

WTK
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 2022**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022 - UNAUDITED

	31.03.2022	31.12.2021
	RM'000	RM'000
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	448,426	456,751
Investment properties	14,800	14,893
Right-of-use assets	127,747	128,661
Other investments	315	282
Intangible assets	6,200	6,748
Biological assets	35,542	35,542
	<u>633,030</u>	<u>642,877</u>
Current assets		
Biological assets	2,901	2,247
Inventories	61,416	58,368
Trade and other receivables	44,589	35,045
Other current assets	7,006	7,183
Cash and bank balances	377,582	386,044
	<u>493,494</u>	<u>488,887</u>
TOTAL ASSETS	<u>1,126,524</u>	<u>1,131,764</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	223	246
Loans and borrowings	138,312	147,668
Trade and other payables	46,454	39,627
Income tax payable	456	388
Lease liabilities	423	500
	<u>185,868</u>	<u>188,429</u>
Net current assets	<u>307,626</u>	<u>300,458</u>
Non-current liabilities		
Deferred tax liabilities	29,227	28,257
Retirement benefit obligations	1,329	1,321
Loans and borrowings	112,655	115,628
Lease liabilities	5,691	5,696
	<u>148,902</u>	<u>150,902</u>
TOTAL LIABILITIES	<u>334,770</u>	<u>339,331</u>
Net assets	<u>791,754</u>	<u>792,433</u>
Equity attributable to Owners of the Company		
Share capital	309,346	309,346
Treasury shares	(11,740)	(11,637)
Other reserves	5,998	5,861
Retained earnings	496,536	497,980
	<u>800,140</u>	<u>801,550</u>
Non-controlling interests	(8,386)	(9,117)
TOTAL EQUITY	<u>791,754</u>	<u>792,433</u>
TOTAL EQUITY AND LIABILITIES	<u>1,126,524</u>	<u>1,131,764</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 March		Three months ended 31 March	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	104,160	86,457	104,160	86,457
Cost of sales	(89,733)	(86,538)	(89,733)	(86,538)
Gross profit/(loss)	14,427	(81)	14,427	(81)
Other income	3,232	3,650	3,232	3,650
Selling and distribution expenses	(4,382)	(4,891)	(4,382)	(4,891)
Administrative and other expenses	(10,451)	(8,476)	(10,451)	(8,476)
Operating profit/(loss)	2,826	(9,798)	2,826	(9,798)
Finance costs	(2,118)	(2,444)	(2,118)	(2,444)
Profit/(Loss) before tax	708	(12,242)	708	(12,242)
Income tax expense	(1,421)	(421)	(1,421)	(421)
Loss for the period	(713)	(12,663)	(713)	(12,663)
Other comprehensive income				
Item that may be reclassified subsequently to loss or profit:				
Foreign currency translation	122	257	122	257
Items that will not be reclassified subsequently to loss or profit:				
Loss on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	15	-	15	-
	15	-	15	-
Other comprehensive income, net of tax	137	257	137	257
Total comprehensive loss for the period	(576)	(12,406)	(576)	(12,406)
(Loss)/Profit attributable to:				
Owners of the Company	(1,444)	(12,443)	(1,444)	(12,443)
Non-controlling interests	731	(220)	731	(220)
Loss for the period	(713)	(12,663)	(713)	(12,663)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(1,307)	(12,186)	(1,307)	(12,186)
Non-controlling interests	731	(220)	731	(220)
Total comprehensive loss for the period	(576)	(12,406)	(576)	(12,406)
Loss per share attributable to Owners of the Company (sen per share):				
Basic	(0.31)	(2.65)	(0.31)	(2.65)

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 31 MARCH 2022 - 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	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 2022									
At 1 January 2022	792,433	801,550	309,346	(11,637)	497,980	5,861	6,327	(466)	(9,117)
(Loss)/Profit for the period	(713)	(1,444)	-	-	(1,444)	-	-	-	731
Other comprehensive income	137	137	-	-	-	137	122	15	-
Total comprehensive (loss)/income	(576)	(1,307)	-	-	(1,444)	137	122	15	731
Transaction with Owners									
Repurchase of treasury shares	(103)	(103)	-	(103)	-	-	-	-	-
At 31 March 2022	791,754	800,140	309,346	(11,740)	496,536	5,998	6,449	(451)	(8,386)
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)

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022 - UNAUDITED**

	31.03.2022	31.03.2021
	RM'000	RM'000
Operating Activities		
Profit/(Loss) before tax	708	(12,242)
Adjustments for:		
Amortisation of timber rights	548	1,538
Depreciation		
- property, plant and equipment	10,443	10,927
- investment properties	93	92
- right-of-use assets	914	826
Interest expense	2,118	2,444
Interest income	(1,597)	(1,360)
Gain on disposal of:		
- property, plant and equipment	(216)	(215)
Gain arising from changes in fair value of biological assets	(654)	(419)
Retirement benefit obligations	27	38
Unrealised (gain)/loss on foreign exchange	(10)	96
Total adjustments	<u>11,666</u>	<u>13,967</u>
Operating profit before working capital changes	12,374	1,725
Changes in working capital :		
Inventories	(3,031)	3,278
Receivables	(9,181)	21,586
Payables	6,722	(349)
Cash flow generated from operations	<u>6,884</u>	<u>26,240</u>
Income taxes paid, net of tax refund	(532)	(1,134)
Interest paid	(17)	(476)
Interest received	276	185
Payment of retirement benefits	(42)	(28)
Net cash from operating activities	<u>6,569</u>	<u>24,787</u>
Investing Activities		
Interest received	1,321	1,175
Placement of short-term deposits with tenure more than 3 months	(1,622)	(42)
Purchase of:		
- property, plant and equipment	(2,336)	(3,200)
Proceeds from disposal of:		
- property, plant and equipment	510	236
Net cash used in investing activities	<u>(2,127)</u>	<u>(1,831)</u>
Financing Activities		
Drawdown of term loans	111	112
Drawdown of trade financing facilities	4,950	6,000
Interest paid	(2,030)	(1,945)
Interest paid for lease liabilities	(71)	(23)
Repayment of finance leases	(64)	(41)
Repayment of lease liabilities	(84)	(137)
Repayment of term loans	(5,664)	(4,917)
Repayment of trade financing facilities	(11,102)	(7,931)
Repurchase of treasury shares	(103)	(227)
Net cash used in financing activities	<u>(14,057)</u>	<u>(9,109)</u>
Net (decrease)/increase in cash and cash equivalents	(9,615)	13,847
Effects of exchange rate changes	91	231
Net cash and cash equivalents at the beginning of the year	<u>373,181</u>	<u>347,891</u>
Net cash and cash equivalents at the end of the year	<u><u>363,657</u></u>	<u><u>361,969</u></u>
For the purpose of statements of cash flows, net cash and cash equivalent include the following:		
Cash and bank balances	377,582	368,259
Less: Bank overdraft	(30)	(1,077)
Less: Deposit with tenure more than 3 months	(13,895)	(5,213)
Cash and cash equivalents	<u><u>363,657</u></u>	<u><u>361,969</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 2021 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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Notes to the condensed consolidated interim financial statements
For the three months ended 31 March 2022 – 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 26 May 2022.

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 2021. 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 2021.

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 2021, 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 2022.

(a) Application of new and revised MFRS

On 1 January 2021, 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 2022:

Amendments to MFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract

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

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

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

MFRS 17	Insurance Contracts ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 ¹
Amendments to MFRS 101	Classification of liabilities as Current or Non-current ¹
Amendments to MFRS 101	Disclosure of Accounting Policies ¹
Amendments to MFRS 108	Definition of Accounting Estimates ¹

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

At the date of authorisation of these financial statements, the Group has not applied the following MFRS and amendments to MFRS that have been issued but are not effective: (cont'd)

Amendments to MFRS 17	Insurance Contracts ¹
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information ¹
Amendments to MFRS 112	Deferred tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

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

² 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.

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 in the current financial period.

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6. Segmental information

	3 months ended 31.03.2022		3 months ended 31.03.2021	
	Revenue RM'000	(Loss)/Profit before tax RM'000	Revenue RM'000	(Loss)/Profit before tax RM'000
Timber	44,085	(6,275)	40,389	(10,889)
Plantation	44,019	5,989	24,945	(3,510)
Manufacturing	5,434	575	10,297	1,074
Trading	10,368	781	10,634	1,394
Others	254	(362)	192	(311)
Total	104,160	708	86,457	(12,242)

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

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.

8. Profit/(Loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Amortisation of timber rights	548	1,538	548	1,538
Depreciation				
- property, plant and equipment	10,443	10,927	10,443	10,927
- investment properties	93	92	93	92
- right-of-use assets	914	826	914	826
Interest income	(1,597)	(1,360)	(1,597)	(1,360)
Interest expenses	2,118	2,444	2,118	2,444
Gain on disposal of property, plant and equipment	(216)	(215)	(216)	(215)
Gain arising from changes in fair value of biological assets	(654)	(419)	(654)	(419)
Retirement benefit obligation	27	38	27	38
Unrealised (gain)/loss on foreign exchange	(10)	96	(10)	96

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For the three months ended 31 March 2022 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	385	311	385	311
- Foreign tax	71	128	71	128
	<u>456</u>	<u>439</u>	<u>456</u>	<u>439</u>
Over provision in respect of previous years				
- Foreign tax	-	(46)	-	(46)
	<u>456</u>	<u>393</u>	<u>456</u>	<u>393</u>
Deferred income tax				
- Original and reversal of temporary differences	5	28	5	28
- Under provision in respect of previous years	960	-	960	-
	<u>965</u>	<u>28</u>	<u>965</u>	<u>28</u>
Total income tax	<u>1,421</u>	<u>421</u>	<u>1,421</u>	<u>421</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. Loss per share

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

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Loss attributable to the Owners of the Company (RM'000)	<u>(1,444)</u>	<u>(12,443)</u>	<u>(1,444)</u>	<u>(12,443)</u>
Weighted average number of ordinary shares in issue ('000)	<u>468,436</u>	<u>469,998</u>	<u>468,436</u>	<u>469,998</u>
Basic loss per share (sen)	<u>(0.31)</u>	<u>(2.65)</u>	<u>(0.31)</u>	<u>(2.65)</u>

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 three months ended 31 March 2022, the Group acquired assets with a total cost of RM2,336,000 (31 March 2021: RM3,200,000).

Assets with carrying amount of RM294,000 (31 March 2021: RM21,000) were disposed by the Group during the three months ended 31 March 2022, resulting in a gain on disposal of RM216,000 (31 March 2021: RM215,000).

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12. Intangible assets

	Goodwill RM'000	Timber Rights RM'000	Total RM'000
Cost			
At 1 January 2022/31 March 2022	33,593	111,584	145,177
Accumulated amortisation			
At 1 January 2022	29,037	109,392	138,429
Amortisation	-	548	548
At 31 March 2022	29,037	109,940	138,977
Net carrying amount			
At 31 March 2022	4,556	1,644	6,200
At 1 January 2022	4,556	2,192	6,748

(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	
	31.03.2022 RM'000	31.12.2021 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.

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

a) Terminal growth rates

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

b) Discount rates

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

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13. Cash and bank balances

	31.03.2022	31.12.2021
	RM'000	RM'000
Cash on hand and at banks	45,016	50,219
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	318,671	323,552
Tenure or more than 3 months	13,895	12,273
Cash and bank balances	377,582	386,044

14. Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 : Valuation techniques for which lowest level input that is significant to the fair value measurement is unobservable.

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

Assets measured at fair value	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVOCI	31 March 2022	215	-	-	215
- Quoted investments	31 December 2021	182	-	-	182
Biological assets	31 March 2022	-	-	2,901	2,901
- Oil palm fresh fruit bunches	31 December 2021	-	-	2,247	2,247
Reforestation (Planted trees)	31 March 2022	-	-	35,542	35,542
	31 December 2021	-	-	35,542	35,542

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

15. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares during the three months ended 31 March 2022.

The number of shares bought back and retained as treasury shares amounted to 12,908,400 shares as at 31 March 2022.

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16. Interest bearing loans and borrowings

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

	31.03.2022	31.12.2021
	RM'000	RM'000
Short term borrowings		
- Secured	103,312	112,668
- Unsecured	35,000	35,000
	138,312	147,668
Long term borrowings		
- Secured	112,655	115,628
Total	250,967	263,296

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

	31.03.2022	31.12.2021	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 2020	-	4,827	26 July 2021

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2021, of 1.50 sen net per share will be proposed for shareholders' approval.

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 2022 and 31 December 2021.

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For the three months ended 31 March 2022 – unaudited

20. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2022 and 31 March 2021.

	Note	Transaction value	
		31.03.2022 RM'000	31.03.2021 RM'000
Lighterage and freight:			
Ocarina Development Sdn. Bhd. (In Liquidation)	#	-	37
W T K Realty Sdn. Bhd.	#	-	175
		-	212
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	1,755	1,276
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd.	^	727	809
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	2,487	2,681
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	4,609	1,923
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	5,752	3,668
Harvard Master Sdn. Bhd. (In Liquidation)	#	8,368	1,874
Southwind Plantation Sdn. Bhd.	#	459	261
Suajaya Mahir Crop Sdn Bhd	#	588	-
		15,167	5,803
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	4,534	3,975
Utahol (2008) Sdn. Bhd.	#	405	389
		4,939	4,364
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	8	7
Southwind Plantation Sdn. Bhd.	#	6	6
Tab Timbers (Sarawak) Sdn. Bhd.	^	4	4
W T K Realty Sdn. Bhd.	#	6	6
		24	23
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	18	18
Utahol Sdn. Bhd.	#	5	5
		23	23
Office rental paid:			
W T K Realty Sdn. Bhd.	#	56	54
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	1,487	1,915

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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 outstanding balances arising from related party transactions as at 31 March 2022 and 31 December 2021 were as follows:

	31.03.2022	31.12.2021
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	5,146	2,871
Other receivables (net of allowance for impairment)	1,642	1,202
Trade payables	(17,842)	(11,074)
Other payables	(464)	(507)
	<u> </u>	<u> </u>

21. Events after the reporting period

On 25 April 2022, Kuching Plywood Bhd., a wholly-owned subsidiary of the Company has entered into a Share Sale Agreement ("SSA") with TMC Importer & Exporter Sdn. Bhd. (In Liquidation) ("TMC") for the proposed acquisition from TMC of 100% equity interest in Sing Chew Coldstorage Sdn. Bhd. for a total cash consideration of RM20,000,000.

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22. Performance review

	Current quarter		Variance RM'000	%
	31.03.2022 RM'000	31.03.2021 RM'000		
Revenue				
Timber	44,085	40,389	3,696	9.2
Plantation	44,019	24,945	19,074	76.5
Manufacturing	5,434	10,297	(4,863)	(47.2)
Trading	10,368	10,634	(266)	(2.5)
Others	254	192	62	32.3
Total	<u>104,160</u>	<u>86,457</u>	17,703	20.5
(Loss)/Profit before tax				
Timber	(6,275)	(10,889)	4,614	(42.4)
Plantation	5,989	(3,510)	9,499	(270.6)
Manufacturing	575	1,074	(499)	(46.5)
Trading	781	1,394	(613)	(44.0)
Others	(362)	(311)	(51)	16.4
Total	<u>708</u>	<u>(12,242)</u>	12,950	(105.8)

For the current quarter ("1Q2022") under review, the Group's revenue was RM104.2 million, an increase of RM17.7 million or 20.5% as compared to the preceding year corresponding quarter ("1Q2021") of RM86.4 million. The Group recorded a profit before tax of RM0.7 million in 1Q2022, as opposed to 1Q2021's loss before tax of RM12.2 million, mainly attributed to reduced loss recorded by the timber segment and profit contributed by the plantation segment.

Performance of respective segments for the financial quarter/period ended 31 March 2022 as compared to the preceding year corresponding financial quarter/period are analysed as follow:

Timber

For 1Q2022, the higher revenue was mainly attributed to higher production and average selling prices of logs and plywood during the financial quarter. In tandem with higher revenue, the loss before tax in 1Q2022 had decreased by RM4.6 million as compared to 1Q2021.

Plantation

Revenue for 1Q2022 was RM44.0 million, an increase of RM19.1 million as compared to RM24.9 million for 1Q2021. The increase in revenue during the quarter was attributed to higher production and realised higher crude palm oil ("CPO") and palm kernel ("PK") prices as compared to 1Q2021.

Manufacturing and Trading (Tapes)

The total revenue of these segments in 1Q2022 was RM15.8 million, a decrease of RM5.1 million, compared to RM20.9 million in 1Q2021. The decline in revenue in 1Q2022 was attributed to lower export sales resulted from shipments disruption and surging in freight rates.

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23. Comment on material change in profit before tax

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

	Current quarter		Variance RM'000	%
	31.03.2022 RM'000	31.12.2021 RM'000		
Revenue				
Timber	44,085	34,782	9,303	26.7
Plantation	44,019	48,593	(4,574)	(9.4)
Manufacturing	5,434	3,557	1,877	52.8
Trading	10,368	12,020	(1,652)	(13.7)
Others	254	196	58	29.6
Total	104,160	99,148	5,012	5.1
(Loss)/Profit before tax				
Timber	(6,275)	(10,493)	4,218	(40.2)
Plantation	5,989	10,742	(4,753)	(44.2)
Manufacturing	575	97	478	492.8
Trading	781	1,066	(285)	(26.7)
Others	(362)	(539)	177	(32.8)
Total	708	873	(165)	(18.9)

For 1Q2022 under review, the Group recorded revenue of RM104.2 million, an increase of RM5.0 million or 5.1% as compared to the preceding quarter (“4Q2022”) of RM99.2 million. The Group’s profit before tax in 1Q2022 decreased by RM0.2 million to RM0.7 million as compared to 4Q2021’s profit before tax of RM0.9 million. The lower profit before tax in 1Q2022 was attributed to lower profit contributed by the plantation segment.

Timber

Higher revenue in 1Q2022 as compared to the 4Q2021 was mainly attributed to higher sales volume and average selling prices of timber products.

Plantation

Lower revenue in 1Q2022 was mainly due to lower FFB yield during the off-peak production months. Meanwhile, lower profit before tax in 1Q2022 was mainly attributed to higher manuring activities during the quarter under review.

Manufacturing and Trading

The segment recorded a higher revenue in the current financial quarter as compared with previous financial quarter, mainly attributed to improvement in export sales.

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24. Commentary on prospects

a) Timber

The timber business will continue to face challenges with the anticipation of slowdown in log production due to declining natural logs and stricter operational requirements arising from the timber certification. Thus, the Group is taking cautious view over the outlook of timber business for the financial year ending 31 December 2022.

b) Plantation

Driven by continued demand from key markets and tight supply of edible oils, the CPO price is projected to remain firm in year 2022. Notwithstanding expected favourable commodity prices, challenging remain for the plantation business, including labour shortages and increasing focus required on environmental, social and corporate governance (ESG) issues. To mitigate the adverse impacts of these challenges, the Group will continue to improve the operational efficiency and increase the mechanisation techniques for our operations. With the expectation of firm CPO price and increase in palms' maturity into prime age production cycle, the plantation business is expecting to perform satisfactorily for the financial year ending 31 December 2022.

c) Tapes (Manufacturing and Trading)

Despite reporting satisfactory performance in FY2021, the tapes business will remain challenging due to market uncertainties, escalating freight cost and logistical disruptions. In anticipation of the challenges, the Group's strong supply chain management becomes a key component in sustaining business performance and the tapes business is expecting to operate satisfactorily for the financial year ending 31 December 2022.

Barring any unforeseen circumstances, we expect the Group to perform satisfactorily for the financial year ending 31 December 2022. Moreover, the Group is consistently on the lookout for growth opportunities to further enhance shareholder value.

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.

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 during the period under review.

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.

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31. Disclosure on nature of outstanding derivatives

There were no outstanding derivatives as at 31 March 2022 and 31 December 2021.

32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2022 or the previous financial period ended 31 December 2021.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2022 or the previous financial period ended 31 December 2021.

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 2022 and 31 December 2021.

35. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not qualified.

BY ORDER OF THE BOARD

LAI SOON ONG
COMPANY SECRETARY
SIBU
DATE: 26 MAY 2022