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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 JUNE 2024**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2024 - UNAUDITED

	30.06.2024 RM'000 Unaudited	31.12.2023 RM'000 Audited
Non-current assets		
Property, plant and equipment	664,868	609,083
Investment properties	16,461	16,668
Right-of-use assets	353,909	216,084
Other investments	412	327
Intangible assets	4,556	4,556
Biological assets	8,678	8,678
	<u>1,048,884</u>	<u>855,396</u>
Current assets		
Biological assets	6,110	4,369
Inventories	85,981	84,745
Trade and other receivables	84,580	68,976
Other current assets	16,614	8,260
Cash and bank balances	272,833	282,064
	<u>466,118</u>	<u>448,414</u>
TOTAL ASSETS	<u>1,515,002</u>	<u>1,303,810</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	293	200
Loans and borrowings	151,336	163,855
Trade and other payables	71,666	67,472
Income tax payable	2,417	2,801
Lease liabilities	2,451	925
	<u>228,163</u>	<u>235,253</u>
Net current assets	<u>237,955</u>	<u>213,161</u>
Non-current liabilities		
Deferred tax liabilities	145,302	97,511
Retirement benefit obligations	800	1,049
Loans and borrowings	316,018	203,176
Lease liabilities	5,082	6,501
	<u>467,202</u>	<u>308,237</u>
TOTAL LIABILITIES	<u>695,365</u>	<u>543,490</u>
Net assets	<u>819,637</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	10,035	10,025
Retained earnings	458,893	459,561
	<u>766,248</u>	<u>766,906</u>
Non-controlling interests	53,389	(6,586)
TOTAL EQUITY	<u>819,637</u>	<u>760,320</u>
TOTAL EQUITY AND LIABILITIES	<u>1,515,002</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 30 JUNE 2024 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	174,371	134,523	333,354	242,807
Cost of sales	(152,262)	(118,145)	(292,568)	(221,313)
Gross profit	22,109	16,378	40,786	21,494
Other income	4,484	5,611	8,469	9,226
Selling and distribution expenses	(4,601)	(4,171)	(9,173)	(8,367)
Administrative and other expenses	(11,845)	(14,994)	(27,346)	(26,599)
Gain from bargain purchase	-	12,480	7,736	12,480
Operating profit	10,147	15,304	20,472	8,234
Finance costs	(5,450)	(3,756)	(10,510)	(6,154)
Profit before tax	4,697	11,548	9,962	2,080
Income tax expense	(3,232)	(438)	(3,611)	(801)
Profit for the period	1,465	11,110	6,351	1,279
Other comprehensive (loss)/income				
Item that may be reclassified subsequently to (loss)/profit:				
Foreign currency translation	(205)	1,569	(74)	1,877
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")	(34)	-	84	-
Other comprehensive (loss)/income, net of tax	(239)	1,569	10	1,877
Total comprehensive income for the period	1,226	12,679	6,361	3,156
Profit/(Loss) attributable to:				
Owners of the Company	1,025	10,900	6,349	1,676
Non-controlling interests	440	210	2	(397)
Profit for the period	1,465	11,110	6,351	1,279
Total comprehensive income/(loss) attributable to:				
Owners of the Company	786	12,469	6,359	3,553
Non-controlling interests	440	210	2	(397)
Total comprehensive profit for the period	1,226	12,679	6,361	3,156
Earnings per share attributable to Owners of the Company (sen per share):				
Basic earnings per share (sen)	0.22	2.33	1.36	0.36

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 30 JUNE 2024 - UNAUDITED**

	←		← Attributable to Owners of the Company →				← 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 30 June 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	6,351	6,349	-	-	6,349	-	-	-	2
Non-controlling interest arising from acquisition of a subsidiary	59,973	-	-	-	-	-	-	-	59,973
Other comprehensive income/(loss)	10	10	-	-	-	10	(74)	84	-
Total comprehensive income/(loss)	66,334	6,359	-	-	6,349	10	(74)	84	59,975
Transaction with Owners									
Dividends on ordinary shares	(7,017)	(7,017)	-	-	(7,017)	-	-	-	-
At 30 June 2024	819,637	766,248	309,346	(12,026)	458,893	10,035	10,372	(337)	53,389
Quarter ended 30 June 2023									
At 1 January 2023	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)
Profit/(Loss) for the period	1,279	1,676	-	-	1,676	-	-	-	(397)
Other comprehensive income	1,877	1,877	-	-	-	1,877	1,877	-	-
Total comprehensive income/(loss)	3,156	3,553	-	-	1,676	1,877	1,877	-	(397)
Transaction with Owners									
Dividends on ordinary shares	(7,022)	(7,022)	-	-	(7,022)	-	-	-	-
At 30 June 2023	780,799	787,909	309,346	(11,896)	480,653	9,806	10,303	(497)	(7,110)

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 30 JUNE 2024 - UNAUDITED

	30.06.2024	30.06.2023
	RM'000	RM'000
Operating Activities		
Profit before tax	9,962	2,080
Adjustments for:		
Bad debts written off	614	-
Depreciation		
- property, plant and equipment	25,778	21,284
- investment properties	207	195
- right-of-use assets	4,878	2,604
Dividend income from investment securities	5	5
Impairment loss on trade and other receivables	734	-
Interest expense	10,510	6,154
Interest income	(4,228)	(4,614)
Inventories written off	30	51
Gain on disposal of property, plant and equipment	(110)	(3)
Gain arising from changes in fair value of biological assets	(1,215)	(330)
Property, plant and equipment written off	189	199
Retirement benefit obligations	48	53
Reversal of impairment loss on trade and other receivables	(49)	-
Unrealised loss on foreign exchange	16	145
Gain from bargain purchase	(7,736)	(12,480)
Total adjustments	<u>29,671</u>	<u>13,263</u>
Operating profit before working capital changes	39,633	15,343
Changes in working capital :		
Inventories	122	(8,325)
Receivables	(11,796)	42,948
Payables	(7,398)	(2,469)
Other current assets	(5,488)	(246)
Cash flow generated from operations	<u>15,073</u>	<u>47,251</u>
Income taxes paid, net of tax refund	(7,593)	(2,565)
Interest paid	(275)	(414)
Interest received	1,210	1,548
Payment of retirement benefits	(204)	(61)
Net cash from operating activities	<u>8,211</u>	<u>45,759</u>
Investing Activities		
Interest received	3,018	3,066
Placement of short-term deposits with tenure more than 3 months	-	(186)
Purchase of:		
- property, plant and equipment	(14,768)	(22,910)
- right-of-use assets	(285)	(3,847)
Proceeds from disposal of property, plant and equipment	130	95
Net dividend received from investment securities	(5)	(5)
Acquisition of subsidiaries, net of cash	(95,220)	(214,517)
Net cash used in investing activities	<u>(107,130)</u>	<u>(238,304)</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024 - UNAUDITED

	30.06.2024	30.06.2023
	RM'000	RM'000
Financing Activities		
Drawdown of term loans	120,472	150,223
Drawdown of trade financing facilities	24,777	29,511
Interest paid	(10,082)	(5,591)
Interest paid for lease liabilities	(153)	(163)
Repayment of finance leases	(197)	(207)
Repayment of lease liabilities	(346)	(130)
Repayment of term loans	(23,908)	(12,688)
Repayment of trade financing facilities	(23,098)	(23,144)
Net cash from financing activities	<u>87,465</u>	<u>137,811</u>
Net decrease in cash and cash equivalents	(11,454)	(54,734)
Effects of exchange rate changes	(26)	953
Net cash and cash equivalents at the beginning of the year	<u>269,986</u>	<u>314,095</u>
Net cash and cash equivalents at the end of the period	<u><u>258,506</u></u>	<u><u>260,314</u></u>
For the purpose of statements of cash flows, net cash and cash equivalents include the following:		
Cash and bank balances	272,833	279,501
Less: Bank overdraft	(3,967)	(4,316)
Less: Deposit with tenure more than 3 months	(10,360)	(14,871)
Cash and cash equivalents	<u><u>258,506</u></u>	<u><u>260,314</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 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 six months ended 30 June 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 27 August 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”).

Saved 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	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.

Notes to the condensed consolidated interim financial statements
For the six months ended 30 June 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

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

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For the six months ended 30 June 2024 – unaudited

6. Segment information

	← 6 months ended →												Consolidated				
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations				Note	30.06.2024	30.06.2023
	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	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		
Revenue																	
External sales	107,244	90,102	139,569	79,492	33,600	35,104	50,519	36,844	2,422	1,265	-	-		333,354	242,807		
Inter-segment sales	-	48	-	-	-	-	2,589	1,987	1,081	54,950	(3,670)	(56,985)	A	-	-		
Total revenue	<u>107,244</u>	<u>90,150</u>	<u>139,569</u>	<u>79,492</u>	<u>33,600</u>	<u>35,104</u>	<u>53,108</u>	<u>38,831</u>	<u>3,503</u>	<u>56,215</u>	<u>(3,670)</u>	<u>(56,985)</u>		<u>333,354</u>	<u>242,807</u>		
(Loss)/profit before tax, dividend income and gain from bargain purchase	(4,639)	(10,829)	10,852	(5,109)	3,354	3,076	3,183	2,324	(5,139)	213	(5,385)	(75)		2,226	(10,400)		
Dividend income from subsidiary companies	-	1,500	-	-	-	15,000	-	-	-	54,000	-	(70,500)	A	-	-		
Gain from bargain purchase	-	-	7,736	12,380	-	-	-	100	-	-	-	-		7,736	12,480		
(Loss)/Profit before tax	<u>(4,639)</u>	<u>(9,329)</u>	<u>18,588</u>	<u>7,271</u>	<u>3,354</u>	<u>18,076</u>	<u>3,183</u>	<u>2,424</u>	<u>(5,139)</u>	<u>54,213</u>	<u>(5,385)</u>	<u>(70,575)</u>	B	<u>9,962</u>	<u>2,080</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 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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Notes to the condensed consolidated interim financial statements
For the six months ended 30 June 2024 – unaudited

7. Seasonality of operations

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

8. Profit before tax

Profit before tax is stated after charging/(crediting):

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Bad debt written off	614	-	614	-
Depreciation				
- property, plant and equipment	13,116	11,927	25,778	21,284
- investment properties	117	103	207	195
- right-of-use assets	2,501	1,494	4,878	2,604
Impairment loss on trade and other receivables	427	-	734	-
Interest income	(2,076)	(2,051)	(4,228)	(4,614)
Interest expenses	5,450	3,756	10,510	6,154
Gain on disposal of property, plant and equipment	-	(4)	(110)	(3)
Gain arising from changes in fair value of biological assets	(898)	(422)	(1,215)	(330)
Inventories written off	21	(169)	30	51
Property, plant and equipment written off	188	179	189	199
Gain from bargain purchase	-	(12,480)	(7,736)	(12,480)
Retirement benefit obligation	24	26	48	53
Unrealised loss on foreign exchange	43	133	16	145
	<u>43</u>	<u>133</u>	<u>16</u>	<u>145</u>

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	3,749	548	5,221	806
- Foreign tax	98	122	220	232
	<u>3,847</u>	<u>670</u>	<u>5,441</u>	<u>1,038</u>
Over provision in respect of previous periods				
- Malaysia income tax	(34)	-	(34)	-
	<u>3,813</u>	<u>670</u>	<u>5,407</u>	<u>1,038</u>
Deferred income tax				
- Original and reversal of temporary differences	(581)	(232)	(1,796)	(237)
Total income tax	<u>3,232</u>	<u>438</u>	<u>3,611</u>	<u>801</u>

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

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For the six months ended 30 June 2024 – unaudited

10. Earnings per share

Basic earnings 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 3 months ended		Cumulative quarter 6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Profit net of tax attributable to the Owners of the Company (RM'000)	1,025	10,900	6,349	1,676
Weighted average number of ordinary shares in issue ('000)	467,807	468,107	467,807	468,107
Basic earnings per share (sen)	0.22	2.33	1.36	0.36

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

11. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets with a total cost of RM14,768,000 (30 June 2023: RM22,910,000).

Assets with carrying amount of RM20,000 (30 June 2023: RM92,000) were disposed by the Group during the six months ended 30 June 2024, resulting in a gain on disposal of RM110,000 (30 June 2023: RM3,000).

12. Intangible assets

	Goodwill RM'000	Timber Rights RM'000	Total RM'000
Cost			
At 1 January 2024/30 June 2024	33,593	111,584	145,177
Accumulated amortisation			
At 1 January 2024/30 June 2024	29,037	111,584	140,621
Net carrying amount			
At 30 June 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	
	30.06.2024 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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For the six months ended 30 June 2024 – unaudited

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

	30.06.2024	31.12.2023
	RM'000	RM'000
Cash on hand and at banks	44,486	58,089
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	217,987	213,587
Tenure or more than 3 months	10,360	10,388
Cash and bank balances	272,833	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	30 June 2024	312	-	-	312
- Quoted investments	31 December 2023	227	-	-	227
Biological assets	30 June 2024	-	4,269	-	4,269
- Oil palm fresh fruit bunches	31 December 2023	-	2,528	-	2,528
Reforestation (Planted trees)	30 June 2024	-	-	10,519	10,519
	31 December 2023	-	-	10,519	10,519

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 six months ended 30 June 2024.

The number of shares bought back and retained as treasury shares amounted to 13,537,500 shares as of 30 June 2024.

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For the six months ended 30 June 2024 – unaudited

16. Interest bearing loans and borrowings

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

	30.06.2024 RM'000	31.12.2023 RM'000
Short term borrowings		
- Secured	61,836	81,355
- Unsecured	89,500	82,500
	<u>151,336</u>	<u>163,855</u>
Long term borrowings		
- Secured	316,018	203,176
Total	<u>467,354</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

	30.06.2024 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
- Final single-tier dividend of 1.50 sen net per share in respect of year ended 31 December 2023	<u>7,017</u>	<u>-</u>	9 August 2024

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 30 June 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 six months ended 30 June 2024 and 30 June 2023.

	Note	Transaction value	
		30.06.2024 RM'000	30.06.2023 RM'000
Purchase of spare parts, equipment and machinery: WTK Service & Warehousing Sdn. Bhd.	^	<u>5,369</u>	<u>3,649</u>
Purchase of hardware, fuel, oil and lubricants: WTK Service & Warehousing Sdn. Bhd.	^	<u>5,759</u>	<u>4,834</u>
Purchase of fertiliser and chemical: WTK Service & Warehousing Sdn. Bhd.	^	<u>13,289</u>	<u>6,439</u>
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	8,913	5,103
Harvard Master Sdn. Bhd. (In Liquidation)	#	-	17,405
Southwind Plantation Sdn. Bhd.	#	9,927	3,631
WTK Oil Mill Sdn. Bhd.	#	423	-
		<u>19,263</u>	<u>26,139</u>
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	3,903	4,157
Utahol (2008) Sdn. Bhd.	#	623	547
W T K Realty Sdn. Bhd.	#	247	83
		<u>4,773</u>	<u>4,787</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 six months ended 30 June 2024 and 30 June 2023. (Cont'd)

	Note	Transaction value	
		30.06.2024 RM'000	30.06.2023 RM'000
Hiring of machinery paid:			
B.H.B Sdn. Bhd. [√]	#	-	15
Southwind Plantation Sdn. Bhd.	#	12	12
Tab Timbers (Sarawak) Sdn. Bhd.	^	8	8
Utahol Sdn. Bhd.	#	3	3
W T K Realty Sdn. Bhd.	#	12	12
		<u>35</u>	<u>50</u>
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	48	40
Utahol Sdn. Bhd.	#	6	11
		<u>54</u>	<u>51</u>
Office rental paid:			
W T K Realty Sdn. Bhd.	#	345	217
Management fees and system support paid:			
W T K Management Services Sdn. Bhd.	#	4,521	2,834
Sales of frozen food and sundry goods:			
B.H.B Sdn. Bhd. [√]	#	-	247
Delta-Pelita Sebakong Sdn. Bhd.	#	155	121
Desacorp Sdn. Bhd.	#	104	96
Durafarm Sdn. Bhd. *	#	-	154
Harvard Master Sdn. Bhd.	#	-	33
Heng Hsen Trading Sdn. Bhd.	#	24	77
Imbok Enterprise Sdn. Bhd.	#	1,180	845
Oxford Glory Sdn. Bhd.	#	390	419
Song Enterprise Sdn. Bhd.	#	150	336
Southwind Plantation Sdn. Bhd.	#	845	948
Suajaya Mahir Crop Sdn. Bhd.	#	756	673
Utahol Sdn. Bhd.	#	45	42
		<u>3,649</u>	<u>3,991</u>
Purchase of frozen food and sundry goods:			
Heng Hsen Trading Sdn. Bhd.	#	4,277	4,100
Sim Liang Trading Sdn. Bhd.	#	80	176
		<u>4,357</u>	<u>4,276</u>
Rental of cold room received:			
Heng Hsen Trading Sdn. Bhd.	#	150	-
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 30 June 2024 and 31 December 2023 were as follows:

	30.06.2024	31.12.2023
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	5,202	1,580
Other receivables (net of allowance for impairment)	640	1,248
Trade payables	(28,782)	(30,745)
Other payables	(870)	(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.

(Collectively referred to as the "Proposed Acquisitions").

The Proposed Acquisitions were completed on 23 July 2024.

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22. Performance Review for the Quarter Reported on as Compared with the Preceding Year Corresponding Quarter

	← Current Quarter →												Note	Consolidated	
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations			30.06.2024	30.06.2023
	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	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	56,643	47,353	75,142	50,869	15,240	16,322	26,109	19,581	1,237	398	-	-		174,371	134,523
Inter-segment sales	-	23	-	-	-	-	1,119	1,048	525	54,570	(1,644)	(55,641)	A	-	-
Total revenue	<u>56,643</u>	<u>47,376</u>	<u>75,142</u>	<u>50,869</u>	<u>15,240</u>	<u>16,322</u>	<u>27,228</u>	<u>20,629</u>	<u>1,762</u>	<u>54,968</u>	<u>(1,644)</u>	<u>(55,641)</u>		<u>174,371</u>	<u>134,523</u>
(Loss)/Profit before tax, dividend income and gain from bargain purchase	(1,428)	(4,064)	7,648	1,944	1,213	1,345	1,530	1,031	(2,424)	(142)	(1,842)	(1,046)		4,697	(932)
Dividend income from subsidiary companies	-	1,500	-	-	-	15,000	-	-	-	54,000	-	(70,500)	A	-	-
Gain from bargain purchase	-	-	-	12,380	-	-	-	100	-	-	-	-		-	12,480
(Loss)/Profit before tax	<u>(1,428)</u>	<u>(2,564)</u>	<u>7,648</u>	<u>14,324</u>	<u>1,213</u>	<u>16,345</u>	<u>1,530</u>	<u>1,131</u>	<u>(2,424)</u>	<u>53,858</u>	<u>(1,842)</u>	<u>(71,546)</u>	B	<u>4,697</u>	<u>11,548</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 ("2Q2024") under review, the Group reported a revenue of RM174.4 million, an increase of 30% as compared to the preceding year corresponding quarter ("2Q2023") of RM134.5 million. The increase in revenue was mainly attributed by the higher revenue recorded by plantations segment. The Group registered a lower profit before tax of RM4.7 million in 2Q2024 as compared to RM11.5 million in 2Q2023. The lower profit before tax was mainly attributed to the absence of a one-off gain on bargain purchase as compared to preceding year corresponding financial quarter.

Performance of respective segments for the financial quarter/period ended 30 June 2024 as compared to the preceding year corresponding financial quarter/period are analysed as follow:

Timber

The revenue for 2Q2024 was RM56.6 million, an increase of RM9.2 million as compared to RM47.4 million in 2Q2023. Meanwhile, the loss before tax for 2Q2024 was RM1.4 million, a decrease of RM1.2 million as compared to RM2.6 million in 2Q2023. 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 2Q2024 was RM75.1 million, an increase of RM24.2 million as compared to RM50.9 million in 2Q2023. 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 estates and palm oil mill.

Tapes

The revenue for 2Q2024 was RM15.2 million, a decrease of RM1.1 million as compared to RM16.3 million in 2Q2023. The decrease in revenue was mainly attributed to lower demand for tape and related products.

Food

The revenue for 2Q2024 was RM27.2 million, an increase of RM6.6 million as compared to RM20.6 million in 2Q2023. The revenue and profit before tax increased during the financial quarter attributed to a greater variety of products and increased consumer demand.

Others

The revenue for others segments is mainly generated by rental, interest income from the investment holding companies, amusement and recreation activity. The Group recorded a loss before tax of RM2.4 million in 2Q2024, mainly attributed to the reclassification of certain companies that are no longer engaged in timber-related activities from the Timber segment to Others segment.

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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			30.06.2024	31.03.2024
	30.06.2024	31.03.2024	30.06.2024	31.03.2024	30.06.2024	31.03.2024	30.06.2024	31.03.2024	30.06.2024	31.03.2024	30.06.2024	31.03.2024		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	56,643	50,601	75,142	64,427	15,240	18,360	26,109	24,410	1,237	1,185	-	-		174,371	158,983
Inter-segment sales	-	-	-	-	-	-	1,119	1,470	525	556	(1,644)	(2,026)	A	-	-
Total revenue	<u>56,643</u>	<u>50,601</u>	<u>75,142</u>	<u>64,427</u>	<u>15,240</u>	<u>18,360</u>	<u>27,228</u>	<u>25,880</u>	<u>1,762</u>	<u>1,741</u>	<u>(1,644)</u>	<u>(2,026)</u>		<u>174,371</u>	<u>158,983</u>
(Loss)/Profit before tax and gain from bargain purchase															
Gain from bargain purchase	(1,428)	(3,211)	7,648	3,204	1,213	2,141	1,530	1,653	(2,424)	(2,715)	(1,842)	(3,543)		4,697	(2,471)
(Loss)/Profit before tax	<u>(1,428)</u>	<u>(3,211)</u>	<u>7,648</u>	<u>10,940</u>	<u>1,213</u>	<u>2,141</u>	<u>1,530</u>	<u>1,653</u>	<u>(2,424)</u>	<u>(2,715)</u>	<u>(1,842)</u>	<u>(3,543)</u>	B	<u>4,697</u>	<u>5,265</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 2Q2024 under review, the Group reported a revenue of RM174.4 million, an increase of RM15.4 million or 10% as compared to the preceding quarter ("1Q2024") of RM159.0 million. The Group recorded a profit before tax of RM4.7 million in 2Q2024, a decrease of RM0.6 million as compared to 1Q2024 of RM5.3 million. There was a one-off gain on bargain purchase of RM7.7 million related to the acquisition of 70% shares in Durafarm recognised in 1Q2024 by plantation segment.

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

Timber

As compared to the preceding quarter, higher revenue and lower loss before tax registered for 2Q2024 was mainly attributed to higher sales volume of log products.

Plantation

As compared to the preceding quarter, higher revenue and profit before tax registered for 2Q2024 was mainly attributed to improved production across existing plantation companies, higher realised crude palm oil ("CPO") and palm kernel ("PK") prices.

Tapes

As compared to the preceding quarter, the revenue and profit before tax decreased was mainly attributed to lower demand for tape and related products.

Food

As compared to the preceding quarter, the increase in revenue was mainly attributed to the increase in consumer demand during the festive seasons.

Others

The revenue for others segments is mainly generated by rental, interest income from the investment holding companies, amusement and recreation activity.

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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 stricter operational requirements related to timber certifications and softer demand from importing countries. Whilst the losses from the timber business in first half of 2024 were narrowed through improved production efficiency and costs control, the Group remains cautious about the outlook for the timber businesses for the financial year ending 31 December 2024.

b) Plantation

CPO price fluctuations are affected by various market sentiments such as supply and demand of palm oil, biodiesel demand and global production and demand of substitute crops. Despite the uncertainty in external factors, the Group continues to focus on optimising its operational efficiency via mechanisation, improving production yield and prioritising on effective cost control measures. With anticipation of steady demand for CPO and increasing production from the newly acquired BHB plantation and Durafarm plantation, the plantation business is expected to achieve an improved performance and serve as the growth catalyst for the financial year ending 31 December 2024.

c) Tapes

The tapes business is highly competitive due to the market uncertainties, rising raw material costs and dumping of Chinese tapes products. The Group is focusing on enhancing brand awareness as well as to strengthening the domestic and export markets through improved product quality. Additionally, the new cellulose tape coating machine and solvent recovery system upgraded in 2023, also enables the Group to improve operational efficiency and cost competitive advantage. Whilst the first half performance of the tapes business was encouraging, we remain cautious about the outlook for the financial year ending 31 December 2024, in view of the competitive nature of the business.

d) Food

The demand for frozen food with higher shelf life has significant increased since the outbreak of COVID-19 pandemic. In anticipation of increasing demand of frozen food, the Group has expanded the capacity of the cold room and the range of frozen products being distributed. The food business is expected to perform satisfactorily for the financial year ending 31 December 2024.

Barring any unforeseen circumstances, the Group anticipates a satisfactory financial performance for the financial year ending 31 December 2024.

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

There is no corporate proposal announced during the period under review.

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 June 2024 and 31 December 2023.

32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 30 June 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 30 June 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 30 June 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: 27 AUGUST 2024