

# **WTK**

**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 2021**

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021 - UNAUDITED**

	<b>30.09.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Non-current assets</b>		
Property, plant and equipment	465,588	497,739
Investment properties	14,986	15,263
Right-of-use assets	129,792	132,312
Other investments	329	371
Intangible assets	7,351	11,965
Biological assets	35,542	35,542
	<u>653,588</u>	<u>693,192</u>
<b>Current assets</b>		
Biological assets	2,295	1,081
Inventories	51,690	68,534
Trade and other receivables	44,416	53,591
Other current assets	5,453	3,566
Cash and bank balances	382,419	353,890
	<u>486,273</u>	<u>480,662</u>
<b>TOTAL ASSETS</b>	<u>1,139,861</u>	<u>1,173,854</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Retirement benefit obligations	421	421
Loans and borrowings	135,867	131,382
Trade and other payables	49,683	53,717
Income tax payable	350	672
Lease liabilities	660	569
	<u>186,981</u>	<u>186,761</u>
<b>Net current assets</b>	<u>299,292</u>	<u>293,901</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	30,954	30,849
Retirement benefit obligations	1,360	1,506
Loans and borrowings	124,982	142,439
Lease liabilities	5,721	6,387
	<u>163,017</u>	<u>181,181</u>
<b>TOTAL LIABILITIES</b>	<u>349,998</u>	<u>367,942</u>
<b>Net assets</b>	<u>789,863</u>	<u>805,912</u>
<b>Equity attributable to Owners of the Company</b>		
Share capital	309,346	309,346
Treasury shares	(11,313)	(10,830)
Other reserves	5,701	5,475
Retained earnings	497,971	513,296
	<u>801,705</u>	<u>817,287</u>
Non-controlling interests	(11,842)	(11,375)
<b>TOTAL EQUITY</b>	<u>789,863</u>	<u>805,912</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,139,861</u>	<u>1,173,854</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	101,847	78,100	296,200	265,086
Cost of sales	(88,401)	(84,328)	(270,191)	(270,172)
<b>Gross profit/(loss)</b>	<u>13,446</u>	<u>(6,228)</u>	<u>26,009</u>	<u>(5,086)</u>
Other income	5,553	4,626	12,660	12,856
Selling and distribution expenses	(4,750)	(5,040)	(15,729)	(19,477)
Administrative and other expenses	(8,570)	(124,544)	(26,179)	(150,720)
<b>Operating profit/(loss)</b>	<u>5,679</u>	<u>(131,186)</u>	<u>(3,239)</u>	<u>(162,427)</u>
Finance costs	(2,810)	(2,039)	(6,901)	(6,871)
<b>Profit/(Loss) before tax</b>	<u>2,869</u>	<u>(133,225)</u>	<u>(10,140)</u>	<u>(169,298)</u>
Income tax expense	(250)	(319)	(826)	(991)
<b>Profit/(Loss) for the period</b>	<u>2,619</u>	<u>(133,544)</u>	<u>(10,966)</u>	<u>(170,289)</u>
<b>Other comprehensive (loss)/income</b>				
<b>Item that may be reclassified subsequently to loss or profit:</b>				
Foreign currency translation	(123)	(515)	267	(144)
<b>Items that will not be reclassified subsequently to loss or profit:</b>				
(Loss)/Gain on fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	(6)	-	(41)	264
<b>Other comprehensive (loss)/income, net of tax</b>	<u>(129)</u>	<u>(515)</u>	<u>226</u>	<u>120</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>2,490</u>	<u>(134,059)</u>	<u>(10,740)</u>	<u>(170,169)</u>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	3,111	(133,658)	(10,499)	(169,647)
Non-controlling interests	(492)	114	(467)	(642)
<b>Profit/(Loss) for the period</b>	<u>2,619</u>	<u>(133,544)</u>	<u>(10,966)</u>	<u>(170,289)</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	2,982	(134,173)	(10,273)	(169,527)
Non-controlling interests	(492)	114	(467)	(642)
<b>Total comprehensive income/(loss) for the period</b>	<u>2,490</u>	<u>(134,059)</u>	<u>(10,740)</u>	<u>(170,169)</u>
<b>Earnings/(Loss) per share attributable to Owners of the Company (sen per share):</b>				
Basic	<u>0.66</u>	<u>(28.15)</u>	<u>(2.24)</u>	<u>(35.73)</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021 - UNAUDITED**

	←——— Attributable to Owners of the Company ———→						←——— Non-distributable ———→		Non-controlling interests RM'000
	Total equity RM'000	Total equity attributable to the Owners of the Company RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	
<b>Quarter ended 30 September 2021</b>									
<b>At 1 January 2021</b>	805,912	817,287	309,346	(10,830)	513,296	5,475	5,941	(466)	(11,375)
Loss for the period	(10,966)	(10,499)	-	-	(10,499)	-	-	-	(467)
Other comprehensive income/(loss)	226	226	-	-	-	226	267	(41)	-
<b>Total comprehensive (loss)/income</b>	<b>(10,740)</b>	<b>(10,273)</b>	<b>-</b>	<b>-</b>	<b>(10,499)</b>	<b>226</b>	<b>267</b>	<b>(41)</b>	<b>(467)</b>
<b>Transaction with Owners</b>									
Dividends on ordinary shares	(4,826)	(4,826)	-	-	(4,826)	-	-	-	-
Repurchase of treasury shares	(483)	(483)	-	(483)	-	-	-	-	-
<b>At 30 September 2021</b>	<b>789,863</b>	<b>801,705</b>	<b>309,346</b>	<b>(11,313)</b>	<b>497,971</b>	<b>5,701</b>	<b>6,208</b>	<b>(507)</b>	<b>(11,842)</b>
<b>Quarter ended 30 September 2020</b>									
<b>At 1 January 2020</b>	975,777	985,615	309,346	(8,156)	679,237	5,188	5,512	(324)	(9,838)
Loss for the period	(170,289)	(169,647)	-	-	(169,647)	-	-	-	(642)
Other comprehensive income/(loss)	120	120	-	-	-	120	(144)	264	-
<b>Total comprehensive (loss)/income</b>	<b>(170,169)</b>	<b>(169,527)</b>	<b>-</b>	<b>-</b>	<b>(169,647)</b>	<b>120</b>	<b>(144)</b>	<b>264</b>	<b>(642)</b>
<b>Transaction with Owners</b>									
Dividends on ordinary shares	(4,631)	(4,631)	-	-	(4,631)	-	-	-	-
Repurchase of treasury shares	(1,185)	(1,185)	-	(1,185)	-	-	-	-	-
<b>At 30 September 2020</b>	<b>799,792</b>	<b>810,272</b>	<b>309,346</b>	<b>(9,341)</b>	<b>504,959</b>	<b>5,308</b>	<b>5,368</b>	<b>(60)</b>	<b>(10,480)</b>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 - UNAUDITED**

	30.09.2021 RM'000	30.09.2020 RM'000
<b>Operating Activities</b>		
Loss before tax	(10,140)	(169,298)
<b>Adjustments for:</b>		
Amortisation of timber rights	4,614	4,614
Depreciation		
- property, plant and equipment	32,523	45,737
- investment properties	277	280
- right-of-use assets	2,520	3,693
Dividend income		
- investment securities	-	(9)
Impairment loss:		
-property, plant and equipment	-	69,751
- right-of-use assets	-	1,696
Interest expense	6,901	6,871
Interest income	(4,379)	(7,500)
Inventories written off	-	45
(Gain)/loss on disposal of:		
- property, plant and equipment	(2,206)	3,441
(Gain)/loss arising from changes in fair value of biological assets	(1,214)	23,432
Property, plant and equipment written off	-	12,320
Retirement benefit obligations	115	(36)
Unrealised loss/(gain) on foreign exchange	62	(25)
Total adjustments	<u>39,213</u>	<u>164,310</u>
<b>Operating profit/(loss) before working capital changes</b>	29,073	(4,988)
<b>Changes in working capital :</b>		
Inventories	16,871	28,892
Receivables	667	21,404
Payables	(4,536)	(17,638)
Other current assets	8,453	5,909
Cash flow generated from operations	<u>50,528</u>	<u>33,579</u>
Income taxes paid, net of tax refund	(2,923)	(2,042)
Interest paid	(640)	(843)
Interest received	530	1,783
Payment of retirement benefits	(261)	-
Net cash from operating activities	<u>47,234</u>	<u>32,477</u>
<b>Investing Activities</b>		
Interest received	3,849	5,717
Placement of short-term deposits with tenure more than 3 months	(1,055)	(3,565)
Purchase of:		
- property, plant and equipment	(9,377)	(88,761)
- right-of-use assets	-	(5,950)
Proceeds from disposal of:		
- property, plant and equipment	11,873	3,304
Net dividend received from:		
-investment securities	-	9
<b>Net cash from/(used in) investing activities</b>	<u>5,290</u>	<u>(89,246)</u>
<b>Financing Activities</b>		
Dividend paid to Owners of the Company	(4,826)	(4,631)
Drawdown of term loans	334	60,334
Drawdown of trade financing facilities	11,000	3,000
Interest paid	(6,039)	(5,643)
Interest paid for lease liabilities	(222)	(223)
Repayment of finance leases	(140)	(639)
Repayment of lease liabilities	(149)	(1,524)
Repayment of term loans	(15,500)	(11,339)
Repayment of trade financing facilities	(9,931)	(15,376)
Repurchase of treasury shares	(483)	(1,185)
<b>Net cash (used in)/from financing activities</b>	<u>(25,956)</u>	<u>22,774</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	26,568	(33,995)
<b>Effects of exchange rate changes</b>	185	(99)
<b>Net cash and cash equivalents at the beginning of the year</b>	<u>347,891</u>	<u>378,715</u>
<b>Net cash and cash equivalents at the end of the year</b>	<u>374,644</u>	<u>344,621</u>
For the purpose of statements of cash flows, net cash and cash equivalent include the following:		
Cash and bank balances	382,419	352,521
Less: Bank overdraft	(1,549)	(2,254)
Less: Deposit with tenure more than 3 months	(6,226)	(5,646)
Cash and cash equivalents	<u>374,644</u>	<u>344,621</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

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Notes to the condensed consolidated interim financial statements  
For the nine months ended 30 September 2021 – 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 24 November 2021.

**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 2020. 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 2020.

**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 2020, 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 2021.

**(a) Application of new and revised MFRS**

On 1 January 2020, 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 2021:

Amendments to MFRS 16	COVID-19 – Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2
Amendments to MFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021

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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Notes to the condensed consolidated interim financial statements  
For the nine months ended 30 September 2021 – unaudited

**(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 MFRSs	Annual Improvements to MFRS Standards 2018-2020 <sup>1</sup>
Amendments to MFRS 3	Reference to Conceptual Framework <sup>1</sup>
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract <sup>1</sup>
MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 <sup>2</sup>
Amendments to MFRS 101	Classification of liabilities as Current or Non-current <sup>2</sup>
Amendments to MFRS 101 and MFRS Practice Statements 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>2</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

<sup>3</sup> Effective date deferred to a date to be announced by MASB.

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.

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Notes to the condensed consolidated interim financial statements  
For the nine months ended 30 September 2021 – unaudited

**5. Changes in composition of the Group**

- i) On 9 August 2021, the Company acquired all the shares in WTK Capital Sdn. Bhd. (“WTK Capital”) for RM1,000, satisfied in cash. WTK main business activity is to provide or act as a corporate treasury company to manage working capital requirement and raising funds. As at 30 September 2021, WTK Capital has not commence the business.
- ii) On 7 September 2021, the Company has incorporated a wholly-owned subsidiary, WTK Alpha Sdn. Bhd. (“WTK Alpha”) for RM2.00. WTK Alpha main business activities are planting and management of an oil palm plantation and, operating and management of palm oil mill. As at 30 September 2021, WTK Alpha has not commence the business.

**6. Segmental information**

	<b>9 months ended 30.09.2021</b>		<b>9 months ended 30.09.2020</b>	
	<b>Revenue RM'000</b>	<b>(Loss)/Profit before tax RM'000</b>	<b>Revenue RM'000</b>	<b>(Loss)/Profit before tax RM'000</b>
Timber	145,122	(22,041)	159,865	(143,936)
Plantation	101,548	8,155	63,550	(29,218)
Manufacturing	20,311	2,209	15,499	1,894
Trading	28,666	2,854	25,097	2,525
Others	553	(1,317)	1,075	(563)
<b>Total</b>	<b>296,200</b>	<b>(10,140)</b>	<b>265,086</b>	<b>(169,298)</b>

The Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

- Timber : the extraction and sales of timber, manufacture and sales of plywood, veneer and sawn timber and tree planting.
- Plantation : cultivation of oil palm, production and sales of crude palm oil and palm kernel (“CPO & PK”).
- Manufacturing : manufacture and sales of adhesive and gummed tapes.
- Trading : the trading of tapes, foil, papers and electrostatic discharge products.
- Others : rental income and interest income.



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Notes to the condensed consolidated interim financial statements  
For the nine months ended 30 September 2021 – 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:

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of timber rights	1,538	1,538	4,614	4,614
Depreciation				
- property, plant and equipment	10,567	16,713	32,523	45,737
- investment properties	93	93	277	280
- right-of-use assets	466	878	2,520	3,693
Impairment loss				
- property, plant and equipment	-	69,751	-	69,751
- right-of-use assets	-	1,696	-	1,696
Interest expenses	2,810	2,039	6,901	6,871
Interest income	(1,433)	(1,830)	(4,379)	(7,500)
Inventories written off	-	45	-	45
(Gain)/Loss on disposal of property, plant and equipment	(1,619)	3,454	(2,206)	3,441
(Gain)/Loss arising from changes in fair value of biological assets	(774)	24,052	(1,214)	23,432
Property, plant and equipment written off	-	12,320	-	12,320
Retirement benefit obligation	115	(36)	115	(36)
Unrealised loss/(gain) on foreign exchange	1	34	62	(25)

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Notes to the condensed consolidated interim financial statements  
For the nine months ended 30 September 2021 – unaudited

**9. Income tax expense**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysian income tax	28	311	473	798
- Foreign tax	74	98	295	288
	<u>102</u>	<u>409</u>	<u>768</u>	<u>1,086</u>
<u>Under/(Over) provision in respect of previous years</u>				
- Malaysian income tax	4	-	4	-
- Foreign tax	(1)	(124)	(49)	(124)
	<u>105</u>	<u>285</u>	<u>723</u>	<u>962</u>
<u>Deferred income tax</u>				
- Original and reversal of temporary differences	94	34	103	29
- Under provision in respect of previous year	51	-	-	-
	<u>145</u>	<u>34</u>	<u>103</u>	<u>29</u>
Total income tax	<u>250</u>	<u>319</u>	<u>826</u>	<u>991</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.

**10. Earnings/(Loss) per share**

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

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Profit/(Loss) attributable to the Owners of the Company (RM'000)	<u>3,111</u>	<u>(133,658)</u>	<u>(10,499)</u>	<u>(169,647)</u>
Weighted average number of ordinary shares in issue ('000)	<u>469,476</u>	<u>474,842</u>	<u>469,476</u>	<u>474,842</u>
Basic earnings/(loss) per share (sen)	<u>0.66</u>	<u>(28.15)</u>	<u>(2.24)</u>	<u>(35.73)</u>

The basic and diluted earnings/(loss) per share are the same as at the end of the reporting periods.

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Notes to the condensed consolidated interim financial statements  
For the nine months ended 30 September 2021 – unaudited

**11. Property, plant and equipment**

During the nine months ended 30 September 2021, the Group acquired assets with a total cost of RM9,921,000 (30 September 2020: RM88,761,000).

Assets with carrying amount of RM9,667,000 (30 September 2020: RM6,745,000) were disposed by the Group during the nine months ended 30 September 2021, resulting in a gain on disposal of RM2,206,000 (30 September 2020: loss on disposal of RM3,441,000).

**12. Intangible assets**

	<b>Goodwill</b>	<b>Timber rights</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January 2021/30 September 2021	33,593	111,584	145,177
<b>Accumulated amortisation</b>			
At 1 January 2021	29,037	104,175	133,212
Amortisation	-	4,614	4,614
At 30 September 2021	29,037	108,789	137,826
<b>Net carrying amount</b>			
At 30 September 2021	4,556	2,795	7,351
At 1 January 2021	4,556	7,409	11,965

**(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:

	<b>Goodwill</b>	
	<b>30.09.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Timber division	3,240	3,240
Trading division	1,308	1,308
Manufacturing division	8	8
	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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The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

**i. Terminal growth rates**

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

**ii. 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**

	<b>30.09.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at banks	58,367	57,845
Short-term deposits with licensed financial institutions		
- Tenure of less than 3 months	317,826	290,874
- Tenure of more than 3 months	6,226	5,171
Cash and bank balances	<u>382,419</u>	<u>353,890</u>

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**14. Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 : other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

		<b>Date of valuation</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets measured at fair value</b>						
Financial assets at FVOCI						
- Quoted investments	30 September 2021	<u>229</u>	-	-	<u>229</u>	
	31 December 2020	<u>271</u>	-	-	<u>271</u>	
Biological assets						
- Oil palm fresh fruit bunches	30 September 2021	<u>-</u>	-	<u>2,295</u>	<u>2,295</u>	
	31 December 2020	<u>-</u>	-	<u>1,081</u>	<u>1,081</u>	
- Reforestation (Planted trees)	30 September 2021	<u>-</u>	-	<u>35,542</u>	<u>35,542</u>	
	31 December 2020	<u>-</u>	-	<u>35,542</u>	<u>35,542</u>	

There have been no transfers between Level 1 to Level 3 during the current interim period and the comparative period.

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**15. Share capital, share premium and treasury shares**

The Company did not issue any ordinary shares during the nine months ended 30 September 2021.

The number of shares bought back and retained as treasury shares amounted to 11,962,000 shares as at 30 September 2021.

**16. Interest bearing loans and borrowings**

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

	<b>30.09.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings		
- Secured	100,867	96,382
- Unsecured	35,000	35,000
	<u>135,867</u>	<u>131,382</u>
Long term borrowings		
- Secured	124,982	142,439
Total	<u>260,849</u>	<u>273,821</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**

	<b>30.09.2021</b>	<b>31.12.2020</b>	<b>Date of payment</b>
	<b>RM'000</b>	<b>RM'000</b>	
Recognised during the financial year:			
- Final single-tier dividend of 1.00 sen net per share in respect of year ended 31 December 2019	-	4,752	25 September 2020
	<u>-</u>	<u>4,752</u>	
- Final single-tier dividend of 1.00 sen net per share in respect of year ended 31 December 2020	4,700	-	26 July 2021
	<u>4,700</u>	<u>-</u>	

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**19. Contingencies**

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

There were no contingent assets as at 30 September 2021 and 31 December 2020.

**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 2021 and 30 September 2020.

	Note	Transaction value	
		30.09.2021 RM'000	30.09.2020 RM'000
Purchase of logs:			
Ocarina Development Sdn. Bhd. (In Liquidation)	#	-	12,019
Lighterage and freight:			
Ocarina Development Sdn. Bhd.	#	89	381
W T K Realty Sdn. Bhd.	#	400	1,155
Harbour-View Realty Sdn. Bhd.	^	-	23
		<u>489</u>	<u>1,559</u>
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	3,666	4,589
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd.	^	2,241	3,210
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	6,951	6,523
Purchase of fertiliser:			
WTK Service & Warehousing Sdn. Bhd.	^	5,258	4,709

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	Note	Transaction value	
		30.09.2021 RM'000	30.09.2020 RM'000
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	12,256	8,426
Harvard Master Sdn. Bhd. (In Liquidation)	#	21,292	11,341
Southwind Plantation Sdn. Bhd.	#	348	1,129
Suajaya Mahir Crop Sdn. Bhd.	#	441	-
		34,337	20,896
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	12,841	8,858
Utahol (2008) Sdn. Bhd.	#	1,378	678
		14,219	9,536
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	23	25
Southwind Plantation Sdn. Bhd.	#	18	18
Tab Timbers (Sarawak) Sdn. Bhd.	^	11	11
W T K Realty Sdn. Bhd.	#	18	24
		70	78
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	54	54
Utahol Sdn. Bhd.	#	14	14
		68	68
Office rental paid:			
W T K Realty Sdn. Bhd.	#	158	162
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	4,073	4,510

^ 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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The outstanding balances arising from related party transactions as at 30 September 2021 and 31 December 2020 were as follows:

	<b>30.09.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	6,450	2,184
Other receivables (net of allowance for impairment)	1,198	1,489
Trade payables	(23,918)	(23,510)
Other payables	(600)	(1,015)

**21. Events after the reporting period**

There are no events after the financial period ended 30 September 2021 which could materially affect the Group.

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**22. Performance review**

	Current quarter		Variance	
	30.09.2021	30.09.2020		
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Timber	47,884	39,218	8,666	22%
Plantation	38,216	23,860	14,356	60%
Manufacturing	6,442	5,987	455	8%
Trading	9,145	8,862	283	3%
Others	160	173	(13)	-8%
Total	101,847	78,100	23,747	30%
<b>(Loss)/Profit before tax</b>				
Timber	(3,804)	(112,289)	108,485	-97%
Plantation	5,810	(22,167)	27,977	-126%
Manufacturing	665	653	12	2%
Trading	828	1,012	(184)	-18%
Others	(630)	(434)	(196)	45%
Total	2,869	(133,225)	136,094	-102%

For the current quarter (“3Q2021”) under review, the Group’s revenue was RM101.8 million, an increase of RM23.7 million or 30% as compared to the preceding year corresponding quarter (“3Q2020”) of RM78.1 million. The Group recorded a profit before tax of RM2.9 million in 3Q2021, as opposed to a loss before tax of RM133.2 million in 3Q2020. The improved financial results in 3Q2021 was mainly due to higher revenue contributed by the timber and plantation segments in current quarter and the absence of impairment and written of assets as compared to 3Q2020.

Performance of respective segments for the financial quarter ended 30 September 2021 as compared to the preceding year corresponding financial quarter are analysed as follows:

**Timber**

For 3Q2021, the higher revenue was mainly attributed to improved market conditions and prices of timber products. The loss before tax in 3Q2021 has decreased by RM108.5 million as compared to 3Q2020. The loss before tax in 3Q2020 was mainly attributed to the impairment and written off of assets, and loss arising from changes in fair value of biological assets in view of the depressed market conditions during the COVID-19 pandemic in year 2020.

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**Plantation**

For 3Q2021 under review, the revenue recorded was RM38.2 million, an increase of RM14.4 million or 60%, as compared to RM23.8 million in 3Q2020. The increase in revenue during the quarter was attributed to higher average selling price of crude palm oil (“CPO”) as compared to 3Q2020.

**Manufacturing and Trading (Tapes)**

The segment recorded a revenue of RM15.6 million in 3Q2021, representing an increase of RM0.7 million as compared to RM14.9 million in 3Q2020. The higher revenue in 3Q2021 was attributed to stronger export sales for tapes products, particularly to Australia and North America.

**23. Comment on material change in loss/(profit) before tax**

**Material Changes for the Quarter Reported on as Compared with the Preceding Quarter**

	<b>Current quarter</b>		<b>Variance</b>	
	<b>30.09.2021</b>	<b>31.06.2021</b>	<b>RM</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
<b>Revenue</b>				
Timber	47,884	56,849	(8,965)	-16%
Plantation	38,216	38,387	(171)	0%
Manufacturing	6,442	3,572	2,870	80%
Trading	9,145	8,887	258	3%
Others	160	201	(41)	-20%
<b>Total</b>	<b>101,847</b>	<b>107,896</b>	<b>(6,049)</b>	<b>-6%</b>
<b>(Loss)/Profit before tax</b>				
Timber	(3,804)	(7,348)	3,544	-48%
Plantation	5,810	5,855	(45)	-1%
Manufacturing	665	470	195	41%
Trading	828	632	196	31%
Others	(630)	(376)	(254)	68%
<b>Total</b>	<b>2,869</b>	<b>(767)</b>	<b>3,636</b>	<b>-474%</b>

For 3Q2021 under review, the Group’s revenue was RM101.9 million, a decrease of RM6.0 million as compared to the preceding quarter (“2Q2021”) of RM107.9 million. The Group’s registered a profit before tax of RM2.9 million in current quarter, as opposed to a loss before tax of RM0.8 million in preceding quarter, mainly attributed to reduced losses incurred by the timber segment in the current quarter.

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**Timber**

The lower revenue of the segment in 3Q2021 as compared to 2Q2021 was mainly attributed to lower export sales of plywood resulted from the delayed of shipments in current quarter.

**Plantation**

Positive results of plantation segment were mainly attributed to increased average selling price of CPO during the quarter.

**Manufacturing and Trading**

The segment recorded a higher revenue and profit before tax as compared with preceding quarter, which was mainly attributed to the higher export sales recorded in the current quarter.

**24. Commentary on prospects**

**a) Timber**

Generally, the slowdown of logging activities in Sarawak has resulted a supply shortage of logs in the market. In the meantime, the performance of the Group's plywood business was impacted by the shortage of logs, higher material prices and shipment disruption in current financial year. Hence, the Group is taking a cautious view over the outlook of timber business in the current financial year.

**b) Plantation**

Labour shortage continues to be a major challenge to FFB production in the current financial year. However, the Group's FFB production is expected to increase on the back of yield improvement when more palms from our young estates move into prime age production cycle. With the anticipation of stable CPO prices, the Group remains cautiously optimistic on the outlook of plantation segment.

**c) Tapes (Manufacturing and Trading)**

The outlook of the tapes business remains uncertain due to higher material prices and logistic costs. However, the Group is determined to continuously implement appropriate measures to remain competitive and to focus on growing its market share.

Amidst the uncertainties caused by COVID-19 pandemic, the Group is taking a cautious view over the outlook of the businesses and will continue to ensure a more prudent focus on preserving cash and liquidity of the Group. Barring any unforeseen circumstances, the Board anticipates the Group to achieve better operating results for the financial year ending 31 December 2021, with the improving financial performances from the Group's plantation segment.

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**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 to the Interim Financial Statements.

**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.

**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 2021 and 31 December 2020.

**32. Rationale for entering into derivatives**

The Group did not enter into any derivatives during the current quarter ended 30 September 2021 or the previous financial period ended 31 December 2020.

**33. Risks and policies of derivatives**

The Group did not enter into any derivatives during the current quarter ended 30 September 2021 or the previous financial period ended 31 December 2020.

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2021 and 31 December 2020.

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**35. Auditors report on the preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not qualified.

BY ORDER OF THE BOARD

LAI SOON ONG  
COMPANY SECRETARY  
SIBU  
Date: 24 NOVEMBER 2021