

# **WTK**

**W T K HOLDINGS BERHAD**

**Registration Number: 197001000863 (10141-M)**

*(Incorporated in Malaysia)*

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021 - UNAUDITED**

	<b>31.12.2021</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	456,750	497,739
Investment properties	14,893	15,263
Right-of-use assets	128,661	132,312
Other investments	282	371
Intangible assets	6,748	11,965
Biological assets	35,542	35,542
	<u>642,876</u>	<u>693,192</u>
<b>Current assets</b>		
Biological assets	2,247	1,081
Inventories	58,368	68,534
Trade and other receivables	34,158	50,746
Other current assets	8,067	6,411
Cash and bank balances	386,042	353,890
	<u>488,882</u>	<u>480,662</u>
<b>TOTAL ASSETS</b>	<u>1,131,758</u>	<u>1,173,854</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Retirement benefit obligations	246	421
Loans and borrowings	147,666	131,382
Trade and other payables	39,620	53,717
Income tax payable	388	672
Lease liabilities	454	569
	<u>188,374</u>	<u>186,761</u>
<b>Net current assets</b>	<u>300,508</u>	<u>293,901</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	28,262	30,849
Retirement benefit obligations	1,321	1,506
Loans and borrowings	115,628	142,439
Lease liabilities	5,742	6,387
	<u>150,953</u>	<u>181,181</u>
<b>TOTAL LIABILITIES</b>	<u>339,327</u>	<u>367,942</u>
<b>Net assets</b>	<u>792,431</u>	<u>805,912</u>
<b>Equity attributable to Owners of the Company</b>		
Share capital	309,346	309,346
Treasury shares	(11,637)	(10,830)
Other reserves	5,860	5,475
Retained earnings	497,979	513,296
	<u>801,548</u>	<u>817,287</u>
Non-controlling interests	(9,117)	(11,375)
<b>TOTAL EQUITY</b>	<u>792,431</u>	<u>805,912</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,131,758</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 31 DECEMBER 2021 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 December		Twelve months ended 31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	99,250	88,298	395,450	353,384
Cost of sales	<u>(81,580)</u>	<u>(97,625)</u>	<u>(351,771)</u>	<u>(367,796)</u>
<b>Gross profit/(loss)</b>	17,670	(9,327)	43,679	(14,412)
Other income	4,384	11,060	17,044	23,916
Selling and distribution expenses	(3,480)	(5,334)	(19,209)	(24,811)
Administrative and other expenses	<u>(15,366)</u>	<u>(13,596)</u>	<u>(41,545)</u>	<u>(164,317)</u>
<b>Operating profit/(loss)</b>	3,208	(17,197)	(31)	(179,624)
Finance costs	<u>(2,334)</u>	<u>(2,436)</u>	<u>(9,235)</u>	<u>(9,307)</u>
<b>Profit/(Loss) before tax</b>	874	(19,633)	(9,266)	(188,931)
Income tax expense	<u>1,933</u>	<u>27,056</u>	<u>1,107</u>	<u>26,065</u>
<b>Profit/(Loss) for the period</b>	<u>2,807</u>	<u>7,423</u>	<u>(8,159)</u>	<u>(162,866)</u>
<b>Other comprehensive income/(loss)</b>				
<b>Item that may be reclassified subsequently to loss or profit:</b>				
Foreign currency translation	<u>117</u>	<u>573</u>	<u>384</u>	<u>429</u>
<b>Items that will not be reclassified subsequently to loss or profit:</b>				
Loss on fair value changes of financial assets at				
fair value through other comprehensive income ("FVOCI")	(20)	(406)	(61)	(142)
Remeasurement loss on retirement benefit obligations	<u>(11)</u>	<u>-</u>	<u>(11)</u>	<u>-</u>
	<u>(31)</u>	<u>(406)</u>	<u>(72)</u>	<u>(142)</u>
<b>Other comprehensive income, net of tax</b>	<u>86</u>	<u>167</u>	<u>312</u>	<u>287</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>2,893</u>	<u>7,590</u>	<u>(7,847)</u>	<u>(162,579)</u>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	82	8,319	(10,417)	(161,329)
Non-controlling interests	<u>2,725</u>	<u>(896)</u>	<u>2,258</u>	<u>(1,537)</u>
<b>Profit/(Loss) for the period</b>	<u>2,807</u>	<u>7,423</u>	<u>(8,159)</u>	<u>(162,866)</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	168	8,486	(10,105)	(161,042)
Non-controlling interests	<u>2,725</u>	<u>(896)</u>	<u>2,258</u>	<u>(1,537)</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>2,893</u>	<u>7,590</u>	<u>(7,847)</u>	<u>(162,579)</u>
<b>Earnings/(Loss) per share attributable to Owners of the Company (sen per share):</b>				
Basic	<u>0.02</u>	<u>1.75</u>	<u>(2.22)</u>	<u>(34.02)</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 31 DECEMBER 2021 - UNAUDITED**

	← Attributable to Owners of the Company →								Non-controlling interests RM'000
	Total equity RM'000	Total equity attributable to the Owners of the Company RM'000	← Non-distributable →		Distributable		← Non-distributable →		
				Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000
<b>Quarter ended 31 December 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)/Profit for the period	(8,159)	(10,417)	-	-	(10,417)	-	-	-	2,258
Other comprehensive income/(loss)	312	312	-	-	(11)	323	384	(61)	-
<b>Total comprehensive (loss)/income</b>	<b>(7,847)</b>	<b>(10,105)</b>	<b>-</b>	<b>-</b>	<b>(10,428)</b>	<b>323</b>	<b>384</b>	<b>(61)</b>	<b>2,258</b>
<b>Transaction with Owners</b>									
Dividends on ordinary shares	(4,827)	(4,827)	-	-	(4,827)	-	-	-	-
Repurchase of treasury shares	(807)	(807)	-	(807)	-	-	-	-	-
<b>Total transactions with Owners of the Company</b>	<b>(5,634)</b>	<b>(5,634)</b>	<b>-</b>	<b>(807)</b>	<b>(4,827)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	-	(62)	62	-	62	-
<b>At 31 December 2021</b>	<b>792,431</b>	<b>801,548</b>	<b>309,346</b>	<b>(11,637)</b>	<b>497,979</b>	<b>5,860</b>	<b>6,325</b>	<b>(465)</b>	<b>(9,117)</b>
<b>Quarter ended 31 December 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	(162,866)	(161,329)	-	-	(161,329)	-	-	-	(1,537)
Other comprehensive income/(loss)	287	287	-	-	-	287	429	(142)	-
<b>Total comprehensive (loss)/income</b>	<b>(162,579)</b>	<b>(161,042)</b>	<b>-</b>	<b>-</b>	<b>(161,329)</b>	<b>287</b>	<b>429</b>	<b>(142)</b>	<b>(1,537)</b>
<b>Transaction with Owners</b>									
Dividends on ordinary shares	(4,612)	(4,612)	-	-	(4,612)	-	-	-	-
Repurchase of treasury shares	(2,674)	(2,674)	-	(2,674)	-	-	-	-	-
<b>At 31 December 2020</b>	<b>805,912</b>	<b>817,287</b>	<b>309,346</b>	<b>(10,830)</b>	<b>513,296</b>	<b>5,475</b>	<b>5,941</b>	<b>(466)</b>	<b>(11,375)</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 31 DECEMBER 2021 - UNAUDITED

	31.12.2021 RM'000	31.12.2020 RM'000
<b>Operating Activities</b>		
Loss before tax	(9,266)	(188,931)
<b>Adjustments for:</b>		
Amortisation of timber rights	5,217	6,154
Bad debts written off	27	305
Depreciation		
- property, plant and equipment	43,462	58,622
- investment properties	370	374
- right-of-use assets	3,796	3,934
Dividend income		
- investment securities	(5)	(25)
Impairment loss:		
- other receivables	-	18
- property, plant and equipment	850	73,403
- right-of-use assets	-	1,696
- trade receivables	-	15
Interest expense	9,235	9,307
Interest income	(6,106)	(8,259)
Inventories written down to net realisable value	590	4,182
Inventories written off	415	674
Net gain on modification of lease	-	(2)
Net gain on termination of lease	22	(7)
(Gain)/Loss on disposal of:		
- property, plant and equipment	(3,734)	2,801
- right-of-use assets	-	(5,947)
(Gain)/Loss arising from changes in fair value of biological assets	(1,166)	23,222
Property, plant and equipment written off	221	11,971
Retirement benefit obligations	152	173
Reversal of inventories written down	-	(319)
Unrealised (gain)/loss on foreign exchange	(38)	119
Total adjustments	<u>53,308</u>	<u>182,411</u>
<b>Operating profit/(loss) before working capital changes</b>	<b>44,042</b>	<b>(6,520)</b>
<b>Changes in working capital :</b>		
Inventories	9,196	44,215
Receivables	7,787	2,402
Payables	(13,709)	(11,061)
Other current assets	8,398	1,299
Cash flow generated from operations	<u>55,714</u>	<u>30,335</u>
Income taxes paid, net of tax refund	(2,994)	(5,054)
Interest paid	(1,835)	(1,076)
Interest received	818	1,236
Payment of retirement benefits	(512)	(319)
Net cash from operating activities	<u>51,191</u>	<u>25,122</u>
<b>Investing Activities</b>		
Interest received	5,288	7,023
Placement of short-term deposits with tenure more than 3 months	(7,102)	(3,090)
Purchase of:		
- property, plant and equipment	(17,500)	(90,576)
- right-of-use assets	(700)	(9,191)
Proceeds from disposal of:		
- property, plant and equipment	19,162	8,519
- right-of-use assets	-	8,427
Net dividend received from:		
- investment securities	5	25
<b>Net cash used in investing activities</b>	<u>(847)</u>	<u>(78,863)</u>
<b>Financing Activities</b>		
Dividend paid to Owners of the Company	(4,827)	(4,612)
Drawdown of term loans	446	60,445
Drawdown of trade financing facilities	31,102	15,889
Interest paid	(7,073)	(7,281)
Interest paid for lease liabilities	(327)	(363)
Repayment of finance leases	(177)	(749)
Repayment of lease liabilities	(683)	(656)
Repayment of term loans	(21,042)	(16,256)
Repayment of trade financing facilities	(21,931)	(20,834)
Repurchase of treasury shares	(807)	(2,674)
<b>Net cash (used in)/from financing activities</b>	<u>(25,319)</u>	<u>22,909</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25,025</b>	<b>(30,832)</b>
<b>Effects of exchange rate changes</b>	<b>263</b>	<b>8</b>
<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>373,179</u>	<u>347,891</u>
For the purpose of statements of cash flows, net cash and cash equivalent include the following:		
Cash and bank balances	386,042	353,890
Less: Bank overdraft	(590)	(828)
Less: Deposit with tenure more than 3 months	(12,273)	(5,171)
Cash and cash equivalents	<u>373,179</u>	<u>347,891</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.

**W T K HOLDINGS BERHAD (Registration Number: 197001000863 (10141-M))**  
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Notes to the condensed consolidated interim financial statements  
For the twelve months ended 31 December 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 23 February 2022.

**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 twelve months ended 31 December 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 twelve months ended 31 December 2021 – unaudited

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

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

**6. Segmental information**

	12 months ended 31.12.2021		12 months ended 31.12.2020	
	Revenue RM'000	(Loss)/Profit before tax RM'000	Revenue RM'000	(Loss)/Profit before tax RM'000
Timber	179,991	(32,120)	209,019	(154,934)
Plantation	150,141	18,481	86,072	(38,863)
Manufacturing	23,868	2,306	22,408	2,533
Trading	40,686	3,923	34,786	3,648
Others	764	(1,856)	1,099	(1,315)
Total	395,450	(9,266)	353,384	(188,931)

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.

**7. Seasonality of operations**

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



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Notes to the condensed consolidated interim financial statements  
For the twelve months ended 31 December 2021 – unaudited

**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>12 months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of timber rights	603	1,540	5,217	6,154
Depreciation				
- property, plant and equipment	10,939	12,885	43,462	58,622
- investment properties	93	94	370	374
- right-of-use assets	1,276	241	3,796	3,934
Impairment loss				
- property, plant and equipment	850	3,652	850	73,403
- right-of-use assets	-	-	-	1,696
Inventories written down to net realisable value	590	4,182	590	4,182
Interest income	(1,727)	(759)	(6,106)	(8,259)
Interest expenses	2,334	2,436	9,235	9,307
(Gain)/Loss on disposal of property, plant and equipment	(1,528)	(640)	(3,734)	2,801
Loss/(Gain) arising from changes in fair value of biological assets	48	(210)	(1,166)	23,222
Inventories written off	415	629	415	674
Property, plant and equipment written off	221	(349)	221	11,971
Retirement benefit obligation	152	173	152	173
Unrealised(gain)/loss on foreign exchange	(100)	144	(38)	119

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Notes to the condensed consolidated interim financial statements  
For the twelve months ended 31 December 2021 – unaudited

**9. Income tax expense**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>12 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</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	660	782	1,133	1,580
- Foreign tax	70	58	365	346
	730	840	1,498	1,926
Over provision in respect of previous years				
- Malaysia income tax	(16)	(50)	(12)	(50)
- Foreign tax	48	(1)	(1)	(125)
	762	789	1,485	1,751
Deferred income tax				
- Original and reversal of temporary differences	(755)	(28,501)	(652)	(28,472)
- Over provision in respect of previous years	(1,940)	656	(1,940)	656
	(2,695)	(27,845)	(2,592)	(27,816)
Total income tax	(1,933)	(27,056)	(1,107)	(26,065)

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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Notes to the condensed consolidated interim financial statements  
For the twelve months ended 31 December 2021 – unaudited

**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>12 months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Profit/(Loss) attributable to the Owners of the Company (RM'000)	82	8,319	(10,417)	(161,329)
Weighted average number of ordinary shares in issue ('000)	469,698	474,255	469,698	474,255
Basic earnings/(loss) per share (sen)	0.02	1.75	(2.22)	(34.02)

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

**11. Property, plant and equipment**

During the twelve months ended 31 December 2021, the Group acquired assets with a total cost of RM18,815,000 (31 December 2020: RM90,576,000).

Assets with carrying amount of RM15,428,000 (31 December 2020: RM11,320,000) were disposed by the Group during the twelve months ended 31 December 2021, resulting in a gain on disposal of RM3,734,000 (31 December 2020: loss on disposal of RM2,801,000).

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Notes to the condensed consolidated interim financial statements  
For the twelve months ended 31 December 2021 – unaudited

**12. Intangible assets**

	<b>Goodwill</b>	<b>Timber</b>	<b>Total</b>
	<b>RM'000</b>	<b>rights</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January 2021/31 December 2021	33,593	111,584	145,177
<b>Accumulated amortisation</b>			
At 1 January 2021	29,037	104,175	133,212
Amortisation	-	5,217	5,217
At 31 December 2021	29,037	109,392	138,429
<b>Net carrying amount</b>			
At 31 December 2021	4,556	2,192	6,748
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>31.12.2021</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
	<u>4,556</u>	<u>4,556</u>

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:

**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**

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at banks	51,182	57,845
Short-term deposits with licensed financial institutions		
Tenure or less than 3 months	322,587	290,874
Tenure or more than 3 months	12,273	5,171
Cash and bank balances	<u>386,042</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	31 December 2021	182	-	-	182
-Quoted investments	31 December 2020	271	-	-	271
Biological assets	31 December 2021	-	-	2,247	2,247
-Oil palm fresh fruit bunches	31 December 2020	-	-	1,081	1,081
Reforestation (Planted trees)	31 December 2021	-	-	35,542	35,542
	31 December 2020	-	-	35,542	35,542

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 twelve months ended 31 December 2021.

The number of shares bought back and retained as treasury shares amounted to 12,687,500 shares as at 31 December 2021.

**16. Interest bearing loans and borrowings**

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

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings		
- Secured	112,666	96,382
- Unsecured	35,000	35,000
	147,666	131,382
Long term borrowings		
- Secured	115,628	142,439
	263,294	273,821
Total	263,294	273,821

**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>31.12.2021</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
	-	4,752	
- Final single-tier dividend of 1.00 sen net per share in respect of year ended 31 December 2020	4,700	-	26 July 2021
	4,700	-	

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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 31 December 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 twelve months ended 31 December 2021 and 31 December 2020.

	Note	Transaction value	
		31.12.2021 RM'000	31.12.2020 RM'000
Purchase of logs:			
Ocarina Development Sdn. Bhd. (In Liquidation)	#	-	12,423
Lighterage and freight:			
Ocarina Development Sdn. Bhd.	#	94	450
W T K Realty Sdn. Bhd.	#	403	1,404
Harbour-View Realty Sdn. Bhd.	^	-	23
		<u>497</u>	<u>1,877</u>
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	5,693	7,424
Purchase of frozen food and sundry goods:			
Sing Chew Coldstorage Sdn. Bhd.	^	2,921	4,150
Purchase of hardware, fuel, oil and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	^	9,136	8,763
Purchase of fertiliser:			
WTK Service & Warehousing Sdn. Bhd.	^	8,447	5,713



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	Note	Transaction value	
		31.12.2021 RM'000	31.12.2020 RM'000
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	18,586	11,777
Harvard Master Sdn. Bhd. (In Liquidation)	#	31,591	14,316
Southwind Plantation Sdn. Bhd.	#	803	1,360
Suajaya Mahir Crop Sdn. Bhd.	#	441	-
		51,421	27,453
Purchase of fresh fruit bunches:			
Utahol Sdn. Bhd.	#	18,042	12,679
Utahol (2008) Sdn. Bhd.	#	1,846	993
		19,888	13,672
Hiring of machinery paid:			
B.H.B Sdn. Bhd.	#	30	32
Southwind Plantation Sdn. Bhd.	#	24	24
Tab Timbers (Sarawak) Sdn. Bhd.	^	15	15
W T K Realty Sdn. Bhd.	#	24	32
		93	103
Hiring of machinery received:			
Imbok Enterprise Sdn. Bhd.	#	72	72
Utahol Sdn. Bhd.	#	18	18
		90	90
Office rental paid:			
W T K Realty Sdn. Bhd.	#	194	216
Management fees and support system paid:			
WTK Management Services Sdn. Bhd.	#	5,038	5,572

^ 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 31 December 2021 and 31 December 2020 were as follows:

	<b>31.12.2021</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)	3,104	2,184
Other receivables (net of allowance for impairment)	1,177	1,489
Trade payables	(11,286)	(23,510)
Other payables	(494)	(1,015)
	<u>          </u>	<u>          </u>

**21. Events after the reporting period**

There are no events after the financial period ended 31 December 2021 which could materially affect the Group.

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**22. Performance review**

	<b>Current quarter</b>		<b>Variance</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Revenue</b>				
Timber	34,869	49,154	(14,285)	-29.1%
Plantation	48,593	22,522	26,071	115.8%
Manufacturing	3,557	6,909	(3,352)	-48.5%
Trading	12,020	9,689	2,331	24.1%
Others	211	24	187	779.2%
Total	<u>99,250</u>	<u>88,298</u>	10,952	12.4%
<b>(Loss)/Profit before tax</b>				
Timber	(10,079)	(10,998)	919	-8.4%
Plantation	10,326	(9,645)	19,971	-207.1%
Manufacturing	97	639	(542)	-84.8%
Trading	1,069	1,123	(54)	-4.8%
Others	(539)	(752)	213	-28.3%
Total	<u>874</u>	<u>(19,633)</u>	20,507	-104.5%

For the current quarter (“4Q2021”) under review, the Group’s revenue was RM99.3 million, an increase of RM11.0 million or 12.4% as compared to the preceding year corresponding quarter (“4Q2020”) of RM88.3 million. The Group recorded a profit before tax of RM0.9 million in 4Q2021, as opposed to 4Q2020’s loss before tax of RM19.6 million, mainly attributed to the profit contributed by the plantation segment.

Performance of respective segments for the financial quarter/period ended 31 December 2021 as compared to the preceding year corresponding financial quarter/period are analysed as follow:

**Timber**

For 4Q2021, the lower revenue was mainly attributed to the lower logs production resulted from unfavourable weather condition and unexpected shipment delays of plywood export sales during the current financial quarter. The loss before tax in 4Q2021 had decrease by RM0.9 million as compared to 4Q2020, mainly attributed to higher logs and plywood prices recorded in 4Q2021.

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**Plantation**

For 4Q2021 the revenue recorded was RM48.6 million, an increase of RM26.1 million as compared to RM22.5 million in 4Q2020. The increase in revenue during the quarter was attributed to the increase in production and higher realised crude palm oil (“CPO”) and palm kernel (“PK”) prices as compared to 4Q2020.

**Manufacturing and Trading (Tapes)**

The segments recorded a combined revenue of RM15.6 million in 4Q2021 as compared to RM16.6 million in 4Q2020, representing a decrease of RM1.0 million. The lower revenue in 4Q2021 was attributed to disruption in shipments of export sales during the current financial quarter.

**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		Variance	
	31.12.2021	30.09.2021		
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Timber	34,869	47,884	(13,015)	-27.2%
Plantation	48,593	38,216	10,377	27.2%
Manufacturing	3,557	6,442	(2,885)	-44.8%
Trading	12,020	9,145	2,875	31.4%
Others	211	160	51	31.9%
<b>Total</b>	<u>99,250</u>	<u>101,847</u>	(2,597)	-2.5%
<b>(Loss)/Profit before tax</b>				
Timber	(10,079)	(3,804)	(6,275)	165.0%
Plantation	10,326	5,810	4,516	77.7%
Manufacturing	97	665	(568)	-85.4%
Trading	1,069	828	241	29.1%
Others	(539)	(630)	91	-14.4%
<b>Total</b>	<u>874</u>	<u>2,869</u>	(1,995)	-69.5%

For 4Q2021 under review, the Group’s revenue was RM99.3 million, a decrease of RM2.6 million or 2.5% as compared to the preceding quarter (“3Q2021”) of RM101.9 million. The Group’s profit before tax has decreased by RM2.0 million or 69.5% to RM0.9 million in 4Q2021 as compared to 3Q2021’s profit before tax of RM2.9 million. Lower profit before tax recorded in 4Q2021 was attributed to declined performance from the timber segment.

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**Timber**

The decrease revenue of the segment in 4Q2021 as compared to the 3Q2021 attributed to the lower logs production resulted from unfavourable weather condition and unexpected shipment delays of plywood export sales during the current financial quarter.

**Plantation**

Higher revenue for plantation segment was mainly attributed to higher realised CPO and PK prices during the current financial quarter.

**Manufacturing and Trading**

The segment recorded a lower revenue in the current financial quarter as compared with preceding financial quarter, mainly attributed to disruption in shipments of export sales.

**24. Commentary on prospects**

**a) Timber**

The timber sector will continue to face challenges with the anticipation of slowdown in log production. Thus, the Group is taking cautious view over the outlook of timber business for the financial year ending 31 December 2022.

**b) Plantation**

With the CPO prices is expected to maintain at current level for first half of 2022, driven by continuing demands from the key market mainly China and India, while the supply side will remain tight with prolonged shortages of worker, slow down in replanting and no new planting are expected to continue limiting CPO production. The Group anticipates a satisfactory performance for the financial year ending 31 December 2022.

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

To mitigate the challenges caused by increased raw materials and shipment costs, the Group is determined to strengthen cost control measures and operational efficiency. The Group's tapes segment expects to operate satisfactorily for the financial year ending 31 December 2022.

We are cautiously optimistic at this junction, with the expected global economic recovery growing momentum. Barring any unforeseen circumstances, we anticipate that the Group to achieve satisfactory performance for the financial year ending 31 December 2022. The Group is consistently on the lookout for growth opportunities to further enhance shareholders' value.

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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.

**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 31 December 2021 and 31 December 2020.

**32. Rationale for entering into derivatives**

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

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

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

**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: 23 FEBRUARY 2022