

WTK
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 2022**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022 - UNAUDITED

	30.06.2022	31.12.2021
	RM'000	RM'000
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	445,968	456,751
Investment properties	14,708	14,893
Right-of-use assets	127,195	128,661
Other investments	274	282
Intangible assets	5,652	6,748
Biological assets	35,542	35,542
	<u>629,339</u>	<u>642,877</u>
Current assets		
Biological assets	2,861	2,247
Inventories	78,431	58,368
Trade and other receivables	62,797	35,045
Other current assets	5,638	7,183
Cash and bank balances	375,065	386,044
	<u>524,792</u>	<u>488,887</u>
TOTAL ASSETS	<u>1,154,131</u>	<u>1,131,764</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	223	246
Loans and borrowings	136,939	147,668
Trade and other payables	60,736	39,627
Income tax payable	396	388
Lease liabilities	434	500
	<u>198,728</u>	<u>188,429</u>
Net current assets	<u>326,064</u>	<u>300,458</u>
Non-current liabilities		
Deferred tax liabilities	29,544	28,257
Retirement benefit obligations	1,261	1,321
Loans and borrowings	106,784	115,628
Lease liabilities	5,912	5,696
	<u>143,501</u>	<u>150,902</u>
TOTAL LIABILITIES	<u>342,229</u>	<u>339,331</u>
Net assets	<u>811,902</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	6,616	5,861
Retained earnings	513,963	497,980
	<u>818,185</u>	<u>801,550</u>
Non-controlling interests	(6,283)	(9,117)
TOTAL EQUITY	<u>811,902</u>	<u>792,433</u>
TOTAL EQUITY AND LIABILITIES	<u>1,154,131</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))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	132,656	107,896	236,816	194,353
Cost of sales	(104,477)	(95,252)	(194,210)	(181,790)
Gross profit	28,179	12,644	42,606	12,563
Other income	4,151	3,457	7,383	7,107
Selling and distribution expenses	(5,482)	(6,088)	(9,864)	(10,979)
Administrative and other expenses	(12,183)	(9,133)	(22,634)	(17,609)
Gain from bargain purchase	14,306	-	14,306	-
Operating profit/(loss)	28,971	880	31,797	(8,918)
Finance costs	(2,161)	(1,647)	(4,279)	(4,091)
Profit/(Loss) before tax	26,810	(767)	27,518	(13,009)
Income tax expense	(254)	(155)	(1,675)	(576)
Profit/(Loss) for the period	26,556	(922)	25,843	(13,585)
Other comprehensive income				
Item that may be reclassified subsequently to loss or profit:				
Foreign currency translation	641	133	763	390
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")	(23)	(35)	(8)	(35)
Other comprehensive income, net of tax	618	98	755	355
Total comprehensive income/(loss) for the period	27,174	(824)	26,598	(13,230)
Profit/(Loss) attributable to:				
Owners of the Company	24,453	(1,167)	23,009	(13,610)
Non-controlling interests	2,103	245	2,834	25
Profit/(Loss) for the period	26,556	(922)	25,843	(13,585)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	25,071	(1,069)	23,764	(13,255)
Non-controlling interests	2,103	245	2,834	25
Total comprehensive income/(loss) for the period	27,174	(824)	26,598	(13,230)
Earning/(Loss) per share attributable to Owners of the Company (sen per share):				
Basic	5.22	(0.25)	4.91	(2.90)

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 30 JUNE 2022 - UNAUDITED**

	Total equity RM'000	Total equity attributable to the Owners of the Company RM'000	Attributable to Owners of the Company				Non-distributable		Non- controlling interests 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 30 June 2022									
At 1 January 2022	792,433	801,550	309,346	(11,637)	497,980	5,861	6,327	(466)	(9,117)
Profit for the period	25,843	23,009	-	-	23,009	-	-	-	2,834
Other comprehensive income/(loss)	755	755	-	-	-	755	763	(8)	-
Total comprehensive income/(loss)	26,598	23,764	-	-	23,009	755	763	(8)	2,834
Transaction with Owners									
Dividends on ordinary shares	(7,026)	(7,026)	-	-	(7,026)	-	-	-	-
Repurchase of treasury shares	(103)	(103)	-	(103)	-	-	-	-	-
Total transactions with Owners	(7,129)	(7,129)	-	(103)	(7,026)	-	-	-	-
At 30 June 2022	811,902	818,185	309,346	(11,740)	513,963	6,616	7,090	(474)	(6,283)
Quarter ended 30 June 2021									
At 1 January 2021	805,912	817,287	309,346	(10,830)	513,296	5,475	5,941	(466)	(11,375)
(Loss)/Profit for the period	(13,585)	(13,610)	-	-	(13,610)	-	-	-	25
Other comprehensive income/(loss)	355	355	-	-	-	355	390	(35)	-
Total comprehensive (loss)/income	(13,230)	(13,255)	-	-	(13,610)	355	390	(35)	25
Transaction with Owners									
Dividends on ordinary shares	(4,827)	(4,827)	-	-	(4,827)	-	-	-	-
Repurchase of treasury shares	(226)	(226)	-	(226)	-	-	-	-	-
Total transactions with Owners	(5,053)	(5,053)	-	(226)	(4,827)	-	-	-	-
At 30 June 2021	787,629	798,979	309,346	(11,056)	494,859	5,830	6,331	(501)	(11,350)

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.

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 2022 - UNAUDITED

	30.06.2022	30.06.2021
	RM'000	RM'000
Operating Activities		
Profit/(Loss) before tax	27,518	(13,009)
Adjustments for:		
Amortisation of timber rights	1,096	3,076
Depreciation		
- property, plant and equipment	20,745	21,956
- investment properties	185	184
- right-of-use assets	1,870	2,054
Interest expense	4,279	4,091
Interest income	(2,691)	(2,946)
Gain on disposal of:		
- property, plant and equipment	(942)	(587)
Gain arising from changes in fair value of biological assets	(614)	(440)
Property, plant and equipment written off	141	-
Retirement benefit obligations	55	76
Unrealised (gain)/loss on foreign exchange	(176)	61
Gain from bargain purchase	(14,306)	-
Total adjustments	<u>9,642</u>	<u>27,525</u>
Operating profit before working capital changes	37,160	14,516
Changes in working capital :		
Inventories	(9,094)	15,286
Receivables	(8,775)	12,851
Payables	9,900	(6)
Cash flow generated from operations	<u>29,191</u>	<u>42,647</u>
Income taxes paid, net of tax refund	(1,413)	(2,164)
Interest paid	(312)	(442)
Interest received	75	382
Payment of retirement benefits	(138)	(28)
Net cash from operating activities	<u>27,403</u>	<u>40,395</u>
Investing Activities		
Interest received	2,616	2,564
Placement of short-term deposits with tenure more than 3 months	(1,858)	(2,347)
Purchase of:		
- property, plant and equipment	(5,903)	(5,830)
Proceeds from disposal of:		
- property, plant and equipment	2,536	2,069
Acquisition of subsidiary, net of cash	(13,712)	-
Net cash used in investing activities	<u>(16,321)</u>	<u>(3,544)</u>
Financing Activities		
Drawdown of term loans	223	223
Drawdown of trade financing facilities	13,040	9,000
Interest paid	(3,827)	(3,604)
Interest paid for lease liabilities	(140)	(45)
Repayment of finance leases	(223)	(91)
Repayment of lease liabilities	(189)	(267)
Repayment of term loans	(11,957)	(10,208)
Repayment of trade financing facilities	(23,552)	(7,931)
Repurchase of treasury shares	(103)	(227)
Net cash used in financing activities	<u>(26,728)</u>	<u>(13,150)</u>
Net (decrease)/increase in cash and cash equivalents	(15,646)	23,701
Effects of exchange rate changes	(87)	249
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>357,448</u></u>	<u><u>371,841</u></u>
For the purpose of statements of cash flows, net cash and cash equivalent include the following:		
Cash and bank balances	375,065	380,230
Less: Bank overdraft	(3,486)	(871)
Less: Deposit with tenure more than 3 months	(14,131)	(7,518)
Cash and cash equivalents	<u><u>357,448</u></u>	<u><u>371,841</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.

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Notes to the condensed consolidated interim financial statements
For the six months ended 30 June 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 25 August 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
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

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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 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
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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

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 acquisition from TMC of 100% equity interest in Sing Chew Coldstorage Sdn. Bhd. ("SCC") for a total cash consideration of RM20,000,000. The acquisition is completed on 15 June 2022 ("Completion Date").

The fair value of the identifiable assets and liabilities of SCC has been determined in accordance with the provisions of MFRS 3 Business Combinations and assigned to the identifiable assets and liabilities on Completion Date. The fair value of the identifiable assets and liabilities as at Completion Date is as follows:

	Fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	5,516
Inventories	10,952
Trade receivables	11,542
Other receivables, deposits and prepayment	4,828
Tax recoverable	269
Cash and bank balances	6,635
	39,742
Liabilities	
Trade payables	2,966
Other payables and accruals	1,841
Bank overdraft	347
Deferred tax liabilities	282
	5,436
Total identifiable net assets at fair value	34,306
Cash consideration	20,000
Gain from a bargain purchase	14,306

The fair value of the acquired assets is higher than the cash consideration. Consequently, the gain from bargain purchase of RM14.3 million has been recognised in the profit or loss account in the current period.

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

Outflow of cash to acquire subsidiary, net of cash acquired

	RM'000
Cash consideration	20,000
Less: Balance acquired	
- Cash and bank balances	(6,635)
- Bank overdraft	347
	(6,288)
Net outflow of cash - investing activities	13,712

6. Segmental information

	6 months ended 30.06.2022		6 months ended 30.06.2021	
	Revenue RM'000	(Loss)/Profit before tax RM'000	Revenue RM'000	(Loss)/Profit before tax RM'000
Timber	95,032	(10,474)	97,238	(18,247)
Plantation	102,772	21,004	63,332	2,355
Tapes *	32,519	2,963	33,390	3,570
Foods #	5,967	14,421	-	-
Others	526	(396)	393	(687)
Total	236,816	27,518	194,353	(13,009)

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”).
- Tapes * : manufacture, sales of adhesive and gummed tapes and the trading of tapes, foil, papers and electrostatic discharge products.
- Food # : sales of frozen, chill and consumer products.
- Others : rental income and interest income.

* Manufacturing and Trading segments are combined and reported as Tapes segment effective in the current financial period.

New business segment from the acquisition of Sing Chew Coldstorage Sdn. Bhd..

7. Seasonality of operations

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

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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 6 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Amortisation of timber rights	548	1,538	1,096	3,076
Depreciation				
- property, plant and equipment	10,302	11,030	20,745	21,956
- investment properties	92	92	185	184
- right-of-use assets	956	1,227	1,870	2,054
Interest income	(1,094)	(1,586)	(2,691)	(2,946)
Interest expenses	2,161	1,647	4,279	4,091
Gain on disposal of				
property, plant and equipment	(726)	(802)	(942)	(587)
Loss/(Gain) arising from changes				
in fair value of biological assets	40	(21)	(614)	(440)
Property, plant and equipment written off	141	-	141	-
Gain from bargain purchase	(14,306)	-	(14,306)	-
Retirement benefit obligation	28	-	55	76
Unrealised (gain)/loss on foreign exchange	(166)	35	(176)	61

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	247	134	632	445
- Foreign tax	86	93	157	221
	<u>333</u>	<u>227</u>	<u>789</u>	<u>666</u>
Over provision in respect of previous years				
- Malaysia income tax	(116)	-	(116)	-
- Foreign tax	-	(2)	-	(48)
	<u>217</u>	<u>225</u>	<u>673</u>	<u>618</u>
Deferred income tax				
- Original and reversal of temporary differences	37	(19)	42	9
- (Over)/under provision in respect of previous years	-	(51)	960	(51)
	<u>37</u>	<u>(70)</u>	<u>1,002</u>	<u>(42)</u>
Total income tax	<u>254</u>	<u>155</u>	<u>1,675</u>	<u>576</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.

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10. Earning/(Loss) per share

Basic earning/(loss) per share amounts are calculated by dividing profit/(loss) for the financial period net of tax, attributable to Owners of the Company 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		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the Owners of the Company (RM'000)	<u>24,453</u>	<u>(1,167)</u>	<u>23,009</u>	<u>(13,610)</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 earning/(loss) per share (sen)	<u>5.22</u>	<u>(0.25)</u>	<u>4.91</u>	<u>(2.90)</u>

The basic and diluted earning/(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 2022, the Group acquired assets with a total cost of RM5,903,000 (30 June 2021: RM6,371,000).

Assets with carrying amount of RM1,594,000 (30 June 2021: RM1,482,000) were disposed by the Group during the six months ended 30 June 2022, resulting in a gain on disposal of RM942,000 (30 June 2021: RM587,000).

12. Intangible assets

	Goodwill	Timber Rights	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2022/30 June 2022	<u>33,593</u>	<u>111,584</u>	<u>145,177</u>
Accumulated amortisation			
At 1 January 2022	29,037	109,392	138,429
Amortisation	-	1,096	1,096
At 30 June 2022	<u>29,037</u>	<u>110,488</u>	<u>139,525</u>
Net carrying amount			
At 30 June 2022	<u>4,556</u>	<u>1,096</u>	<u>5,652</u>
At 1 January 2022	<u>4,556</u>	<u>2,192</u>	<u>6,748</u>

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12. Intangible assets (Cont'd)

(a) Impairment testing of goodwill

Allocation of goodwill

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

	Goodwill	
	30.06.2022	31.12.2021
	RM'000	RM'000
Timber division	3,240	3,240
Tapes division	1,316	1,316
	4,556	4,556

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.

13. Cash and bank balances

	30.06.2022	31.12.2021
	RM'000	RM'000
Cash on hand and at banks	48,633	50,219
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	312,301	323,552
Tenure or more than 3 months	14,131	12,273
Cash and bank balances	375,065	386,044

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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	30 June 2022	174	-	-	174
- Quoted investments	31 December 2021	182	-	-	182
Biological assets	30 June 2022	-	-	2,861	2,861
- Oil palm fresh fruit bunches	31 December 2021	-	-	2,247	2,247
Reforestation (Planted trees)	30 June 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 six months ended 30 June 2022.

The number of shares bought back and retained as treasury shares amounted to 12,908,400 shares as at 30 June 2022.

16. Interest bearing loans and borrowings

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

	30.06.2022 RM'000	31.12.2021 RM'000
Short term borrowings		
- Secured	40,939	112,668
- Unsecured	96,000	35,000
	<u>136,939</u>	<u>147,668</u>
Long term borrowings		
- Secured	106,784	115,628
Total	<u>243,723</u>	<u>263,296</u>

17. Provisions for costs of restructuring

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

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18. Dividends

	30.06.2022 RM'000	31.12.2021 RM'000	Date of payment
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
- Final single-tier dividend of 1.50 sen net per share in respect of year ended 31 December 2021	7,026	-	25 July 2022

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 2022 and 31 December 2021.

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 2022 and 30 June 2021.

	Note	Transaction value	
		30.06.2022 RM'000	30.06.2021 RM'000
Lighterage and freight:			
Ocarina Development Sdn. Bhd. (In Liquidation)	#	-	44
W T K Realty Sdn. Bhd.	#	-	363
		-	407
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	3,545	2,505
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd.	^	1,317	1,514
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	5,899	5,039
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	9,149	3,320
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	13,102	7,620
Harvard Master Sdn. Bhd. (In Liquidation)	#	27,068	10,869
Southwind Plantation Sdn. Bhd.	#	1,508	348
Suajaya Mahir Crop Sdn. Bhd.	#	588	-
		42,266	18,837
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	10,350	8,468
Utahol (2008) Sdn. Bhd.	#	999	887
		11,349	9,355

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20. Related party transactions (cont'd)

The following table provides information on the transactions which have been entered into with related parties during the six months ended 30 June 2022 and 30 June 2021. (Cont'd)

	Note	Transaction value	
		30.06.2022 RM'000	30.06.2021 RM'000
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	15	15
Southwind Plantation Sdn. Bhd.	#	12	12
Tab Timbers (Sarawak) Sdn. Bhd.	^	8	8
W T K Realty Sdn. Bhd.	#	12	12
		47	47
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	36	36
Utahol Sdn. Bhd.	#	9	9
		45	45
Office rental paid:			
W T K Realty Sdn. Bhd.	#	184	102
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	2,423	3,148
Sales of frozen food and sundry goods			
B.H.B Sdn. Bhd.	#	48	-
Durafarm Sdn. Bhd.	#	23	-
Harvard Master Sdn. Bhd.	#	9	-
Imbok Enterprise Sdn. Bhd.	#	122	-
Oxford Glory Sdn. Bhd.	#	92	-
Song Enterprise Sdn. Bhd.	#	55	-
Southwind Plantation Sdn. Bhd.	#	151	-
Suajaya Mahir Crop Sdn. Bhd.	#	86	-
Utahol Sdn. Bhd.	#	8	-
		594	-

^ 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 30 June 2022 and 31 December 2021 were as follows:

	30.06.2022 RM'000	31.12.2021 RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	14,884	2,871
Other receivables (net of allowance for impairment)	5,253	1,202
Trade payables	(19,298)	(11,074)
Other payables	(535)	(507)

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21. Events after the reporting period

There are no events after the financial period ended 30 June 2022 which could materially affect the Group.

22. Performance review

	Current quarter		Variance RM'000	%
	30.06.2022 RM'000	30.06.2021 RM'000		
Revenue				
Timber	50,515	56,849	(6,334)	(11.1)
Plantation	59,185	38,387	20,798	54.2
Tapes	16,717	12,459	4,258	34.2
Foods	5,967	-	5,967	-
Others	272	201	71	35.3
Total	<u>132,656</u>	<u>107,896</u>	24,760	22.9
(Loss)/Profit before tax				
Timber	(4,199)	(7,358)	3,159	(42.9)
Plantation	15,015	5,865	9,150	156.0
Tapes	1,607	1,102	505	45.8
Foods	14,421	-	14,421	-
Others	(34)	(376)	342	(91.0)
Total	<u>26,810</u>	<u>(767)</u>	27,577	(3,595.4)

For the current quarter ("2Q2022") under review, the Group's revenue was RM132.7 million, an increase of RM24.8 million or 22.9% as compared to the preceding year corresponding quarter ("2Q2021") of RM107.9 million. The Group recorded a profit before tax of RM26.8 million in 2Q2022, as opposed to 2Q2021's loss before tax of RM0.8 million, mainly attributed to reduced loss from the timber segment, higher profit from the plantation segment and the one-off gain from bargain purchase of Sing Chew Coldstorage Sdn. Bhd. ("SCC") recognised by foods segment.

Performance of respective segments for the financial quarter/period ended 30 June 2022 as compared to the preceding year corresponding financial quarter/period are analysed as follow:

Timber

For 2Q2022, the decrease in revenue was mainly attributed to lower production during the financial quarter. The loss before tax in 2Q2022 had decreased by RM3.2 million as compared to 2Q2021.

Plantation

Revenue for 2Q2022 was RM59.2 million, an increase of RM20.8 million as compared to RM38.4 million for 2Q2021. The increase in revenue during the quarter was attributed to higher production and higher realised crude palm oil ("CPO") as compared to 2Q2021.

Tapes

The revenue for 2Q2022 was RM16.7 million, an increase of RM4.3 million, as compared to RM12.5 million in 2Q2021. The increase in revenue in 2Q2022 was mainly due to recovery of tapes and related products' demand.

Foods

The acquisition of SCC is completed on 15 June 2022. Since the completion date until the quarter ended 30 June 2022, the segment revenue and profit before tax was RM6.0 million and RM14.4 million respectively. The profit before tax during the quarter was mainly attributed to the one-off gain from bargain purchase of RM14.3 million. Please refer to Note 5 for further detail.

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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	%
	30.06.2022 RM'000	31.03.2022 RM'000		
Revenue				
Timber	50,515	44,517	5,998	13.5
Plantation	59,185	43,587	15,598	35.8
Tapes	16,717	15,802	915	5.8
Foods	5,967	-	5,967	-
Others	272	254	18	7.1
Total	<u>132,656</u>	<u>104,160</u>	28,496	27.4
(Loss)/Profit before tax				
Timber	(4,199)	(6,275)	2,076	(33.1)
Plantation	15,015	5,989	9,026	150.7
Tapes	1,607	1,356	251	18.5
Foods	14,421	-	14,421	-
Others	(34)	(362)	328	(90.6)
Total	<u>26,810</u>	<u>708</u>	26,102	3,686.7

For 2Q2022 under review, the Group recorded a revenue of RM132.7 million, an increase of RM28.5 million or 27.4% as compared to the preceding quarter ("1Q2022") of RM104.2 million. The Group's profit before tax in 2Q2022 increased by RM26.1 million to RM26.8 million as compared to 1Q2022's profit before tax of RM0.7 million. The higher profit before tax in 2Q2022 was attributed to higher profit from the plantation segment and the one-off gain from bargain purchase of of Sing Chew Coldstorage Sdn. Bhd. ("SCC") recognised by food segment.

Timber

Higher revenue in 2Q2022 as compared to the 1Q2022 was mainly attributed to higher average selling prices of timber products and increase in the export sales of plywood products.

Plantation

Higher revenue and profit before tax in 2Q2022 as compared to preceding quarter was mainly due to higher production of FFB.

Tapes

The segment's revenue and profit before tax for the current quarter increased compared to the preceding quarter, was mainly due to recovery of tapes and related products' demand.

Foods

The acquisition of SCC is completed on 15 June 2022. Since the completion date until the quarter ended 30 June 2022, the segment revenue and profit before tax was RM6.0 million and RM14.4 million respectively. The profit before tax during the quarter was mainly attributed to the one-off gain from bargain purchase of RM14.3 million. Please refer to Note 5 for further detail.

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24. Commentary on prospects

a) Timber

Timber business is facing the challenges of 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

The prices of CPO have weakened since the end of Q2 2022 owing to stiffer competition from Indonesian palm oil and anticipation of potential global recession. To mitigate the adverse effects of challenges, the Group will continue to improve operational efficiency and increase the mechanization techniques of our operations. With more palms maturing into prime age production cycle, the Group is expecting the plantation business to perform satisfactorily for the financial year ending 31 December 2022.

c) Tapes

The tapes business is remained challenging due to market uncertainties, rising freight rate and raw material costs. In anticipation of the challenges, the Group is upgrading the plants and machineries to enhance the operational efficiency and cost competitive advantage. With our strong supply chain management, the Group is expecting the tapes business to perform satisfactorily for the financial year ending 31 December 2022.

d) Foods

The acquisition of Sing Chew Coldstorage Sdn. Bhd. which was completed on 15 June 2022 represents an opportunity for the Group to diversify into the business of importer, wholesaler and retailer of frozen food. The new food business is expected to provide the Group with a long-term viable business with growth opportunity.

Barring any unforeseen circumstances, we expect the Group to perform satisfactorily for the financial year ending 31 December 2022. Moreover, the Group is always looking 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 30 June 2022 and 31 December 2021.

32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 30 June 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 30 June 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 30 June 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: 25 AUGUST 2022