

W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Unaudited RM'000	Unaudited RM'000 (Restated)	Unaudited RM'000 (Restated)
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	695,822	700,962	706,734
Prepaid land lease payments	42,120	42,674	43,781
Investment properties	35,147	35,266	29,827
Investment in an associate	8,254	8,966	9,359
Investment in jointly controlled entity	1,717	2,078	2,741
Investment securities	2,144	3,849	4,183
Intangible assets	97,811	98,671	99,039
Biological assets	217,013	192,910	144,159
Forest Management Unit Development Expenditure	15,848	13,360	9,297
Deferred tax assets	57,690	58,905	36,807
	1,173,566	1,157,641	1,085,927
Current assets			
Inventories	201,491	228,091	172,334
Trade receivables	82,702	90,412	107,575
Other receivables	47,035	34,086	32,852
Tax recoverable	13,972	12,398	11,574
Cash and bank balances	224,409	223,919	234,348
	569,609	588,906	558,683
TOTAL ASSETS	1,743,175	1,746,547	1,644,610

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (cont'd)

	Unaudited RM'000	Unaudited RM'000 (Restated)	Unaudited RM'000 (Restated)
	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Retirement benefit obligations	354	351	78
Short term borrowings	192,358	238,569	250,452
Trade payables	65,935	47,710	40,744
Other payables	16,625	19,332	19,844
Land premium payable	433	1,520	1,087
Current tax payable	3,072	2,674	1,526
	278,777	310,156	313,731
Net current assets	290,832	278,750	244,952
Non-current liabilities			
Retirement benefit obligations	1,540	1,540	2,071
Long term borrowings	100,977	90,464	67,338
Deferred tax liabilities	137,870	138,115	114,758
Land premium payable	702	1,299	2,819
	241,089	231,418	186,986
Total liabilities	519,866	541,574	500,717
Net assets	1,223,309	1,204,973	1,143,893
Equity attributable to owners of the parent			
Share capital	219,007	219,007	219,007
Share premium	45,708	45,708	45,708
Treasury shares	(7,712)	(7,570)	(7,502)
Other reserves	1,657	1,057	503
Retained earnings	949,178	931,358	870,178
	1,207,838	1,189,560	1,127,894
Non-controlling interests	15,471	15,413	15,999
Total equity	1,223,309	1,204,973	1,143,893
TOTAL EQUITY AND LIABILITIES	1,743,175	1,746,547	1,644,610

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012 - UNAUDITED

	Current quarter		Cumulative quarter	
	Three months ended 30 June 2012	2011 (Restated)	Six months ended 30 June 2012	2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	170,184	176,638	373,737	333,406
Cost of sales	<u>(140,751)</u>	<u>(131,581)</u>	<u>(311,974)</u>	<u>(253,849)</u>
Gross Profit	29,433	45,057	61,763	79,557
Other income	2,686	2,003	4,560	3,839
Other item of expenses				
Selling and distribution expenses	(12,319)	(11,801)	(25,633)	(22,617)
Administrative expenses	<u>(5,882)</u>	<u>(6,316)</u>	<u>(12,750)</u>	<u>(12,954)</u>
Operating profit	13,918	28,943	27,940	47,825
Finance costs	(2,282)	(2,713)	(4,503)	(5,253)
Share of (loss)/profit of an associate	(208)	464	(800)	632
Share of loss of a jointly controlled entity	<u>(177)</u>	<u>(125)</u>	<u>(361)</u>	<u>(154)</u>
Profit before tax	11,251	26,569	22,276	43,050
Income tax expenses	<u>(2,665)</u>	<u>(5,195)</u>	<u>(4,265)</u>	<u>(8,907)</u>
Profit for the period	8,586	21,374	18,011	34,143
Other comprehensive income				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	(8)	54	230	420
- Transfer to profit or loss upon disposal	-	(73)	(377)	(156)
Foreign currency translation	588	515	612	609
Share of other comprehensive income of an associate	44	-	135	-
Other comprehensive income, net of tax	<u>624</u>	<u>496</u>	<u>600</u>	<u>873</u>
Total comprehensive income for the period	9,210	21,870	18,611	35,016
Profit attributable to:				
Owners of the parent	8,516	21,223	17,820	33,793
Non-controlling interests	70	151	191	350
Profit for the period	8,586	21,374	18,011	34,143
Total comprehensive income attributable to:				
Owners of the parent	9,140	21,719	18,420	34,666
Non-controlling interests	70	151	191	350
Total comprehensive income for the period	9,210	21,870	18,611	35,016
Earnings per share attributable to owners of the parent:				
Basic, for profit for the period (sen)	<u>1.96</u>	<u>4.88</u>	<u>4.10</u>	<u>7.77</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012 - UNAUDITED**

	←————— Attributable to Owners of the Parent —————→								
	←————— Non-Distributable —————→				Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Transation Reserves RM'000	Fair Value Adjustment Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2012 (restated)	219,007	45,708	(7,570)	685	372	931,358	1,189,560	15,413	1,204,973
Total comprehensive income for the period	-	-	-	612	(12)	17,820	18,420	191	18,611
<i>Transactions with owners</i>									
Repurchase of treasury shares	-	-	(142)	-	-	-	(142)	-	(142)
Dividends paid	-	-	-	-	-	-	-	(133)	(133)
Balance as at 30 June 2012	219,007	45,708	(7,712)	1,297	360	949,178	1,207,838	15,471	1,223,309
Balance as at 1 January 2011 (restated)	219,007	45,708	(7,502)	-	503	870,178	1,127,894	15,999	1,143,893
Total comprehensive income for the period	-	-	-	609	264	33,793	34,666	350	35,016
<i>Transactions with owners</i>									
Addition of investment in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	1,750	1,750
Dilution of interest in non-controlling interest	-	-	-	-	-	1,043	1,043	(2,821)	(1,778)
Repurchase of treasury shares	-	-	(12)	-	-	-	(12)	-	(12)
Balance as at 30 June 2011(restated)	219,007	45,708	(7,514)	609	767	905,014	1,163,591	15,278	1,178,869

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012 - UNAUDITED

	Six months ended 30 June	2011
	2012	(Restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,276	43,050
Adjustment for:		
- Share of results of an associate	800	(632)
- Share of results of a jointly controlled entity	361	154
Amortisation	2,534	2,545
Bad debts written off	341	-
Depreciation	16,334	16,563
Dividend income	(252)	(80)
Gain on disposal of investments	(377)	(156)
Gain on disposal of property, plant and equipment	(59)	-
Interest income	(880)	(334)
Interest expense	4,503	5,253
Retirement benefit obligations	100	103
Other non-cash items	(78)	239
	45,603	66,705
Operating profit before working capital changes	45,603	66,705
Changes in working capital :		
Net decrease/(increase) in current assets	21,098	(25,066)
Net increase/(decrease) in current liabilities	15,515	(147)
Cash generated from operations	82,216	41,492
Payment of retirement benefit	(97)	(288)
Interest paid	(1,322)	(4,725)
Interest received	798	233
Taxation paid	(4,495)	(3,206)
	77,100	33,506
Net cash generated from operating activities	77,100	33,506

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012 - UNAUDITED (cont'd)

	Six months ended 30 June	
	2012	2011
	RM'000	(Restated) RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	-	(11,303)
Additional investment by non-controlling interests	-	1,750
Additional investment in subsidiary	-	(1,778)
Biological assets expenditure	(22,065)	(21,167)
Forest Management Unit Development Expenditure	(1,898)	(1,954)
Interest received	82	101
Land premium paid	(1,684)	(1,087)
Proceeds from disposal of property, plant & equipment	688	563
Proceeds from disposal of investment securities	2,184	599
Purchase of investment securities	(247)	(434)
Purchase of property, plant & equipment	(12,526)	(16,225)
Timber rights paid	(1,120)	(1,803)
Net dividend received from an associate	47	189
Net dividend received from investment securities	252	63
	<u>(36,287)</u>	<u>(52,486)</u>
Net cash used in investing activities	<u>(36,287)</u>	<u>(52,486)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(133)	-
Drawdown of term loans	12,000	7,848
Drawdown of trade financing facilities	358,524	338,434
Interest paid	(3,181)	(528)
Repayment of hire purchase	(1,514)	(2,660)
Repayment of term loans	(5,239)	(1,292)
Repayment of trade financing facilities	(382,820)	(324,949)
Repurchase of treasury shares	(142)	(12)
	<u>(22,505)</u>	<u>16,841</u>
Net cash (used in)/generated from financing activities	<u>(22,505)</u>	<u>16,841</u>
Net increase/(decrease) in cash and cash equivalents	18,308	(2,139)
Effects of exchange rate changes	418	382
Net cash and cash equivalents at the beginning of the year	184,660	207,709
	<u>203,386</u>	<u>205,952</u>
Net cash and cash equivalents at the end of the year	<u>203,386</u>	<u>205,952</u>
For Cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	224,409	238,002
Less: Bank overdraft	(21,023)	(32,050)
Cash and cash equivalents	<u>203,386</u>	<u>205,952</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2012 – 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 29 August 2012.

2. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

The condensed consolidated interim financial statements, for the period ended 30 June 2012, have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by International Accounting Standards Board. For period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur.

The condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated 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 year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

W T K HOLDINGS BERHAD (10141-M)
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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2012 – unaudited

3. Significant accounting policies and applications of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statement are consistent with those of the audited year financial statements for the year ended 31 December 2011 except as discussed below:

a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisition prior to the date of transition,

- i) the classification of former business combinations under FRS is maintained;
- ii) there is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- iii) the carrying amount of goodwill recognised under FRS is not adjusted.

b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2012 – unaudited

3. Significant accounting policies and applications of MFRS 1 (cont'd)

b) Property, plant and equipment (cont'd)

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116, Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amount of its freehold land, leasehold land and certain plant and machinery at date of transition as its deemed cost. The surplus arising from the revaluations amounted to RM54,116,000. Deferred tax of RM15,509,000 arising from the surplus of revaluations has been provided for at the date of transition. The resulting adjustments of RM38,607,000 after the provision for deferred taxation was credited to retained earnings.

In the previous year, the Group measured its investment properties at cost. At the date of transition to MFRS, the Group elected to regard the revalued amount of its building at date of transition as its deemed cost. The surplus arising from the revaluation of RM14,608,000 was credited to retained earnings.

c) Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM472,000 (30 June 2011: RM1,081,000; 31 December 2011: RM1,157,000) were adjusted against retained earnings.

d) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided on Page 10 to Page 14.

e) Early adoption of MFRS 141 - Agriculture

The Group has early adopted MFRS 141- Agriculture which becomes operative for annual financial statements beginning on or after 1 January 2013. The early adoption of the standard has no impact on the current quarter as the Group's agriculture activities is at its infancy stage. The carrying amount of the Biological Assets in the Statement of Financial Position approximates fair value.

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2012 - unaudited

3 Significant accounting policies and application of MFRS 1 (cont'd)

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1.1.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 1.1.2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	652,618	54,116	706,734
Prepaid land lease payments	43,781	-	43,781
Investment properties	15,219	14,608	29,827
Investment in an associate	9,359	-	9,359
Investment in jointly controlled entity	2,741	-	2,741
Investment securities	4,183	-	4,183
Intangible assets	99,039	-	99,039
Biological assets	144,159	-	144,159
Forest Management Unit Development Expenditure	9,297	-	9,297
Deferred tax assets	36,807	-	36,807
	<u>1,017,203</u>	<u>68,724</u>	<u>1,085,927</u>
Current assets			
Inventories	172,334	-	172,334
Trade receivables	107,575	-	107,575
Other receivables	32,852	-	32,852
Tax recoverable	11,574	-	11,574
Cash and bank balances	234,348	-	234,348
	<u>558,683</u>	<u>-</u>	<u>558,683</u>
TOTAL ASSETS	<u>1,575,886</u>	<u>68,724</u>	<u>1,644,610</u>
EQUITY AND LIABILITIES			
Current liabilities			
Retirement benefit obligations	78	-	78
Short term borrowings	250,452	-	250,452
Trade payables	40,744	-	40,744
Other payables	19,844	-	19,844
Land premium payable	1,087	-	1,087
Current tax payable	1,526	-	1,526
	<u>313,731</u>	<u>-</u>	<u>313,731</u>
Net current assets	<u>244,952</u>	<u>-</u>	<u>244,952</u>
Non-current liabilities			
Retirement benefit obligations	2,071	-	2,071
Long term borrowings	67,338	-	67,338
Deferred tax liabilities	99,249	15,509	114,758
Land premium payable	2,819	-	2,819
	<u>171,477</u>	<u>15,509</u>	<u>186,986</u>
Total liabilities	<u>485,208</u>	<u>15,509</u>	<u>500,717</u>
Net assets	<u>1,090,678</u>	<u>53,215</u>	<u>1,143,893</u>
Equity attributable to owners of the parent			
Share capital	219,007	-	219,007
Share premium	45,708	-	45,708
Treasury shares	(7,502)	-	(7,502)
Other reserves	975	(472)	503
Retained earnings	825,237	44,941	870,178
	<u>1,083,425</u>	<u>44,469</u>	<u>1,127,894</u>
Non-controlling interests	<u>7,253</u>	<u>8,746</u>	<u>15,999</u>
Total equity	<u>1,090,678</u>	<u>53,215</u>	<u>1,143,893</u>
TOTAL EQUITY AND LIABILITIES	<u>1,575,886</u>	<u>68,724</u>	<u>1,644,610</u>

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2012 - unaudited

3 Significant accounting policies and application of MFRS 1 (cont'd)

(ii) Reconciliation of equity as at 30 June 2011

	FRS as at 30.6.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 30.6.2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	662,143	53,384	715,527
Prepaid land lease payments	43,227	-	43,227
Investment properties	15,121	14,608	29,729
Investment in an associate	9,802	-	9,802
Investment in jointly controlled entity	2,587	-	2,587
Investment securities	4,436	-	4,436
Intangible assets	98,851	-	98,851
Biological assets	167,352	528	167,880
Forest Management Unit Development Expenditure	11,875	-	11,875
Deferred tax assets	36,757	-	36,757
	1,052,151	68,520	1,120,671
Current assets			
Inventories	229,073	-	229,073
Trade receivables	77,326	-	77,326
Other receivables	31,189	-	31,189
Tax recoverable	9,738	-	9,738
Cash and bank balances	238,002	-	238,002
	585,328	-	585,328
TOTAL ASSETS	1,637,479	68,520	1,705,999
EQUITY AND LIABILITIES			
Current liabilities			
Retirement benefit obligations	78	-	78
Short term borrowings	267,171	-	267,171
Trade payables	40,436	-	40,436
Other payables	20,096	-	20,096
Land premium payable	1,520	-	1,520
Current tax payable	2,891	-	2,891
	332,192	-	332,192
Net current assets	253,136	-	253,136
Non-current liabilities			
Retirement benefit obligations	1,886	-	1,886
Long term borrowings	74,548	-	74,548
Deferred tax liabilities	101,712	15,493	117,205
Land premium payable	1,299	-	1,299
	179,445	15,493	194,938
Total liabilities	511,637	15,493	527,130
Net assets	1,125,842	53,027	1,178,869
Equity attributable to owners of the parent			
Share capital	219,007	-	219,007
Share premium	45,708	-	45,708
Treasury shares	(7,514)	-	(7,514)
Other reserves	1,848	(472)	1,376
Retained earnings	859,679	45,335	905,014
	1,118,728	44,863	1,163,591
Non-controlling interests	7,114	8,164	15,278
Total equity	1,125,842	53,027	1,178,869
TOTAL EQUITY AND LIABILITIES	1,637,479	68,520	1,705,999

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2012 - unaudited

3 Significant accounting policies and application of MFRS 1 (cont'd)

(iii) Reconciliation of equity as at 31 December 2011

	FRS as at 31.12.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31.12.2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	649,956	51,006	700,962
Prepaid land lease payments	42,674	-	42,674
Investment properties	17,353	17,913	35,266
Investment in an associate	8,966	-	8,966
Investment in jointly controlled entity	2,078	-	2,078
Investment securities	3,849	-	3,849
Intangible assets	98,671	-	98,671
Biological assets	191,855	1,055	192,910
Forest Management Unit Development Expenditure	13,360	-	13,360
Deferred tax assets	58,905	-	58,905
	<u>1,087,667</u>	<u>69,974</u>	<u>1,157,641</u>
Current assets			
Inventories	228,091	-	228,091
Trade receivables	90,412	-	90,412
Other receivables	34,086	-	34,086
Tax recoverable	12,398	-	12,398
Cash and bank balances	223,919	-	223,919
	<u>588,906</u>	<u>-</u>	<u>588,906</u>
TOTAL ASSETS	<u>1,676,573</u>	<u>69,974</u>	<u>1,746,547</u>
EQUITY AND LIABILITIES			
Current liabilities			
Retirement benefit obligations	351	-	351
Short term borrowings	238,569	-	238,569
Trade payables	47,710	-	47,710
Other payables	19,332	-	19,332
Land premium payable	1,520	-	1,520
Current tax payable	2,674	-	2,674
	<u>310,156</u>	<u>-</u>	<u>310,156</u>
Net current assets	<u>278,750</u>	<u>-</u>	<u>278,750</u>
Non-current liabilities			
Retirement benefit obligations	1,540	-	1,540
Long term borrowings	90,464	-	90,464
Deferred tax liabilities	122,638	15,477	138,115
Land premium payable	1,299	-	1,299
	<u>215,941</u>	<u>15,477</u>	<u>231,418</u>
Total liabilities	<u>526,097</u>	<u>15,477</u>	<u>541,574</u>
Net assets	<u>1,150,476</u>	<u>54,497</u>	<u>1,204,973</u>
Equity attributable to owners of the parent			
Share capital	219,007	-	219,007
Share premium	45,708	-	45,708
Treasury shares	(7,570)	-	(7,570)
Other reserves	1,529	(472)	1,057
Retained earnings	884,553	46,805	931,358
	<u>1,143,227</u>	<u>46,333</u>	<u>1,189,560</u>
Non-controlling interests	<u>7,249</u>	<u>8,164</u>	<u>15,413</u>
Total equity	<u>1,150,476</u>	<u>54,497</u>	<u>1,204,973</u>
TOTAL EQUITY AND LIABILITIES	<u>1,676,573</u>	<u>69,974</u>	<u>1,746,547</u>

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3 Significant accounting policies and application of MFRS 1 (cont'd)

(iv) Reconciliation of total comprehensive income for the 3 months ended 30 June 2011

	FRS as at 30.6.2011 (3 months) RM'000	Effect of transition to MFRS RM'000	MFRS as at 30.6.2011 (3 months) RM'000
Revenue	176,638	-	176,638
Cost of sales	(131,479)	(102)	(131,581)
Gross profit	45,159	(102)	45,057
Other income	2,003	-	2,003
Other items of expenses			
Selling and distribution expenses	(11,801)	-	(11,801)
Administrative expenses	(6,316)	-	(6,316)
Finance costs	(2,713)	-	(2,713)
Share of result of an associate	464	-	464
Share of result of a jointly controlled entity	(125)	-	(125)
Profit before tax	26,671	(102)	26,569
Income tax expenses	(5,203)	8	(5,195)
Profit for the year	21,468	(94)	21,374
Other comprehensive income			
Net gain on available-for-sale financial assets			
- Gain on fair value changes	54	-	54
- Transfer to profit or loss upon disposal	(73)	-	(73)
Foreign currency translation	515	-	515
Other comprehensive income for the period, net of tax	496	-	496
Total comprehensive income for the period	21,964	(94)	21,870
Profit attributable to:			
Owners of the parent	21,317	(94)	21,223
Non-controlling interests	151	-	151
Profit for the period	21,468	(94)	21,374
Total comprehensive income attributable to:			
Owners of the parent	21,813	(94)	21,719
Non-controlling interests	151	-	151
Total comprehensive income for the period	21,964	(94)	21,870

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3 Significant accounting policies and application of MFRS 1 (cont'd)

(v) Reconciliation of total comprehensive income for the 6 months ended 30 June 2011

	FRS as at 30.6.2011 (6 months) RM'000	Effect of transition to MFRS RM'000	MFRS as at 30.6.2011 (6 months) RM'000
Revenue	333,406	-	333,406
Cost of sales	(253,645)	(204)	(253,849)
Gross profit	79,761	(204)	79,557
Other income	3,839	-	3,839
Other items of expenses			-
Selling and distribution expenses	(22,617)	-	(22,617)
Administrative expenses	(12,954)	-	(12,954)
Finance costs	(5,253)	-	(5,253)
Share of result of an associate	632	-	632
Share of result of a jointly controlled entity	(154)	-	(154)
Profit before tax	43,254	(204)	43,050
Income tax expenses	(8,923)	16	(8,907)
Profit for the period	34,331	(188)	34,143
Other comprehensive income			
Net gain on available-for-sale financial assets			
- Gain on fair value changes	420	-	420
- Transfer to profit or loss upon disposal	(156)	-	(156)
Foreign currency translation	609	-	609
Other comprehensive income for the period, net of tax	873	-	873
Total comprehensive income for the period	35,204	(188)	35,016
Profit attributable to:			
Owners of the parent	33,981	(188)	33,793
Non-controlling interests	350	-	350
Profit for the period	34,331	(188)	34,143
Total comprehensive income attributable to:			
Owners of the parent	34,854	(188)	34,666
Non-controlling interests	350	-	350
Total comprehensive income for the period	35,204	(188)	35,016

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4. Changes in estimates

The Group revised the residual values of certain property, plant and equipment with effect from 1 January 2012. The revision were accounted for as a change in accounting estimates and as a result, the depreciation charges for the 6 months ended 30 June 2012 have been increased by RM204,000.

There were no other changes in estimates that have had a material effect in the current quarter.

5. Changes in composition of the Group

There were no other changes in the composition of the Group during the current quarter under review.

6. Segmental information

	6 months ended 30.6.2012		6 months ended 30.6.2011	
	Revenue	Profit/(loss) before tax	Revenue	Profit before tax (Restated)
	RM'000	RM'000	RM'000	RM'000
Timber	295,910	16,144	258,831	35,152
Non-Timber				
Manufacturing	53,011	4,389	47,501	3,025
Trading	23,346	2,666	24,154	2,733
Others	1,470	(923)	2,920	2,140
	77,827	6,132	74,575	7,898
Total	373,737	22,276	333,406	43,050

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

Timber	:	the extraction and sale of timber, manufacture and sale of plywood, veneer and sawn timber.
Manufacturing	:	conversion of aluminium foils, flexible packaging, metallized and electrostatic discharge products, manufacture and sale of adhesive and gummed tapes.
Trading	:	the trading of tapes, foil, papers and electrostatic discharge products.
Others	:	investment income, rental of properties and car park operations .

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6. Segmental information (cont'd)

There have been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

7. Seasonality of operations

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

8. Profit before tax

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,267	1,278	2,534	2,545
Bad debts written off	-	-	341	-
Depreciation	8,230	8,351	16,334	16,563
Impairment loss on receivables	-	-	-	168
Interest expense	2,282	2,713	4,503	5,253
Inventories written off	18	2	18	7
Loss on foreign exchange loss	-	22	-	105
and crediting:				
Gain on foreign exchange	528	-	380	-
Gain on disposal of property, plant and equipment	85	3	59	-
Gain on disposal of quoted investments	-	73	377	156
Hire of machinery	214	369	306	821
Reversal of allowance for impairment in receivables	59	41	26	-
Interest income	337	227	880	334

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9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	1,531	2,786	2,961	5,945
- Foreign tax	156	131	304	266
	1,687	2,917	3,265	6,211
Under provision in prior years	31	200	31	200
	1,718	3,117	3,296	6,411
Deferred taxation				
	947	2,078	969	2,496
	2,665	5,195	4,265	8,907

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

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10. Earnings per share

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
Profit attributable to the owners of the Company (RM'000)	8,516	21,223	17,820	33,793
Weighted average number of ordinary shares in issue ('000)	434,582	434,732	434,616	434,736
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	434,582	434,732	434,616	434,736
Basic EPS (sen)	1.96	4.88	4.10	7.77
Diluted EPS (sen)	1.96	4.88	4.10	7.77

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11. Property, plant and equipment

During the 6 months ended 30 June 2012, the Group acquired assets at a cost of RM12,526,000 (30 June 2011: RM16,225,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM629,000 were disposed of by the Group during the 6 months ended 30 June 2012, (30 June 2011: RM563,000), resulting in gain on disposal of RM59,000 (30 June 2011: RM Nil) recognised and included in other income in the statement of comprehensive income.

12. Intangible assets

	Goodwill	Timber rights	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2011	33,728	106,861	140,589
Addition	-	3,603	3,603
At 31 December 2011 / 1 January 2012	33,728	110,464	144,192
Addition	-	1,120	1,120
At 30 June 2012	33,728	111,584	145,312
Accumulated amortisation and impairment			
At 1 January 2011	5,506	36,044	41,550
Amortisation	-	3,971	3,971
At 31 December 2011 / 1 January 2012	5,506	40,015	45,521
Amortisation	-	1,980	1,980
At 30 June 2012	5,506	41,995	47,501
Net carrying amount			
At 1 January 2011	28,222	70,817	99,039
At 1 December 2011	28,222	70,449	98,671
At 30 June 2012	28,222	69,589	97,811

a) Impairment loss recognised on goodwill

Management has carried out a review of the recoverable amount of its goodwill during the 6 months ended 30 June 2012 and no impairment loss was required as the recoverable amounts were in excess of the carrying amount of the goodwill.

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12. Intangible assets (cont'd)

b) Impairment tests for goodwill and timber rights

Allocation of goodwill and timber rights

Goodwill and logs purchase rights had been allocated to the Group's CGUs identified according to the cash generating units in the respective business segment as follows:

	Goodwill	Timber	Total
	RM'000	rights	RM'000
	RM'000	RM'000	RM'000
At 30 June 2012			
Timber division	24,598	69,589	94,187
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>69,589</u>	<u>97,811</u>
At 31 December 2011			
Timber division	24,598	70,449	95,047
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>70,449</u>	<u>98,671</u>
At 1 January 2011			
Timber division	24,598	70,817	95,415
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>70,817</u>	<u>99,039</u>

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12. Intangible assets (cont'd)

b) Impairment tests for goodwill and timber rights (cont'd)

The recoverable amount of goodwill and timber rights are 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. The following are the key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill and timber rights:

i. Budgeted gross margin

The basis used to determine the values assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

ii. Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

iii. Raw materials price

The basis used to determine the value assigned to the raw materials price is the forecast price indices during the budget year for countries where raw materials are sourced.

13. Cash and cash equivalents

	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Cash on hand and at bank	199,173	212,874	221,364
Short term deposits with licensed financial institutions	25,236	11,045	12,984
Cash and bank balances	<u>224,409</u>	<u>223,919</u>	<u>234,348</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.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2012				
Financial investment available-for-sale				
Quoted investments	1,944	-	-	1,944
Unquoted investments	-	-	200	200
	1,944	-	200	2,144
At 31 December 2011				
Financial investment available-for-sale				
Quoted investments	3,649	-	-	3,649
Unquoted investments	-	-	200	200
	3649	-	200	3,849
At 1 January 2011				
Financial investment available-for-sale				
Quoted investments	3,983	-	-	3,983
Unquoted investments	-	-	200	200
	3983	-	200	4,183

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14. Fair value hierarchy (cont'd)

No transfer between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

15. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares nor repurchase of its issued ordinary shares during the current quarter ended 30 June 2012.

As at 30 June 2012, the number of shares bought back and retained as treasury shares amounted to 3,431,000 shares.

16. Interest bearing loans and borrowings

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

	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Short term borrowings			
Secured	95,774	110,539	108,762
Unsecured	96,584	128,030	141,690
	<u>192,358</u>	<u>238,569</u>	<u>250,452</u>
Long term borrowings			
Secured	100,601	90,088	66,962
Unsecured	376	376	376
	<u>100,977</u>	<u>90,464</u>	<u>67,338</u>
Total	<u>293,335</u>	<u>329,033</u>	<u>317,790</u>

17. Provisions for costs of restructuring

The Group did not engaged in any restructuring exercise, hence there were no provisions for costs of restructuring.

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18. Dividends

A final dividend of 8.5% gross per share less 25% Malaysian Income Tax on 438,013,388 ordinary shares less shares bought back and held as treasury shares amounting to a dividend payable of RM13.852 million (3.19 sen net per share) in respect of the financial year ended 31 December 2011 was approved during the Annual General Meeting held on 28 June 2012. The said dividend was paid on 1 August 2012.

No interim ordinary dividend has been declared for the 6 months ended 30 June 2012 (30 June 2011: RM Nil).

19. Commitments

There are no material capital commitments in the current quarter ended 30 June 2012.

20. Contingencies

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

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21. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the six months ended 30 June 2012 and 30 June 2011 as well as the balances with the related parties as at 30 June 2012 and 31 December 2011:

	Note	Transaction value		Balance outstanding	
		30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	31.12.2011 RM'000
Sawn timber sales:					
W. T. K. Trading Sdn. Bhd.	#	-	2	-	-
Contract fee received:					
Harbour-View Realty Sdn. Bhd.	^	-	583	-	-
Hung Ling Sawmill Sdn Bhd	^	512	-	-	-
W T K Realty Sdn. Bhd.	#	544	627	-	-
Ocarina Development Sdn. Bhd.	#	-	24	-	-
Elite Honour Sdn. Bhd.	#	-	448	-	-
		1,056	1,682	-	-
Road toll received:					
Elite Honour Sdn. Bhd.	#	607	907	117	348
Purchase of logs:					
Harbour-View Realty Sdn. Bhd.	^	3,968	5,360	(38)	477
Protection Gloves Sdn. Bhd.	^	4,771	5,291	(214)	(50)
Faedah Mulia Sdn. Bhd.	#	4,854	11,459	(629)	35
Sabal Sawmill Sdn. Bhd.	^	873	1,174	499	(50)
Harvard Rank Sdn. Bhd.	#	8,007	14,128	214	(50)
Sunrise Megaway Sdn. Bhd.	#	2,675	12,832	(93)	622
Ocarina Development Sdn. Bhd.	#	7,231	-	(188)	(471)
K N Wong (M) Sdn. Bhd.	#	2,079	-	162	(241)
		34,458	50,244	(287)	272

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21. Related party transactions (cont'd)

	Note	Transaction value		Balance outstanding	
		30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	31.12.2011 RM'000
Literage and freight:					
W T K Realty Sdn. Bhd.	#	3,068	2,617	(211)	(598)
Ocarina Development Sdn. Bhd.	#	622	1,009	(35)	(454)
Syarikat Kalulong Sdn. Bhd.	#	170	198	(181)	(92)
Master Ace Territory Sdn. Bhd.	#	857	557	(655)	(428)
		<u>4,717</u>	<u>4,381</u>	<u>(1,082)</u>	<u>(1,572)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	5,208	5,176	(119)	1,358
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	819	826	(412)	(59)
Purchase of hardware and lubricants:					
W.T.K Trading Sdn Bhd	#	8,708	10,151	(969)	(1,241)
Purchase of fertilizer:					
Grofields Sdn Bhd	#	221	344	1	221
TSC Service & Warehousing Sdn. Bhd.	^	1,597	746	(141)	(204)
		<u>1,818</u>	<u>1,090</u>	<u>(140)</u>	<u>17</u>
Contract fees paid in relation to logging operations:					
Harbour-View Realty Sdn. Bhd.	^	-	2,667	(81)	(105)
Hung Ling Sawmill Sdn. Bhd.	^	1,534	511	(1,104)	(22)
W T K Realty Sdn. Bhd.	#	1,238	2,093	(1,122)	129
United Agencies Sdn. Bhd.	^	2,517	2,502	(10)	-
Ann Yun Logistics Sdn. Bhd.	*	1,620	1,625	(194)	(88)
W T K Realty Builder Sdn. Bhd.	#	374	200	(17)	(6)
		<u>7,283</u>	<u>9,598</u>	<u>(2,528)</u>	<u>(92)</u>

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21. Related party transactions (cont'd)

- ^ 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.*
- * The family members of a director and major shareholder of W T K Holdings Berhad, are directors and major shareholder of this company.*

22. Events after the reporting period

There are no events after the quarter ended 30 June 2012 which could materially affect the Group.

23. Performance review

For the quarter under review, the Group's turnover was RM170.2 million as compared to RM176.6 million in the 2Q2011, representing a decrease of RM6.4 million (3.6%). The Group recorded pre-tax profit of RM11.3 million as compared to 2Q2011 of RM26.6 million, a decrease of RM15.3 million (57.5%). This is mainly attributed to the timber division.

Quarter 2, 2012

Timber

For the current quarter, the Group's timber division registered a turnover of RM130.4 million, representing a decrease of 5.3% or RM7.3 million as compared with RM137.7 million in the 2Q2011, with pre-tax profits of RM7.7 million compared to 2Q2011 of RM22.3 million, a decrease of RM14.6 million (65.5%). This is mainly due to the drop in sales volume of round logs by 24.7% as compared to 2Q2011 which arose from the slow-down in orders from its major market, India.

On a year-to-date (YTD) basis, the timber division registered a turnover of RM295.9 million, representing an increase of 14.3%, as compared to the previous corresponding period of RM258.8 million. The higher turnover is due to the higher sales volume in plywood products which increased by approximately 23.8%. The previous corresponding period production volume was hampered by adverse weather condition experienced in Sarawak which also resulted in an increase in average selling prices of the group's timber products. Despite the increase in revenue, the division recorded a profit of RM16.1 million, representing a decrease of 54.3% compared to RM35.2 million registered in the previous corresponding period. This is due to slower demand for timber products arising from the declining economic activities across the Eurozone. The slower demand has resulted in lower average selling prices.

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23. Performance review (cont'd)

On a year-on-year (YOY) basis, average round log prices decreased by approximately 19.6% compared to prices registered in 2Q2011, whilst sales volume decreased by 24.7% compared to 2Q2011. On a YTD basis, average round log prices decreased by 15.5% whilst volume decreased by 4.1%. The Group's key export markets for round logs is India (85%), China (9%), Japan (2%) and the remaining 4% exported to Asian countries including Taiwan, South Korea and Hong Kong.

As for the Group's plywood division, sales volume for the quarter in review increased 15.3% as compared with 2Q2011, whilst, average selling prices decreased by 14.5% as compared to 2Q2011. On a YTD basis, average plywood prices were lower by 4.2% whilst volume increased 23.8%. The Group's key plywood markets for the quarter in review were Japan (81%), Taiwan (17%) and China (2%).

Non- timber

Manufacturing and trading

The revenue for the 2Q2012 was higher by RM2.4 million or 6.5% when compared to 2Q2011. Profit before tax increased by RM1.8 million, representing an increase of 75.2% when compared with the 2Q2011.

On a year-on-year basis, revenue increased by RM4.7 million or 6.6%, with an increase in profit before tax by RM1.3 million or 22.5%.

The increase in revenue was mainly driven by a growth in demand for its foil products from overseas market.

During the 2Q2012, the manufacturing and trading division experienced lower cost as a result of a sudden surge in the volume of production of its foil products and effective cost management. This has led to higher profit before tax for the period under review. A change in the product mix has also contributed to the positive results of the manufacturing division.

Others

The revenue posted for the current period was generally lower when compared to the preceding corresponding period. This was due to an exceptional rental income received in the preceding corresponding period. This exceptional rental income arose from a legal case taken against a former tenant which the Court ruled in favour of the Group.

Profit before tax for the current period when compared with the preceding corresponding period was adversely affected by the share of loss of an associate company.

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24. Comment on material change in profit before taxation

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

Quarter 2, 2012

Timber

The Group's timber division registered a turnover of RM130.4 million, a decrease of RM35.1 million (21.2%) as compared to 1Q2012, with pre-tax profits of RM7.7 million compared to RM8.4 million. The current economic uncertainties arising from the Eurozone financial woes continued to weigh on the Group's timber division.

Non- timber

Manufacturing and trading

The revenue for the 2Q2012 increased by 4.8% when compared with 1Q2012. This was mainly due to an increase in the export sales of foil products and the strengthening of Malaysian Ringgit. Profit before tax was 38.8% higher when compared with 1Q2012 as a result of the increase in revenue and favourable foreign exchange rates.

Other

There were no material changes in the revenue of the current quarter when compared with 1Q2012. However, profit before tax decreased by 70.7%. This was mainly attributed by a gain on disposal of quoted investment during the 1Q2012.

25. Commentary on prospects

Quarter 2, 2012

Timber

The GDP across the 17-nation region in Europe fell in second quarter 2012 by 0.2%. The better than expected figures from Germany and France were offset by sharp contractions elsewhere with the Spanish, Italian, Finnish and Portuguese economies shrinking. Last month Eurozone consumer and business confidence fell for the fourth straight month, weakening significantly in France, Germany, Finland and Austria. All these are expected to add to the world economy's downward momentum.

Japan, a traditional tropical hardwood timber buyer and an economy that is dependent mainly on exports, also recorded a lower economic growth during the second quarter of 2012. The economy registered 0.3% growth compared to 1.3% during the first quarter of 2012, with an annual rate of just 1.4%. The 1.4% annual growth is sharply less than the revised 5.5% rate in the first quarter.

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25. Commentary on prospects (cont'd)

Quarter 2, 2012 (cont'd)

Timber (cont'd)

The slowdown in its growth is weighed by the cooling demand for products from the European markets and the strong Yen which made Japanese products less competitive overseas despite the reconstruction demand in the wake of the destructive tsunami last year continued to drive Japan's economic growth.

In light of the current events, the Group will monitor closely the situation in Europe as a pro-longed uncertainty in its debt turmoil is expected to slow down the world's major economies and accordingly, would result in lower demand for timber products. The Group will also continue to maintain its lower production volume policy that was adopted during the first half of 2012 until demand for its timber products improves. It shall continue to strive to maintain the quality of its premium plywood products and maintain a formidable presence in the industry.

Non-timber Manufacturing and Trading

With the encouraging performance of the non-timber division, the Group is optimistic that it will continue to register growth in its export market while the domestic growth is expected to be challenging in 2012.

26. 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.

27. Statements by directors on achievability of revenue or profit estimate, forecast, projection or internal targets.

Please refer to the commentary of Note 26.

28. Profit forecast or profit guarantee

The Group has not provided any profit forecast or profit guarantee.

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29. Corporate proposals

There are no other outstanding proposals that have been announced but pending completion.

There was a claim made by W T K Holdings Berhad against Yayasan Islam Negeri Kedah (YINK) arising from the proposed joint-venture with YINK. The Company's legal advisor has on 24th May, 2011 served on the Defendant's solicitor for payment and are still waiting for the Court of Appeal to fix a date to hear the appeal.

30. Changes in material litigation

There was no material litigation against the Group.

31. Dividend payable

Please refer to Note 18 for details.

32. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

33. Rationale for entering into derivatives

The Group did not enter into any derivatives during current quarter ended 30 June 2012 or the previous financial year ended 31 December 2011.

34. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 30 June 2012 or the previous financial year ended 31 December 2011.

35. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit and loss as at 30 June 2012 and 31 December 2011.

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36. Breakdown of realised and unrealised profit or losses

	As at 30.6.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,121,178	1,094,809
- Unrealised	(77,663)	(76,748)
	1,043,515	1,018,061
Total share of retained profits from an associate company:		
- Realised	6,533	7,380
- Unrealised	(8)	(8)
Total share of retained profits from a jointly controlled entity:		
- Realised	(109)	252
	1,049,931	1,025,685
Less: Consolidation adjustments	(100,753)	(94,327)
Total Group retained profits as per consolidated accounts	949,178	931,358

37. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

BY ORDER OF THE BOARD

TAN MEE LIAN
COMPANY SECRETARY
KUALA LUMPUR
Date: 29 AUGUST 2012