

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Unaudited RM'000	Unaudited RM'000 (Restated)	Unaudited RM'000 (Restated)
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	712,970	714,322	716,031
Prepaid land lease payments	41,567	42,674	43,781
Investment properties	35,035	35,266	29,827
Investment in an associate	7,704	8,966	9,359
Investment in jointly controlled entity	1,552	2,078	2,741
Investment securities	1,332	3,849	4,183
Intangible assets	95,831	98,671	99,039
Biological assets	245,261	192,910	144,159
Deferred tax assets	64,160	58,905	36,807
	1,205,412	1,157,641	1,085,927
Current assets			
Inventories	159,283	228,091	172,334
Trade receivables	83,417	90,412	107,575
Other receivables	58,020	34,086	32,852
Tax recoverable	11,426	12,398	11,574
Cash and bank balances	236,985	223,919	234,348
	549,131	588,906	558,683
TOTAL ASSETS	1,754,543	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 31 DECEMBER 2012 (cont'd)

	Unaudited RM'000	Unaudited RM'000 (Restated)	Unaudited RM'000 (Restated)
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Retirement benefit obligations	110	351	78
Short term borrowings	148,452	238,569	250,452
Trade payables	67,678	47,710	40,744
Other payables	21,027	19,332	19,844
Land premium payable	433	1,520	1,087
Current tax payable	3,205	2,674	1,526
	<u>240,905</u>	<u>310,156</u>	<u>313,731</u>
Net current assets	<u>308,226</u>	<u>278,750</u>	<u>244,952</u>
Non-current liabilities			
Retirement benefit obligations	1,837	1,540	2,071
Long term borrowings	130,376	90,464	67,338
Deferred tax liabilities	143,841	138,115	114,758
Land premium payable	747	1,299	2,819
	<u>276,801</u>	<u>231,418</u>	<u>186,986</u>
Total liabilities	<u>517,706</u>	<u>541,574</u>	<u>500,717</u>
Net assets	<u>1,236,837</u>	<u>1,204,973</u>	<u>1,143,893</u>
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	(8,062)	(7,570)	(7,502)
Other reserves	1,411	1,057	503
Retained earnings	963,077	931,358	870,178
	<u>1,221,141</u>	<u>1,189,560</u>	<u>1,127,894</u>
Non-controlling interests	15,696	15,413	15,999
Total equity	<u>1,236,837</u>	<u>1,204,973</u>	<u>1,143,893</u>
TOTAL EQUITY AND LIABILITIES	<u>1,754,543</u>	<u>1,746,547</u>	<u>1,644,610</u>

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 YEAR ENDED 31 DECEMBER 2012 - UNAUDITED

	Current quarter		Cumulative quarter	
	Three months ended 31 December 2012	2011 (Restated)	Twelve months ended 31 December 2012	2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	195,616	210,619	768,667	686,144
Cost of sales	<u>(163,635)</u>	<u>(171,566)</u>	<u>(633,439)</u>	<u>(536,786)</u>
Gross Profit	31,981	39,053	135,228	149,358
Other income	3,093	2,987	10,521	9,232
Other item of expenses				
Selling and distribution expenses	(14,559)	(12,086)	(54,611)	(43,857)
Administrative expenses	<u>(7,417)</u>	<u>(6,441)</u>	<u>(26,226)</u>	<u>(25,417)</u>
Operating profit	13,098	23,513	64,912	89,316
Finance costs	(1,516)	(3,095)	(8,391)	(10,689)
Share of results of an associate	(318)	(391)	(1,350)	(69)
Share of results of a jointly controlled entity	<u>3</u>	<u>(20)</u>	<u>(526)</u>	<u>(263)</u>
Profit before tax	11,267	20,007	54,645	78,295
Income tax expenses	<u>(660)</u>	<u>112</u>	<u>(8,588)</u>	<u>(9,551)</u>
Profit for the year	<u>10,607</u>	<u>20,119</u>	<u>46,057</u>	<u>68,744</u>
Other comprehensive income				
Net gain on available-for-sale financial assets				
- Gain/(loss) on fair value changes	138	412	371	256
- Transfer to profit or loss upon disposal	(359)	(48)	(766)	(252)
Foreign currency translation	(61)	82	614	685
Share of other comprehensive income of an associate	-	(135)	135	(135)
Other comprehensive income, net of tax	<u>(282)</u>	<u>311</u>	<u>354</u>	<u>554</u>
Total comprehensive income for the year	<u>10,325</u>	<u>20,430</u>	<u>46,411</u>	<u>69,298</u>
Profit attributable to:				
Owners of the parent	10,512	20,097	45,571	68,259
Non-controlling interests	95	22	486	485
Profit for the year	<u>10,607</u>	<u>20,119</u>	<u>46,057</u>	<u>68,744</u>
Total comprehensive income attributable to:				
Owners of the parent	10,230	20,408	45,925	68,813
Non-controlling interests	95	22	486	485
Total comprehensive income for the year	<u>10,325</u>	<u>20,430</u>	<u>46,411</u>	<u>69,298</u>
Earnings per share attributable to owners of the parent:				
Basic, for profit for the year (sen)	<u>2.42</u>	<u>4.62</u>	<u>10.49</u>	<u>15.70</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)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	614	(260)	45,571	45,925	486	46,411
<i>Transactions with owners</i>									
Repurchase of treasury shares	-	-	(492)	-	-	-	(492)	-	(492)
Dividends paid	-	-	-	-	-	(13,852)	(13,852)	(203)	(14,055)
Balance as at 31 December 2012	219,007	45,708	(8,062)	1,299	112	963,077	1,221,141	15,696	1,236,837
Balance as at 1 January 2011 (restated)	219,007	45,708	(7,502)	-	503	871,837	1,129,553	15,999	1,145,552
Total comprehensive income for the year	-	-	-	685	(131)	68,259	68,813	485	69,298
<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	-	-	(68)	-	-	-	(68)	-	(68)
Dividends paid	-	-	-	-	-	(9,781)	(9,781)	-	(9,781)
Balance as at 31 December 2011(restated)	219,007	45,708	(7,570)	685	372	931,358	1,189,560	15,413	1,204,973

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)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012 - UNAUDITED

	2012	2011
	RM'000	(Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,645	78,295
Adjustment for:		
- Share of results of an associate	1,350	69
- Share of results of a jointly controlled entity	526	263
Allowance for impairment	149	254
Amortisation	5,067	5,078
Bad debts written off	341	1,305
Depreciation	33,182	33,962
Dividend income	(270)	(222)
Gain on disposal of investments	(766)	(252)
(Gain)/loss on disposal of property, plant and equipment	(119)	59
Impairment loss on investment in jointly controlled entity	-	400
Interest income	(3,747)	(707)
Interest expense	8,391	10,689
Property, plant and equipment written off	8	261
Retirement benefit obligations	200	206
Reversal of impairment losses on receivables	(246)	(534)
Unrealised gain on foreign exchange	(6)	(15)
Other non-cash items	24	10
	<hr/>	<hr/>
Operating profit before working capital changes	98,729	129,121
Changes in working capital :		
Net decrease/(increase) in current assets	51,649	(39,189)
Net increase in current liabilities	21,661	6,450
Cash generated from operations	<hr/>	<hr/>
	172,039	96,382
Payment of retirement benefit	(144)	(464)
Interest paid	(7,544)	(9,673)
Interest received	3,528	707
Taxation paid	(6,646)	(7,950)
	<hr/>	<hr/>
Net cash generated from operating activities	161,233	79,002

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012 - UNAUDITED (cont'd)

	2012	2011
	RM'000	(Restated) RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	-	(9,650)
Additional investment by non-controlling interests	-	(1,778)
Additional investment in subsidiary	-	1,750
Biological assets expenditure	(48,147)	(43,561)
Interest received	219	-
Land premium paid	(1,639)	(1,087)
Proceeds from disposal of property, plant and equipment	1,004	3,883
Proceeds from disposal of investment securities	3,234	1,361
Purchase of investment securities	(343)	(772)
Purchase of property, plant and equipment	(28,443)	(34,973)
Purchase of investment properties	(7)	-
Timber rights paid	(1,120)	(3,603)
Net dividend received from an associate	47	189
Net dividend received from investment securities	269	192
	<u>(74,926)</u>	<u>(88,049)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(203)	-
Dividend paid to owners of the parent	(13,852)	(9,781)
Drawdown of term loans	41,605	27,345
Drawdown of trade financing facilities	566,028	716,852
Interest paid	(847)	(1,016)
Repayment of hire purchase	(3,219)	(4,887)
Repayment of term loans	(4,037)	(5,593)
Repayment of trade financing facilities	(637,901)	(737,357)
Repurchase of treasury shares	(492)	(68)
	<u>(52,918)</u>	<u>(14,505)</u>
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents	33,389	(23,552)
Effects of exchange rate changes	406	503
Net cash and cash equivalents at the beginning of the year	184,660	207,709
	<u>218,455</u>	<u>184,660</u>
Net cash and cash equivalents at the end of the period		
For Cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	236,985	223,919
Less: Bank overdraft	(18,530)	(39,259)
Cash and cash equivalents	<u>218,455</u>	<u>184,660</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 twelve months ended 31 December 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 27 February 2013.

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

The condensed consolidated interim financial statements, for the year ended 31 December 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 ended 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.

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 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 land and 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 twelve months ended 31 December 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 (31 December 2011: RM472,000) 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 13.

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 twelve months ended 31 December 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	661,915	54,116	716,031
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
Deferred tax assets	36,807	-	36,807
	1,017,203	68,724	1,085,927
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
	558,683	-	558,683
TOTAL ASSETS	1,575,886	68,724	1,644,610
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
	313,731	-	313,731
Net current assets	244,952	-	244,952
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
	171,477	15,509	186,986
Total liabilities	485,208	15,509	500,717
Net assets	1,090,678	53,215	1,143,893
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
	1,083,425	44,469	1,127,894
Non-controlling interests	7,253	8,746	15,999
Total equity	1,090,678	53,215	1,143,893
TOTAL EQUITY AND LIABILITIES	1,575,886	68,724	1,644,610

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2012 - unaudited

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

(ii) Reconciliation of equity as at 31 December 2011

ASSETS	FRS as at 31.12.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31.12.2011 RM'000
Non-current assets			
Property, plant and equipment	663,316	51,006	714,322
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
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	7,249	8,164	15,413
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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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2012 - unaudited

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

(iii) Reconciliation of total comprehensive income for the 3 months ended 31 December 2011

	FRS as at 31.12.2011 (3 months) RM'000	Effect of transition to MFRS RM'000	MFRS as at 31.12.2011 (3 months) RM'000
Revenue	210,619	-	210,619
Cost of sales	(171,463)	(103)	(171,566)
Gross profit	39,156	(103)	39,053
Other income	2,987	-	2,987
Other items of expenses			
Selling and distribution expenses	(12,086)	-	(12,086)
Administrative expenses	(6,441)	-	(6,441)
Finance costs	(3,095)	-	(3,095)
Share of result of an associate	(391)	-	(391)
Share of result of a jointly controlled entity	(20)	-	(20)
Profit before tax	20,110	(103)	20,007
Income tax expenses	104	8	112
Profit for the year	20,214	(95)	20,119
Other comprehensive income			
Net loss on available-for-sale financial assets			
- Loss on fair value changes	412	-	412
- Transfer to profit or loss upon disposal	(48)	-	(48)
Foreign currency translation	82	-	82
Share of other comprehensive income of an associate	(135)	-	(135)
Other comprehensive income for the period, net of tax	311	-	311
Total comprehensive income for the period	20,525	(95)	20,430
Profit attributable to:			
Owners of the parent	20,192	(95)	20,097
Non-controlling interests	22	-	22
Profit for the period	20,214	(95)	20,119
Total comprehensive income attributable to:			
Owners of the parent	20,503	(95)	20,408
Non-controlling interests	22	-	22
Total comprehensive income for the period	20,525	(95)	20,430

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

(iv) Reconciliation of total comprehensive income for year ended 31 December 2011

	FRS as at 31.12.2011 (12 months) RM'000	Effect of transition to MFRS RM'000	MFRS as at 31.12.2011 (12 months) RM'000
Revenue	686,144	-	686,144
Cost of sales	(536,377)	(409)	(536,786)
Gross profit	149,767	(409)	149,358
Other income	9,232	-	9,232
Other items of expenses			
Selling and distribution expenses	(43,857)	-	(43,857)
Administrative expenses	(25,417)	-	(25,417)
Finance costs	(10,689)	-	(10,689)
Share of result of an associate	(69)	-	(69)
Share of result of a jointly controlled entity	(263)	-	(263)
Profit before tax	78,704	(409)	78,295
Income tax expenses	(9,583)	32	(9,551)
Profit for the year	69,121	(377)	68,744
Other comprehensive income			
Net loss on available-for-sale financial assets			
- Loss on fair value changes	256	-	256
- Transfer to profit or loss upon disposal	(252)	-	(252)
Foreign currency translation	685	-	685
Share of other comprehensive income of an associate	(135)	-	(135)
Other comprehensive income for the year, net of tax	554	-	554
Total comprehensive income for the year	69,675	(377)	69,298
Profit attributable to:			
Owners of the parent	68,636	(377)	68,259
Non-controlling interests	485	-	485
Profit for the year	69,121	(377)	68,744
Total comprehensive income attributable to:			
Owners of the parent	69,190	(377)	68,813
Non-controlling interests	485	-	485
Total comprehensive income for the year	69,675	(377)	69,298

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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 12 months ended 31 December 2012 have been increased by RM409,000.

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

	12 months ended 31.12.2012		12 months ended 31.12.2011	
	Revenue	Profit/(loss) before tax	Revenue	Profit before tax (Restated)
	RM'000	RM'000	RM'000	RM'000
Timber	606,659	39,233	537,065	64,729
Non-Timber				
Manufacturing	110,502	11,816	97,113	6,426
Trading	48,551	5,352	47,542	5,629
Others	2,955	(1,756)	4,424	1,511
	162,008	15,412	149,079	13,566
Total	768,667	54,645	686,144	78,295

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6. Segmental information (cont'd)

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 .

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.

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8. Profit before tax

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,267	1,266	5,067	5,078
Bad debts written off	-	1,302	341	1,305
Depreciation	8,636	7,901	33,182	33,962
Impairment loss on receivables	149	202	149	254
Interest expense	1,516	3,095	8,391	10,689
Inventories written off	8	19	24	38
Loss on foreign exchange loss	-	1,290	-	977
Loss on disposal of property, plant and equipment	-	2	-	59
Property plant and equipment written off	-	256	8	261
and crediting:				
Gain on foreign exchange	432	755	884	927
Gain on disposal of property, plant and equipment	1	-	119	-
Gain on disposal of quoted investments	359	48	766	252
Reversal of inventory written down	-	28	-	28
Hire of machinery	170	371	644	1,594
Reversal of allowance for impairment in receivables	204	534	246	534
Interest income	1,519	197	3,747	707

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9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period/year:				
Current taxation				
- Malaysian income tax	3,852	1,587	9,915	9,578
- Foreign tax	154	179	621	625
	4,006	1,766	10,536	10,203
Over provision in prior years	(2,915)	(1,981)	(2,417)	(1,910)
	1,091	(215)	8,119	8,293
Deferred taxation				
- Current year	152	2,924	1,198	4,586
- Over provision in prior years	(583)	(2,821)	(729)	(3,328)
	(431)	103	469	1,258
	660	(112)	8,588	9,551

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		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Profit attributable to the owners of the Company (RM'000)	10,512	20,097	45,571	68,259
Weighted average number of ordinary shares in issue ('000)	434,506	434,682	434,578	434,721
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	434,506	434,682	434,578	434,721
Basic EPS (sen)	2.42	4.62	10.49	15.70
Diluted EPS (sen)	2.42	4.62	10.49	15.70

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11. Property, plant and equipment

During the 12 months ended 31 December 2012, the Group acquired assets at a cost of RM36,491,000 (31 December 2011: RM37,236,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM885,000 were disposed of by the Group during the 12 months ended 31 December 2012 (31 December 2011: RM3,942,000), resulting in a gain on disposal of RM119,000 (31 December 2011: loss on disposal of RM59,000) recognised and included in other income in the statement of comprehensive income.

12. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	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	<u>33,728</u>	<u>110,464</u>	<u>144,192</u>
Addition	-	1,120	1,120
At 31 December 2012	<u>33,728</u>	<u>111,584</u>	<u>145,312</u>
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	<u>5,506</u>	<u>40,015</u>	<u>45,521</u>
Amortisation	-	3,960	3,960
At 31 December 2012	<u>5,506</u>	<u>43,975</u>	<u>49,481</u>
Net carrying amount			
At 1 January 2011	<u>28,222</u>	<u>70,817</u>	<u>99,039</u>
At 1 December 2011	<u>28,222</u>	<u>70,449</u>	<u>98,671</u>
At 31 December 2012	<u>28,222</u>	<u>67,609</u>	<u>95,831</u>

a) Impairment loss recognised on goodwill

Management has carried out a review of the recoverable amount of its goodwill during the 12 months ended 31 December 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 31 December 2012			
Timber division	24,598	67,609	92,207
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>67,609</u>	<u>95,831</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

	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Cash on hand and at bank	220,579	212,874	221,364
Short term deposits with licensed financial institutions	16,406	11,045	12,984
Cash and bank balances	<u>236,985</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 31 December 2012				
Financial investment available-for-sale				
Quoted investments	1,132	-	-	1,132
Unquoted investments	-	-	200	200
	1,132	-	200	1,332
At 31 December 2011				
Financial investment available-for-sale				
Quoted investments	3,649	-	-	3,649
Unquoted investments	-	-	200	200
	3,649	-	200	3,849
At 1 January 2011				
Financial investment available-for-sale				
Quoted investments	3,983	-	-	3,983
Unquoted investments	-	-	200	200
	3,983	-	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 during the current quarter ended 31 December 2012.

During the current quarter ended 31 December 2012, the Company repurchased 340,000 of its issued ordinary shares from the open market at an average price from RM0.93 to RM0.99 per share. The total consideration paid for the repurchase including transaction costs was RM327,177.15 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

As at 31 December 2012, the number of shares bought back and retained as treasury shares amounted to 3,791,000 shares.

16. Interest bearing loans and borrowings

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

	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Short term borrowings			
Secured	74,571	110,539	108,762
Unsecured	73,881	128,030	141,690
	<u>148,452</u>	<u>238,569</u>	<u>250,452</u>
Long term borrowings			
Secured	130,000	90,088	66,962
Unsecured	376	376	376
	<u>130,376</u>	<u>90,464</u>	<u>67,338</u>
Total	<u>278,828</u>	<u>329,033</u>	<u>317,790</u>

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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

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 paid on 1 August 2012.

At the forthcoming Annual General Meeting, a final dividend, of 5.6% 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 RM9.119 million (2.10 sen net per share) in respect of the financial year ended 31 December 2012 will be proposed for shareholders' approval. (31 December 2011: 8.5%)

19. Commitments

There were no material capital commitments in the current quarter ended 31 December 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 twelve months ended 31 December 2012 and 31 December 2011 as well as the balances with the related parties as at 31 December 2012 and 31 December 2011:

	Note	Transaction value		Balance outstanding	
		31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Sawn timber sales:					
W. T. K. Trading Sdn. Bhd.	#	-	4	-	-
Contract fee received:					
Harbour-View Realty Sdn. Bhd.	^	-	1,089	-	-
Hung Ling Sawmill Sdn Bhd	^	512	-	-	-
W T K Realty Sdn. Bhd.	#	544	1,171	-	-
Ocarina Development Sdn. Bhd.	#	-	36	-	-
Elite Honour Sdn. Bhd.	#	367	499	-	-
		<u>1,423</u>	<u>2,795</u>	<u>-</u>	<u>-</u>
Road toll received:					
Elite Honour Sdn. Bhd.	#	1,486	1,872	591	348
Purchase of logs:					
Harbour-View Realty Sdn. Bhd.	^	7,577	11,060	1,838	477
Protection Gloves Sdn. Bhd.	^	9,209	12,266	(74)	(50)
Faedah Mulia Sdn. Bhd.	#	9,218	20,889	91	35
Sabal Sawmill Sdn. Bhd.	^	2,860	2,152	241	(50)
Harvard Rank Sdn. Bhd.	#	17,576	24,360	692	(50)
Sunrise Megaway Sdn. Bhd.	#	9,337	20,211	2,151	622
Ocarina Development Sdn. Bhd.	#	16,809	5,963	(199)	(471)
K N Wong (M) Sdn. Bhd.	#	4,304	1,441	(102)	(241)
		<u>76,890</u>	<u>98,342</u>	<u>4,638</u>	<u>272</u>

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21. Related party transactions (cont'd)

	Note	Transaction value		Balance outstanding	
		31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Literage and freight:					
W T K Realty Sdn. Bhd.	#	6,447	5,849	(115)	(598)
Ocarina Development Sdn. Bhd.	#	1,516	1,785	170	(454)
Syarikat Kalulong Sdn. Bhd.	#	516	469	(187)	(92)
Master Ace Territory Sdn. Bhd.	#	1,732	1,155	(698)	(428)
		<u>10,211</u>	<u>9,258</u>	<u>(830)</u>	<u>(1,572)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	10,067	10,293	854	1,358
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	1,711	1,631	(288)	(59)
Purchase of hardware and lubricants:					
W.T.K Trading Sdn Bhd	#	18,852	20,953	(586)	(1,241)
Purchase of fertilizer:					
Grofields Sdn Bhd	#	221	457	-	221
TSC Service & Warehousing Sdn. Bhd.	^	9,182	2,572	(661)	(204)
		<u>9,403</u>	<u>3,029</u>	<u>(661)</u>	<u>17</u>
Contract fees paid in relation to logging operations:					
Harbour-View Realty Sdn. Bhd.	^	140	6,044	(11)	(105)
Hung Ling Sawmill Sdn. Bhd.	^	2,344	1,090	(445)	(22)
W T K Realty Sdn. Bhd.	#	1,991	4,875	(391)	129
United Agencies Sdn. Bhd.	^	5,667	5,633	-	-
Ann Yun Logistics Sdn. Bhd.	*	3,240	3,245	(160)	(88)
W T K Realty Builder Sdn. Bhd.	#	1,648	413	(828)	(6)
		<u>15,030</u>	<u>21,300</u>	<u>(1,835)</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 31 December 2012 which could materially affect the Group.

23. Performance review

For the quarter under review, the Group's revenue was RM195.6 million as compared to RM210.6 million in the 4Q2011, representing a decrease of RM15.0 million (7.1%), with pre-tax profit of RM11.3 million which is 43.5% lower than 4Q2011 of RM20.0 million. This is due to both the timber and non timber division.

Quarter 4, 2012

Timber

For the current quarter, the Group's timber division registered a revenue of RM155.1 million, representing a decrease of 10.5% or RM18.2 million as compared with RM173.3 million in the 4Q2011. Its pre-tax profit stood at RM7.8 million in the current quarter, reflecting a decrease of 54.4% or RM9.3 million when compared to RM17.1 million registered in the 4Q2011. This is mainly due to the bad weather condition experienced during this quarter as compared to 4Q2011 coupled with the slowdown in sales orders.

On a year-to-date (YTD) basis, the timber division registered a revenue of RM606.7 million, representing an increase of 13.0%, as compared to the previous corresponding period of RM537.0 million. However, the division recorded pre-tax profit of RM39.2 million, a decrease of 39.4% compared to a pre-tax profit of RM64.7 million registered in the previous corresponding period. The decrease in pre-tax profit is due to the drop in log production as a result of slower demand and abnormal weather condition experienced during this period despite improved performance by the plywood division albeit weaker selling prices.

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23. Performance review (cont'd)

Quarter 4, 2012 (cont'd)

Timber (cont'd)

On a year-on-year (YOY) basis, average round log prices increased 4.3% compared to prices registered in 4Q2011, whilst sales volume decreased by 16.8%. The decrease in sales volume was due to the bad weather condition experienced this quarter. On a YTD basis, average round log prices decreased 7.8% whilst volume decreased by 3.4%. This is in line with the slower demand experienced during the period. The Group's key export markets for round logs were India (79%), China (11%) and the remaining 10% exported to other Asean countries.

As for the Group's plywood division, sales volume for the quarter in review remained flat compared to 4Q2011 whilst average selling prices decreased by 8.8%. On a YTD basis, average plywood prices were lower by 7.6%, whilst sales volume increased by 25.7%. The higher sales volume was mainly sales of the Group's premium plywood products. The Group's key plywood markets for the quarter in review were Japan (88%) and Taiwan (12%).

Non- timber

Manufacturing and trading

The revenue for the 4Q2012 registered at RM39.8 million, an improvement of RM3.3 million or 9.0% when compared to 4Q2011. Profit before tax increased by RM0.9 million, representing an increase of 30.0% when compared with the 4Q2011.

On a YTD basis, revenue registered at RM159.1 million, an increase of RM14.4 million or 10.0%, with an increase in profit before tax by RM5.1 million or 42.1%.

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

During the current financial year under review, 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 financial year under review. A change in the product mix has also contributed to the positive results of the manufacturing division.

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23. Performance review (cont'd)

Quarter 4, 2012 (cont'd)

Others

The revenue posted for the current financial year was generally lower when compared to the preceding corresponding financial year. This was due to an exceptional rental income received in the preceding corresponding financial year. 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 financial year when compared with the preceding corresponding financial year was adversely affected by the awarded rental and the share of loss of an associate company.

24. Comment on material change in profit before taxation

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

Quarter 4, 2012

Timber

The timber division recorded a revenue of RM155.1 million as compared to 3Q2012's revenue of RM155.6 million, with pre-tax profit of RM7.8 million whilst 3Q2012's pre-tax profit was RM15.3 million. This is mainly attributed by the abnormal weather condition which affected the quality of logs harvested.

Non- timber

Manufacturing and trading

The revenue for the 4Q2012 was RM39.8 million, a decline of RM3.1 million or 7.2% when compared with 3Q2012. This decline in revenue was mainly due to the sudden surge in sales of cellulose tapes in Q32012 and the lacklustre sales in Q42012 by the subsidiary company in Singapore as a result of the soften business sentiment in Singapore. This has resulted in a decline in profit before tax by RM2.3 million or 37.1%.

Others

There were no material changes to the revenue and profit before tax in respect of the current quarter when compared with 3Q2012.

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25. Commentary on prospects

Quarter 4, 2012

Timber

Total housing starts in Japan for 2012 were up by 5.8% year on year to 882,797. Housing starts remained strong due to the demand for housing ahead of a two-stage sales tax increase planned for 2014 and 2015. Housing starts is to remain firm in 2013 with the anticipated continued pent-up demand for new houses before the government raises the 5% sales tax to 8% in April 2014 and to 10% in October 2015. The Japanese government has also decided to expand tax credit for people with housing loans by extending the measures for another four years through the end of 2017.

Japan economy started with an upbeat note with annual growth in the first quarter of 6% as strong government spending on reconstruction from the March 2011 tsunami disaster helped spur demand. However, the economy slipped back into contraction in the second quarter and further deteriorated as frictions with China over a territorial dispute hampered exports to one of Japan's largest overseas market. The fourth quarter GDP shrank by 0.4 % in annualized terms for the fourth quarter 2012, third straight quarter of contraction on weak demand both at domestic and overseas. The results were worst than expected as the economy was expected to emerge from recession in the final quarter of 2012 as the Japanese yen weakened against other major currencies, giving a boost to Japanese manufacturers. However, immediately after Prime Minister Shinzo Abe took office in late December 2012, an aggressive spending and monetary stimulus programme was announced to get growth back on track. He has sought the central bank to set inflation target of 2 %, aimed at breaking Japan out of its long bout of deflation which in his opinion, has inhibited corporate investment and growth. With the announcement, many expect at least a temporary move to growth for the first half of 2013.

India, a major importer of the Group round logs, GDP has been revised to grow at an annual rate of 5% for this fiscal year, much below the consensus estimate of 5.5%. The unexpected and sharp fall in industrial production and weak export orders in the first half of the current fiscal year seem to have curtailed India economic growth.

Economic indicators showed many parts of Europe remain in recession with certain economy slipping deeper than expected into recession in the last three months of 2012 and the U.S. only gradually recovering. In U.S, confidence among homebuilders slipped this month compared to January 2013, as builders remain concerned about the sturdiness of the U.S. economy and the risk of rising unemployment. In Europe, concerns heightened over the political developments in the 17-country euro zone, mainly Italy.

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25. Commentary on prospects (cont'd)

Quarter 4, 2012 (cont'd)

Timber (cont'd)

Despite the improved sentiment in the Japanese economy, a major market for tropical hardwood timber products, the Group is concerned that the current state of economies of India, the Euro zone countries and the U.S. may have a negative effect on the demand of its timber products. Accordingly, the Group will remain cautious of the prospect of the timber industry. The Group shall continue to improve the quality and market share of its premium plywood products and maintain a formidable presence in the industry despite increase in cost of production arising from the implementation of minimum wages effective 1st January 2013.

Non-timber Manufacturing and Trading

In view of the continued recession in Europe and slow economic recovery in the US and China, the Group will continue to strike its best endeavour to maintain its leading position in the market for its products and continue to develop and expand product range to capture different market segments in order to stay resilient in this challenging business environment ahead in 2013 .

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 had on 24th May, 2011 served on the Defendant's solicitor for payment and is 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 31 December 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 31 December 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 31 December 2012 and 31 December 2011.

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36. Breakdown of realised and unrealised profit or losses

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,137,334	1,094,809
- Unrealised	(77,227)	(76,748)
	1,060,107	1,018,061
Total share of retained profits from an associate company:		
- Realised	5,983	7,380
- Unrealised	(8)	(8)
Total share of retained profits from a jointly controlled entity:		
- Realised	(274)	252
	1,065,808	1,025,685
Less: Consolidation adjustments	(102,731)	(94,327)
Total Group retained profits as per consolidated accounts	963,077	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: 27 FEBRUARY 2013