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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 31 MARCH 2024**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2024 - UNAUDITED

	31.03.2024 RM'000 Unaudited	31.12.2023 RM'000 Audited
Non-current assets		
Property, plant and equipment	671,277	609,083
Investment properties	16,578	16,668
Right-of-use assets	355,948	216,084
Other investments	446	327
Intangible assets	4,556	4,556
Biological assets	8,678	8,678
	<u>1,057,483</u>	<u>855,396</u>
Current assets		
Biological assets	5,212	4,369
Inventories	84,083	84,745
Trade and other receivables	57,014	68,976
Other current assets	15,126	8,260
Cash and bank balances	274,766	282,064
	<u>436,201</u>	<u>448,414</u>
TOTAL ASSETS	<u>1,493,684</u>	<u>1,303,810</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	325	200
Loans and borrowings	146,041	163,855
Trade and other payables	62,171	67,472
Income tax payable	2,032	2,801
Lease liabilities	2,360	925
	<u>212,929</u>	<u>235,253</u>
Net current assets	<u>223,272</u>	<u>213,161</u>
Non-current liabilities		
Deferred tax liabilities	145,883	97,511
Retirement benefit obligations	948	1,049
Loans and borrowings	303,568	203,176
Lease liabilities	4,928	6,501
	<u>455,327</u>	<u>308,237</u>
TOTAL LIABILITIES	<u>668,256</u>	<u>543,490</u>
Net assets	<u>825,428</u>	<u>760,320</u>
Equity attributable to Owners of the Company		
Share capital	309,346	309,346
Treasury shares	(12,026)	(12,026)
Other reserves	10,274	10,025
Retained earnings	464,885	459,561
	<u>772,479</u>	<u>766,906</u>
Non-controlling interests	52,949	(6,586)
TOTAL EQUITY	<u>825,428</u>	<u>760,320</u>
TOTAL EQUITY AND LIABILITIES	<u>1,493,684</u>	<u>1,303,810</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 MARCH 2024 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 March		Three months ended 31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	158,983	108,284	158,983	108,284
Cost of sales	(140,306)	(103,168)	(140,306)	(103,168)
Gross profit	18,677	5,116	18,677	5,116
Other income	3,985	3,615	3,985	3,615
Selling and distribution expenses	(4,572)	(4,196)	(4,572)	(4,196)
Administrative and other expenses	(15,501)	(11,605)	(15,501)	(11,605)
Gain from bargain purchase	7,736	-	7,736	-
Operating profit/(loss)	10,325	(7,070)	10,325	(7,070)
Finance costs	(5,060)	(2,398)	(5,060)	(2,398)
Profit/(Loss) before tax	5,265	(9,468)	5,265	(9,468)
Income tax expense	(379)	(363)	(379)	(363)
Profit/(Loss) for the period	4,886	(9,831)	4,886	(9,831)
Other comprehensive income				
Item that may be reclassified subsequently to profit:				
Foreign currency translation	131	308	131	308
Items that will not be reclassified subsequently to profit/(loss):				
Profit on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	118	-	118	-
Other comprehensive income, net of tax	249	308	249	308
Total comprehensive income/(loss) for the period	5,135	(9,523)	5,135	(9,523)
Profit/(Loss) attributable to:				
Owners of the Company	5,324	(9,224)	5,324	(9,224)
Non-controlling interests	(438)	(607)	(438)	(607)
Profit/(Loss) for the period	4,886	(9,831)	4,886	(9,831)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	5,573	(8,916)	5,573	(8,916)
Non-controlling interests	(438)	(607)	(438)	(607)
Total comprehensive profit/(loss) for the period	5,135	(9,523)	5,135	(9,523)
Profit/(Loss) per share attributable to Owners of the Company (sen per share):				
Basic profit/(loss) per share (sen)	1.14	(1.97)	1.14	(1.97)

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024 - UNAUDITED**

	←		← Attributable to Owners of the Company →			← Non-distributable →		← Non-distributable →		Non-controlling interests RM'000
			← Non-distributable →	Distributable		Non-distributable				
	Total equity RM'000	Total equity attributable to the Owners of the Company RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000		
Quarter ended 31 March 2024										
At 1 January 2024	760,320	766,906	309,346	(12,026)	459,561	10,025	10,446	(421)	(6,586)	
Profit for the period	4,886	5,324	-	-	5,324	-	-	-	(438)	
Non-controlling interest arising from acquisition of a subsidiary	59,973	-	-	-	-	-	-	-	59,973	
Other comprehensive income	249	249	-	-	-	249	131	118	-	
Total comprehensive income	65,108	5,573	-	-	5,324	249	131	118	59,535	
At 31 March 2024	825,428	772,479	309,346	(12,026)	464,885	10,274	10,577	(303)	52,949	
Quarter ended 31 March 2023										
At 1 January 2023	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)	
Loss for the period	(9,831)	(9,224)	-	-	(9,224)	-	-	-	(607)	
Other comprehensive income	308	308	-	-	-	308	308	-	-	
Total comprehensive (loss)/income	(9,523)	(8,916)	-	-	(9,224)	308	308	-	(607)	
At 31 March 2023	775,142	782,462	309,346	(11,896)	476,775	8,237	8,734	(497)	(7,320)	

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024 - UNAUDITED

	31.03.2024	31.03.2023
	RM'000	RM'000
Operating Activities		
Profit/(Loss) before tax	5,265	(9,468)
Adjustments for:		
Depreciation		
- property, plant and equipment	12,662	9,357
- investment properties	90	92
- right-of-use assets	2,377	1,110
Impairment loss:		
- trade receivables	307	-
Interest expense	5,060	2,398
Interest income	(2,152)	(2,563)
Inventories written off	9	220
(Gain)/Loss on disposal of property, plant and equipment	(110)	1
(Gain)/Loss arising from changes in fair value of biological assets	(317)	92
Property, plant and equipment written off	1	20
Retirement benefit obligations	24	27
Unrealised (gain)/loss on foreign exchange	(27)	12
Gain from bargain purchase	(7,736)	-
Total adjustments	<u>10,188</u>	<u>10,766</u>
Operating profit before working capital changes	15,453	1,298
Changes in working capital :		
Inventories	2,068	(2,444)
Receivables	11,910	(4,275)
Payables	(10,381)	(7,565)
Other current assets	293	(865)
Cash flow generated from operations	<u>19,343</u>	<u>(13,851)</u>
Income taxes paid, net of tax refund	(3,521)	(953)
Interest paid	(139)	(280)
Interest received	558	918
Net cash from/(used in) operating activities	<u>16,241</u>	<u>(14,166)</u>
Investing Activities		
Interest received	1,594	1,645
Placement of short-term deposits with tenure more than 3 months	(57)	(186)
Purchase of:		
- property, plant and equipment	(7,758)	(4,430)
- right-of-use assets	-	(1,621)
Proceeds from disposal of:		
- property, plant and equipment	120	86
Acquisition of subsidiaries, net of cash	<u>(95,220)</u>	<u>-</u>
Net cash used in investing activities	<u>(101,321)</u>	<u>(4,506)</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024 - UNAUDITED

	31.03.2024	31.03.2023
	RM'000	RM'000
Financing Activities		
Drawdown of term loans	98,592	111
Drawdown of trade financing facilities	10,690	16,039
Interest paid	(4,844)	(2,045)
Interest paid for lease liabilities	(77)	(74)
Repayment of finance leases	(109)	(103)
Repayment of lease liabilities	(26)	(161)
Repayment of term loans	(12,988)	(5,375)
Repayment of trade financing facilities	(14,191)	(7,701)
Net cash from financing activities	77,047	691
Net decrease in cash and cash equivalents	(8,033)	(17,981)
Effects of exchange rate changes	94	136
Net cash and cash equivalents at the beginning of the year	269,986	314,095
Net cash and cash equivalents at the end of the period	262,047	296,250
For the purpose of statements of cash flows, net cash and cash equivalents include the following:		
Cash and bank balances	274,766	314,305
Less: Bank overdraft	(2,274)	(3,184)
Less: Deposit with tenure more than 3 months	(10,445)	(14,871)
Cash and cash equivalents	262,047	296,250

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024 – 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 28 May 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 2023. 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 2023.

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 2023, 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 2024.

(a) Application of new and revised MFRS

On 1 January 2024, 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 2024:

MFRS 17	Insurance Contracts
Amendments to MFRS 16	Lease Liability in a Sales and Leaseback
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	Disclosure of Accounting Policies
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
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.

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For the three months ended 31 March 2024 – 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 121	Lack of Exchangeability 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 2025, with earlier application permitted.

² 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

Acquisition of subsidiaries during the financial period

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 completed on 5 January 2024.

The fair value of the identifiable assets acquired and liabilities assumed of Durafarm has been determined in accordance with the provisions of MFRS 3 Business Combinations and assigned to the identifiable assets and liabilities on 5 January 2024. The fair value of the identifiable assets and liabilities as of 5 January 2024 are as follows:

	Fair value on acquisition RM'000
Assets:	
Property, plant and equipment	67,038
Right of use	142,174
Inventories	1,399
Trade receivables	1,710
Other receivables, deposits and prepayment	390
Biological assets	526
Tax recoverable	4,100
Cash and bank balances	36,980
	<u>254,317</u>
Liabilities:	
Trade payables	3,309
Other payables and accruals	1,492
Deferred tax liabilities	49,586
Lease liability	21
	<u>54,408</u>
Total identifiable net assets at fair value	199,909
70% equity interest in Durafarm @ RM 199,909,000	139,936
Cash consideration paid to a related party	132,200
Gain from bargain purchase	<u>7,736</u>
Net cash outflows from acquisition of a subsidiary	
	RM'000
Purchase consideration settled in cash and cash equivalents	132,200
Less: Cash and cash equivalents acquired	(36,980)
	<u>95,220</u>

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Notes to the condensed consolidated interim financial statements
For the three months ended 31 March 2024 – unaudited

6. Segment information

	← 3 months ended →														
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations		Consolidated		
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	Note	31.03.2024	31.03.2023
	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
Revenue															
External sales	50,601	42,749	64,427	28,623	18,360	18,782	24,410	17,263	1,185	867	-	-		158,983	108,284
Inter-segment sales	-	25	-	-	-	-	1,470	939	556	380	(2,026)	(1,344)	A	-	-
Total revenue	<u>50,601</u>	<u>42,774</u>	<u>64,427</u>	<u>28,623</u>	<u>18,360</u>	<u>18,782</u>	<u>25,880</u>	<u>18,202</u>	<u>1,741</u>	<u>1,247</u>	<u>(2,026)</u>	<u>(1,344)</u>		<u>158,983</u>	<u>108,284</u>
Net (loss)/profit before tax	<u>(3,211)</u>	<u>(6,765)</u>	<u>10,940</u>	<u>(7,053)</u>	<u>2,141</u>	<u>1,731</u>	<u>1,653</u>	<u>1,293</u>	<u>(2,715)</u>	<u>355</u>	<u>(3,543)</u>	<u>971</u>	B	<u>5,265</u>	<u>(9,468)</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 "Profit/(Loss) 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 reforestation (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, interest income, amusement and recreation activity, none of which are of a sufficient size to be reported separately.

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For the three months ended 31 March 2024 – unaudited

7. Seasonality of operations

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

8. Profit/(Loss) before tax

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

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Depreciation				
- property, plant and equipment	12,662	9,357	12,662	9,357
- investment properties	90	92	90	92
- right-of-use assets	2,377	1,110	2,377	1,110
Impairment loss				
- trade receivables	307	-	307	-
Interest income	(2,152)	(2,563)	(2,152)	(2,563)
Interest expenses	5,060	2,398	5,060	2,398
(Gain)/Loss on disposal of property, plant and equipment	(110)	1	(110)	1
(Gain)/Loss arising from changes in fair value of biological assets	(317)	92	(317)	92
Inventories written off	9	220	9	220
Property, plant and equipment written off	1	20	1	20
Gain from bargain purchase	(7,736)	-	(7,736)	-
Retirement benefit obligation	24	27	24	27
Unrealised (gain)/loss on foreign exchange	(27)	12	(27)	12

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	1,473	257	1,473	257
- Foreign tax	121	111	121	111
	1,594	368	1,594	368
Deferred income tax				
- Original and reversal of temporary differences	(1,215)	(5)	(1,215)	(5)
Total income tax	379	363	379	363

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. Profit/(Loss) per share

Basic profit/(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 3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Profit/(Loss) attributable to the Owners of the Company (RM'000)	5,324	(9,224)	5,324	(9,224)
Weighted average number of ordinary shares in issue ('000)	467,807	468,107	467,807	468,107
Basic profit/(loss) per share (sen)	1.14	(1.97)	1.14	(1.97)

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

11. Property, plant and equipment

During the three months ended 31 March 2024, the Group acquired assets with a total cost of RM7,758,000 (31 March 2023: RM4,430,000).

Assets with carrying amount of RM10,000 (31 March 2023: RM87,000) were disposed by the Group during the three months ended 31 March 2024, resulting in a gain on disposal of RM110,000 (31 March 2023: a loss on disposal of RM1,000).

12. Intangible assets

	Goodwill RM'000	Timber Rights RM'000	Total RM'000
Cost			
At 1 January 2024/31 March 2024	33,593	111,584	145,177
Accumulated amortisation			
At 1 January 2024/31 March 2024	29,037	111,584	140,621
Net carrying amount			
At 31 March 2024	4,556	-	4,556
At 1 January 2024	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	
	31.03.2024 RM'000	31.12.2023 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

	31.03.2024 RM'000	31.12.2023 RM'000
Cash on hand and at banks	46,522	58,089
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	217,799	213,587
Tenure or more than 3 months	10,445	10,388
Cash and bank balances	274,766	282,064

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 of 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 2024	346	-	-	346
- Quoted investments	31 December 2023	227	-	-	227
Biological assets	31 March 2024	-	5,212	-	5,212
- Oil palm fresh fruit bunches	31 December 2023	-	4,369	-	4,369
Reforestation (Planted trees)	31 March 2024	-	-	8,678	8,678
	31 December 2023	-	-	8,678	8,678

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 2024.

The number of shares bought back and retained as treasury shares amounted to 13,537,500 shares as of 31 March 2024.

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16. Interest bearing loans and borrowings

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

	31.03.2024 RM'000	31.12.2023 RM'000
Short term borrowings		
- Secured	51,541	81,355
- Unsecured	94,500	82,500
	<u>146,041</u>	<u>163,855</u>
Long term borrowings		
- Secured	303,568	203,176
Total	<u>449,609</u>	<u>367,031</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

	31.03.2024 RM'000	31.12.2023 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 2022	<u>-</u>	<u>7,022</u>	28 July 2023

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2023, 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 of 31 March 2024 and 31 December 2023.

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 2024 and 31 March 2023.

	Note	Transaction value	
		31.03.2024 RM'000	31.03.2023 RM'000
Purchase of spare parts, equipment and machinery: WTK Service & Warehousing Sdn. Bhd.	^	<u>2,936</u>	<u>1,432</u>
Purchase of hardware, fuel, oil and lubricants: WTK Service & Warehousing Sdn. Bhd.	^	<u>2,767</u>	<u>2,390</u>
Purchase of fertiliser and chemical: WTK Service & Warehousing Sdn. Bhd.	^	<u>5,394</u>	<u>2,895</u>
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	2,350	2,655
Harvard Master Sdn. Bhd. (In Liquidation)	#	-	9,846
Southwind Plantation Sdn. Bhd.	#	<u>5,430</u>	<u>449</u>
		<u>7,780</u>	<u>12,950</u>
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	1,834	2,214
Utahol (2008) Sdn. Bhd.	#	303	276
W T K Realty Sdn. Bhd.	#	108	-
		<u>2,245</u>	<u>2,490</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 three months ended 31 March 2024 and 31 March 2023. (Cont'd)

	Note	Transaction value	
		31.03.2024 RM'000	31.03.2023 RM'000
Hiring of machinery paid:			
B.H.B Sdn. Bhd. [√]	#	-	8
Southwind Plantation Sdn. Bhd.	#	6	6
Tab Timbers (Sarawak) Sdn. Bhd.	^	4	4
Utahol Sdn. Bhd.	#	2	1
W T K Realty Sdn. Bhd.	#	6	6
		18	25
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	24	18
Utahol Sdn. Bhd.	#	3	5
		27	23
Office rental paid:			
W T K Realty Sdn. Bhd.	#	170	92
Management fees and system support paid:			
W T K Management Services Sdn. Bhd.	#	2,884	1,760
Sales of frozen food and sundry goods:			
B.H.B Sdn. Bhd. [√]	#	-	183
Delta-Pelita Sebakong Sdn. Bhd.	#	63	43
Desacorp Sdn. Bhd.	#	43	41
Durafarm Sdn. Bhd. *	#	-	72
Harvard Master Sdn. Bhd.	#	-	21
Heng Hsen Trading Sdn. Bhd.	#	24	1
Imbok Enterprise Sdn. Bhd.	#	642	357
Oxford Glory Sdn. Bhd.	#	196	231
Song Enterprise Sdn. Bhd.	#	95	195
Southwind Plantation Sdn. Bhd.	#	431	465
Suajaya Mahir Crop Sdn. Bhd.	#	333	332
Utahol Sdn. Bhd.	#	24	21
		1,851	1,962
Purchase of frozen food and sundry goods:			
Heng Hsen Trading Sdn. Bhd.	#	2,068	2,417
Sim Liang Trading Sdn. Bhd.	#	33	-
		2,101	2,417
Rental of cold room received:			
Heng Hsen Trading Sdn. Bhd.	#	75	-
Acquisition of a subsidiary:			
Ocarina Development Sdn. Bhd. (In Liquidation)	#	132,200	-

* Durafarm Sdn. Bhd. became the subsidiary (70% equity interest) of W T K Holdings Berhad on 5 Jan 2024.

√ 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 of 31 March 2024 and 31 December 2023 were as follows:

	31.03.2024	31.12.2023
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	3,375	1,580
Other receivables (net of allowance for impairment)	1,418	1,248
Trade payables	(28,652)	(30,745)
Other payables	(1,294)	(1,326)

21. Events after the reporting period

On 3 May 2024, BioFarm Venture Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into:

- i) Shares Sale Agreement with Datuk Robert Lawson Chuat to acquire 1,575,000 ordinary shares in Durafarm Sdn. Bhd. ("Durafarm"), representing 11.25% equity interest in Durafarm, for a total cash consideration of RM21,246,750.00; and
- ii) Shares Sale Agreement with Encik Edwin Ak Banta to acquire 525,000 ordinary shares in Durafarm, representing 3.75% equity interest in Durafarm, for a total cash consideration of RM7,082,250.00

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22. Performance Review

	← Current Quarter →												Note	Consolidated	
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations			31.03.2024	31.03.2023
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023		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	50,601	42,749	64,427	28,623	18,360	18,782	24,410	17,263	1,185	867	-	-		158,983	108,284
Inter-segment sales	-	25	-	-	-	-	1,470	939	556	380	(2,026)	(1,344)	A	-	-
Total revenue	<u>50,601</u>	<u>42,774</u>	<u>64,427</u>	<u>28,623</u>	<u>18,360</u>	<u>18,782</u>	<u>25,880</u>	<u>18,202</u>	<u>1,741</u>	<u>1,247</u>	<u>(2,026)</u>	<u>(1,344)</u>		<u>158,983</u>	<u>108,284</u>
(Loss)/Profit before tax	<u>(3,211)</u>	<u>(6,765)</u>	<u>10,940</u>	<u>(7,053)</u>	<u>2,141</u>	<u>1,731</u>	<u>1,653</u>	<u>1,293</u>	<u>(2,715)</u>	<u>355</u>	<u>(3,543)</u>	<u>971</u>	B	<u>5,265</u>	<u>(9,468)</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 ("1Q2024") under review, the Group reported a revenue of RM159.0 million, an increase of 46.8% as compared to the preceding year corresponding quarter ("1Q2023") of RM108.2 million. The increase in revenue was mainly attributed by the higher revenue recorded by plantations segments. The Group registered a profit before tax of RM5.2 million in 1Q2024, mainly attributed to a one-off gain on bargain purchase of RM7.7 million related to the acquisition of Durafarm recognised in 1Q2024.

Performance of respective segments for the financial quarter/period ended 31 March 2024 as compared to the preceding year corresponding financial quarter/period are analysed as follow:

Timber

The revenue for 1Q2024 was RM50.6 million, an increase of RM7.8 million as compared to RM42.8 million in 1Q2023. Meanwhile, the loss before tax for 1Q2024 was RM3.2 million, a decrease of RM3.6 million as compared to RM6.8 million in 1Q2023. The increase in revenue and lower loss before tax was mainly attributed to the higher sales volume of timber products recorded during the financial quarter.

Plantation

The revenue for 1Q2024 was RM64.4 million, an increase of RM35.8 million as compared to RM28.6 million in 1Q2023. 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, Durafarm estate and palm oil mill. Meanwhile, there was a one-off gain on bargain purchase of RM7.7 million related to the acquisition of Durafarm recognised in 1Q2024.

Tapes

The revenue for 1Q2024 was RM18.4 million, a consistent performance compared to 1Q2023. The increase in profit before tax was attributed to gains from better forex rates.

Food

The revenue for 1Q2024 was RM25.9 million, an increase of RM7.7 million, as compared to RM18.2 million in 1Q2023. The revenue and profit before tax increased during the financial quarter due to increase in demand for frozen food products and poultry products for Ramadan month and increased product range.

Others

The revenue for others segments is mainly generated by rental, interest income from the investment holding companies, amusement and recreation activity. The loss before tax in current quarter was mainly attributed to the lower interest received during the quarter and reclassifying of those companies no longer engage in timber-related activities from segment (timber) to segment (others).

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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			31.03.2024	31.12.2023
	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023	31.03.2024	31.12.2023		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	50,601	46,218	64,427	71,747	18,360	17,593	24,410	22,653	1,185	1,959	-	-		158,983	160,170
Inter-segment sales	-	-	-	-	-	-	1,470	1,187	556	528	(2,026)	(1,715)	A	-	-
Total revenue	<u>50,601</u>	<u>46,218</u>	<u>64,427</u>	<u>71,747</u>	<u>18,360</u>	<u>17,593</u>	<u>25,880</u>	<u>23,840</u>	<u>1,741</u>	<u>2,487</u>	<u>(2,026)</u>	<u>(1,715)</u>		<u>158,983</u>	<u>160,170</u>
(Loss)/Profit before tax	<u>(3,211)</u>	<u>(34,385)</u>	<u>10,940</u>	<u>2,805</u>	<u>2,141</u>	<u>731</u>	<u>1,653</u>	<u>1,527</u>	<u>(2,715)</u>	<u>(18,175)</u>	<u>(3,543)</u>	<u>15,851</u>	B	<u>5,265</u>	<u>(31,646)</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 1Q2024 under review, the Group reported a revenue of RM159.0 million, a decrease of RM1.2 million or 1% as compared to the preceding quarter ("4Q2023") of RM160.2 million. The Group recorded a profit before tax of RM5.2 million in 1Q2024 as opposed to a loss before tax of RM31.6 million in 4Q2023. The profit before tax of RM5.2 million in 1Q2024 mainly attributed to a one-off gain on bargain purchase of RM7.7 million related to the acquisition of Durafarm recognised in 1Q2024.

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 1Q2024 was mainly attributed to higher sales volume of log products. In the 4Q2023, higher loss before tax was mainly attributed to a change in fair value of the biological assets (planted trees) of RM24.0 million resulted from soft market price for logs and escalated operating costs.

Plantation

As compared to the preceding quarter, lower revenue registered for 1Q2024 was mainly attributed to lower productions during the non-peak production months. The higher profit before tax was mainly attributed to a one-off gain on bargain purchase of RM7.7 mil related to the acquisition of Durafarm recognised in 1Q2024.

Tapes

As compared to the preceding quarter, the revenue and profit before tax increased was mainly attributed to local customers and dealers stocking up before price adjustments. In the 4Q2023, lower profit before tax was mainly attributed to a 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 increase in demand for frozen food products and poultry products for Ramadan month.

Others

In the 4Q2023, higher loss before tax was mainly attributed to the 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 challenges with logs supply and plywood production is 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. The Group remains cautious about the outlook for the timber businesses for the financial year ending 31 December 2024.

b) Plantation

CPO price is subject to fluctuation from various factors that could affect the supply and demand of palm oil in the global market. In this regard, the Group is actively pursuing greater mechanisation to enhance workforce efficiency and to adopt best agricultural practices to maximise the oil palm yields. With increasing palms entering high yield age group and the recently completed acquisition of 70% equity interest in Durafarm (which was completed on 5 January 2024), the plantation business is expected to achieve an improved performance and serves as the growth catalyst for the financial year ending 31 December 2024.

c) Tapes

The tapes business of the Group continues to face the stiff competition in the market, rising raw material and labour cost. In response to the challenges, the Group has upgraded a new cellulose tape coating machine in 2023, which enables the Group to improve operational efficiency and cost competitive advantage. The tapes business is expected to perform satisfactorily for the financial year ending 31 December 2024.

d) Food

The prospect of frozen food business remains positive and promising, attributed to several factors, including long products shelf life, products innovation and diversification for the food business. In anticipation of increasing demand of frozen food, the food business is expected 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.

The acquisition was 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 March 2024 and 31 December 2023.

32. Rationale for entering into derivatives

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

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33. Risks and policies of derivatives

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

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 of 31 March 2024 and 31 December 2023.

35. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2023 was not qualified.

BY ORDER OF THE BOARD

LAI SOON ONG
COMPANY SECRETARY
SIBU
DATE: 28 MAY 2024