

Registration Number: 197001000863 (10141-M) (Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 - UNAUDITED

	31.03.2023 RM'000 Unaudited	31.12.2022 RM'000 Audited
Non-current assets		
Property, plant and equipment	436,467	441,345
Investment properties	14,430	14,522
Right-of-use assets	136,389	135,878
Other investments	276	251
Intangible assets	4,556	4,556
Biological assets	35,542	35,542
	627,660	632,094
Current assets		
Biological assets	1,325	1,417
Inventories	93,111	90,849
Trade and other receivables	78,290	73,962
Other current assets	9,116	7,923
Cash and bank balances	314,305	330,731
	496,147	504,882
TOTAL ASSETS	1,123,807	1,136,976
EQUITY AND LIABILITIES		
C P. 1.772		
Current liabilities Potingment honofit obligations	223	63
Retirement benefit obligations Loans and borrowings	148,585	137,056
Trade and other payables	58,004	65,446
Income tax payable	990	1,241
Lease liabilities	846	729
	208,648	204,535
Net current assets	287,499	300,347
Non-current liabilities		
Deferred tax liabilities	50,513	50,517
Retirement benefit obligations	1,141	1,274
Loans and borrowings	83,040	90,365
Lease liabilities	5,323	5,620
	140,017	147,776
TOTAL LIABILITIES	348,665	352,311
Net assets	775,142	784,665
Equity attributable to Owners of the Company		
Share capital	309,346	309,346
Treasury shares	(11,896)	(11,896)
Other reserves	8,237	7,929
Retained earnings	476,775	485,999
	782,462	791,378
Non-controlling interests	(7,320)	(6,713)
TOTAL EQUITY	775,142	784,665
TOTAL EQUITY AND LIABILITIES	1,123,807	1,136,976

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023 - UNAUDITED

	Current q Three months end	ded 31 March	Cumulative quarter Three months ended 31 March		
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	
Revenue	108,284	104,160	108,284	104,160	
Cost of sales	(103,168)	(89,733)	(103,168)	(89,733)	
Gross profit	5,116	14,427	5,116	14,427	
Other income	3,615	3,232	3,615	3,232	
Selling and distribution expenses	(4,196)	(4,382)	(4,196)	(4,382)	
Administrative and other expenses	(11,605)	(10,451)	(11,605)	(10,451)	
Operating (loss)/profit	(7,070)	2,826	(7,070)	2,826	
Finance costs	(2,398)	(2,118)	(2,398)	(2,118)	
(Loss)/Profit before tax	(9,468)	708	(9,468)	708	
Income tax expense	(363)	(1,421)	(363)	(1,421)	
Loss for the period	(9,831)	(713)	(9,831)	(713)	
Other comprehensive income/(loss) Item that may be reclassified subsequently to profit or (loss):					
Foreign currency translation	308	122	308	122	
Items that will not be reclassified subsequently to (loss) or profit: Profit on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")		15		15	
Other comprehensive income, net of tax	308	137	308	137	
Total comprehensive loss for the period	(9,523)	(576)	(9,523)	(576)	
Loss attributable to:					
Owners of the Company	(9,224)	(1,444)	(9,224)	(1,444)	
Non-controlling interests	(607)	731	(607)	731	
Loss for the period	(9,831)	(713)	(9,831)	(713)	
•					
Total comprehensive (loss)/income attributable to:					
Owners of the Company	(8,916)	(1,307)	(8,916)	(1,307)	
Non-controlling interests	(607)	731	(607)	731	
Total comprehensive loss for the period	(9,523)	(576)	(9,523)	(576)	
(Loss) per share attributable to Owners of					
the Company (sen per share): Basic	(1.97)	(0.21)	(1.97)	(0.21)	
Dasic	(1.9/)	(0.31)	(1.9/)	(0.31)	

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023 - UNAUDITED

	<		— An		ers of the Company Distributable		Non-distributable	→ →	
	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	Non- controlling interests RM'000
Quarter ended 31 March 2023									
At 1 January 2023	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)
Loss for the period Other comprehensive income	(9,831) 308	(9,224) 308	- -	- -	(9,224)	308	308	- -	(607) -
Total comprehensive (loss)/income	(9,523)	(8,916)	-	-	(9,224)	308	308	-	(607)
At 31 March 2023	775,142	782,462	309,346	(11,896)	476,775	8,237	8,734	(497)	(7,320)
Quarter ended 31 March 2022									
At 1 January 2022	792,433	801,550	309,346	(11,637)	497,980	5,861	6,327	(466)	(9,117)
(Loss)/Profit for the period Other comprehensive income Total comprehensive (loss)/income	(713) 137 (576)	(1,444) 137 (1,307)	- - -	- - -	(1,444) - (1,444)	137 137	- 122 122	- 15 15	731 - 731
Transaction with Owners Repurchase of treasury shares Total transactions with Owners	(103) (103)	(103) (103)	-	(103) (103)	-	-	-	-	-
At 31 March 2022	791,754	800,140	309,346	(11,740)	496,536	5,998	6,449	(451)	(8,386)

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023 - UNAUDITED

(Loss) Profite fefore tax 0,468) 0,468 5. 5.8 Applicament for Pr. Anoritasin of finite frights 5.7 5.8 5.0 5.0 5.0 5.0 5.0 5.0 5.0 5.0 5.0 5.0 6.0 </th <th></th> <th>31.03.2023 RM'000</th> <th>31.03.2022 RM'000</th>		31.03.2023 RM'000	31.03.2022 RM'000
Americation of irriber righs Perpoperty plant and equipment - investment properties profit before working capital changes - investment profit before working capital changes	Operating Activities		
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Dependent Dependent September Sep	Adjustments for:		***
Poperty plant and equipment 9,375 10,445 10,455		-	548
right of see asses 1,10 9,11 1,10 <td></td> <td>9,357</td> <td>10,443</td>		9,357	10,443
lattered sepenee 2,398 2,181 lattered steemen (2,685 (1,579) lavestories written off 220 > Lose (Can) on disposal of properly, plant and equipment 27 (25 Lose (Can) on disposal of properly, plant and equipment 27 (25 Lose (Can) on disposal of properly, plant and equipment 27 (25 Charles (Los (Signi) on foreign exchange 12 (10 Charles (Los (Signi) on foreign exchange 12 (10 Charles (Los (Signi) on foreign exchange 1,28 12,37 Charles (Los (Signi) on foreign exchange 2,244 3,03 Charles (Los (Signi) on foreign exchange 2,244 3,23			93
Interest incomes (2,56) (1,59) Loss (Stan) in disposal of property, plant and equipment 20 6.5 Loss (Stan) in disposal of propenty, plant and equipment written off 20 6.5 Property, plant and equipment written off 20 7 Property, plant and equipment written off 12 2.7 Unable state of the property plant and equipment written off 12 2.7 Unable state of the property plant and equipment written off 12 2.7 Operating profit before working capital changes 12,30 3.03 Invention's (2,444) (3,03) Receivables (4,275) (9,05) Payables (4,75) (9,05) Other current assets (4,75) (9,05) Cash from (used in) ignorated fron operations (85) 4.2 Lone taxes pain, due of this refined (3,83) (53) Cash from (used in) ignorated from operations (85) 4.2 Interest exceived (1,84) 4.2 Payables (1,84) 4.2 Cash from (incert incert incert incert incert incer			914
Internations written of File			(1,597)
Lose (Sank) arising from changes in fite value of biological assets 20 5. Retirement benefit obligations 27 2. Contention benefit obligations 10,060 11,060 Total alignitumes 10,060 11,060 Contracting contracting copital changes 2,244 3.00 Changes in working capital: 2,244 3.00 Inventories 2,244 3.00 Receivables 1,245 3.00 Ober current assets 1,851 3.68 Receivables 1,851 3.68 Local Blow (used in) generated from operations 1,851 3.68 Local Blow (used in) generated from operations 1,851 3.68 Local Blow (used in) generated from operations 1,852 3.53 Interest received 9,18 2.7 Popement of citurement benefits 1,645 3.53 Interest received 1,645 3.23 Placement of short-term deposits with lenure more than 3 months 1,645 3.23 Placement of short-term deposits with lenure more than 3 months 1,645 3.2	Inventories written off		-
Poper Ip, plant and equipment witten of Fereiremen benefits obligations 27 2.7 Unreal sock loss (gain) on foreign exchange 12 1.0 Operating profit before working capital changes 1,28 12,37 Changes in working capital: 2.244 3.03 Receivables 6,245 6,25 Receivables 6,25 6,25 Payables 1,88 3.0 Lost and how (used in) generated from operations 1,88 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and how (used in) generated from operations 1,80 4.0 Lost and bow (used in) generated from operations 1,81 4.			(216)
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Umen las (baser(gain) on foreign exchanges 12 (10.7006) 1.0506			27
Changes in working capital :	Unrealised loss/(gain) on foreign exchange		(10)
Changes in working capital : 2,444 8,03,03 Inventories (4,275) 9,052 Receivables (4,275) 9,052 Payables (7,55) 6,72 Other current assers (7,85) 6,82 Coals flow (used in)/generated from operations (38,83) (58,83) Incrent states and the fund of that refind 98 27 Solid Interest spaid 18 27 48 Verside of refirement benefits 918 27 44 Net cash (used in)/from operating activities 1 6 5.65 Interest received 1,645 1,52 4.45 4.45 4.45 4.45 4.45 4.45 4.45 4.45 4.45 4.45 4.45 4.52 4.45 4.45 4.52 4.45 4.45 4.52 4.45 4.45 4.52 4.45 4.45 4.52 4.45 4.52 4.45 4.52 4.45 4.52 4.45 4.52 4.45 4.52 4.45 4.52 4.45	Total adjustments	10,766	11,666
Inventions (2,444) (3,03) Receivables (4,75) (6,26) Payables (7,65) 6,272 Other current assets (865) 4,44 Cash flow (used in) generated from operations (856) 6,88 Income taxes paid (980) (33) Increst recived 918 2,7 Payment of retiremen benefits (4,65) 6,58 Investing Activities 1,65 1,22 Interest received 1,65 1,22 Payment of retiremen benefits (4,45) 6,25 Investing Activities 1,65 1,22 Interest received 1,65 1,22 Blacement of short-term deposits with tenure more than 3 months 186 1,02 Purchase of 4,43 1,23 Property, plant and equipment 4,43 2,23 - property, plant and equipment 4,50 2,23 - proceeds from long functions 1,51 1,11 Drawdom of rem long 1,11 1,11 Drawdom of rem long	Operating profit before working capital changes	1,298	12,374
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Payables			(9,629)
Cash Inw (used in) generated from operations (13.851) 6.88 (953) 6.35 (353) 1.65 (250) 1.35 (353) 1.65 (250) 1.35 (250)	Payables		6,722
Income taxes paid, net of tax refund 953 633 153 1			448
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Interest received	Payment of retirement benefits		(42)
Interest received	•	(14,166)	6,569
Placement of short-term deposits with tenure more than 3 months (1,622) Putch ase of: (4,430) (2,336) - property, plant and equipment (1,621) - 7 Proceeds from disposal of: 7 7 - property, plant and equipment 86 516 Net cash used in investing activities 4,500 2,122 Financing Activities 111 111 Drawdown of term loans 111 111 Drawdown of trade financing facilities 16,039 4,956 Interest paid (2,045) (2,031) Interest paid for lease liabilities (74) (77) Repayment of finance leases (10) 68 Repayment of finance leases liabilities (10) 68 Repayment of term loans (70) (11,102) Repayment of term loans (70) (11,102) Repayment of term loans (70) (11,02) Repayment of term loans (70) (11,02) Repayment of term loans (70) (11,02) Repayment of term loans (71)		1.645	1 221
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Proceeds from disposal of:			(2,336)
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Interest paid for lease liabilities (74) (71) Repayment of finance leases (103) (66 Repayment of lease liabilities (161) (86 Repayment of term loans (5,375) (5,66 Repayment of trade financing facilities (7,701) (11,102 Repurchase of treasury shares - (103 Net cash from/(used in) financing activities 691 (14,057 Net decrease in cash and cash equivalents (17,981) (9,615 Effects of exchange rate changes 136 91 Net cash and cash equivalents at the beginning of the year 314,095 373,181 Net cash and cash equivalents of cash flows, net cash and cash equivalent include the following: 296,250 363,657 Cash and bank balances 314,305 377,582 Less: Bank overdraft (3,184) (3 Less: Deposit with tenure more than 3 months (14,871) (13,892)			4,950
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Repayment of trade financing facilities (7,701) (11,102) Repurchase of treasury shares - (103) Net cash from/(used in) financing activities 691 (14,057) Net decrease in cash and cash equivalents (17,981) (9,615) Effects of exchange rate changes 136 91 Net cash and cash equivalents at the beginning of the year 314,095 373,181 Net cash and cash equivalents at the end of the year 296,250 363,657 For the purpose of statements of cash flows, net cash and cash equivalent include the following: 314,305 377,582 Cash and bank balances 314,305 377,582 Less: Bank overdraft (3,184) (3 Less: Deposit with tenure more than 3 months (14,871) (13,892)	Repayment of lease liabilities		(84)
Repurchase of treasury shares - (103) Net cash from/(used in) financing activities 691 (14,057) Net decrease in cash and cash equivalents (17,981) (9,615) Effects of exchange rate changes 136 99 Net cash and cash equivalents at the beginning of the year 314,095 373,181 Net cash and cash equivalents at the end of the year 296,250 363,657 For the purpose of statements of cash flows, net cash and cash equivalent include the following: 314,305 377,582 Cash and bank balances 314,305 377,582 377,582 Less: Bank overdraft (3,184) (3 Less: Deposit with tenure more than 3 months (14,871) (13,895)			(5,664)
Net cash from/(used in) financing activities 691 (14,057) Net decrease in cash and cash equivalents (17,981) (9,615) Effects of exchange rate changes 136 91 Net cash and cash equivalents at the beginning of the year 314,095 373,181 Net cash and cash equivalents at the end of the year 296,250 363,657 For the purpose of statements of cash flows, net cash and cash equivalent include the following: 314,305 377,582 Cash and bank balances 314,305 377,582 Less: Bank overdraft (3,184) (3 Less: Deposit with tenure more than 3 months (14,871) (13,895)			(11,102)
Effects of exchange rate changes 136 91 Net cash and cash equivalents at the beginning of the year 314,095 373,181 Net cash and cash equivalents at the end of the year 296,250 363,657 For the purpose of statements of cash flows, net cash and cash equivalent include the following: 314,305 377,582 Cash and bank balances 314,305 377,582 Less: Bank overdraft (3,184) (3 Less: Deposit with tenure more than 3 months (14,871) (13,895)	Net cash from/(used in) financing activities	691	(14,057)
Net cash and cash equivalents at the beginning of the year 314,095 373,181 Net cash and cash equivalents at the end of the year 296,250 363,652 For the purpose of statements of cash flows, net cash and cash equivalent include the following: 314,305 377,582 Cash and bank balances 314,305 377,582 Less: Bank overdraft (3,184) (3 Less: Deposit with tenure more than 3 months (14,871) (13,895)	Net decrease in cash and cash equivalents	(17,981)	(9,615)
Net cash and cash equivalents at the end of the year 296,250 363,657 For the purpose of statements of cash flows, net cash and cash equivalent include the following: 314,305 377,582 Cash and bank balances 314,305 377,582 Less: Bank overdraft (3,184) (30 Less: Deposit with tenure more than 3 months (14,871) (13,895)	Effects of exchange rate changes		91
For the purpose of statements of cash flows, net cash and cash equivalent include the following: Cash and bank balances Less: Bank overdraft Less: Deposit with tenure more than 3 months 314,305 377,582 (3,184) (3,184) (14,871) (13,895)			
equivalent include the following: 314,305 377,585 Cash and bank balances 314,305 377,585 Less: Bank overdraft (3,184) (3 Less: Deposit with tenure more than 3 months (14,871) (13,895)	·	296,250	363,657
Less: Bank overdraft (3,184) (36 Less: Deposit with tenure more than 3 months (14,871) (13,895)			
Less: Deposit with tenure more than 3 months $(14,871)$ $(13,895)$	Cash and bank balances		377,582
			(30)
Cash and cash equivalents 296,250 363,657			
	Cash and cash equivalents	296,250	363,657

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – 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 24 May 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 2022. 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 2022.

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 2022, 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 2023.

(a) Application of new and revised MFRS

On 1 January 2023, 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 2023:

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Initial Application of MFRS 9 and MFRS 17

- Comparative Information

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Disclosure of Accounting Policies
Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 112 Deferred Tax Related to Assets and Liabilities arising from a Single

Transaction

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:

Amendments to MFRS 16 Lease Liability in a Sales and Leaseback¹

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current¹

Amendments to MFRS 101 Non-current Liabilities with Covenants¹

Amendments to MFRS 10 Sale or Contribution of Assets between an Investor and its Associate

and MFRS 128 or Joint Venture²

¹ Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

² Effective for annual periods beginning on or after a date to be determined.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

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

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 in still on-going. Thus, the impact of adopting the abovementioned MFRS and amendments to MFRS cannot be determined and estimated reliably now until the process is complete.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current financial period.

5. Changes in composition of the Group

There were no changes in the composition of the Group in the current financial period.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

6. Segment information

	←						— 3 m	onths ended							\longrightarrow
		ıber		tation		pes	Fo	ood		ners	elimin				lidated
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022		31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Note	RM'000	RM'000
Revenue External sales Inter-segment sales	42,749 25	44,517	28,623	43,587	18,782	15,802	17,263 939	 	867 380	254 300	(1,344)		A	108,284	104,160
Total revenue	42,774	44,517	28,623	43,587	18,782	15,802	18,202		1,247	554	(1,344)	(300)		108,284	104,160
(Loss)/Profit before tax	(6,765)	(5,606)	(7,053)	4,877	1,731	1,334	1,293		355	(323)	971	426	В	(9,468)	708

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

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.

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.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

7. Seasonality of operations

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

8. (Loss)/Profit before tax

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

	Current q	uarter	Cumulative quarter		
	3 months	ended	3 months ended		
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	
	RM'000	RM'000	RM'000	RM'000	
Amortisation of timber rights	-	548	-	548	
Depreciation					
- property, plant and equipment	9,357	10,443	9,357	10,443	
- investment properties	92	93	92	93	
- right-of-use assets	1,110	914	1,110	914	
Interest income	(2,563)	(1,597)	(2,563)	(1,597)	
Interest expenses	2,398	2,118	2,398	2,118	
Loss/(Gain) on disposal of					
property, plant and equipment	1	(216)	1	(216)	
Loss/(Gain) arising from changes					
in fair value of biological assets	92	(654)	92	(654)	
Inventories written off	220	-	220	-	
Retirement benefit obligation	27	27	27	27	
Unrealised loss/(gain) on foreign exchange	12	(10)	12	(10)	

9. Income tax expense

	Current q 3 months		Cumulative quarter 3 months ended		
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000	
Taxation based on results for the period:					
<u>Current income tax</u>					
- Malaysia income tax	257	385	257	385	
- Foreign tax	111	71	111	71	
	368	456	368	456	
Deferred income tax					
- Original and reversal of temporary differences	(5)	5	(5)	5	
- Under provision in respect of previous years	-	960	- ` ´	960	
	(5)	965	(5)	965	
Total income tax	363	1,421	363	1,421	

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.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

10. Loss per share

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

	Current quarter 3 months ended		Cumulative 3 months	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Loss attributable to the Owners of the Company (RM'000)	(9,224)	(1,444)	(9,224)	(1,444)
Weighted average number of ordinary shares in issue ('000)	468,107	468,436	468,107	468,436
Basic loss per share (sen)	(1.97)	(0.31)	(1.97)	(0.31)

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

11. Property, plant and equipment

During the three months ended 31 March 2022, the Group acquired assets with a total cost of RM 4,430,000 (31 March 2022: RM2,336,000).

Assets with carrying amount of RM87,000 (31 March 2022: RM294,000) were disposed by the Group during the three months ended 31 March 2023, resulting in a loss on disposal of RM1,000 (31 March 2022: a gain on disposal of RM216,000).

12. Intangible assets

Goodwill RM'000	Timber Rights RM'000	Total RM'000
33,593	111,584	145,177
29,037	111,584	140,621
-	-	-
29,037	111,584	140,621
4,556	_	4,556
4,556		4,556
	29,037 - 29,037 - 4,556	Goodwill Rights RM'000 33,593 111,584 29,037 111,584 29,037 111,584 4,556 -

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

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:

	Good	will
	31.03.2023 RM'000	31.12.2022 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

	31.03.2023 RM'000	31.12.2022 RM'000
Cash on hand and at banks	39,984	43,492
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	259,450	272,554
Tenure or more than 3 months	14,871	14,685
Cash and bank balances	314,305	330,731

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

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

directly of maneetly observable, and

Level 3 : Valuation techniques for which lowest level input that is significant to the fair value measurement is

unobservable.

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

Assets measured at fair value	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVOCI	31 March 2023	176	-	-	176
- Quoted investments	31 December 2022	151	-	-	151
Biological assets	31 March 2023	-	-	1,325	1,325
- Oil palm fresh fruit bunches	31 December 2022	-	-	1,417	1,417
Reforestation (Planted trees)	31 March 2023	-	-	35,542	35,542
	31 December 2022		-	35,542	35,542

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

15. Share capital, share premium and treasury shares

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

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

16. Interest bearing loans and borrowings

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

	31.03.2023 RM'000	31.12.2022 RM'000
Short term borrowings		
- Secured	55,585	52,056
- Unsecured	93,000	85,000
	148,585	137,056
Long term borrowings		
- Secured	83,040	90,365
Total	231,625	227,421

17. Provisions for costs of restructuring

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

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

18. Dividends

	31.03.2023	31.12.2022	Date of payment
	RM'000	RM'000	
Recognised during the financial year:			
- 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 March 2023 and 31 December 2022.

20. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2023 and 31 March 2022.

		Transactio	n value
	Note	31.03.2023 RM'000	31.03.2022 RM'000
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^ _	1,432	1,755
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd. *	^ _		727
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^ _	2,390	2,487
Purchase of fertiliser:			
WTK Service & Warehousing Sdn. Bhd.	^ _	2,895	4,609
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	2,655	5,752
Harvard Master Sdn. Bhd. (In Liquidation)	#	9,846	8,368
Southwind Plantation Sdn. Bhd.	#	449	459
Suajaya Mahir Crop Sdn. Bhd.	#	<u> </u>	588
		12,950	15,167
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	2,214	4,534
Utahol (2008) Sdn. Bhd.	#	276	405
	_ _	2,490	4,939
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	8	8
Southwind Plantation Sdn. Bhd.	#	6	6
Tab Timbers (Sarawak) Sdn. Bhd.	^	4	4
Utahol Sdn. Bhd.	#	1	-
W T K Realty Sdn. Bhd.	#	6	6
	_	25	24
	_		

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

20. Related party transactions (cont'd)

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2023 and 31 March 2022. (Cont'd)

		Transaction	n value	
	Note	31.03.2023 RM'000	31.03.2022 RM'000	
Hiring of machinery received:				
Imbok Enterprise Sdn. Bhd.	#	18	18	
Utahol Sdn. Bhd.	#	5	5	
		23	23	
Office rental paid:				
W T K Realty Sdn. Bhd.	#	92	56	
Management fees and support system paid:				
WTK Management Services Sdn. Bhd.	#	1,760	1,487	
Sales of frozen food and sundry goods				
B.H.B Sdn. Bhd.	#	183	_	
Delta-Pelita Sebakong Sdn. Bhd.	#	43	_	
Desacorp Sdn. Bhd.	#	41	_	
Durafarm Sdn. Bhd.	#	72	-	
Harvard Master Sdn. Bhd.	#	21	-	
Heng Hsen Trading Sdn. Bhd.	#	1	-	
Imbok Enterprise Sdn. Bhd.	#	357	-	
Oxford Glory Sdn. Bhd.	#	231	-	
Song Enterprise Sdn. Bhd.	#	195	-	
Southwind Plantation Sdn. Bhd.	#	465	-	
Suajaya Mahir Crop Sdn. Bhd.	#	332	_	
Utahol Sdn. Bhd.	#	21	_	
		1,962	-	
Purchase of frozen food and sundry goods				
Heng Hsen Trading Sdn. Bhd.	# _	2,417		

^{*} Sin Chew Coldstorage Sdn. Bhd. became the wholly-owned subsidiary of WTK 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.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

20. Related party transactions (cont'd)

The outstanding balances arising from related party transactions as at 31 March 2023 and 31 December 2022 were as follows:

	31.03.2023 RM'000	31.12.2022 RM'000
Total outstanding balances due from/(to) related parties		
included in:		
Trade receivables (net of allowance for impairment)	10,853	6,614
Other receivables (net of allowance for impairment)	2,709	1,206
Trade payables	(31,257)	(27,821)
Other payables	(430)	(521)

21. Events after the reporting period

Other than as disclosed in Note 28, there are no events after the financial period ended 31 March 2023 which could materially affect the Group.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

22. Performance Review

	←						— С и	rrent Quarte	er —						\longrightarrow
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations		Consolidated		lidated
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022		31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Note	RM'000	RM'000						
Revenue															
External sales	42,749	44,517	28,623	43,587	18,782	15,802	17,263	-	867	254	-	-		108,284	104,160
Inter-segment sales	25	-	-	-	-	-	939	-	380	300	(1,344)	(300)	A	-	-
Total revenue	42,774	44,517	28,623	43,587	18,782	15,802	18,202		1,247	554	(1,344)	(300)		108,284	104,160
(Loss)/Profit before tax	(6,765)	(5,606)	(7,053)	4,877	1,731	1,334	1,293		355	(323)	971	426	В	(9,468)	708

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

For the current quarter ("1Q2023") under review, the Group reported a revenue of RM108.3 million, an increase of 4.0% as compared to the preceding year corresponding quarter ("1Q2022") of RM104.2 million. The Group recorded a loss before tax of RM9.5 million in 1Q2023 as opposed to a profit before tax of RM0.7 million in 1Q2022 mainly attributed to loss from plantation segment.

Performance of respective segments for the financial quarter/period ended 31 March 2023 as compared to the preceding year corresponding financial quarter/period are analysed as follow:

Timber

The revenue for 1Q2023 was RM42.8 million, a decrease of RM1.7 million as compared to RM44.5 million in 1Q2022, mainly attributed to the lower productions recorded during the financial quarter.

Plantation

The revenue for 1Q2023 was RM28.6 million, a decrease of RM15.0 million as compared to RM43.6 million in 1Q2022. The decrease of revenue and loss before tax in 1Q2023 was mainly attributed to the lower selling price of fresh fruit bunches ("FFB") as compared to 1Q2022.

Tapes

The revenue for 1Q2023 was RM18.8 million, an increase of RM3.0 million, as compared to RM15.8 million in 1Q2022. The increase in revenue in 1Q2023 was mainly due to the recovery in demand for the tapes and related products and better export sales recorded during the financial quarter.

Food

The acquisition of Sing Chew Coldstorage Sdn. Bhd. was completed on 15 June 2022. Revenue and profit before tax were recorded at RM18.2 million and RM1.3 million respectively in 1Q2023.

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.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

23. Comment on material change in (loss)/profit before tax

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

	\leftarrow						— Си	rrent Quarte	r ——						\longrightarrow
	Timber 31.03.2023 31.12.2022		Plantation Tapes 31.03.2023 31.12.2022 31.03.2023 31.12.2022		Food		Others 31.03.2023 31.12.2022		Adjustments and eliminations 31.03.2023 31.12.2022			Consolidated 31.03.2023 31.12.2			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Note	RM'000	RM'000
Revenue	42.740	20.600	20 (22	24.615	10.702	17 200	17.262	10.202	0.67	7.40				100 201	110.720
External sales Inter-segment sales	42,749 25	39,690 61	28,623	34,615	18,782	17,399	17,263 939	18,282 925	867 380	742 1,298	(1,344)	(2,284)	A	108,284	110,728
Total revenue	42,774	39,751	28,623	34,615	18,782	17,399	18,202	19,207	1,247	2,040	(1,344)	(2,284)		108,284	110,728
(Loss)/Profit before tax	(6,765)	(15,672)	(7,053)	(3,138)	1,731	1,111	1,293	7,435	355	(5,562)	971	9,899	В	(9,468)	(5,927)

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

For 1Q2023 under review, the Group reported a revenue of RM108.3 million, a decrease of RM2.4 million or 2.2% as compared to the preceding quarter ("4Q2022") of RM110.7 million. The Group reported a loss before tax of RM9.5 million in 1Q2023 and RM5.9 million in 4Q2022. The increased in loss before tax in 1Q2023 was mainly due to higher loss before tax recorded by plantation segment.

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

Timber

As compared to the proceding quarter, the higher revenue in 1Q2023 was mainly attributed to the higher sales volume of plywood products as compared with the proceding quarter.

Plantation

As compared to the preceding quarter, the segment reported a lower revenue of RM28.6 million, mainly due to lower productions during the non-peak production months.

Tapes

As compared to the preceding quarter, revenue and profit before tax increased by RM1.4 million and RM0.6 million respectively in 1Q2023. The increases were mainly due to the recovery in demand for the tapes and related products and better export sales recorded during the financial quarter.

Food

As compared to the preceding quarter, the revenue and profit before tax decreased by RM1.0 million and RM6.1 million respectively in 1Q2023. In 4Q2022, there was a gain from a bargain purchase that contributed to the profit before tax.

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.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

24. Commentary on prospects

a) Timber

Stricter operational requirements related to timber certifications and softer demand from importing countries will continue to wear on the performance of the timber business for financial year ending 31 December 2023. While the Group remains cautious on the timber business, we are nevertheless putting in concerted and ongoing efforts to control costs and improve production efficiency.

b) Plantation

The current profitability of plantation business is impacted by lower CPO price and rising production costs due to higher spare parts and fertilisers cost. Nevertheless, the Group is pursuing greater mechanisation and operational efficiency to optimise costs and boost profitability. With the acquisition of B.H.B. Sdn. Bhd. where the palms are in higher yielding age group, the Group is optimistic of an overall improvement in the performance of plantation business in the second half of financial year ending 31 December 2023.

c) Tapes

Increase in raw material costs as well as labour costs may likely impact profitability in this sector. Notwithstanding this, with the effective marketing strategy and strong supply chain management, the tapes business is still able to sustain a healthy profit margin and is expecting to perform satisfactorily for the financial year ending 31 December 2023.

d) Food

The newly acquired food business provided the Group a long-term viable business and growth opportunity and a more diversified revenue stream to complement the Group's core business of timber, plantation and tapes. The outbreak of COVID-19 pandemic across the globe has significantly surged the demand for frozen food owing to its property of keeping nutrition for long time and higher shelf life as compared to fresh vegetables, fruits and meat. With anticipation of increasing demand for frozen foods, the Group is expanding the capacity of the cold room and the scope of the frozen products. The food business is expecting to perform satisfactorily for the financial year ending 31 December 2023.

Barring any unforeseen circumstances, the Group expects a satisfactory financial performance for the financial year ending 31 December 2023. Moreover, the Group is consistently on the lookout for growth opportunities to further enhance shareholders' 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.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

28. Corporate proposal

- a) On 27 October 2022, WTK Alpha Sdn. Bhd., a wholly-owned subsidiary of W T K Holdings Berhad, had entered into the following agreements:
 - 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 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 Proposed Acquisitions are deemed completed on 8 May 2023.

b) On 9 March, 2023, Kuching Plywood Bhd., a wholly-owned subsidiary company of the Company, had entered into a Share Sale Agreement with TMC Importer & Exporter Sdn. Bhd. (In Liquidation) for the proposed acquisition of 100% equity interest in Interglobal Vision (Food Processing) Sdn. Bhd. for a total cash consideration of RM2,800,000.

The Group envisaged that the proposed acquisition 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 March 2023 and 31 December 2022.

32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2023 or the previous financial period ended 31 December 2022.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2023 or the previous financial period ended 31 December 2022.

Notes to the condensed consolidated interim financial statements For the three months ended 31 March 2023 – unaudited

34. Disclosure on gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2023 and 31 December 2022.

35. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not qualified.

BY ORDER OF THE BOARD

LAI SOON ONG COMPANY SECRETARY SIBU DATE: 24 MAY 2023