in 1Q2021 as compared to RM15.7 million in 1Q2020, representing an increase of RM5.3 million or 34%. The higher revenue in 1Q2021 was attributed to stronger export sales for tapes products, particularly to North America.

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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	
	31.03.2021	31.12.2020		
	RM'000	RM'000	RM	%
Revenue				
Timber	40,389	49,409	(9,020)	-18.3%
Plantation	24,945	22,522	2,423	10.8%
Manufacturing	10,297	6,909	3,388	49.0%
Trading	10,634	9,689	945	9.8%
Others	192	24	168	700.0%
Total	<u>86,457</u>	<u>88,553</u>	(2,096)	-2.4%
(Loss)/Profit before tax				
Timber	(10,889)	(10,998)	109	-1.0%
Plantation	(3,510)	(9,645)	6,135	-63.6%
Manufacturing	1,074	639	435	68.1%
Trading	1,394	1,123	271	24.1%
Others	(311)	(752)	441	-58.6%
Total	<u>(12,242)</u>	<u>(19,633)</u>	7,391	-37.6%

For 1Q2021 under review, the Group's revenue was RM86.5 million, a decrease of RM2.1 million as compared to the preceding quarter ("4Q2020") of RM88.6 million. The Group's loss before tax has decreased by RM7.4 million or 38% to RM12.2 million in 1Q2021 as compared to 4Q2020's loss before tax of RM19.6 million. Lower loss before tax recorded in 1Q2021 was mainly attributed to improved performance from the plantation segment.

Timber

The lower revenue of the segment in 1Q2021 as compared to 4Q2020 was attributed to poor weather condition and festive break during the quarter.

Plantation

Plantation segment registered a higher revenue and mainly due to improved average selling price of CPO and PK during the quarter.

Manufacturing and Trading

The segment recorded a higher revenue as compared with preceding quarter, which was attributed by the improved export sales.

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24. Commentary on prospects

a) Timber

For logging business, the outlook remains challenging as the purchasers who are mainly wood-based industries are scaling down their operation in view of the depressed market condition for timber products. Whilst for plywood business, it continues to face the competition from Japanese domestic plywood supply, as well as import plywood from Indonesia into Japanese market. In year 2021, the Group anticipated improved performance from the timber segment resulted from the production curtailment and manufacturing facilities consolidation programmes.

b) Plantation

The outlook of plantation segment is generally vulnerable to the demand and supply of the commodities, weather condition, import policies of major importing countries and labour shortage. With the expectation of stable CPO prices and increase in palms' maturity into prime age production cycle, the Group remains cautiously optimistic on the outlook of plantation segment.

c) Tapes (Manufacturing and Trading)

The outlook of the tapes business remains volatile due to the increasing raw material costs in recent months and on-going movement control orders related to COVID-19 pandemic. However, the Group is determined to continuously implement appropriate measures to remain competitive and sustain its market share.

Amidst the uncertainties caused by COVID-19 pandemic, the Group is taking a cautious view over the outlook of the businesses and will continue to ensure a more prudent focus on preserving cash and liquidity of the Group. Nonetheless, the Board will continue to review the business strategies and to leverage on its strong cash reserves and sufficient borrowing facilities where necessary to navigate through the challenges.

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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.

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 Statement for details.

31. Disclosure on nature of outstanding derivatives

There were no outstanding derivatives as at 31 March 2021 and 31 December 2020.

32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2021 or the previous financial period ended 31 December 2020.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2021 or the previous financial period ended 31 December 2020.

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 31 March 2021 and 31 December 2020.

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35. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not qualified.

BY ORDER OF THE BOARD

LAI SOON ONG
COMPANY SECRETARY
SIBU
Date: 27 May 2021