

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

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

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

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

	<b>31.03.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Non-current assets</b>		
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
	<u>627,660</u>	<u>632,094</u>
<b>Current assets</b>		
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
	<u>496,147</u>	<u>504,882</u>
<b>TOTAL ASSETS</b>	<u>1,123,807</u>	<u>1,136,976</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Retirement benefit obligations	223	63
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
	<u>208,648</u>	<u>204,535</u>
<b>Net current assets</b>	<u>287,499</u>	<u>300,347</u>
<b>Non-current liabilities</b>		
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
	<u>140,017</u>	<u>147,776</u>
<b>TOTAL LIABILITIES</b>	<u>348,665</u>	<u>352,311</u>
<b>Net assets</b>	<u>775,142</u>	<u>784,665</u>
<b>Equity attributable to Owners of the Company</b>		
Share capital	309,346	309,346
Treasury shares	(11,896)	(11,896)
Other reserves	8,237	7,929
Retained earnings	476,775	485,999
	<u>782,462</u>	<u>791,378</u>
Non-controlling interests	(7,320)	(6,713)
<b>TOTAL EQUITY</b>	<u>775,142</u>	<u>784,665</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,123,807</u>	<u>1,136,976</u>

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.

**W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))**  
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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2023 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 March 2023 RM'000	2022 RM'000	Three months ended 31 March 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)
<b>Gross profit</b>	<u>5,116</u>	<u>14,427</u>	<u>5,116</u>	<u>14,427</u>
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)
<b>Operating (loss)/profit</b>	<u>(7,070)</u>	<u>2,826</u>	<u>(7,070)</u>	<u>2,826</u>
Finance costs	(2,398)	(2,118)	(2,398)	(2,118)
<b>(Loss)/Profit before tax</b>	<u>(9,468)</u>	<u>708</u>	<u>(9,468)</u>	<u>708</u>
Income tax expense	(363)	(1,421)	(363)	(1,421)
<b>Loss for the period</b>	<u>(9,831)</u>	<u>(713)</u>	<u>(9,831)</u>	<u>(713)</u>
<b>Other comprehensive income/(loss)</b>				
<b>Item that may be reclassified subsequently to profit or (loss):</b>				
Foreign currency translation	308	122	308	122
<b>Items that will not be reclassified subsequently to (loss) or profit:</b>				
Profit on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	-	15	-	15
<b>Other comprehensive income, net of tax</b>	<u>308</u>	<u>137</u>	<u>308</u>	<u>137</u>
<b>Total comprehensive loss for the period</b>	<u>(9,523)</u>	<u>(576)</u>	<u>(9,523)</u>	<u>(576)</u>
<b>Loss attributable to:</b>				
Owners of the Company	(9,224)	(1,444)	(9,224)	(1,444)
Non-controlling interests	(607)	731	(607)	731
<b>Loss for the period</b>	<u>(9,831)</u>	<u>(713)</u>	<u>(9,831)</u>	<u>(713)</u>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(8,916)	(1,307)	(8,916)	(1,307)
Non-controlling interests	(607)	731	(607)	731
<b>Total comprehensive loss for the period</b>	<u>(9,523)</u>	<u>(576)</u>	<u>(9,523)</u>	<u>(576)</u>
<b>(Loss) per share attributable to Owners of the Company (sen per share):</b>				
Basic	<u>(1.97)</u>	<u>(0.31)</u>	<u>(1.97)</u>	<u>(0.31)</u>

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.

**W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2023 - 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	← Non-distributable → Share capital RM'000	Distributable 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	
<b>Quarter ended 31 March 2023</b>									
<b>At 1 January 2023</b>	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)
Loss for the period	(9,831)	(9,224)	-	-	(9,224)	-	-	-	(607)
Other comprehensive income	308	308	-	-	-	308	308	-	-
<b>Total comprehensive (loss)/income</b>	<b>(9,523)</b>	<b>(8,916)</b>	<b>-</b>	<b>-</b>	<b>(9,224)</b>	<b>308</b>	<b>308</b>	<b>-</b>	<b>(607)</b>
<b>At 31 March 2023</b>	<b>775,142</b>	<b>782,462</b>	<b>309,346</b>	<b>(11,896)</b>	<b>476,775</b>	<b>8,237</b>	<b>8,734</b>	<b>(497)</b>	<b>(7,320)</b>
<b>Quarter ended 31 March 2022</b>									
<b>At 1 January 2022</b>	792,433	801,550	309,346	(11,637)	497,980	5,861	6,327	(466)	(9,117)
(Loss)/Profit for the period	(713)	(1,444)	-	-	(1,444)	-	-	-	731
Other comprehensive income	137	137	-	-	-	137	122	15	-
<b>Total comprehensive (loss)/income</b>	<b>(576)</b>	<b>(1,307)</b>	<b>-</b>	<b>-</b>	<b>(1,444)</b>	<b>137</b>	<b>122</b>	<b>15</b>	<b>731</b>
<b>Transaction with Owners</b>									
Repurchase of treasury shares	(103)	(103)	-	(103)	-	-	-	-	-
<b>Total transactions with Owners</b>	<b>(103)</b>	<b>(103)</b>	<b>-</b>	<b>(103)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2022</b>	<b>791,754</b>	<b>800,140</b>	<b>309,346</b>	<b>(11,740)</b>	<b>496,536</b>	<b>5,998</b>	<b>6,449</b>	<b>(451)</b>	<b>(8,386)</b>

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.

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

	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
(Loss)/Profit before tax	(9,468)	708
<b>Adjustments for:</b>		
Amortisation of timber rights	-	548
Depreciation		
- property, plant and equipment	9,357	10,443
- investment properties	92	93
- right-of-use assets	1,110	914
Interest expense	2,398	2,118
Interest income	(2,563)	(1,597)
Inventories written off	220	-
Loss/(Gain) on disposal of property, plant and equipment	1	(216)
Loss/(Gain) arising from changes in fair value of biological assets	92	(654)
Property, plant and equipment written off	20	-
Retirement benefit obligations	27	27
Unrealised loss/(gain) on foreign exchange	12	(10)
Total adjustments	<u>10,766</u>	<u>11,666</u>
<b>Operating profit before working capital changes</b>	<b>1,298</b>	<b>12,374</b>
<b>Changes in working capital :</b>		
Inventories	(2,444)	(3,031)
Receivables	(4,275)	(9,629)
Payables	(7,565)	6,722
Other current assets	(865)	448
Cash flow (used in)/generated from operations	<u>(13,851)</u>	<u>6,884</u>
Income taxes paid, net of tax refund	(953)	(532)
Interest paid	(280)	(17)
Interest received	918	276
Payment of retirement benefits	-	(42)
<b>Net cash (used in)/from operating activities</b>	<u>(14,166)</u>	<u>6,569</u>
<b>Investing Activities</b>		
Interest received	1,645	1,321
Placement of short-term deposits with tenure more than 3 months	(186)	(1,622)
Purchase of:		
- property, plant and equipment	(4,430)	(2,336)
- right-of-use assets	(1,621)	-
Proceeds from disposal of:		
- property, plant and equipment	86	510
<b>Net cash used in investing activities</b>	<u>(4,506)</u>	<u>(2,127)</u>
<b>Financing Activities</b>		
Drawdown of term loans	111	111
Drawdown of trade financing facilities	16,039	4,950
Interest paid	(2,045)	(2,030)
Interest paid for lease liabilities	(74)	(71)
Repayment of finance leases	(103)	(64)
Repayment of lease liabilities	(161)	(84)
Repayment of term loans	(5,375)	(5,664)
Repayment of trade financing facilities	(7,701)	(11,102)
Repurchase of treasury shares	-	(103)
<b>Net cash from/(used in) financing activities</b>	<u>691</u>	<u>(14,057)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(17,981)</b>	<b>(9,615)</b>
<b>Effects of exchange rate changes</b>	<b>136</b>	<b>91</b>
<b>Net cash and cash equivalents at the beginning of the year</b>	<b>314,095</b>	<b>373,181</b>
<b>Net cash and cash equivalents at the end of the year</b>	<b>296,250</b>	<b>363,657</b>
For the purpose of statements of cash flows, net cash and cash equivalent include the following:		
Cash and bank balances	314,305	377,582
Less: Bank overdraft	(3,184)	(30)
Less: Deposit with tenure more than 3 months	<u>(14,871)</u>	<u>(13,895)</u>
Cash and cash equivalents	<u>296,250</u>	<u>363,657</u>

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.

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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 Leaseback <sup>1</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to MFRS 101	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

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

**4. Changes in estimates**

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

**5. Changes in composition of the Group**

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





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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:

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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
	<u>368</u>	<u>456</u>	<u>368</u>	<u>456</u>
Deferred income tax				
- Original and reversal of temporary differences	(5)	5	(5)	5
- Under provision in respect of previous years	-	960	-	960
	<u>(5)</u>	<u>965</u>	<u>(5)</u>	<u>965</u>
Total income tax	<u>363</u>	<u>1,421</u>	<u>363</u>	<u>1,421</u>

Income tax expense is recognised in each quarter based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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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.

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

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

**11. Property, plant and equipment**

During the three months ended 31 March 2022, the Group acquired assets with a total cost of 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**

	<b>Goodwill</b>	<b>Timber</b>	<b>Total</b>
	<b>RM'000</b>	<b>Rights</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January 2023/31 December 2023	<u>33,593</u>	<u>111,584</u>	<u>145,177</u>
<b>Accumulated amortisation</b>			
At 1 January 2023	29,037	111,584	140,621
Amortisation	-	-	-
At 31 March 2023	<u>29,037</u>	<u>111,584</u>	<u>140,621</u>
<b>Net carrying amount</b>			
At 31 March 2023	<u>4,556</u>	-	<u>4,556</u>
At 1 January 2023	<u>4,556</u>	-	<u>4,556</u>

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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:

	<b>Goodwill</b>	
	<b>31.03.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
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**

	<b>31.03.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
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

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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 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
	<u>148,585</u>	<u>137,056</u>
Long term borrowings		
- Secured	83,040	90,365
Total	<u>231,625</u>	<u>227,421</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**

	31.03.2023 RM'000	31.12.2022 RM'000	Date of payment
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.

	Note	Transaction value	
		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.	#	-	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

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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 three months ended 31 March 2023 and 31 March 2022. (Cont'd)

	Note	Transaction value	
		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 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 March 2023 and 31 December 2022 were as follows:

	<b>31.03.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
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.

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**22. Performance Review**

	← Current Quarter →												Note	Consolidated	
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations			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
<b>Revenue</b>															
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	<u>42,774</u>	<u>44,517</u>	<u>28,623</u>	<u>43,587</u>	<u>18,782</u>	<u>15,802</u>	<u>18,202</u>	<u>-</u>	<u>1,247</u>	<u>554</u>	<u>(1,344)</u>	<u>(300)</u>		<u>108,284</u>	<u>104,160</u>
<b>(Loss)/Profit before tax</b>	<u>(6,765)</u>	<u>(5,606)</u>	<u>(7,053)</u>	<u>4,877</u>	<u>1,731</u>	<u>1,334</u>	<u>1,293</u>	<u>-</u>	<u>355</u>	<u>(323)</u>	<u>971</u>	<u>426</u>	B	<u>(9,468)</u>	<u>708</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 ("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.





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**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.

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**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.

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**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