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W T K HOLDINGS BERHAD

Registration Number: 197001000863 (10141-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

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

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

	30.09.2024	31.12.2023
	RM'000	RM'000
	Unaudited	Audited
Non-current assets		
Property, plant and equipment	658,340	609,083
Investment properties	16,345	16,668
Right-of-use assets	351,519	216,084
Investment in joint venture	300	-
Other investments	401	327
Intangible assets	4,556	4,556
Biological assets	8,678	8,678
	<u>1,040,139</u>	<u>855,396</u>
Current assets		
Biological assets	5,451	4,369
Inventories	91,419	84,745
Trade and other receivables	56,051	68,976
Other current assets	14,394	8,260
Cash and bank balances	254,775	282,064
	<u>422,090</u>	<u>448,414</u>
TOTAL ASSETS	<u>1,462,229</u>	<u>1,303,810</u>
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	231	200
Loans and borrowings	139,301	163,855
Trade and other payables	72,018	67,472
Income tax payable	915	2,801
Lease liabilities	2,222	925
	<u>214,687</u>	<u>235,253</u>
Net current assets	<u>207,403</u>	<u>213,161</u>
Non-current liabilities		
Deferred tax liabilities	143,002	97,511
Retirement benefit obligations	886	1,049
Loans and borrowings	308,459	203,176
Lease liabilities	5,080	6,501
	<u>457,427</u>	<u>308,237</u>
TOTAL LIABILITIES	<u>672,114</u>	<u>543,490</u>
Net assets	<u>790,115</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	7,246	10,025
Retained earnings	461,741	459,561
	<u>766,307</u>	<u>766,906</u>
Non-controlling interests	23,808	(6,586)
TOTAL EQUITY	<u>790,115</u>	<u>760,320</u>
TOTAL EQUITY AND LIABILITIES	<u>1,462,229</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 (LOSS)/INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 September 2024 RM'000	2023 RM'000	Nine months ended 30 September 2024 RM'000	2023 RM'000
Revenue	167,563	157,855	500,917	400,662
Cost of sales	(145,805)	(131,356)	(438,373)	(352,669)
Gross profit	21,758	26,499	62,544	47,993
Other income	3,613	4,172	12,082	13,398
Selling and distribution expenses	(4,580)	(4,942)	(13,753)	(13,309)
Administrative and other expenses	(12,623)	(13,989)	(39,969)	(40,588)
Gain from bargain purchase	-	-	7,736	12,480
Operating profit	8,168	11,740	28,640	19,974
Finance costs	(5,531)	(4,604)	(16,041)	(10,758)
Profit before tax	2,637	7,136	12,599	9,216
Income tax expense	(1,041)	1,061	(4,652)	260
Profit for the period	1,596	8,197	7,947	9,476
Other comprehensive (loss)/income				
Item that may be reclassified subsequently to (loss)/profit:				
Foreign currency translation	(2,778)	(292)	(2,852)	1,585
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")	(11)	84	73	84
Other comprehensive (loss)/income, net of tax	(2,789)	(208)	(2,779)	1,669
Total comprehensive (loss)/income for the period	(1,193)	7,989	5,168	11,145
Profit/(Loss) attributable to:				
Owners of the Company	1,828	7,474	8,177	9,150
Non-controlling interests	(232)	723	(230)	326
Profit for the period	1,596	8,197	7,947	9,476
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(961)	7,266	5,398	10,819
Non-controlling interests	(232)	723	(230)	326
Total comprehensive (loss)/income for the period	(1,193)	7,989	5,168	11,145
Earnings per share attributable to Owners of the Company (sen per share):				
Basic earnings per share (sen)	0.39	1.60	1.75	1.95

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 SEPTEMBER 2024 - UNAUDITED

	← Attributable to Owners of the Company →						← Non-distributable →		Non-controlling interests RM'000
	Total equity RM'000	Total equity attributable to the Owners of the Company RM'000	← Non-distributable → Share capital RM'000	Distributable Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	
Quarter ended 30 September 2024									
At 1 January 2024	760,320	766,906	309,346	(12,026)	459,561	10,025	10,446	(421)	(6,586)
Profit/(loss) for the period	7,947	8,177	-	-	8,177	-	-	-	(230)
Non-controlling interest arising from acquisition of a subsidiary	59,973	-	-	-	-	-	-	-	59,973
Acquisition of additional equity interest in a subsidiary	(28,329)	1,020	-	-	1,020	-	-	-	(29,349)
Other comprehensive (loss)/income	(2,779)	(2,779)	-	-	-	(2,779)	(2,852)	73	-
Total comprehensive income/(loss)	36,812	6,418	-	-	9,197	(2,779)	(2,852)	73	30,394
Transaction with Owners									
Dividends on ordinary shares	(7,017)	(7,017)	-	-	(7,017)	-	-	-	-
At 30 September 2024	790,115	766,307	309,346	(12,026)	461,741	7,246	7,594	(348)	23,808
Quarter ended 30 September 2023									
At 1 January 2023	784,665	791,378	309,346	(11,896)	485,999	7,929	8,426	(497)	(6,713)
Profit for the period	9,476	9,150	-	-	9,150	-	-	-	326
Other comprehensive income	1,669	1,669	-	-	-	1,669	1,585	84	-
Total comprehensive income	11,145	10,819	-	-	9,150	1,669	1,585	84	326
Transaction with Owners									
Dividends on ordinary shares	(7,022)	(7,022)	-	-	(7,022)	-	-	-	-
At 30 September 2023	788,788	795,175	309,346	(11,896)	488,127	9,598	10,011	(413)	(6,387)

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.

W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 - UNAUDITED

	30.09.2024 RM'000	30.09.2023 RM'000
Operating Activities		
Profit before tax	12,599	9,216
Adjustments for:		
Bad debts written off	615	-
Depreciation		
- property, plant and equipment	40,751	34,148
- investment properties	323	315
- right-of-use assets	7,404	4,284
Dividend income from investment securities	(5)	(5)
Gain from bargain purchase	(7,736)	(12,480)
Impairment loss on trade and other receivables	734	-
Interest expense	16,041	10,758
Interest income	(6,173)	(7,027)
Inventories written off	62	85
Net gain on disposal of property, plant and equipment	(376)	(19)
Net gain arising from changes in fair value of biological assets	(556)	(609)
Net loss on termination of lease	11	-
Property, plant and equipment written off	187	199
Retirement benefit obligations	72	80
Reversal of impairment loss on trade and other receivables	(77)	-
Unrealised loss on foreign exchange	415	73
Total adjustments	<u>51,692</u>	<u>29,802</u>
Operating profit before working capital changes	64,291	39,018
Changes in working capital :		
Inventories	(5,577)	(12,470)
Receivables	15,953	34,489
Payables	(336)	222
Other current assets	(2,969)	489
Cash flow generated from operations	<u>71,362</u>	<u>61,748</u>
Income taxes paid, net of tax refund	(12,720)	(2,878)
Interest paid	(435)	(871)
Interest received	1,880	2,758
Payment of retirement benefits	(204)	(61)
Net cash from operating activities	<u>59,883</u>	<u>60,696</u>
Investing Activities		
Acquisition of subsidiaries, net of cash	(95,220)	(214,517)
Acquisition of non-controlling interests	(28,329)	-
Addition of investment in joint venture	(300)	-
Interest received	4,293	4,269
Net dividend received from investment securities	5	5
Proceeds from disposal of property, plant and equipment	1,195	215
Purchase of:		
- property, plant and equipment	(24,987)	(34,068)
- right-of-use assets	(301)	(5,582)
Withdrawal of short-term deposits with tenure more than 3 months	5,607	-
Net cash used in investing activities	<u>(138,037)</u>	<u>(249,678)</u>

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

	30.09.2024	30.09.2023
	RM'000	RM'000
Financing Activities		
Dividends paid to Owners of the Company	(7,017)	(6,783)
Drawdown of term loans	120,472	153,742
Drawdown of trade financing facilities	60,135	55,417
Interest paid	(15,378)	(9,504)
Interest paid for lease liabilities	(228)	(382)
Repayment of finance leases	(273)	(311)
Repayment of lease liabilities	(678)	(495)
Repayment of term loans	(35,172)	(19,833)
Repayment of trade financing facilities	(65,000)	(41,680)
Net cash from financing activities	56,861	130,171
Net decrease in cash and cash equivalents	(21,293)	(58,811)
Effects of exchange rate changes	(956)	734
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	247,737	256,018
For the purpose of statements of cash flows, net cash and cash equivalents include the following:		
Cash and bank balances	254,775	270,448
Less: Bank overdraft	(2,257)	(2,463)
Less: Deposit with tenure more than 3 months	(4,781)	(11,967)
Cash and cash equivalents	247,737	256,018

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 nine months ended 30 September 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 25 November 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.

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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 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
MFRS 18	Presentation and Disclosure in Financial Statements ³
MFRS 19	Subsidiaries without Public Accountability: Disclosure ³
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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 1 January 2026, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.

⁴ 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

(a) Acquisition of additional interest in Durafarm Sdn Bhd

On 23 July 2024, BioFarm Venture Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 2,100,000 ordinary shares in Durafarm Sdn. Bhd. ("Durafarm"), representing an additional 15% equity interest in Durafarm, for a total cash consideration of RM28,329,000. After the acquisition, the equity interest of the Group in Durafarm increased from 70% to 85%. The Group adjusted the differences arose from the increase in stake with increase in retained earnings of RM1,020,000 and a reduction in non-controlling interest of RM29,349,000.

The effect on the equity attributable to the Owners of the Group during the period is summarised as follow:

	RM'000
Carrying value of the additional interest in Durafarm Sdn. Bhd.	29,349
Cash consideration paid to non-controlling shareholders	<u>(28,329)</u>
Different recognised in retained earnings	<u>1,020</u>

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Notes to the condensed consolidated interim financial statements
For the nine months ended 30 September 2024 – unaudited

6. Segment information

	← 9 months ended →												Note	Consolidated	
	Timber		Plantation		Tapes		Food		Others		Adjustments and eliminations			30.09.2024	30.09.2023
	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023		RM'000	RM'000
Revenue															
External sales	154,424	136,846	218,458	154,157	49,935	51,629	74,900	56,107	3,200	1,923	-	-	500,917	400,662	
Inter-segment sales	-	69	-	-	-	-	3,815	3,253	34,606	56,801	(38,421)	(60,123)	A	-	-
Total revenue	<u>154,424</u>	<u>136,915</u>	<u>218,458</u>	<u>154,157</u>	<u>49,935</u>	<u>51,629</u>	<u>78,715</u>	<u>59,360</u>	<u>37,806</u>	<u>58,724</u>	<u>(38,421)</u>	<u>(60,123)</u>		<u>500,917</u>	<u>400,662</u>
Results															
(Loss)/Profit before tax	<u>(7,116)</u>	<u>(16,020)</u>	<u>27,947</u>	<u>19,510</u>	<u>3,520</u>	<u>4,074</u>	<u>4,821</u>	<u>3,212</u>	<u>(7,671)</u>	<u>248</u>	<u>(8,902)</u>	<u>(1,808)</u>	B	<u>12,599</u>	<u>9,216</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 nine months ended 30 September 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 9 months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Bad debt written off	1	-	615	-
Depreciation				
- property, plant and equipment	14,973	12,864	40,751	34,148
- investment properties	116	120	323	315
- right-of-use assets	2,526	1,680	7,404	4,284
Gain on disposal of property, plant and equipment	(266)	(16)	(376)	(19)
Gain from bargain purchase	-	-	(7,736)	(12,480)
Impairment loss on trade and other receivables	-	-	734	-
Interest income	(1,945)	(2,413)	(6,173)	(7,027)
Interest expenses	5,531	4,604	16,041	10,758
Inventories written off	32	34	62	85
Loss/(Gain) arising from changes in fair value of biological assets	659	(279)	(556)	(609)
Loss on termination of lease	11	-	11	-
Property, plant and equipment written off	-	-	187	199
Retirement benefit obligation	24	27	72	80
Unrealised loss/(gain) on foreign exchange	399	(72)	415	73

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysia income tax	3,217	(140)	8,438	666
- Foreign tax	148	174	368	406
	<u>3,365</u>	<u>34</u>	<u>8,806</u>	<u>1,072</u>
Over provision in respect of previous periods				
- Malaysia income tax	(31)	(40)	(65)	(40)
	<u>3,334</u>	<u>(6)</u>	<u>8,741</u>	<u>1,032</u>
Deferred income tax				
- Original and reversal of temporary differences	(2,293)	(1,055)	(4,089)	(1,292)
Total income tax	<u>1,041</u>	<u>(1,061)</u>	<u>4,652</u>	<u>(260)</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 nine months ended 30 September 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 9 months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Profit net of tax attributable to the Owners of the Company (RM'000)	1,828	7,474	8,177	9,150
Weighted average number of ordinary shares in issue ('000)	467,807	468,107	467,807	468,107
Basic earnings per share (sen)	0.39	1.60	1.75	1.95

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 nine months ended 30 September 2024, the Group acquired assets with a total cost of RM24,987,000 (30 September 2023: RM34,068,000).

Assets with carrying amount of RM819,000 (30 September 2023: RM196,000) were disposed by the Group during the nine months ended 30 September 2024, resulting in a gain on disposal of RM376,000 (30 September 2023: RM19,000).

12. Intangible assets

	Goodwill RM'000	Timber Rights RM'000	Total RM'000
Cost			
At 1 January 2024/30 September 2024	33,593	111,584	145,177
Accumulated amortisation			
At 1 January 2024/30 September 2024	29,037	111,584	140,621
Net carrying amount			
At 30 September 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	
	30.09.2024 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 nine months ended 30 September 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

	30.09.2024 RM'000	31.12.2023 RM'000
Cash on hand and at banks	46,055	58,089
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	203,939	213,587
Tenure or more than 3 months	4,781	10,388
Cash and bank balances	254,775	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 September 2024	301	-	-	301
- Quoted investments	31 December 2023	227	-	-	227
Biological assets	30 September 2024	-	3,610	-	3,610
- Oil palm fresh fruit bunches	31 December 2023	-	2,528	-	2,528
- Reforestation (Planted trees)	30 September 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 nine months ended 30 September 2024.

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

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16. Interest bearing loans and borrowings

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

	30.09.2024 RM'000	31.12.2023 RM'000
Short term borrowings		
- Secured	45,701	81,355
- Unsecured	93,600	82,500
	<u>139,301</u>	<u>163,855</u>
Long term borrowings		
- Secured	308,459	203,176
Total	<u>447,760</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

	30.09.2024 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 September 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 nine months ended 30 September 2024 and 30 September 2023.

	Note	Transaction value	
		30.09.2024 RM'000	30.09.2023 RM'000
Purchase of spare parts, equipment and machinery: WTK Service & Warehousing Sdn. Bhd.	^	<u>8,516</u>	<u>6,268</u>
Purchase of hardware, fuel, oil and lubricants: WTK Service & Warehousing Sdn. Bhd.	^	<u>8,639</u>	<u>7,467</u>
Purchase of fertiliser and chemical: WTK Service & Warehousing Sdn. Bhd.	^	<u>21,714</u>	<u>11,954</u>
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	13,934	8,506
Harvard Master Sdn. Bhd. (In Liquidation)	#	-	26,009
Southwind Plantation Sdn. Bhd.	#	11,164	10,407
WTK Oil Mill Sdn. Bhd.	#	423	-
		<u>25,521</u>	<u>44,922</u>
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	6,413	6,612
Utahol (2008) Sdn. Bhd.	#	936	908
W T K Realty Sdn. Bhd.	#	410	200
		<u>7,759</u>	<u>7,720</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 nine months ended 30 September 2024 and 30 September 2023. (Cont'd)

	Note	Transaction value	
		30.09.2024 RM'000	30.09.2023 RM'000
Hiring of machinery paid:			
B.H.B Sdn. Bhd. [∨]	#	-	16
Southwind Plantation Sdn. Bhd.	#	18	18
Tab Timbers (Sarawak) Sdn. Bhd.	^	11	12
Utahol Sdn. Bhd.	#	5	4
W T K Realty Sdn. Bhd.	#	18	18
		<u>52</u>	<u>68</u>
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	72	64
Utahol Sdn. Bhd.	#	9	15
		<u>81</u>	<u>79</u>
Office rental paid:			
W T K Realty Sdn. Bhd.	#	519	366
Management fees and system support paid:			
W T K Management Services Sdn. Bhd.	#	6,105	4,114
Sales of frozen food and sundry goods:			
B.H.B Sdn. Bhd. [∨]	#	-	247
Delta-Pelita Sebakong Sdn. Bhd.	#	224	194
Desacorp Sdn. Bhd.	#	148	137
Durafarm Sdn. Bhd. *	#	-	267
Harvard Master Sdn. Bhd.	#	-	33
Heng Hsen Trading Sdn. Bhd.	#	45	219
Imbok Enterprise Sdn. Bhd.	#	1,743	1,292
Oxford Glory Sdn. Bhd.	#	636	540
Song Enterprise Sdn. Bhd.	#	206	500
Southwind Plantation Sdn. Bhd.	#	1,303	1,350
Suajaya Mahir Crop Sdn. Bhd.	#	1,080	894
Utahol Sdn. Bhd.	#	62	64
		<u>5,447</u>	<u>5,737</u>
Purchase of frozen food and sundry goods:			
Heng Hsen Trading Sdn. Bhd.	#	7,420	7,022
Sim Liang Trading Sdn. Bhd.	#	92	1,178
		<u>7,512</u>	<u>8,200</u>
Rental of cold room received:			
Heng Hsen Trading Sdn. Bhd.	#	225	160
Acquisition of a subsidiary:			
Harvard Master Sdn. Bhd. (In Liquidation)	#	-	237,500
TMC Importer & Exporter Sdn. Bhd. (In Liquidation)	#	-	2,800
Ocarina Development Sdn. Bhd. (In Liquidation)	#	132,200	-
		<u>132,200</u>	<u>240,300</u>

* 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 September 2024 and 31 December 2023 were as follows:

	30.09.2024	31.12.2023
	RM'000	RM'000
Total outstanding balances due from/(to) related parties		
included in:		
Trade receivables (net of allowance for impairment)	2,370	1,580
Other receivables (net of allowance for impairment)	458	1,248
Trade payables	(31,425)	(30,745)
Other payables	<u>(848)</u>	<u>(1,326)</u>

21. Events after the reporting period

There are no events after the financial period ended 30 September 2024 which could materially affect the Group.

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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			30.09.2024	30.09.2023	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023		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	47,180	46,744	78,889	74,665	16,335	16,525	24,381	19,263	778	658	-	-		167,563	157,855	
Inter-segment sales	-	21	-	-	-	-	1,226	1,266	33,525	1,851	(34,751)	(3,138)	A	-	-	
Total revenue	<u>47,180</u>	<u>46,765</u>	<u>78,889</u>	<u>74,665</u>	<u>16,335</u>	<u>16,525</u>	<u>25,607</u>	<u>20,529</u>	<u>34,303</u>	<u>2,509</u>	<u>(34,751)</u>	<u>(3,138)</u>		<u>167,563</u>	<u>157,855</u>	
Results																
(Loss)/Profit before tax	<u>(2,477)</u>	<u>(5,191)</u>	<u>9,359</u>	<u>12,239</u>	<u>166</u>	<u>998</u>	<u>1,638</u>	<u>788</u>	<u>(2,532)</u>	<u>11</u>	<u>(3,517)</u>	<u>(1,709)</u>	B	<u>2,637</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 the current quarter ("3Q2024") under review, the Group reported a revenue of RM167.6 million, an increase of 6% as compared to the preceding year corresponding quarter ("3Q2023") of RM157.9 million. The increase in revenue was mainly attributed by the higher revenue recorded by plantation segment and food segment. The Group registered a lower profit before tax of RM2.6 million in 3Q2024 as compared to RM7.1 million in 3Q2023.

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

Timber

The revenue for 3Q2024 was RM47.2 million, an increase of RM0.4 million as compared to RM46.8 million in 3Q2023. Meanwhile, the loss before tax for 3Q2024 was RM2.5 million, a decrease of RM2.7 million as compared to RM5.2 million in 3Q2023. The increase in revenue and lower loss before tax was mainly attributed to higher sales volume and improved production efficiency.

Plantation

The revenue for 3Q2024 was RM78.9 million, an increase of RM4.2 million as compared to RM74.7 million in 3Q2023. The increase in revenue was primarily due to higher production of fresh fruit bunches (FFB), contributions from newly acquired estates and favorable FFB selling prices. Lower profit before tax in 3Q2024 was mainly attributed to higher replanting and cultivation costs incurred for the period.

Tapes

The revenue for 3Q2024 was RM16.3 million, a decrease of RM0.2 million as compared to RM16.5 million in 3Q2023. Lower profit before tax was mainly attributed to unrealised foreign exchange loss resulted from the appreciation of MYR against USD as of 30 September 2024.

Food

The revenue for 3Q2024 was RM25.6 million, an increase of RM5.1 million as compared to RM20.5 million in 3Q2023 and the profit before tax increased in tandem with the higher revenue.

Others

The revenue for others segments is mainly generated by rental, interest income from the investment holding companies, amusement and recreation activity. In 2024, the Group reclassified certain companies that are no longer engaged in timber-related activities from the Timber segment to the 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			30.09.2024	30.06.2024	
	30.09.2024	30.06.2024	30.09.2024	30.06.2024	30.09.2024	30.06.2024	30.09.2024	30.06.2024	30.09.2024	30.06.2024	30.09.2024	30.06.2024		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	47,180	56,643	78,889	75,142	16,335	15,240	24,381	26,109	778	1,237	-	-		167,563	174,371	
Inter-segment sales	-	-	-	-	-	-	1,226	1,119	33,525	525	(34,751)	(1,644)	A	-	-	
Total revenue	<u>47,180</u>	<u>56,643</u>	<u>78,889</u>	<u>75,142</u>	<u>16,335</u>	<u>15,240</u>	<u>25,607</u>	<u>27,228</u>	<u>34,303</u>	<u>1,762</u>	<u>(34,751)</u>	<u>(1,644)</u>		<u>167,563</u>	<u>174,371</u>	
Results																
(Loss)/Profit before tax	<u>(2,477)</u>	<u>(1,428)</u>	<u>9,359</u>	<u>7,648</u>	<u>166</u>	<u>1,213</u>	<u>1,638</u>	<u>1,530</u>	<u>(2,532)</u>	<u>(2,424)</u>	<u>(3,517)</u>	<u>(1,842)</u>	B	<u>2,637</u>	<u>4,697</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 3Q2024 under review, the Group reported a revenue of RM167.6 million, a decrease of RM6.8 million or 4% as compared to the preceding quarter ("2Q2024") of RM174.4 million. The Group recorded a profit before tax of RM2.6 million in 3Q2024, a decrease of RM2.1 million as compared to 2Q2024 of RM4.7 million.

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

Timber

As compared to the preceding quarter, the lower revenue and higher loss before tax registered for 3Q2024 were mainly attributed to decrease in the sales volume of timber products resulting from soft market demand especially for plywood products.

Plantation

As compared to the preceding quarter, the higher revenue and profit before tax registered for 3Q2024 were mainly driven by increased of FFB and CPO sales volumes during the peak crop production months.

Tapes

As compared to the preceding quarter, the decrease in profit before tax was mainly due to unrealised foreign exchange losses resulted from the appreciation of MYR against USD as of 30 September 2024.

Food

As compared to the preceding quarter, the decrease in revenue was mainly due to slowing in consumer demand after the festive seasons (i.e. Gawai and Hari Raya).

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 of soft demand and stricter sustainability requirements. 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 prices may be influenced by various market sentiments, including the supply and demand of palm oil, biodiesel demand and global production and demand of substitute crops. Despite the uncertainty in external factors, the Group remains focused on optimising its operational efficiency through mechanisation, improving production yield and prioritizing effective cost control measures. With the anticipated steady demand for CPO and increased production from the newly acquired BHB and Durafarm plantations, the plantation business is expected to achieve satisfactory performance and serve as the growth catalyst for the financial year ending 31 December 2024.

c) Tapes

The Group continues to strengthen its presence in both domestic and export markets through superior product quality. Additionally, the new cellulose tape coating machine and solvent recovery system, upgraded in 2023, enable the Group to improve operational efficiency and maintain a cost competitive advantage. However, given the competitive nature of the business and foreign exchange rate volatility, we remain cautious about the outlook for the financial year ending 31 December 2024.

d) Food

The demand for frozen food with a longer shelf life has significantly increased since the outbreak of COVID-19 pandemic. With expansion in cold room capacity and a diversified range of frozen products, the Group is well-positioned to meet the rising 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 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 September 2024 and 31 December 2023.

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32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the current quarter ended 30 September 2024 or the previous financial year ended 31 December 2023.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 30 September 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 September 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: 25 NOVEMBER 2024