

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 SEPTEMBER 2022**

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

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

	30.09.2022 RM'000 Unaudited	31.12.2021 RM'000 Audited
Non-current assets		
Property, plant and equipment	445,776	456,751
Investment properties	14,615	14,893
Right-of-use assets	126,301	128,661
Other investments	254	282
Intangible assets	5,104	6,748
Biological assets	35,542	35,542
	<u>627,592</u>	<u>642,877</u>
Current assets		
Biological assets	1,631	2,247
Inventories	87,005	58,368
Trade and other receivables	51,606	35,045
Other current assets	7,957	7,183
Cash and bank balances	364,657	386,044
	<u>512,856</u>	<u>488,887</u>
TOTAL ASSETS	<u>1,140,448</u>	<u>1,131,764</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	223	246
Loans and borrowings	129,472	147,668
Trade and other payables	60,832	39,627
Income tax payable	374	388
Lease liabilities	495	500
	<u>191,396</u>	<u>188,429</u>
Net current assets	<u>321,460</u>	<u>300,458</u>
Non-current liabilities		
Deferred tax liabilities	29,584	28,257
Retirement benefit obligations	1,228	1,321
Loans and borrowings	100,638	115,628
Lease liabilities	5,766	5,696
	<u>137,216</u>	<u>150,902</u>
TOTAL LIABILITIES	<u>328,612</u>	<u>339,331</u>
Net assets	<u>811,836</u>	<u>792,433</u>
Equity attributable to Owners of the Company		
Share capital	309,346	309,346
Treasury shares	(11,896)	(11,637)
Other reserves	7,418	5,861
Retained earnings	512,908	497,980
	<u>817,776</u>	<u>801,550</u>
Non-controlling interests	(5,940)	(9,117)
TOTAL EQUITY	<u>811,836</u>	<u>792,433</u>
TOTAL EQUITY AND LIABILITIES	<u>1,140,448</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 30 SEPTEMBER 2022 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 September 2022 RM'000	2021 RM'000	Nine months ended 30 September 2022 RM'000	2021 RM'000
Revenue	125,489	101,847	362,305	296,200
Cost of sales	(109,777)	(88,401)	(303,987)	(270,191)
Gross profit	15,712	13,446	58,318	26,009
Other income	3,659	5,553	11,042	12,660
Selling and distribution expenses	(5,358)	(4,750)	(15,222)	(15,729)
Administrative and other expenses	(11,699)	(8,570)	(34,333)	(26,179)
Gain from bargain purchase	-	-	14,306	-
Operating profit/(loss)	2,314	5,679	34,111	(3,239)
Finance costs	(2,249)	(2,810)	(6,528)	(6,901)
Profit/(Loss) before tax	65	2,869	27,583	(10,140)
Income tax expense	(776)	(250)	(2,451)	(826)
(Loss)/Profit for the period	(711)	2,619	25,132	(10,966)
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or (loss):				
Foreign currency translation	823	(123)	1,586	267
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")	(21)	(6)	(29)	(41)
Other comprehensive income/(loss), net of tax	802	(129)	1,557	226
Total comprehensive income/(loss) for the period	91	2,490	26,689	(10,740)
(Loss)/Profit attributable to:				
Owners of the Company	(1,054)	3,111	21,955	(10,499)
Non-controlling interests	343	(492)	3,177	(467)
(Loss)/Profit for the period	(711)	2,619	25,132	(10,966)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(252)	2,982	23,512	(10,273)
Non-controlling interests	343	(492)	3,177	(467)
Total comprehensive income/(loss) for the period	91	2,490	26,689	(10,740)
(Loss)/Earning per share attributable to Owners of the Company (sen per share):				
Basic	(0.23)	0.66	4.69	(2.24)

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 CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 - UNAUDITED**

	30.09.2022 RM'000	30.09.2021 RM'000
Operating Activities		
Profit/(Loss) before tax	27,583	(10,140)
Adjustments for:		
Amortisation of timber rights	1,644	4,614
Depreciation		
- property, plant and equipment	30,852	32,523
- investment properties	278	277
- right-of-use assets	2,770	2,520
Interest expense	6,528	6,901
Interest income	(4,988)	(4,379)
Gain on disposal of:		
- property, plant and equipment	(807)	(2,206)
Loss/(Gain) arising from changes in fair value of biological assets	616	(1,214)
Property, plant and equipment written off	155	-
Retirement benefit obligations	83	115
Unrealised (gain)/loss on foreign exchange	(331)	62
Gain from bargain purchase	(14,306)	-
Total adjustments	<u>22,494</u>	<u>39,213</u>
Operating profit before working capital changes	50,077	29,073
Changes in working capital :		
Inventories	(17,544)	16,871
Receivables	822	667
Payables	16,789	(4,536)
Other current assets	(217)	8,453
Cash flow generated from operations	<u>49,927</u>	<u>50,528</u>
Income taxes paid, net of tax refund	(2,592)	(2,923)
Interest paid	(431)	(640)
Interest received	862	530
Payment of retirement benefits	(199)	(261)
Net cash from operating activities	<u>47,567</u>	<u>47,234</u>
Investing Activities		
Interest received	4,126	3,849
Placement of short-term deposits with tenure more than 3 months	(2,204)	(1,055)
Purchase of:		
- property, plant and equipment	(15,921)	(9,377)
- right-of-use assets	(410)	-
Proceeds from disposal of:		
- property, plant and equipment	2,779	11,873
Acquisition of subsidiary, net of cash	(13,712)	-
Net cash (used in)/from investing activities	<u>(25,342)</u>	<u>5,290</u>
Financing Activities		
Dividend paid to Owners of the Company	(6,867)	(4,827)
Drawdown of term loans	333	334
Drawdown of trade financing facilities	14,040	11,000
Interest paid	(5,884)	(6,039)
Interest paid for lease liabilities	(213)	(222)
Repayment of finance leases	(329)	(140)
Repayment of lease liabilities	(244)	(149)
Repayment of term loans	(18,581)	(15,500)
Repayment of trade financing facilities	(32,142)	(9,930)
Repurchase of treasury shares	(259)	(483)
Net cash used in financing activities	<u>(50,146)</u>	<u>(25,956)</u>
Net (decrease)/increase in cash and cash equivalents	(27,921)	26,568
Effects of exchange rate changes	837	185
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>346,097</u></u>	<u><u>374,644</u></u>
For the purpose of statements of cash flows, net cash and cash equivalent include the following:		
Cash and bank balances	364,657	382,419
Less: Bank overdraft	(4,083)	(1,549)
Less: Deposit with tenure more than 3 months	(14,477)	(6,226)
Cash and cash equivalents	<u><u>346,097</u></u>	<u><u>374,644</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 nine months ended 30 September 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 29 November 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 Venture²

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 20 July 2022, the Company has incorporated a wholly-owned subsidiary, WTK Quarry Sdn. Bhd. ("WTK Quarry") with 2 ordinary shares at RM1.00 per ordinary share. WTK Quarry Sdn. Bhd. has not commenced the business since incorporation.

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6. Segment information

	← 9 months ended →												Note	Consolidated	
	Timber		Plantation		Food		Tapes		Others		Adjustments and eliminations			30.09.2022	30.09.2021
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000		RM'000	RM'000
Revenue															
External sales	147,004	145,122	143,559	101,548	19,393	-	51,537	48,977	812	553	-	-		362,305	296,200
Inter-segment sales	-	-	-	-	1,297	-	-	-	82,933	770	(84,230)	(770)	A	-	-
Total revenue	<u>147,004</u>	<u>145,122</u>	<u>143,559</u>	<u>101,548</u>	<u>20,690</u>	<u>-</u>	<u>51,537</u>	<u>48,977</u>	<u>83,745</u>	<u>1,323</u>	<u>(84,230)</u>	<u>(770)</u>		<u>362,305</u>	<u>296,200</u>
(Loss)/Profit before tax	<u>(9,254)</u>	<u>(20,013)</u>	<u>18,129</u>	<u>4,723</u>	<u>15,514</u>	<u>-</u>	<u>7,734</u>	<u>4,744</u>	<u>81,624</u>	<u>(1,099)</u>	<u>(86,164)</u>	<u>1,505</u>	B	<u>27,583</u>	<u>(10,140)</u>

A - Inter-segment revenues and dividends are eliminated on consolidation.

B - Transactions from inter-segment are (deducted from)/added to segment results to arrive at "(Loss)/Profit before tax" presented in the consolidated statements of profit or loss.

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

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7. Seasonality of operations

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

8. Profit/(Loss) before tax

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

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of timber rights	548	1,538	1,644	4,614
Depreciation				
- property, plant and equipment	10,107	10,567	30,852	32,523
- investment properties	93	93	278	277
- right-of-use assets	900	466	2,770	2,520
Interest income	(2,297)	(1,433)	(4,988)	(4,379)
Interest expenses	2,249	2,810	6,528	6,901
Loss/(Gain) on disposal of property, plant and equipment	135	(1,619)	(807)	(2,206)
Loss/(Gain) arising from changes in fair value of biological assets	1,230	(774)	616	(1,214)
Property, plant and equipment written off	14	-	155	-
Gain from bargain purchase	-	-	(14,306)	-
Retirement benefit obligation	28	115	83	115
Unrealised (gain)/loss on foreign exchange	(155)	1	(331)	62
	<u>(155)</u>	<u>1</u>	<u>(331)</u>	<u>62</u>

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	522	28	1,154	473
- Foreign tax	104	74	261	295
	<u>626</u>	<u>102</u>	<u>1,415</u>	<u>768</u>
Over provision in respect of previous years				
- Malaysia income tax	112	4	(4)	4
- Foreign tax	-	(1)	-	(49)
	<u>738</u>	<u>105</u>	<u>1,411</u>	<u>723</u>
Deferred income tax				
- Original and reversal of temporary differences	38	94	80	103
- Under provision in respect of previous years	-	51	960	-
	<u>38</u>	<u>145</u>	<u>1,040</u>	<u>103</u>
Total income tax	<u>776</u>	<u>250</u>	<u>2,451</u>	<u>826</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. (Loss)/Earning per share

Basic (loss)/earning per share amounts are calculated by dividing (loss)/profit 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		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to the Owners of the Company (RM'000)	<u>(1,054)</u>	<u>3,111</u>	<u>21,955</u>	<u>(10,499)</u>
Weighted average number of ordinary shares in issue ('000)	<u>468,299</u>	<u>469,476</u>	<u>468,299</u>	<u>469,476</u>
Basic (loss)/earning per share (sen)	<u>(0.23)</u>	<u>0.66</u>	<u>4.69</u>	<u>(2.24)</u>

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

11. Property, plant and equipment

During the nine months ended 30 September 2022, the Group acquired assets with a total cost of RM 15,921,000 (30 September 2021: RM9,377,000).

Assets with carrying amount of RM1,972,000 (30 September 2021: RM9,667,000) were disposed by the Group during the nine months ended 30 September 2022, resulting in a gain on disposal of RM807,000 (30 September 2021: RM2,206,000).

12. Intangible assets

	Goodwill	Timber Rights	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2022/30 September 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	-	1,644	1,644
At 30 September 2022	<u>29,037</u>	<u>111,036</u>	<u>140,073</u>
Net carrying amount			
At 30 September 2022	<u>4,556</u>	<u>548</u>	<u>5,104</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	
	30.09.2022	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

	30.09.2022	31.12.2021
	RM'000	RM'000
Cash on hand and at banks	76,280	50,219
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	273,900	323,552
Tenure or more than 3 months	14,477	12,273
Cash and bank balances	364,657	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 September 2022	154	-	-	154
- Quoted investments	31 December 2021	182	-	-	182
Biological assets	30 September 2022	-	-	1,631	1,631
- Oil palm fresh fruit bunches	31 December 2021	-	-	2,247	2,247
Reforestation (Planted trees)	30 September 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 nine months ended 30 September 2022.

The number of shares bought back and retained as treasury shares amounted to 13,237,500 shares as at 30 September 2022.

16. Interest bearing loans and borrowings

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

	30.09.2022 RM'000	31.12.2021 RM'000
Short term borrowings		
- Secured	38,972	112,668
- Unsecured	90,500	35,000
	<u>129,472</u>	<u>147,668</u>
Long term borrowings		
- Secured	100,638	115,628
Total	<u>230,110</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

	30.09.2022 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	7,027	-	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 September 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 nine months ended 30 September 2022 and 30 September 2021.

	Note	Transaction value	
		30.09.2022 RM'000	30.09.2021 RM'000
Lighterage and freight:			
Ocarina Development Sdn. Bhd. (In Liquidation)	#	-	89
W T K Realty Sdn. Bhd.	#	-	400
		-	489
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	4,661	3,666
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd. *	^	1,317	2,241
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	9,224	6,951
Purchase of fertiliser:			
WTK Service & Warehousing Sdn. Bhd.	^	15,659	5,258
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	17,756	12,256
Harvard Master Sdn. Bhd. (In Liquidation)	#	40,841	21,292
Southwind Plantation Sdn. Bhd.	#	2,530	348
Suajaya Mahir Crop Sdn. Bhd.	#	588	441
		61,715	34,337
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	13,537	12,841
Utahol (2008) Sdn. Bhd.	#	1,347	1,378
		14,884	14,219

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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 nine months ended 30 September 2022 and 30 September 2021. (Cont'd)

	Note	Transaction value	
		30.09.2022 RM'000	30.09.2021 RM'000
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	23	23
Southwind Plantation Sdn. Bhd.	#	18	18
Tab Timbers (Sarawak) Sdn. Bhd.	^	11	11
Utahol Sdn. Bhd.	#	1	-
W T K Realty Sdn. Bhd.	#	18	18
		71	70
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	54	54
Utahol Sdn. Bhd.	#	14	14
		68	68
Office rental paid:			
W T K Realty Sdn. Bhd.	#	276	158
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	3,276	4,073
Sales of frozen food and sundry goods			
B.H.B Sdn. Bhd.	#	221	-
Durafarm Sdn. Bhd.	#	101	-
Harvard Master Sdn. Bhd.	#	32	-
Heng Hsen Trading Sdn. Bhd.	#	632	-
Imbok Enterprise Sdn. Bhd.	#	492	-
Oxford Glory Sdn. Bhd.	#	338	-
Song Enterprise Sdn. Bhd.	#	176	-
Southwind Plantation Sdn. Bhd.	#	609	-
Suajaya Mahir Crop Sdn. Bhd.	#	434	-
Utahol Sdn. Bhd.	#	22	-
		3,057	-
Purchase of frozen food and sundry goods			
Heng Hsen Trading Sdn. Bhd.	#	1,390	-

* *Sin Chew Coldstorage Sdn. Bhd. became the wholly-owned subsidiary of W T K Holdings Berhad on 15 June 2022.*

^ *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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20. Related party transactions (cont'd)

The outstanding balances arising from related party transactions as at 30 September 2022 and 31 December 2021 were as follows:

	30.09.2022	31.12.2021
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	9,417	2,871
Other receivables (net of allowance for impairment)	4,930	1,202
Trade payables	(28,572)	(11,074)
Other payables	(471)	(507)

21. Events after the reporting period

WTK Alpha Sdn Bhd, a wholly-owned subsidiary of W T K Holdings Berhad, had on 27 October 2022, entered into the following agreements pursuant to the Proposed Acquisitions:-

- i) conditional share sale agreement with Harvard Master Sdn. Bhd. (In Liquidation) (“HMSB” or “Vendor”) to acquire 23,200,000 ordinary shares in B.H.B Sdn. Bhd. (“B.H.B.”), a plantation company, representing the entire equity interest in B.H.B, for a total cash consideration of RM237,500,000; and,
- ii) conditional sale and purchase agreement with HMSB to acquire the palm oil mill located at Sungai Niah, Niah, Miri Division, Sarawak with the relevant plant and machinery (“Plantation Assets”) for a total cash consideration of RM12,500,000.

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22. Performance Review

	←————— Current Quarter —————→												Note	Consolidated	
	Timber		Plantation		Food		Tapes		Others		Adjustments and eliminations			30.09.2022	30.09.2021
	30.09.2022	30.09.2021	30.09.2022	30.09.2021	30.09.2022	30.09.2021	30.09.2022	30.09.2021	30.09.2022	30.09.2021	30.09.2022	30.09.2021		RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue															
External sales	51,972	47,884	40,787	38,216	13,426	-	19,018	15,587	286	160	-	-		125,489	101,847
Inter-segment sales	-	-	-	-	1,005	-	-	-	82,290	268	(83,295)	(268)	A	-	-
Total revenue	<u>51,972</u>	<u>47,884</u>	<u>40,787</u>	<u>38,216</u>	<u>14,431</u>	<u>-</u>	<u>19,018</u>	<u>15,587</u>	<u>82,576</u>	<u>428</u>	<u>(83,295)</u>	<u>(268)</u>		<u>125,489</u>	<u>101,847</u>
(Loss)/Profit before tax	<u>(103)</u>	<u>(3,104)</u>	<u>(643)</u>	<u>4,679</u>	<u>1,093</u>	<u>-</u>	<u>4,938</u>	<u>1,428</u>	<u>81,845</u>	<u>(566)</u>	<u>(87,065)</u>	<u>432</u>	B	<u>65</u>	<u>2,869</u>

A - Inter-segment revenues and dividends are eliminated on consolidation.

B - Transactions from inter-segment are (deducted from)/added to segment results to arrive at "(Loss)/Profit before tax" presented in the consolidated statements of profit or loss.

For the current quarter ("3Q2022") under review, the Group reported a revenue of RM125.5 million, an increase of RM23.6 million or 23.2% as compared to the preceding year corresponding quarter ("3Q2021") of RM101.8 million. The Group's profit before tax was RM0.07 million in 3Q2022, decreased by RM2.8 million as compared to 3Q2021.

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

Timber

For 3Q2022, the increase in revenue was mainly attributed to the higher selling price of timber products recorded during the financial quarter.

Plantation

Revenue for 3Q2022 was RM40.8 million, an increase of RM2.6 million as compared to RM38.2 million for 3Q2021. The increase in revenue in 3Q2022 was attributed to the higher production of fresh fruit bunches ("FFB") as compared to 3Q2021. The loss before tax incurred in 3Q2022 mainly attributed to lower average selling prices of FFB and higher fertilisers cost.

Food

The acquisition of Sing Chew Coldstorage Sdn. Bhd. was completed on 15 June 2022. Revenue and profit before tax were recorded at RM14.4 million and RM1.1 million respectively in 3Q2022.

Tapes

The revenue for 3Q2022 was RM19.0 million, an increase of RM3.4 million, as compared to RM15.6 million in 3Q2021. The increase in revenue in 3Q2022 was mainly due to the recovery in demand for the tapes and related products.

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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 →												Note	Consolidated		
	Timber		Plantation		Food		Tapes		Others		Adjustments and eliminations			30.09.2022	30.06.2022	
	30.09.2022	30.06.2022	30.09.2022	30.06.2022	30.09.2022	30.06.2022	30.09.2022	30.06.2022	30.09.2022	30.06.2022	30.09.2022	30.06.2022		RM'000	RM'000	
Revenue																
External sales	51,972	50,515	40,787	59,185	13,426	5,967	19,018	16,717	286	272	-	-		125,489	132,656	
Inter-segment sales	-	-	-	-	1,005	292	-	-	82,290	342	(83,295)	(634)	A	-	-	
Total revenue	<u>51,972</u>	<u>50,515</u>	<u>40,787</u>	<u>59,185</u>	<u>14,431</u>	<u>6,259</u>	<u>19,018</u>	<u>16,717</u>	<u>82,576</u>	<u>614</u>	<u>(83,295)</u>	<u>(634)</u>		<u>125,489</u>	<u>132,656</u>	
(Loss)/Profit before tax	<u>(103)</u>	<u>(3,547)</u>	<u>(643)</u>	<u>13,895</u>	<u>1,093</u>	<u>14,421</u>	<u>4,938</u>	<u>1,506</u>	<u>81,845</u>	<u>60</u>	<u>(87,065)</u>	<u>475</u>	B	<u>65</u>	<u>26,810</u>	

A - Inter-segment revenues and dividends are eliminated on consolidation.

B - Transactions from inter-segment are (deducted from)/added to segment results to arrive at "(Loss)/Profit before tax" presented in the consolidated statements of profit or loss.

For 3Q2022 under review, the Group reported a revenue of RM125.5 million, an decrease of RM7.2 million or 5.4% as compared to the preceding quarter ("2Q2022") of RM132.7 million. The Group's profit before tax in 3Q2022 decreased by RM26.7 million as compared to 3Q2021's profit before tax of RM26.8 million.

Performance of respective segments for the respective financial quarter as compared to the preceding quarter are analysed as follow:

Timber

Higher revenue in 3Q2022 as compared to the 2Q2022 was mainly attributed to higher average selling prices of timber products.

Plantation

Compared to the preceding quarter, the reported revenue in 3Q2022 was lower at RM40.8 million, mainly due to lower average selling prices of FFB.

Food

The acquisition of Sing Chew Coldstorage Sdn. Bhd. was completed on 15 June 2022. Revenue and profit before tax were RM14.4 million and RM1.1 million respectively for 3Q2022.

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.

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24. Commentary on prospects

a) Timber

The timber business continue to face strong headwinds with slowing down in log and plywood productions affected by unpredicted weather conditions, stricter operational requirements under Timber Certification Scheme, continuing suspension of salvage logging operations and also weaker demands from importing countries, India and Japan. The Group remains cautious about the outlook for its timber businesses for the financial year ending 31 December 2022.

b) Plantation

The price of CPO has weakened since the end of the second quarter of 2022 owing to stiffer competition from Indonesia palm oil and anticipation of potential global recession. The oil palm age profile of the Group's estate are relatively young. Accordingly, with more oil palms enter into maturity and more into higher yielding age bracket, the plantation business is expected 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, the Group expects a satisfactory financial performance for the financial year ending 31 December 2022.

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.

31. Disclosure on nature of outstanding derivatives

There were no outstanding derivatives as at 30 September 2022 and 31 December 2021.

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32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 30 September 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 September 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 September 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: 29 NOVEMBER 2022