

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 DECEMBER 2022**

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

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

	31.12.2022	31.12.2021
	RM'000	RM'000
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	437,147	456,751
Investment properties	14,522	14,893
Right-of-use assets	140,507	128,661
Other investments	251	282
Intangible assets	4,556	6,748
Biological assets	35,542	35,542
	<u>632,525</u>	<u>642,877</u>
Current assets		
Biological assets	1,417	2,247
Inventories	90,849	58,368
Trade and other receivables	78,128	35,045
Other current assets	5,777	7,183
Cash and bank balances	328,211	386,044
	<u>504,382</u>	<u>488,887</u>
TOTAL ASSETS	<u>1,136,907</u>	<u>1,131,764</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	63	246
Loans and borrowings	137,056	147,668
Trade and other payables	65,377	39,627
Income tax payable	1,241	388
Lease liabilities	731	500
	<u>204,468</u>	<u>188,429</u>
Net current assets	<u>299,914</u>	<u>300,458</u>
Non-current liabilities		
Deferred tax liabilities	50,517	28,257
Retirement benefit obligations	1,274	1,321
Loans and borrowings	90,365	115,628
Lease liabilities	5,618	5,696
	<u>147,774</u>	<u>150,902</u>
TOTAL LIABILITIES	<u>352,242</u>	<u>339,331</u>
Net assets	<u>784,665</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	7,929	5,861
Retained earnings	485,999	497,980
	<u>791,378</u>	<u>801,550</u>
Non-controlling interests	(6,713)	(9,117)
TOTAL EQUITY	<u>784,665</u>	<u>792,433</u>
TOTAL EQUITY AND LIABILITIES	<u>1,136,907</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 31 DECEMBER 2022 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 December 2022 RM'000	2021 RM'000	Twelve months ended 31 December 2022 RM'000	2021 RM'000
Revenue	110,728	99,148	473,033	395,348
Cost of sales	(103,489)	(81,552)	(407,476)	(351,743)
Gross profit	<u>7,239</u>	<u>17,596</u>	<u>65,557</u>	<u>43,605</u>
Other income	2,159	4,266	13,202	16,926
Selling and distribution expenses	(4,155)	(3,826)	(19,377)	(19,555)
Administrative and other expenses	(15,165)	(14,818)	(49,498)	(40,997)
Gain from bargain purchase	6,519	-	20,824	-
Operating (loss)/profit	<u>(3,403)</u>	<u>3,218</u>	<u>30,708</u>	<u>(21)</u>
Finance costs	(2,524)	(2,345)	(9,052)	(9,246)
(Loss)/Profit before tax	<u>(5,927)</u>	<u>873</u>	<u>21,656</u>	<u>(9,267)</u>
Income tax expense	(21,755)	1,934	(24,206)	1,108
(Loss)/Profit for the period	<u>(27,682)</u>	<u>2,807</u>	<u>(2,550)</u>	<u>(8,159)</u>
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or (loss):				
Foreign currency translation	513	119	2,099	386
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")	(2)	(20)	(31)	(61)
Remeasurement loss on retirement benefit obligations	-	(11)	-	(11)
Other comprehensive income, net of tax	<u>511</u>	<u>88</u>	<u>2,068</u>	<u>314</u>
Total comprehensive (loss)/income for the period	<u>(27,171)</u>	<u>2,895</u>	<u>(482)</u>	<u>(7,845)</u>
(Loss)/Profit attributable to:				
Owners of the Company	(26,909)	82	(4,954)	(10,417)
Non-controlling interests	(773)	2,725	2,404	2,258
(Loss)/Profit for the period	<u>(27,682)</u>	<u>2,807</u>	<u>(2,550)</u>	<u>(8,159)</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(26,398)	170	(2,886)	(10,103)
Non-controlling interests	(773)	2,725	2,404	2,258
Total comprehensive (loss)/income for the period	<u>(27,171)</u>	<u>2,895</u>	<u>(482)</u>	<u>(7,845)</u>
(Loss)/Earning per share attributable to Owners of the Company (sen per share):				
Basic	(5.75)	0.02	(1.06)	(2.22)

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 DECEMBER 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 December 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	(2,550)	(4,954)	-	-	(4,954)	-	-	-	2,404
Other comprehensive income/(loss)	2,068	2,068	-	-	-	2,068	2,099	(31)	-
Total comprehensive (loss)/income	(482)	(2,886)	-	-	(4,954)	2,068	2,099	(31)	2,404
Transaction with Owners									
Dividends on ordinary shares	(7,027)	(7,027)	-	-	(7,027)	-	-	-	-
Repurchase of treasury shares	(259)	(259)	-	(259)	-	-	-	-	-
Total transactions with Owners	(7,286)	(7,286)	-	(259)	(7,027)	-	-	-	-
At 31 December 2022	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)
Quarter ended 31 December 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	(8,159)	(10,417)	-	-	(10,417)	-	-	-	2,258
Other comprehensive income/(loss)	314	314	-	-	(11)	325	386	(61)	-
Total comprehensive (loss)/income	(7,845)	(10,103)	-	-	(10,428)	325	386	(61)	2,258
Transaction with Owners									
Dividends on ordinary shares	(4,827)	(4,827)	-	-	(4,827)	-	-	-	-
Repurchase of treasury shares	(807)	(807)	-	(807)	-	-	-	-	-
Total transactions with Owners	(5,634)	(5,634)	-	(807)	(4,827)	-	-	-	-
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	-	(61)	61	-	61	-
At 31 December 2021	792,433	801,550	309,346	(11,637)	497,980	5,861	6,327	(466)	(9,117)

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 DECEMBER 2022 - UNAUDITED

	31.12.2022	31.12.2021
	RM'000	RM'000
Operating Activities		
Profit/(Loss) before tax	21,656	(9,267)
Adjustments for:		
Amortisation of timber rights	2,192	5,217
Bad debts written off	-	35
Depreciation		
- property, plant and equipment	39,519	43,462
- investment properties	371	370
- right-of-use assets	4,076	3,858
Dividend income		
- investment securities	(5)	(5)
Impairment loss:		
-property, plant and equipment	-	850
- trade receivables	9	36
Interest expense	9,052	9,246
Interest income	(7,416)	(6,131)
Inventories written down to net realisable value	13	599
Inventories written off	233	406
Net gain on termination of lease	-	(22)
Loss/(Gain) on disposal of property, plant and equipment	108	(3,783)
Loss/(Gain) arising from changes in fair value of biological assets	830	(1,166)
Property, plant and equipment written off	3,608	221
Retirement benefit obligations	111	153
Reversal of impairment loss on trade and other receivables	(9)	-
Reversal of inventories written down	10	-
Unrealised gain on foreign exchange	(179)	(25)
Gain from bargain purchase	(20,824)	-
Total adjustments	<u>31,699</u>	<u>53,321</u>
Operating profit before working capital changes	53,355	44,054
Changes in working capital :		
Inventories	(21,603)	9,196
Receivables	(22,204)	15,691
Payables	21,807	(14,127)
Other current assets	(2,744)	448
Cash flow generated from operations	<u>28,611</u>	<u>55,262</u>
Income taxes paid, net of tax refund	(3,467)	(2,994)
Interest paid	(555)	(834)
Interest received	1,721	843
Payment of retirement benefits	(341)	(524)
Net cash from operating activities	<u>25,969</u>	<u>51,753</u>
Investing Activities		
Interest received	5,695	5,288
Placement of short-term deposits with tenure more than 3 months	(2,204)	(7,102)
Purchase of:		
- property, plant and equipment	(13,516)	(12,589)
- right-of-use assets	(14,441)	(370)
Proceeds from disposal of:		
- property, plant and equipment	3,242	14,300
Net dividend received from:		
-investment securities	5	5
Acquisition of subsidiary, net of cash	(13,712)	-
Net cash used in investing activities	<u>(34,931)</u>	<u>(468)</u>
Financing Activities		
Dividend paid to Owners of the Company	(7,001)	(4,827)
Drawdown of term loans	445	446
Drawdown of trade financing facilities	19,599	31,102
Interest paid	(8,159)	(8,084)
Interest paid for lease liabilities	(337)	(328)
Repayment of finance leases	(410)	(177)
Repayment of lease liabilities	(554)	(575)
Repayment of term loans	(26,223)	(21,042)
Repayment of trade financing facilities	(34,185)	(21,931)
Repurchase of treasury shares	(259)	(807)
Net cash used in financing activities	<u>(57,084)</u>	<u>(26,223)</u>
Net (decrease)/increase in cash and cash equivalents	(66,046)	25,062
Effects of exchange rate changes	1,110	228
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>308,245</u>	<u>373,181</u>
For the purpose of statements of cash flows, net cash and cash equivalent include the following:		
Cash and bank balances	328,211	386,044
Less: Bank overdraft	(5,489)	(590)
Less: Deposit with tenure more than 3 months	(14,477)	(12,273)
Cash and cash equivalents	<u>308,245</u>	<u>373,181</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 twelve months ended 31 December 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 27 February 2023.

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	14,093
Inventories	10,952
Trade receivables	11,542
Other receivables, deposits and prepayment	4,828
Tax recoverable	269
Cash and bank balances	6,635
	48,319
Liabilities	
Trade payables	2,966
Other payables and accruals	1,841
Bank overdraft	347
Deferred tax liabilities	2,341
	7,495
Total identifiable net assets at fair value	40,824
Cash consideration	20,000
Gain from a bargain purchase	20,824

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6. Segment information

	← 12 months ended →												Note	Consolidated	
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations			31.12.2022	31.12.2021
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021		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	RM'000
Revenue															
External sales	186,694	179,904	178,174	150,141	68,936	64,554	37,675	-	1,554	749	-	-		473,033	395,348
Inter-segment sales	61	-	-	-	-	-	2,222	-	84,231	20,158	(86,514)	(20,158)	A	-	-
Total revenue	<u>186,755</u>	<u>179,904</u>	<u>178,174</u>	<u>150,141</u>	<u>68,936</u>	<u>64,554</u>	<u>39,897</u>	<u>-</u>	<u>85,785</u>	<u>20,907</u>	<u>(86,514)</u>	<u>(20,158)</u>		<u>473,033</u>	<u>395,348</u>
(Loss)/Profit before tax	<u>(24,926)</u>	<u>(40,837)</u>	<u>14,991</u>	<u>14,545</u>	<u>8,845</u>	<u>8,307</u>	<u>22,949</u>	<u>-</u>	<u>76,062</u>	<u>18,539</u>	<u>(76,265)</u>	<u>(9,821)</u>	B	<u>21,656</u>	<u>(9,267)</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").
- 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.

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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 3 months ended		Cumulative quarter 12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Amortisation of timber rights	548	603	2,192	5,217
Depreciation				
- property, plant and equipment	8,667	10,939	39,519	43,462
- investment properties	93	93	371	370
- right-of-use assets	1,306	1,338	4,076	3,858
Impairment loss				
- property, plant and equipment	-	850	-	850
- trade receivables	9	36	9	36
Inventories written down to net realisable value	13	599	13	599
Interest income	(2,428)	(1,752)	(7,416)	(6,131)
Interest expenses	2,524	2,345	9,052	9,246
Loss/(Gain) on disposal of				
property, plant and equipment	915	(1,577)	108	(3,783)
Loss/(Gain) arising from changes				
in fair value of biological assets	214	48	830	(1,166)
Inventories written off	233	406	233	406
Property, plant and equipment written off	3,453	221	3,608	221
Gain from bargain purchase	(6,519)	-	(20,824)	-
Retirement benefit obligation	28	38	111	153
Unrealised loss/(gain) on foreign exchange	152	(87)	(179)	(25)

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	2,716	660	3,870	1,133
- Foreign tax	96	70	357	365
	<u>2,812</u>	<u>730</u>	<u>4,227</u>	<u>1,498</u>
Over provision in respect of previous years				
- Malaysia income tax	59	(14)	55	(10)
- Foreign tax	11	45	11	(4)
	<u>2,882</u>	<u>761</u>	<u>4,293</u>	<u>1,484</u>
Deferred income tax				
- Original and reversal of temporary differences	17,623	(731)	17,703	(628)
- Under provision in respect of previous years	1,250	(1,964)	2,210	(1,964)
	<u>18,873</u>	<u>(2,695)</u>	<u>19,913</u>	<u>(2,592)</u>
Total income tax	<u>21,755</u>	<u>(1,934)</u>	<u>24,206</u>	<u>(1,108)</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		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to the Owners of the Company (RM'000)	(26,909)	82	(4,954)	(10,417)
Weighted average number of ordinary shares in issue ('000)	468,299	469,698	468,299	469,698
Basic (loss)/earning per share (sen)	(5.75)	0.02	(1.06)	(2.22)

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 twelve months ended 31 December 2022, the Group acquired assets with a total cost of RM 13,516,000 (31 December 2021: RM12,589,000).

Assets with carrying amount of RM3,350,000 (31 December 2021: RM10,517,000) were disposed by the Group during the twelve months ended 31 December 2022, resulting in a loss on disposal of RM108,000 (31 December 2021: a gain on disposal of RM3,783,000).

12. Intangible assets

	Goodwill	Timber Rights	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2022/31 December 2022	33,593	111,584	145,177
Accumulated amortisation			
At 1 January 2022	29,037	109,392	138,429
Amortisation	-	2,192	2,192
At 31 December 2022	29,037	111,584	140,621
Net carrying amount			
At 31 December 2022	4,556	-	4,556
At 1 January 2022	4,556	2,192	6,748

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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	
	31.12.2022	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

	31.12.2022	31.12.2021
	RM'000	RM'000
Cash on hand and at banks	43,492	50,219
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	270,242	323,552
Tenure or more than 3 months	14,477	12,273
Cash and bank balances	328,211	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	31 December 2022	151	-	-	151
- Quoted investments	31 December 2021	182	-	-	182
Biological assets	31 December 2022	-	-	1,417	1,417
- Oil palm fresh fruit bunches	31 December 2021	-	-	2,247	2,247
Reforestation (Planted trees)	31 December 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 twelve months ended 31 December 2022.

The number of shares bought back and retained as treasury shares amounted to 13,237,500 shares as at 31 December 2022.

16. Interest bearing loans and borrowings

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

	31.12.2022 RM'000	31.12.2021 RM'000
Short term borrowings		
- Secured	46,556	112,668
- Unsecured	90,500	35,000
	<u>137,056</u>	<u>147,668</u>
Long term borrowings		
- Secured	90,365	115,628
Total	<u>227,421</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

	31.12.2022	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
- Final single-tier dividend of 1.50 sen net per share in respect of year ended 31 December 2021	7,027	-	25 July 2022

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2022, 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 December 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 twelve months ended 31 December 2022 and 31 December 2021.

	Note	Transaction value	
		31.12.2022	31.12.2021
		RM'000	RM'000
Lighterage and freight:			
Ocarina Development Sdn. Bhd. (In Liquidation)	#	-	95
W T K Realty Sdn. Bhd.	#	-	403
		-	498
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	6,911	5,693
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd. *	^	1,317	2,952
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	11,798	9,128
Purchase of fertiliser:			
WTK Service & Warehousing Sdn. Bhd.	^	20,524	8,447
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	21,964	18,587
Harvard Master Sdn. Bhd. (In Liquidation)	#	51,337	31,591
Southwind Plantation Sdn. Bhd.	#	3,330	802
Suajaya Mahir Crop Sdn. Bhd.	#	588	441
		77,219	51,421
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	16,621	18,042
Utahol (2008) Sdn. Bhd.	#	1,686	1,847
		18,307	19,889

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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 twelve months ended 31 December 2022 and 31 December 2021. (Cont'd)

	Note	Transaction value	
		31.12.2022 RM'000	31.12.2021 RM'000
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	30	30
Southwind Plantation Sdn. Bhd.	#	24	24
Tab Timbers (Sarawak) Sdn. Bhd.	^	15	15
Utahol Sdn. Bhd.	#	1	-
W T K Realty Sdn. Bhd.	#	24	24
		94	93
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	72	72
Utahol Sdn. Bhd.	#	18	18
		90	90
Office rental paid:			
W T K Realty Sdn. Bhd.	#	368	233
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	4,194	5,015
Sales of frozen food and sundry goods			
B.H.B Sdn. Bhd.	#	392	-
Desacorp Sdn. Bhd.	#	46	-
Durafarm Sdn. Bhd.	#	178	-
Harvard Master Sdn. Bhd.	#	64	-
Heng Hsen Trading Sdn. Bhd.	#	790	-
Imbok Enterprise Sdn. Bhd.	#	921	-
Oxford Glory Sdn. Bhd.	#	561	-
Song Enterprise Sdn. Bhd.	#	334	-
Southwind Plantation Sdn. Bhd.	#	1,103	-
Suajaya Mahir Crop Sdn. Bhd.	#	804	-
Utahol Sdn. Bhd.	#	33	-
		5,226	-
Purchase of frozen food and sundry goods			
Heng Hsen Trading Sdn. Bhd.	#	2,183	-
Sim Liang Trading Sdn. Bhd.	#	371	-
		2,554	-

* *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 31 December 2022 and 31 December 2021 were as follows:

	31.12.2022	31.12.2021
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	8,428	2,871
Other receivables (net of allowance for impairment)	1,040	1,202
Trade payables	(29,339)	(11,074)
Other payables	(810)	(507)

21. Events after the reporting period

There are no events after the financial period ended 31 December 2022 which could materially affect the Group.

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22. Performance Review

	← Current Quarter →												Consolidated				
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations				Note	RM'000	RM'000
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021					
	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		
Revenue																	
External sales	39,690	34,782	34,615	48,593	17,399	15,577	18,282	-	742	196	-	-		110,728	99,148		
Inter-segment sales	61	-	-	-	-	-	925	-	1,298	19,388	(2,284)	(19,388)	A	-	-		
Total revenue	<u>39,751</u>	<u>34,782</u>	<u>34,615</u>	<u>48,593</u>	<u>17,399</u>	<u>15,577</u>	<u>19,207</u>	<u>-</u>	<u>2,040</u>	<u>19,584</u>	<u>(2,284)</u>	<u>(19,388)</u>		<u>110,728</u>	<u>99,148</u>		
(Loss)/Profit before tax	<u>(15,672)</u>	<u>(20,824)</u>	<u>(3,138)</u>	<u>9,822</u>	<u>1,111</u>	<u>3,563</u>	<u>7,435</u>	<u>-</u>	<u>(5,562)</u>	<u>19,638</u>	<u>9,899</u>	<u>(11,326)</u>	B	<u>(5,927)</u>	<u>873</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 ("4Q2022") under review, the Group reported a revenue of RM110.7 million, an increase of 11.7% as compared to the preceding year corresponding quarter ("4Q2021") of RM99.1 million. The Group recorded a loss before tax of RM5.9 million in 4Q2022 as opposed to a profit before tax of RM0.9 million in 4Q2021 mainly attributed to losses from plantation segment.

Additionally, the Group also reported a higher tax expenses of RM21.8 million in 4Q2022, mainly attributed to the decrease in deferred tax assets.

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

Timber

The revenue for 4Q2022 was RM39.8 million, an increase of RM5.0 million as compared to RM34.8 million in 4Q2021, mainly attributed to the higher log productions and higher selling price of timber products recorded during the financial quarter.

Plantation

The revenue for 4Q2022 was RM34.6 million, a decrease of RM14.0 million as compared to RM48.6 million in 4Q2021. The decrease of revenue and loss before tax in 4Q2022 was mainly attributed to the lower selling price of fresh fruit bunches ("FFB") as compared to 4Q2021.

Tapes

The revenue for 4Q2022 was RM17.4 million, an increase of RM1.8 million, as compared to RM15.6 million in 4Q2021. The increase in revenue in 4Q2022 was mainly due to the recovery in demand for the tapes and related products and better export sales recorded during the quarter.

Food

The acquisition of Sing Chew Coldstorage Sdn. Bhd. was completed on 15 June 2022. Revenue and profit before tax were recorded at RM19.2 million and RM7.4 million respectively in 4Q2022. In addition, there was an additional gain from bargain purchase of RM6.5 million recognised during the quarter.

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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		Tapes		Food		Others		Adjustments and eliminations			31.12.2022	30.09.2022	
	31.12.2022	30.09.2022	31.12.2022	30.09.2022	31.12.2022	30.09.2022	31.12.2022	30.09.2022	31.12.2022	30.09.2022	31.12.2022	30.09.2022		RM'000	RM'000	
Revenue																
External sales	39,690	51,972	34,615	40,787	17,399	19,018	18,282	13,426	742	286	-	-		110,728	125,489	
Inter-segment sales	61	-	-	-	-	-	925	1,005	1,298	82,290	(2,284)	(83,295)	A	-	-	
Total revenue	<u>39,751</u>	<u>51,972</u>	<u>34,615</u>	<u>40,787</u>	<u>17,399</u>	<u>19,018</u>	<u>19,207</u>	<u>14,431</u>	<u>2,040</u>	<u>82,576</u>	<u>(2,284)</u>	<u>(83,295)</u>		<u>110,728</u>	<u>125,489</u>	
(Loss)/Profit before tax	<u>(15,672)</u>	<u>(103)</u>	<u>(3,138)</u>	<u>(643)</u>	<u>1,111</u>	<u>4,938</u>	<u>7,435</u>	<u>1,093</u>	<u>(5,562)</u>	<u>81,845</u>	<u>9,899</u>	<u>(87,065)</u>	B	<u>(5,927)</u>	<u>65</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 4Q2022 under review, the Group reported a revenue of RM110.7 million, a decrease of RM14.8 million or 11.8% as compared to the preceding quarter ("3Q2022") of RM125.5 million. The Group reported a loss before tax of RM5.9 million in 4Q2022 as opposed to a profit before tax of RM0.07 million in 4Q2021. The loss before tax in 4Q2022 was mainly due to higher losses before tax recorded by timber and plantation segments.

Additionally, the Group also reported a higher tax expenses of RM21.8 million in 4Q2022, mainly attributed to the decrease in deferred tax assets.

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

Timber

As compared to the preceding quarter, the lower revenue in 4Q2022 was mainly attributed to the lower production of timber products as compared with the preceding quarter.

Plantation

As compared to the preceding quarter, the segment reported a lower revenue of RM34.6 million, mainly due to lower average selling prices of FFB and lower productions during the non-peak months.

Tapes

The segment's revenue and profit before tax for the current quarter decreased by RM1.6 million and RM3.8 million respectively, as compared to the preceding quarter. The decreases were mainly due to lower sales of tapes and related products during the long holiday in 4Q2022.

Food

As compared to the preceding quarter, the revenue and profit before tax increased by RM4.8 million and RM6.3 million respectively in 4Q2022. The increase of revenue was mainly due to higher sales recorded during the festive season in 4Q2022 and the increase of profit before tax was mainly due to additional gain from bargain purchase recognised during the quarter.

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24. Commentary on prospects

a) Timber

The timber business of the Group continues to face challenges with log and plywood production anticipated to slow down due to declining number of available natural logs, unpredictable weather conditions, stricter operational requirements relating to timber certification and weaker demand from importing countries such as India and Japan. The Group remains cautious about the outlook for its timber businesses for the financial year ending 31 December 2023.

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 CPO price outlook was weighed down by concerns of global economic slowdown and inflationary pressure. The oil palm age profile of the Group's estate are relatively young. Accordingly, with more oil palms attaining the maturity stage and thereby moving to the higher yielding age bracket, the plantation business is expected to perform satisfactorily for the financial year ending 31 December 2023. Moreover, the Proposed Acquisition of B.H.B. Plantation Estate and Oil Mill which are targeted to be completed in quarter 2 of 2023 will serve as the Group's earnings growth catalyst.

c) Tapes

Global economic have worsened due to geopolitical tension and high inflationary pressure. As a result, competition among industries continue to be very aggressive for business survival. In anticipation of the challenges, the Group is upgrading the plants and machineries to enhance the operational efficiency and cost competitive advantage. The Group hopes that with its marketing strategy and strong supply chain management, the group expects the tape business to perform satisfactorily for the financial year ending 31 December 2023.

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 and a more diversified income stream to complement the Group's core business of timber, plantation and tapes.

Barring any unforeseen circumstances, the Group expects a satisfactory financial performance for the financial year ending 31 December 2023.

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.

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28. Corporate proposal

On 27 October 2022, WTK Alpha Sdn. Bhd., a wholly-owned subsidiary of W T K Holdings Berhad, had entered into the following agreements:

- a) 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
- b) 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 for a total cash consideration of RM12,500,000.

(collectively referred to as “Proposed Acquisitions”)

On 2 February 2023, the Proposed Acquisitions were duly approved by the shareholders at the Extraordinary General Meeting of the Company.

The Group envisaged that the Proposed Acquisitions will be completed in the second quarter of 2023.

29. Changes in material litigation

There was no material litigation against the Group.

30. Dividend payable

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

31. Disclosure on nature of outstanding derivatives

There were no outstanding derivatives as at 31 December 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 December 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 December 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 December 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: 27 FEBRUARY 2023