

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

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

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

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

	31.12.2023	31.12.2022
	RM'000	RM'000
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	608,756	441,345
Investment properties	16,347	14,522
Right-of-use assets	216,732	135,878
Other investments	328	251
Intangible assets	4,556	4,556
Biological assets	8,678	35,542
	<u>855,397</u>	<u>632,094</u>
Current assets		
Biological assets	4,369	1,417
Inventories	84,745	90,849
Trade and other receivables	69,025	73,962
Other current assets	8,210	7,923
Cash and bank balances	282,064	330,731
	<u>448,413</u>	<u>504,882</u>
TOTAL ASSETS	<u>1,303,810</u>	<u>1,136,976</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	200	63
Loans and borrowings	163,855	137,056
Trade and other payables	67,472	65,446
Income tax payable	2,801	1,241
Lease liabilities	925	729
	<u>235,253</u>	<u>204,535</u>
Net current assets	<u>213,160</u>	<u>300,347</u>
Non-current liabilities		
Deferred tax liabilities	97,511	50,517
Retirement benefit obligations	1,049	1,274
Loans and borrowings	203,176	90,365
Lease liabilities	6,501	5,620
	<u>308,237</u>	<u>147,776</u>
TOTAL LIABILITIES	<u>543,490</u>	<u>352,311</u>
Net assets	<u>760,320</u>	<u>784,665</u>
Equity attributable to Owners of the Company		
Share capital	309,346	309,346
Treasury shares	(12,026)	(11,896)
Other reserves	10,025	7,929
Retained earnings	459,561	485,999
	<u>766,906</u>	<u>791,378</u>
Non-controlling interests	(6,586)	(6,713)
TOTAL EQUITY	<u>760,320</u>	<u>784,665</u>
TOTAL EQUITY AND LIABILITIES	<u>1,303,810</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 31 DECEMBER 2023 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 December 2023 RM'000	2022 RM'000	Twelve months ended 31 December 2023 RM'000	2022 RM'000
Revenue	160,170	110,728	560,832	473,033
Cost of sales	<u>(147,850)</u>	<u>(103,489)</u>	<u>(500,519)</u>	<u>(407,476)</u>
Gross profit	12,320	7,239	60,313	65,557
Other income	3,735	2,160	17,133	13,202
Selling and distribution expenses	(4,792)	(4,155)	(18,101)	(19,377)
Administrative and other expenses	(38,628)	(15,165)	(79,216)	(49,498)
Gain from bargain purchase	-	6,518	12,480	20,824
Operating (loss)/profit	<u>(27,365)</u>	<u>(3,403)</u>	<u>(7,391)</u>	<u>30,708</u>
Finance costs	(4,281)	(2,524)	(15,039)	(9,052)
(Loss)/Profit before tax	<u>(31,646)</u>	<u>(5,927)</u>	<u>(22,430)</u>	<u>21,656</u>
Income tax expense	2,881	(21,755)	3,141	(24,206)
Loss for the period	<u>(28,765)</u>	<u>(27,682)</u>	<u>(19,289)</u>	<u>(2,550)</u>
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit:				
Foreign currency translation	435	513	2,020	2,099
Items that will not be reclassified subsequently to (loss)/profit:				
(Loss)/Profit on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	(8)	(2)	76	(31)
Other comprehensive income, net of tax	<u>427</u>	<u>511</u>	<u>2,096</u>	<u>2,068</u>
Total comprehensive loss for the period	<u>(28,338)</u>	<u>(27,171)</u>	<u>(17,193)</u>	<u>(482)</u>
(Loss)/Profit attributable to:				
Owners of the Company	(28,566)	(26,909)	(19,416)	(4,954)
Non-controlling interests	<u>(199)</u>	<u>(773)</u>	<u>127</u>	<u>2,404</u>
Loss for the period	<u>(28,765)</u>	<u>(27,682)</u>	<u>(19,289)</u>	<u>(2,550)</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(28,139)	(26,398)	(17,320)	(2,886)
Non-controlling interests	<u>(199)</u>	<u>(773)</u>	<u>127</u>	<u>2,404</u>
Total comprehensive loss for the period	<u>(28,338)</u>	<u>(27,171)</u>	<u>(17,193)</u>	<u>(482)</u>
Loss per share attributable to Owners of the Company (sen per share):				
Basic loss per share (sen)	<u>(6.10)</u>	<u>(5.75)</u>	<u>(4.15)</u>	<u>(1.06)</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 YEAR ENDED 31 DECEMBER 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 →		Distributable		← Non-distributable →		
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000		
Quarter ended 31 December 2023									
At 1 January 2023	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)
(Loss)/Profit for the year	(19,289)	(19,416)	-	-	19,416	-	-	-	127
Other comprehensive income	2,096	2,096	-	-	-	2,096	2,020	76	-
Total comprehensive (loss)/income	(17,193)	(17,320)	-	-	19,416	2,096	2,020	76	127
Transaction with Owners									
Dividends on ordinary shares	(7,022)	(7,022)	-	-	7,022	-	-	-	-
Repurchase of treasury shares	(130)	(130)	-	(130)	-	-	-	-	-
Total transactions with Owners	(7,152)	(7,152)	-	(130)	7,022	-	-	-	-
At 31 December 2023	760,320	766,906	309,346	(12,026)	459,561	10,025	10,446	(421)	(6,586)
Quarter ended 31 December 2022									
At 1 January 2022	792,433	801,550	309,346	(11,637)	497,980	5,861	6,327	(466)	(9,117)
(Loss)/Profit for the year	(2,550)	(4,954)	-	-	(4,954)	-	-	-	2,404
Other comprehensive income/(loss)	2,068	2,068	-	-	-	2,068	2,099	(31)	-
Total comprehensive income/(loss)	(482)	(2,886)	-	-	(4,954)	2,068	2,099	(31)	2,404
Transaction with Owners									
Dividends on ordinary shares	(7,027)	(7,027)	-	-	(7,027)	-	-	-	-
Repurchase of treasury shares	(259)	(259)	-	(259)	-	-	-	-	-
Total transactions with Owners	(7,286)	(7,286)	-	(259)	(7,027)	-	-	-	-
At 31 December 2022	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)

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.

W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 - UNAUDITED

	31.12.2023 RM'000	31.12.2022 RM'000
Operating Activities		
(Loss)/Profit before tax	(22,430)	21,656
Adjustments for:		
Amortisation of timber rights	-	2,192
Depreciation		
- property, plant and equipment	47,202	39,211
- investment properties	426	371
- right-of-use assets	6,033	4,219
Dividend income		
- investment securities	(5)	(5)
Impairment loss:		
- trade receivables	166	8
Interest expense	14,817	9,052
Interest income	(9,285)	(7,394)
Inventories written down to net realisable value	7	32
Inventories written off	652	362
Net gain on modification of lease	-	(40)
(Gain)/loss on disposal of property, plant and equipment	(28)	1,523
Loss arising from changes in fair value of biological assets	25,218	830
Property, plant and equipment written off	290	2,120
Retirement benefit obligations	106	112
Reversal of impairment loss on trade and other receivables	(80)	(9)
Reversal of inventories written down	(39)	9
Allowance of slow moving inventories	-	40
Unrealised gain on foreign exchange	(74)	(131)
Gain from bargain purchase	(12,480)	(20,824)
Total adjustments	<u>72,926</u>	<u>31,678</u>
Operating profit before working capital changes	50,496	53,334
Changes in working capital :		
Inventories	7,369	(21,790)
Receivables	35,486	(22,079)
Payables	(5,819)	21,169
Other current assets	342	(896)
Cash flow generated from operations	<u>87,874</u>	<u>29,738</u>
Income taxes paid, net of tax refund	(5,178)	(3,467)
Interest paid	(303)	(555)
Interest received	3,136	1,699
Payment of retirement benefits	(194)	(342)
Net cash from operating activities	<u>85,335</u>	<u>27,073</u>
Investing Activities		
Interest received	6,149	5,695
Withdrawal/(Placement) of short-term deposits with tenure more than 3 months	4,297	(2,412)
Purchase of:		
- property, plant and equipment	(39,096)	(23,952)
- right-of-use assets	(5,880)	(1,987)
Proceeds from disposal of:		
- property, plant and equipment	987	2,752
Net dividend received from:		
- investment securities	5	5
Acquisition of subsidiaries, net of cash	(214,517)	(13,712)
Net cash used in investing activities	<u>(248,055)</u>	<u>(33,611)</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 - UNAUDITED

	31.12.2023	31.12.2022
	RM'000	RM'000
Financing Activities		
Dividend paid to Owners of the Company	(6,999)	(7,001)
Drawdown of term loans	160,810	445
Drawdown of trade financing facilities	75,490	19,599
Interest paid	(14,178)	(8,160)
Interest paid for lease liabilities	(336)	(337)
Repayment of finance leases	(412)	(410)
Repayment of lease liabilities	(732)	(665)
Repayment of term loans	(29,906)	(26,223)
Repayment of trade financing facilities	(66,111)	(30,647)
Repurchase of treasury shares	(130)	(259)
Net cash from/(used in) financing activities	117,496	(53,658)
Net decrease in cash and cash equivalents	(45,224)	(60,196)
Effects of exchange rate changes	1,115	1,110
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	269,986	314,095
For the purpose of statements of cash flows, net cash and cash equivalents include the following:		
Cash and bank balances	282,064	330,731
Less: Bank overdraft	(1,690)	(1,951)
Less: Deposit with tenure more than 3 months	(10,388)	(14,685)
Cash and cash equivalents	269,986	314,095

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.

W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))
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Notes to the condensed consolidated interim financial statements
For the twelve months ended 31 December 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 26 February 2024.

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 and MFRS Practice Statements 2	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 Transactions
Amendments to MFRS 112	International Tax Reform -Pillar Two Model Rules

The adoption of these amendments to MFRS has had no material impact on the disclosures or on the amounts recognised in the financial statements.

Notes to the condensed consolidated interim financial statements
For the twelve months ended 31 December 2023 – unaudited

3. Significant accounting policies (Cont'd)

(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 107 and MFRS 7	Supplier Finance Arrangements ¹
Amendments to MFRS 121	Lack of Exchangeability ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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 1 January 2025, with earlier application permitted.

³ Effective for annual periods beginning on or after a date to be determined.

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

	← 12 months ended →														
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations		Consolidated		
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	Note	31.12.2023	31.12.2022
	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
Revenue															
External sales	184,366	186,694	225,904	178,174	69,222	68,936	78,760	37,675	2,580	1,554	-	-		560,832	473,033
Inter-segment sales	69	61	-	-	-	-	4,440	2,222	57,329	84,231	(61,838)	(86,514)	A	-	-
Total revenue	<u>184,435</u>	<u>186,755</u>	<u>225,904</u>	<u>178,174</u>	<u>69,222</u>	<u>68,936</u>	<u>83,200</u>	<u>39,897</u>	<u>59,909</u>	<u>85,785</u>	<u>(61,838)</u>	<u>(86,514)</u>		<u>560,832</u>	<u>473,033</u>
(Loss)/Profit before tax and gain from bargain purchase															
(Loss)/Profit before tax and gain from bargain purchase	(50,405)	(27,929)	9,935	14,991	4,805	6,775	4,639	2,125	(17,951)	(8,365)	14,067	13,235		(34,910)	832
Gain from bargain purchase	-	-	12,380	-	-	-	100	20,824	-	-	-	-		12,480	20,824
Net (loss)/profit before tax	<u>(50,405)</u>	<u>(27,929)</u>	<u>22,315</u>	<u>14,991</u>	<u>4,805</u>	<u>6,775</u>	<u>4,739</u>	<u>22,949</u>	<u>(17,951)</u>	<u>(8,365)</u>	<u>14,067</u>	<u>13,235</u>	B	<u>(22,430)</u>	<u>21,656</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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Notes to the condensed consolidated interim financial statements
For the twelve months ended 31 December 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 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Amortisation of timber rights	-	548	-	2,192
Depreciation				
- property, plant and equipment	13,054	8,359	47,202	39,211
- investment properties	111	93	426	371
- right-of-use assets	1,749	1,449	6,033	4,219
Impairment loss				
- trade receivables	166	8	166	8
Inventories written down to net realisable value	7	32	7	32
Interest income	(2,258)	(2,406)	(9,285)	(7,394)
Interest expenses	4,281	2,524	15,039	9,052
(Gain)/Loss on disposal of property, plant and equipment	(9)	2,330	(28)	1,523
Loss arising from changes in fair value of biological assets	25,827	214	25,218	830
Inventories written off	567	362	652	362
Property, plant and equipment written off	91	1,965	290	2,120
Gain from bargain purchase	-	(6,518)	(12,480)	(20,824)
Retirement benefit obligation	26	29	106	112
Unrealised (gain)/loss on foreign exchange	(147)	200	(74)	(131)

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	8,185	2,743	8,851	3,897
- Foreign tax	142	96	548	357
	<u>8,327</u>	<u>2,839</u>	<u>9,399</u>	<u>4,254</u>
(Over)/under provision in respect of previous periods				
- Malaysia income tax	(639)	32	(679)	28
- Foreign tax	(14)	11	(14)	11
	<u>7,674</u>	<u>2,882</u>	<u>8,706</u>	<u>4,293</u>
Deferred income tax				
- Original and reversal of temporary differences	(11,306)	17,623	(12,598)	17,703
- Under provision in respect of previous periods	648	1,250	648	2,210
	<u>(10,658)</u>	<u>18,873</u>	<u>(11,950)</u>	<u>19,913</u>
Real property gains tax	103	-	103	-
Total income tax	<u>(2,881)</u>	<u>21,755</u>	<u>(3,141)</u>	<u>24,206</u>

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

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10. Loss 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 quarter 12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Loss attributable to the Owners of the Company (RM'000)	(28,566)	(26,909)	(19,416)	(4,954)
Weighted average number of ordinary shares in issue ('000)	468,082	468,299	468,082	468,299
Basic loss per share (sen)	(6.10)	(5.75)	(4.15)	(1.06)

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 twelve months ended 31 December 2023, the Group acquired assets with a total cost of RM39,096,000 (31 December 2022: RM23,952,000).

Assets with carrying amount of RM959,000 (31 December 2022: RM4,275,000) were disposed by the Group during the twelve months ended 31 December 2023, resulting in a gain on disposal of RM28,000 (31 December 2022: a loss on disposal of RM1,523,000).

12. Intangible assets

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

(a) Impairment testing of goodwill

Allocation of goodwill

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

	Goodwill	
	31.12.2023 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.

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12. Intangible assets (Cont'd)

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

a) Terminal growth rates

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

b) Discount rates

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

13. Cash and bank balances

	31.12.2023	31.12.2022
	RM'000	RM'000
Cash on hand and at banks	71,550	43,492
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	200,126	272,554
Tenure or more than 3 months	10,388	14,685
Cash and bank balances	282,064	330,731

14. Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 : Valuation techniques for which lowest level input that is significant to the fair value measurement is unobservable.

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

Assets measured at fair value	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVOCI	31 December 2023	228	-	-	228
- Quoted investments	31 December 2022	151	-	-	151
Biological assets	31 December 2023	-	-	4,369	4,369
- Oil palm fresh fruit bunches	31 December 2022	-	-	1,417	1,417
Reforestation (Planted trees)	31 December 2023	-	-	8,678	8,678
	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 twelve months ended 31 December 2023.

The number of shares bought back and retained as treasury shares amounted to 13,537,500 shares as at 31 December 2023.

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16. Interest bearing loans and borrowings

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

	31.12.2023 RM'000	31.12.2022 RM'000
Short term borrowings		
- Secured	70,855	52,056
- Unsecured	93,000	85,000
	<u>163,855</u>	<u>137,056</u>
Long term borrowings		
- Secured	203,176	90,365
Total	<u>367,031</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.

18. Dividends

	31.12.2023 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	<u>-</u>	<u>7,027</u>	25 July 2022
- Final single-tier dividend of 1.50 sen net per share in respect of year ended 31 December 2022	<u>7,022</u>	<u>-</u>	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 31 December 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 twelve months ended 31 December 2023 and 31 December 2022.

	Note	Transaction value	
		31.12.2023 RM'000	31.12.2022 RM'000
Purchase of spare parts, equipment and machinery: WTK Service & Warehousing Sdn. Bhd.	^	<u>8,865</u>	<u>6,911</u>
Purchase of frozen food and sundry goods: Sing Chew Coldstorage Sdn. Bhd. *	^	<u>-</u>	<u>1,328</u>
Purchase of hardware, fuel, oil and lubricants: WTK Service & Warehousing Sdn. Bhd.	^	<u>10,149</u>	<u>11,798</u>
Purchase of fertiliser: WTK Service & Warehousing Sdn. Bhd.	^	<u>16,305</u>	<u>20,524</u>
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	11,718	21,964
Harvard Master Sdn. Bhd. (In Liquidation)	#	13,324	51,337
Southwind Plantation Sdn. Bhd.	#	16,656	3,330
Suajaya Mahir Crop Sdn. Bhd.	#	-	588
		<u>41,698</u>	<u>77,219</u>

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20. Related party transactions (cont'd)

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

	Note	Transaction value	
		31.12.2023 RM'000	31.12.2022 RM'000
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	9,062	16,621
Utahol (2008) Sdn. Bhd.	#	1,236	1,686
W T K Realty Sdn. Bhd.	#	311	-
		<u>10,609</u>	<u>18,307</u>
Hiring of machinery paid:			
B.H.B Sdn. Bhd. ^v	#	10	30
Southwind Plantation Sdn. Bhd.	#	24	24
Tab Timbers (Sarawak) Sdn. Bhd.	^	16	15
Utahol Sdn. Bhd.	#	6	3
W T K Realty Sdn. Bhd.	#	24	24
		<u>80</u>	<u>96</u>
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	88	72
Utahol Sdn. Bhd.	#	17	18
		<u>105</u>	<u>90</u>
Office rental paid:			
W T K Realty Sdn. Bhd.	#	512	368
Management fees and system support paid:			
W T K Management Services Sdn. Bhd.	#	5,424	4,158
Sales of frozen food and sundry goods:			
B.H.B Sdn. Bhd. ^v	#	247	392
Delta-Pelita Sebakong Sdn. Bhd.	#	260	-
Desacorp Sdn. Bhd.	#	175	46
Durafarm Sdn. Bhd.	#	380	199
Harvard Master Sdn. Bhd.	#	33	64
Heng Hsen Trading Sdn. Bhd.	#	243	790
Imbok Enterprise Sdn. Bhd.	#	1,850	921
Oxford Glory Sdn. Bhd.	#	747	561
Song Enterprise Sdn. Bhd.	#	689	334
Southwind Plantation Sdn. Bhd.	#	1,859	1,103
Suajaya Mahir Crop Sdn. Bhd.	#	1,203	804
Utahol Sdn. Bhd.	#	91	33
		<u>7,777</u>	<u>5,247</u>
Purchase of frozen food and sundry goods:			
Heng Hsen Trading Sdn. Bhd.	#	7,764	2,183
Sim Liang Trading Sdn. Bhd.	#	1,204	371
		<u>8,968</u>	<u>2,554</u>
Rental of cold room received:			
Heng Hsen Trading Sdn. Bhd.	#	255	-
Acquisition of a subsidiary:			
Harvard Master Sdn. Bhd. (In Liquidation)	#	237,500	-
TMC Importer & Exporter Sdn. Bhd. (In Liquidation)	#	2,800	20,000
		<u>240,300</u>	<u>20,000</u>

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

^v *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 31 December 2023 and 31 December 2022 were as follows:

	31.12.2023	31.12.2022
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	3,375	6,614
Other receivables (net of allowance for impairment)	1,418	1,206
Trade payables	(28,652)	(27,821)
Other payables	(1,294)	(521)

21. Events after the reporting period

There are no events after the financial period ended 31 December 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			31.12.2023	31.12.2022
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022		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	47,520	39,690	71,747	34,615	17,593	17,399	22,654	18,282	656	742	-	-		160,170	110,728
Inter-segment sales	-	61	-	-	-	-	1,187	925	528	1,298	(1,715)	(2,284)	A	-	-
Total revenue	<u>47,520</u>	<u>39,751</u>	<u>71,747</u>	<u>34,615</u>	<u>17,593</u>	<u>17,399</u>	<u>23,841</u>	<u>19,207</u>	<u>1,184</u>	<u>2,040</u>	<u>(1,715)</u>	<u>(2,284)</u>		<u>160,170</u>	<u>110,728</u>
(Loss)/Profit before tax and gain from bargain purchase	(34,385)	(15,672)	2,805	(3,138)	731	1,111	1,527	917	(18,175)	(5,562)	15,851	9,899		(31,646)	(12,445)
Gain from bargain purchase	-	-	-	-	-	-	6,518	-	-	-	-	-		-	6,518
(Loss)/Profit before tax	<u>(34,385)</u>	<u>(15,672)</u>	<u>2,805</u>	<u>(3,138)</u>	<u>731</u>	<u>1,111</u>	<u>1,527</u>	<u>7,435</u>	<u>(18,175)</u>	<u>(5,562)</u>	<u>15,851</u>	<u>9,899</u>	B	<u>(31,646)</u>	<u>(5,927)</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 ("4Q2023") under review, the Group reported a revenue of RM160.2 million, an increase of 44.7% as compared to the preceding year corresponding quarter ("4Q2022") of RM110.7 million. The increase in revenue was mainly attributed by the higher revenue recorded by all the four major business segments. However, the Group registered a loss before tax of RM31.6 million in 4Q2023, mainly attributed to the change in fair value of biological assets (planted trees) by the timber segment.

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

Timber

The revenue for 4Q2023 was RM47.5 million, an increase of RM7.7 million as compared to RM39.8 million in 4Q2022. The increase in revenue was mainly attributed to the higher plywood sales recorded during the financial quarter. The loss before tax for 4Q2023 was RM 34.4 million, an increase of RM18.7 million as compared to RM15.7 million in 4Q2022. The increase in loss before tax was mainly attributed to the change in fair value of the biological assets (planted trees) of RM25.0 million resulted from soft market price for logs, in accordance to MFRS requirements.

Plantation

The revenue for 4Q2023 was RM71.7 million, an increase of RM37.1 million as compared to RM34.6 million in 4Q2022. Although lower average CPO realised during the quarter, the increase in revenue and profit before tax was mainly attributed to the increase in fresh fruit bunches ("FFB") production and contribution from the newly acquired B.H.B estate and palm oil mill.

Tapes

The revenue for 4Q2023 was RM17.6 million, an increase of RM0.2 million as compared to RM17.4 million in 4Q2022. Meanwhile, the decrease in profit before tax in the current quarter was mainly attributed to the one-off administrative expenses and interest expenses incurred for the upgrading of plant and machineries.

Food

The revenue for 4Q2023 was RM23.8 million, an increase of RM4.6 million, as compared to RM19.2 million in 4Q2022. The increase in revenue during quarter was mainly attributed to wide range of new frozen foods products launched to the market in current financial year. Meanwhile, lower profit before tax registered in current quarter was mainly due to lack of a one-time gain from bargain purchase of a subsidiary as compared to 4Q2022.

Others

The revenue for others segments is mainly the rental and interest income from the investment holding companies. The loss before tax in current quarter was mainly attributed to impairment of investment in subsidiaries by the holding company, and this amount shall be eliminated at the consolidated level.

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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					
	31.12.2023	30.09.2023	31.12.2023	30.09.2023	31.12.2023	30.09.2023	31.12.2023	30.09.2023	31.12.2023	30.09.2023	31.12.2023	30.09.2023				31.12.2023
RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		
Revenue																
External sales	47,520	46,744	71,747	74,665	17,593	16,525	22,654	19,263	656	658	-	-		160,170	157,855	
Inter-segment sales	-	21	-	-	-	-	1,187	1,266	528	1,851	(1,715)	(3,138)	A	-	-	
Total revenue	<u>47,520</u>	<u>46,765</u>	<u>71,747</u>	<u>74,665</u>	<u>17,593</u>	<u>16,525</u>	<u>23,841</u>	<u>20,529</u>	<u>1,184</u>	<u>2,509</u>	<u>(1,715)</u>	<u>(3,138)</u>		<u>160,170</u>	<u>157,855</u>	
(Loss)/Profit before tax and gain from bargain purchase	(34,385)	(5,191)	2,805	12,239	731	998	1,527	788	(18,175)	11	15,851	(1,709)		(31,646)	7,136	
Gain from bargain purchase	-	-	-	-	-	-	-	-	-	-	-	-		-	-	
(Loss)/Profit before tax	<u>(34,385)</u>	<u>(5,191)</u>	<u>2,805</u>	<u>12,239</u>	<u>731</u>	<u>998</u>	<u>1,527</u>	<u>788</u>	<u>(18,175)</u>	<u>11</u>	<u>15,851</u>	<u>(1,709)</u>	B	<u>(31,646)</u>	<u>7,136</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 4Q2023 under review, the Group reported a revenue of RM160.2 million, an increase of RM2.3 million or 1% as compared to the preceding quarter ("3Q2023") of RM157.9 million. The Group recorded a loss before tax of RM31.6 million in 4Q2023 as opposed to a profit before tax of RM7.1 million in 3Q2023. The loss before tax of RM31.6 million in 4Q2023 was mainly attributed to the change in fair value of biological assets (planted trees) by the timber 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 preceding quarter, higher revenue registered for 4Q2023 was mainly attributed to more shipments of plywood products to export customers during the quarter. Meanwhile, the increase in loss before tax was mainly attributed to the change in fair value of the biological assets (planted trees) of RM25.0 million resulted from soft market price for logs, in accordance to MFRS requirements.

Plantation

As compared to the preceding quarter, the lower revenue and profit before tax was mainly attributed to lower FFB production during the seasonal low FFB production months.

Tapes

As compared to the preceding quarter, the decrease in profit before tax in the current quarter was mainly attributed to the one-off administrative expenses and interest expenses incurred for the upgrading of plant and machineries.

Food

As compared to the preceding quarter, the increase in revenue and profit before tax was mainly attributed to the higher demand for frozen foods products during the year end festive season.

Others

The revenue for others segments is mainly the rental and interest income from the investment holding companies. The loss before tax in current quarter was mainly attributed to impairment of investment in subsidiaries by the holding company, and this amount shall be eliminated at the consolidated level.

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24. Commentary on prospects

a) Timber

The timber business of the Group continues to face the challenges of declining number of natural logs available, shifting in customers preference and stricter operation requirements related to timber certification. The Group focuses on cost optimisation to sustain the timber operation and remains cautious about the outlook for the timber business for the financial year ending 31 December 2024.

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 CPO price uncertainty, the Group is actively pursuing greater mechanisation to enhance workforce efficiency and to adopt best agricultural practices to maximise the oil palm yields. We are projecting a higher FFB production in the next financial year, mainly attributed to the increasing number of palms entering the high yielding age group and the contribution from the newly acquired B.H.B and Durafarm estates. The Group is confident that the plantation business will contribute towards improved performance and serves as the growth catalyst for the financial year ending 31 December 2024.

c) Tapes

In the current financial year, the tapes business are impacted by rising raw material costs and higher labour cost. In anticipation of the challenges, the Group has upgraded a new cellulose tape coating machine in current quarter, which enable us to improve operational efficiency and cost competitive advantage. The tapes business is expecting to perform satisfactorily for the financial year ending 31 December 2024.

d) Food

The frozen food business prospects are positive and promising, attributed to several factors, including convenience, long shelf life, innovation, and product diversification. We are in the midst of applying the Halal and MESTI certifications for our food packaging facility in order to expand the market and customers for the food business. The Group anticipates the food business to perform satisfactorily for the financial year ending 31 December 2024.

Barring any unforeseen circumstances, the Group expects a satisfactory financial performance for the financial year ending 31 December 2024. Moreover, the Group is constantly looking for growth opportunities to increase shareholder 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.

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 ("Proposed Acquisition").

The Proposed Acquisition was approved by the shareholders in an Extraordinary General Meeting of the Company on 3 November 2023 and completed on 5 January 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 31 December 2023 and 31 December 2022.

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32. Rationale for entering into derivatives

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

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 December 2023 or the previous financial year 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 31 December 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: 26 FEBRUARY 2024