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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 - UNAUDITED

	30.09.2023	31.12.2022
	RM'000	RM'000
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	617,466	441,345
Investment properties	16,466	14,522
Right-of-use assets	218,195	135,878
Other investments	334	251
Intangible assets	4,556	4,556
Biological assets	35,542	35,542
	<u>892,559</u>	<u>632,094</u>
Current assets		
Biological assets	3,332	1,417
Inventories	105,085	90,849
Trade and other receivables	69,883	73,962
Other current assets	10,805	7,923
Cash and bank balances	270,448	330,731
	<u>459,553</u>	<u>504,882</u>
TOTAL ASSETS	<u>1,352,112</u>	<u>1,136,976</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	239	63
Loans and borrowings	148,093	137,056
Trade and other payables	69,759	65,446
Income tax payable	1,451	1,241
Lease liabilities	2,102	729
	<u>221,644</u>	<u>204,535</u>
Net current assets	<u>237,909</u>	<u>300,347</u>
Non-current liabilities		
Deferred tax liabilities	108,168	50,517
Retirement benefit obligations	1,117	1,274
Loans and borrowings	227,175	90,365
Lease liabilities	5,220	5,620
	<u>341,680</u>	<u>147,776</u>
TOTAL LIABILITIES	<u>563,324</u>	<u>352,311</u>
Net assets	<u>788,788</u>	<u>784,665</u>
Equity attributable to Owners of the Company		
Share capital	309,346	309,346
Treasury shares	(11,896)	(11,896)
Other reserves	9,598	7,929
Retained earnings	488,127	485,999
	<u>795,175</u>	<u>791,378</u>
Non-controlling interests	(6,387)	(6,713)
TOTAL EQUITY	<u>788,788</u>	<u>784,665</u>
TOTAL EQUITY AND LIABILITIES	<u>1,352,112</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/(LOSS)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 September 2023 RM'000	2022 RM'000	Nine months ended 30 September 2023 RM'000	2022 RM'000
Revenue	157,855	125,489	400,662	362,305
Cost of sales	(131,356)	(109,777)	(352,669)	(303,987)
Gross profit	26,499	15,712	47,993	58,318
Other income	4,172	3,659	13,398	11,042
Selling and distribution expenses	(4,942)	(5,358)	(13,309)	(15,222)
Administrative and other expenses	(13,989)	(11,699)	(40,588)	(34,333)
Gain from bargain purchase	-	-	12,480	14,306
Operating profit	11,740	2,314	19,974	34,111
Finance costs	(4,604)	(2,249)	(10,758)	(6,528)
Profit before tax	7,136	65	9,216	27,583
Income tax expense	1,061	(776)	260	(2,451)
Profit/(Loss) for the period	8,197	(711)	9,476	25,132
Other comprehensive (loss)/income				
Item that may be reclassified subsequently to (loss)/profit:				
Foreign currency translation	(292)	823	1,585	1,586
Items that will not be reclassified subsequently to profit/(loss):				
Profit/(Loss) on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	84	(21)	84	(29)
Other comprehensive (loss)/income, net of tax	(208)	802	1,669	1,557
Total comprehensive profit for the period	7,989	91	11,145	26,689
Profit/(Loss) attributable to:				
Owners of the Company	7,474	(1,054)	9,150	21,955
Non-controlling interests	723	343	326	3,177
Profit/(Loss) for the period	8,197	(711)	9,476	25,132
Total comprehensive income/(loss) attributable to:				
Owners of the Company	7,266	(252)	10,819	23,512
Non-controlling interests	723	343	326	3,177
Total comprehensive income for the period	7,989	91	11,145	26,689
Earning/(Loss) per share attributable to Owners of the Company (sen per share):				
Basic earning/(loss) per share (sen)	1.60	(0.23)	1.95	4.69

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 30 SEPTEMBER 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	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	
Quarter ended 30 September 2023									
At 1 January 2023	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)
Profit for the period	9,476	9,150	-	-	9,150	-	-	-	326
Other comprehensive income	1,669	1,669	-	-	-	1,669	1,585	84	-
Total comprehensive income	11,145	10,819	-	-	9,150	1,669	1,585	84	326
Transaction with Owners									
Dividends on ordinary shares	(7,022)	(7,022)	-	-	(7,022)	-	-	-	-
Total transactions with Owners	(7,022)	(7,022)	-	-	(7,022)	-	-	-	-
At 30 September 2023	788,788	795,175	309,346	(11,896)	488,127	9,598	10,011	(413)	(6,387)
Quarter ended 30 September 2022									
At 1 January 2022	792,433	801,550	309,346	(11,637)	497,980	5,861	6,327	(466)	(9,117)
Profit for the period	25,132	21,955	-	-	21,955	-	-	-	3,177
Other comprehensive income/(loss)	1,557	1,557	-	-	-	1,557	1,586	(29)	-
Total comprehensive income/(loss)	26,689	23,512	-	-	21,955	1,557	1,586	(29)	3,177
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 30 September 2022	811,836	817,776	309,346	(11,896)	512,908	7,418	7,913	(495)	(5,940)

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 30 SEPTEMBER 2023 - UNAUDITED**

	30.09.2023	30.09.2022
	RM'000	RM'000
Operating Activities		
Profit before tax	9,216	27,583
Adjustments for:		
Amortisation of timber rights	-	1,644
Depreciation		
- property, plant and equipment	34,148	30,852
- investment properties	315	278
- right-of-use assets	4,284	2,770
Dividend income		
- investment securities	(5)	-
Interest expense	10,758	6,528
Interest income	(7,027)	(4,988)
Inventories written off	85	-
Gain on disposal of property, plant and equipment	(19)	(807)
(Gain)/Loss arising from changes in fair value of biological assets	(609)	616
Property, plant and equipment written off	199	155
Retirement benefit obligations	80	83
Unrealised loss/(gain) on foreign exchange	73	(331)
Gain from bargain purchase	(12,481)	(14,306)
Total adjustments	<u>29,801</u>	<u>22,494</u>
Operating profit before working capital changes	39,017	50,077
Changes in working capital :		
Inventories	(12,470)	(17,544)
Receivables	34,490	822
Payables	222	16,789
Other current assets	489	(217)
Cash flow generated from operations	<u>61,748</u>	<u>49,927</u>
Income taxes paid, net of tax refund	(2,878)	(2,592)
Interest paid	(871)	(431)
Interest received	2,758	862
Payment of retirement benefits	(61)	(199)
Net cash from operating activities	<u>60,696</u>	<u>47,567</u>
Investing Activities		
Interest received	4,269	4,126
Placement of short-term deposits with tenure more than 3 months	-	(2,204)
Purchase of:		
- property, plant and equipment	(34,068)	(15,921)
- right-of-use assets	(5,582)	(410)
Proceeds from disposal of:		
- property, plant and equipment	215	2,779
Net dividend received from:		
- investment securities	5	-
Acquisition of subsidiaries, net of cash	(214,517)	(13,712)
Net cash used in investing activities	<u>(249,678)</u>	<u>(25,342)</u>
Financing Activities		
Dividend paid to Owners of the Company	(6,783)	(6,867)
Drawdown of term loans	153,742	333
Drawdown of trade financing facilities	55,417	14,040
Interest paid	(9,504)	(5,884)
Interest paid for lease liabilities	(382)	(213)
Repayment of finance leases	(311)	(329)
Repayment of lease liabilities	(495)	(244)
Repayment of term loans	(19,833)	(18,581)
Repayment of trade financing facilities	(41,680)	(32,142)
Repurchase of treasury shares	-	(259)
Net cash from/(used in) financing activities	<u>130,171</u>	<u>(50,146)</u>
Net decrease in cash and cash equivalents	(58,811)	(27,921)
Effects of exchange rate changes	734	837
Net cash and cash equivalents at the beginning of the period	<u>314,095</u>	<u>373,181</u>
Net cash and cash equivalents at the end of the period	<u><u>256,018</u></u>	<u><u>346,097</u></u>
For the purpose of statements of cash flows, net cash and cash equivalents include the following:		
Cash and bank balances	270,448	364,657
Less: Bank overdraft	(2,463)	(4,083)
Less: Deposit with tenure more than 3 months	(11,967)	(14,477)
Cash and cash equivalents	<u><u>256,018</u></u>	<u><u>346,097</u></u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 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 nine months ended 30 September 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 27 November 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 4	Extension of the Temporary Exemption from Applying MFRS 9
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 ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

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.

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(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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6. Segment information

	9 months ended												Note	Consolidated	
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations			30.09.2023	30.09.2022
	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022		RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue															
External sales	136,846	147,004	154,157	143,559	51,629	51,537	56,107	19,393	1,923	812	-	-		400,662	362,305
Inter-segment sales	69	-	-	-	-	-	3,253	1,297	56,801	82,933	(60,123)	(84,230)	A	-	-
Total revenue	<u>136,915</u>	<u>147,004</u>	<u>154,157</u>	<u>143,559</u>	<u>51,629</u>	<u>51,537</u>	<u>59,360</u>	<u>20,690</u>	<u>58,724</u>	<u>83,745</u>	<u>(60,123)</u>	<u>(84,230)</u>		<u>400,662</u>	<u>362,305</u>
(Loss)/Profit before tax and gain from bargain purchase	(16,020)	(12,254)	7,130	18,129	4,074	5,234	3,112	1,208	224	(1,376)	(1,784)	2,336		(3,264)	13,277
Gain from bargain purchase	-	-	12,380	-	-	-	100	14,306	-	-	-	-		12,480	14,306
Net (loss)/profit before tax	<u>(16,020)</u>	<u>(12,254)</u>	<u>19,510</u>	<u>18,129</u>	<u>4,074</u>	<u>5,234</u>	<u>3,212</u>	<u>15,514</u>	<u>224</u>	<u>(1,376)</u>	<u>(1,784)</u>	<u>2,336</u>	B	<u>9,216</u>	<u>27,583</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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For the nine months ended 30 September 2023 – unaudited

7. Seasonality of operations

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

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Amortisation of timber rights	-	548	-	1,644
Depreciation				
- property, plant and equipment	12,864	10,107	34,148	30,852
- investment properties	120	93	315	278
- right-of-use assets	1,680	900	4,284	2,770
Interest income	(2,413)	(2,297)	(7,027)	(4,988)
Interest expenses	4,604	2,249	10,758	6,528
(Gain)/Loss on disposal of property, plant and equipmen	(16)	135	(19)	(807)
(Gain)/Loss arising from changes in fair value of biological assets	(279)	1,230	(609)	616
Inventories written off	34	-	85	-
Property, plant and equipment written off	-	14	199	155
Gain from bargain purchase	-	-	(12,481)	(14,306)
Retirement benefit obligation	27	28	80	83
Unrealised (gain)/loss on foreign exchange	(72)	(155)	73	(331)

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	(140)	522	666	1,154
- Foreign tax	174	104	406	261
	34	626	1,072	1,415
Over provision in respect of previous periods				
- Malaysia income tax	(40)	112	(40)	(4)
	(6)	738	1,032	1,411
Deferred income tax				
- Original and reversal of temporary differences	(1,055)	38	(1,292)	80
- Under provision in respect of previous periods	-	-	-	960
	(1,055)	38	(1,292)	1,040
Total income tax	(1,061)	776	(260)	2,451

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

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10. Earning/(Loss) per share

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

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Earning attributable to the Owners of the Company (RM'000)	7,474	(1,054)	9,150	21,955
Weighted average number of ordinary shares in issue ('000)	468,107	468,299	468,107	468,299
Basic earning/(loss) per share (sen)	1.60	(0.23)	1.95	4.69

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

11. Property, plant and equipment

During the nine months ended 30 September 2023, the Group acquired assets with a total cost of RM34,068,000 (30 September 2022: RM15,921,000).

Assets with carrying amount of RM196,000 (30 September 2022: RM1,972,000) were disposed by the Group during the nine months ended 30 September 2023, resulting in a gain on disposal of RM19,000 (30 September 2022: RM807,000).

12. Intangible assets

	Goodwill	Timber	Total
	RM'000	Rights	RM'000
	RM'000	RM'000	RM'000
Cost			
At 1 January 2023/30 September 2023	33,593	111,584	145,177
Accumulated amortisation			
At 1 January 2023/30 September 2023	29,037	111,584	140,621
Net carrying amount			
At 30 September 2023	4,556	-	4,556
At 1 January 2023	4,556	-	4,556

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12. Intangible assets (Cont'd)

(a) Impairment testing of goodwill

Allocation of goodwill

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

	Goodwill	
	30.09.2023	31.12.2022
	RM'000	RM'000
Timber division	3,240	3,240
Tapes division	1,316	1,316
	4,556	4,556

The recoverable amount of goodwill is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period and/or over the period of the rights granted and expected to be granted.

The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

a) Terminal growth rates

The forecasted growth is based on industry research and past historical trend.

b) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

13. Cash and bank balances

	30.09.2023	31.12.2022
	RM'000	RM'000
Cash on hand and at banks	64,478	43,492
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	194,003	272,554
Tenure or more than 3 months	11,967	14,685
Cash and bank balances	270,448	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	30 September 2023	234	-	-	234
- Quoted investments	31 December 2022	151	-	-	151
Biological assets	30 September 2023	-	-	3,332	3,332
- Oil palm fresh fruit bunches	31 December 2022	-	-	1,417	1,417
Reforestation (Planted trees)	30 September 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 nine months ended 30 September 2023.

The number of shares bought back and retained as treasury shares amounted to 13,237,500 shares as at 30 September 2023.

16. Interest bearing loans and borrowings

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

	30.09.2023 RM'000	31.12.2022 RM'000
Short term borrowings		
- Secured	41,593	52,056
- Unsecured	106,500	85,000
	<u>148,093</u>	<u>137,056</u>
Long term borrowings		
- Secured	227,175	90,365
Total	<u>375,268</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

	30.09.2023 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
- Final single-tier dividend of 1.50 sen net per share in respect of year ended 31 December 2022	7,022	-	28 July 2023

19. Contingencies

There were no material changes to the contingent liabilities since the date of the last annual financial statements.

There were no contingent assets as at 30 September 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 nine months ended 30 September 2023 and 30 September 2022.

	Note	Transaction value	
		30.09.2023 RM'000	30.09.2022 RM'000
Purchase of spare parts, equipment and machinery: WTK Service & Warehousing Sdn. Bhd.	^	6,268	4,661
Purchase of frozen food and sundry goods: Sing Chew Coldstorage Sdn. Bhd. *	^	-	1,317
Purchase of hardware, fuel, oil and lubricants: WTK Service & Warehousing Sdn. Bhd.	^	7,467	9,224
Purchase of fertiliser: WTK Service & Warehousing Sdn. Bhd.	^	11,954	15,659
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	8,506	17,756
Harvard Master Sdn. Bhd. (In Liquidation)	#	26,009	40,841
Southwind Plantation Sdn. Bhd.	#	10,407	2,530
Suajaya Mahir Crop Sdn. Bhd.	#	-	588
		44,922	61,715
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	6,612	13,537
Utahol (2008) Sdn. Bhd.	#	908	1,347
W T K Realty Sdn. Bhd.	#	200	-
		7,720	14,884
Hiring of machinery paid:			
B.H.B Sdn. Bhd. ^v	#	16	23
Southwind Plantation Sdn. Bhd.	#	18	18
Tab Timbers (Sarawak) Sdn. Bhd.	^	12	11
Utahol Sdn. Bhd.	#	4	1
W T K Realty Sdn. Bhd.	#	18	18
		68	71

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20. Related party transactions (cont'd)

The following table provides information on the transactions which have been entered into with related parties during the nine months ended 30 September 2023 and 30 September 2022. (Cont'd)

	Note	Transaction value	
		30.09.2023 RM'000	30.09.2022 RM'000
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	64	54
Utahol Sdn. Bhd.	#	15	14
		79	68
Office rental paid:			
W T K Realty Sdn. Bhd.	#	366	276
Management fees and system support paid:			
W T K Management Services Sdn. Bhd.	#	4,114	3,276
Sales of frozen food and sundry goods:			
B.H.B Sdn. Bhd. [√]	#	247	221
Delta-Pelita Sebakong Sdn. Bhd.	#	194	-
Desacorp Sdn. Bhd.	#	137	-
Durafarm Sdn. Bhd.	#	267	101
Harvard Master Sdn. Bhd.	#	33	32
Heng Hsen Trading Sdn. Bhd.	#	219	632
Imbok Enterprise Sdn. Bhd.	#	1,292	492
Oxford Glory Sdn. Bhd.	#	540	338
Song Enterprise Sdn. Bhd.	#	500	176
Southwind Plantation Sdn. Bhd.	#	1,350	609
Suajaya Mahir Crop Sdn. Bhd.	#	894	434
Utahol Sdn. Bhd.	#	64	22
		5,737	3,057
Purchase of frozen food and sundry goods:			
Heng Hsen Trading Sdn. Bhd.	#	7,022	1,390
Sim Liang Trading Sdn. Bhd.	#	1,178	-
		8,200	1,390
Rental of cold room received:			
Heng Hsen Trading Sdn. Bhd.	#	160	-
Acquisition of a subsidiary:			
Harvard Master Sdn. Bhd. (In Liquidation)	#	237,500	-
TMC Importer & Exporter Sdn. Bhd. (In Liquidation)	#	2,800	20,000
		240,300	20,000

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

√ *B.H.B Sdn. Bhd. became the wholly-owned subsidiary of W T K Holdings Berhad on 8 May 2023.*

^ *The directors and/or major shareholders of W T K Holdings Berhad are directors and/or major shareholders of these companies.*

The director(s) and/or major shareholder(s) of W T K Holdings Berhad is/are director(s) and/or major shareholder(s) of these companies, whilst family member(s) is/are also director(s) and/or major shareholder(s) of these companies.

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20. Related party transactions (cont'd)

The outstanding balances arising from related party transactions as at 30 September 2023 and 31 December 2022 were as follows:

	30.09.2023	31.12.2022
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	5,151	6,614
Other receivables (net of allowance for impairment)	2,670	1,206
Trade payables	(32,174)	(27,821)
Other payables	(797)	(521)

21. Events after the reporting period

There are no events after the financial period ended 30 September 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			30.09.2023	30.09.2022
	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022		RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue															
External sales	46,744	51,972	74,665	40,787	16,525	19,018	19,263	13,426	658	286	-	-		157,855	125,489
Inter-segment sales	21	-	-	-	-	-	1,266	1,005	1,851	82,290	(3,138)	(83,295)	A	-	-
Total revenue	<u>46,765</u>	<u>51,972</u>	<u>74,665</u>	<u>40,787</u>	<u>16,525</u>	<u>19,018</u>	<u>20,529</u>	<u>14,431</u>	<u>2,509</u>	<u>82,576</u>	<u>(3,138)</u>	<u>(83,295)</u>		<u>157,855</u>	<u>125,489</u>
(Loss)/Profit before tax and gain from bargain purchase	(5,191)	(3,103)	12,239	(643)	998	2,438	788	1,093	11	(1,155)	(1,709)	1,435		7,136	65
Gain from bargain purchase	-	-	-	-	-	-	-	-	-	-	-	-		-	-
(Loss)/Profit before tax	<u>(5,191)</u>	<u>(3,103)</u>	<u>12,239</u>	<u>(643)</u>	<u>998</u>	<u>2,438</u>	<u>788</u>	<u>1,093</u>	<u>11</u>	<u>(1,155)</u>	<u>(1,709)</u>	<u>1,435</u>	B	<u>7,136</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 the current quarter ("3Q2023") under review, the Group reported a revenue of RM157.9 million, an increase of 25.8% as compared to the preceding year corresponding quarter ("3Q2022") of RM125.5 million. The Group recorded a profit before tax of RM7.1 million in 3Q2023.

Performance of respective segments for the financial quarter/period ended 30 September 2023 as compared to the preceding year corresponding financial quarter/period are analysed as follow:

Timber

The revenue for 3Q2023 was RM46.8 million, an increase of RM5.2 million as compared to RM52.0 million in 3Q2022. The decrease in revenue was mainly attributed to the lower plywood sales recorded during the financial quarter.

Plantation

The revenue for 3Q2023 was RM74.7 million, an increase of RM33.9 million as compared to RM40.8 million in 3Q2022. The increase in revenue and profit before tax was mainly attributed to the increased in FFB (" fresh fruit bunches") production and contribution from the newly acquired B.H.B estate and palm oil mill.

Tapes

The revenue for 3Q2023 was RM16.5 million, a decrease of RM2.5 million as compared to RM19.0 million in 3Q2022. The decrease in revenue was mainly due to lower export sales resulted from weak market demand for tapes products. The decrease in profit before tax was mainly attributed to compressed margin due to rising material costs and higher financing costs incurred for the upgrading of plants and machineries.

Food

The revenue for 3Q2023 was RM20.6 million, an increase of RM6.1 million, as compared to RM14.4 million in 3Q2022. The increase in revenue is mainly attributed to the increased range of frozen products. Meanwhile, lower profit before tax in 3Q2023 as compared to 3Q2022 was mainly due to higher operating expenses after we expanded the capacity of the cold room facility.

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23. Comment on material change in (loss)/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			30.09.2023	30.06.2023
	30.09.2023	30.06.2023	30.09.2023	30.06.2023	30.09.2023	30.06.2023	30.09.2023	30.06.2023	30.09.2023	30.06.2023	30.09.2023	30.06.2023		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	46,744	47,353	74,665	50,869	16,525	16,322	19,263	19,581	658	398	-	-		157,855	134,523
Inter-segment sales	21	23	-	-	-	-	1,266	1,048	1,851	54,570	(3,138)	(55,641)	A	-	-
Total revenue	46,765	47,376	74,665	50,869	16,525	16,322	20,529	20,629	2,509	54,968	(3,138)	(55,641)		157,855	134,523
(Loss)/Profit before tax and gain from bargain purchase															
(Loss)/Profit before tax and gain from bargain purchase	(5,191)	(4,064)	12,239	1,944	998	1,345	788	1,031	11	(142)	(1,709)	(1,046)		7,136	(932)
Gain from bargain purchase	-	-	-	12,380	-	-	-	100	-	-	-	-		-	12,480
(Loss)/Profit before tax	(5,191)	(4,064)	12,239	14,324	998	1,345	788	1,131	11	(142)	(1,709)	(1,046)	B	7,136	11,548

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 3Q2023 under review, the Group reported a revenue of RM157.9 million, an increase of RM23.3 million or 17.3% as compared to the preceding quarter ("2Q2023") of RM134.5 million. The Group recorded a profit before tax of RM7.1 million in 3Q2023, a decrease of RM4.4 million as compared to a profit before tax of RM11.5 million in 2Q2023. Lower profit before tax in 3Q2023 was mainly due to the absence of the one-time gain from the bargain purchase of a subsidiary as compared to 2Q2023.

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 3Q2023 was mainly attributed to the weak market demand for logs products.

Plantation

As compared to the preceding quarter, the segment reported a higher revenue of RM74.7 million. The better performance of plantation segment was mainly attributed to the increase in FFB production and contribution from the newly acquired B.H.B estate and palm oil mill.

Tapes

As compared to the preceding quarter, profit before tax decreased by RM0.3 million, was mostly due to higher professional fees and interest expenses for upgrading plant and machineries.

Food

As compared to the preceding quarter, profit before tax decreased by RM0.3 million in 3Q2023 was mainly due to higher operating expenses after we expanded the capacity of the cold room facility.

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24. Commentary on prospects

a) Timber

The timber business of our Group continues to face challenges with logs and plywood production anticipated to slow down due to declining number of available natural logs, stricter operational requirements related to timber certifications and softer demand from importing countries. Our Group remains cautious about the outlook for the timber businesses for the financial year ending 31 December 2023.

b) Plantation

The outlook for CPO price is uncertain, as there are various factors that could affect the supply and demand of palm oil in the global market. In anticipation of the challenges, the Group is actively pursuing ongoing initiatives to foster greater mechanisation to enhance workforce efficiency and to adopt best agricultural practices to maximise the oil palm yields. With the increasing number of palms entering the high yielding age group and the successful completion of the BHB acquisition in May 2023, the Group is confident that the plantation business will contribute towards improved performance for the financial year ending 31 December 2023. Moreover, the Proposed Acquisition of Durafarm Plantation Estate which are targeted to be completed in first quarter of 2024 will serves as the Group's earnings growth catalyst.

c) Tapes

The tapes business remains challenging due to market uncertainties, rising raw material costs and higher labour cost. In anticipation of the challenges, the Group is upgrading the plants and machineries to expand the product range and to improve operational efficiency and cost competitive advantage. Those plant and machines are expected to be fully operational by early 2024. The tapes business is expecting to perform satisfactorily for the financial year ending 31 December 2023.

d) Food

Frozen food business prospects are positive and promising attributed to several factors, including the convenience, the long shelf life, innovation, and the diversification of frozen products. Frozen food has seen a significant increase in demand since the outbreak of the Covid-19 pandemic. 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

On 24 October 2023, Biofarm Venture Sdn. Bhd., a wholly-owned subsidiary of W T K Holdings Berhad, had entered into a conditional share sale agreement with Ocarina Development Sdn. Bhd. (In Liquidation) (“Ocarina” or “Vendor”) to acquire 9,800,000 ordinary shares in Durafarm Sdn. Bhd. (“Durafarm”), a plantation company, representing 70% equity interest in Durafarm, for a total cash consideration of RM132,200,000.

On 3 November 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 end February 2024.

29. Changes in material litigation

There was no material litigation against the Group.

30. Dividend payable

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

31. Disclosure on nature of outstanding derivatives

There were no outstanding derivatives as at 30 September 2023 and 31 December 2022.

32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 30 September 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 30 September 2023 or the previous financial period ended 31 December 2022.

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 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: 27 NOVEMBER 2023