

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Unaudited	Audited
	31.3.2013	31.12.2012
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	708,992	712,970
Prepaid land lease payments	41,290	41,567
Investment properties	34,974	35,035
Investment in an associate	7,548	7,766
Investment in a jointly controlled entity	1,559	1,552
Investment securities	1,339	1,332
Intangible assets	94,841	95,831
Biological assets	258,765	245,098
	<u>1,149,308</u>	<u>1,141,151</u>
Current assets		
Inventories	150,128	159,284
Trade receivables	108,482	89,161
Other receivables	54,655	54,334
Tax recoverable	9,970	11,259
Cash and bank balances	244,332	237,010
	<u>567,567</u>	<u>551,048</u>
TOTAL ASSETS	<u>1,716,875</u>	<u>1,692,199</u>

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013 (Cont'd)

	Unaudited	Audited
	31.3.2013	31.12.2012
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	44	110
Short term borrowings	176,546	148,681
Trade payables	54,548	70,039
Other payables	17,751	20,485
Land premium payable	433	433
Current tax payable	3,018	2,656
	<u>252,340</u>	<u>242,404</u>
Net current assets	<u>315,227</u>	<u>308,644</u>
Non-current liabilities		
Retirement benefit obligations	1,837	1,837
Long term borrowings	135,127	130,145
Deferred tax liabilities	81,533	81,507
Land premium payable	336	747
	<u>218,833</u>	<u>214,236</u>
Total liabilities	<u>471,173</u>	<u>456,640</u>
Net assets	<u>1,245,702</u>	<u>1,235,559</u>
Equity attributable to owners of the Company		
Share capital	219,007	219,007
Share premium	45,708	45,708
Treasury shares	(8,071)	(8,062)
Other reserves	1,905	1,411
Retained earnings	971,604	962,176
	<u>1,230,153</u>	<u>1,220,240</u>
Non-controlling interests	15,549	15,319
Total equity	<u>1,245,702</u>	<u>1,235,559</u>
TOTAL EQUITY AND LIABILITIES	<u>1,716,875</u>	<u>1,692,199</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2013 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 March 2013 RM'000	2012 RM'000	Three months ended 31 March 2013 RM'000	2012 RM'000
Revenue	173,779	203,553	173,779	203,553
Cost of sales	<u>(141,505)</u>	<u>(171,223)</u>	<u>(141,505)</u>	<u>(171,223)</u>
Gross Profit	32,274	32,330	32,274	32,330
Other income	2,469	1,874	2,469	1,874
Other item of expenses				
Selling and distribution expenses	(12,957)	(13,314)	(12,957)	(13,314)
Administrative expenses	<u>(7,336)</u>	<u>(6,868)</u>	<u>(7,336)</u>	<u>(6,868)</u>
Operating profit	14,450	14,022	14,450	14,022
Finance costs	(1,537)	(2,221)	(1,537)	(2,221)
Share of results of an associate	(218)	(592)	(218)	(592)
Share of results of a jointly controlled entity	<u>7</u>	<u>(184)</u>	<u>7</u>	<u>(184)</u>
Profit before tax	12,702	11,025	12,702	11,025
Income tax expenses	<u>(3,044)</u>	<u>(1,600)</u>	<u>(3,044)</u>	<u>(1,600)</u>
Profit for the period	<u>9,658</u>	<u>9,425</u>	<u>9,658</u>	<u>9,425</u>
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	48	238	48	238
- Transfer to profit or loss upon disposal	(32)	(377)	(32)	(377)
Foreign currency translation	478	24	478	24
Share of other comprehensive income of an associate	<u>-</u>	<u>91</u>	<u>-</u>	<u>91</u>
Other comprehensive income, net of tax	<u>494</u>	<u>(24)</u>	<u>494</u>	<u>(24)</u>
Total comprehensive income for the period	<u>10,152</u>	<u>9,401</u>	<u>10,152</u>	<u>9,401</u>
Profit attributable to:				
Owners of the Company	9,428	9,304	9,428	9,304
Non-controlling interests	230	121	230	121
Profit for the period	<u>9,658</u>	<u>9,425</u>	<u>9,658</u>	<u>9,425</u>
Total comprehensive income attributable to:				
Owners of the Company	9,922	9,280	9,922	9,280
Non-controlling interests	230	121	230	121
Total comprehensive income for the period	<u>10,152</u>	<u>9,401</u>	<u>10,152</u>	<u>9,401</u>
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period (sen)	<u>2.17</u>	<u>2.14</u>	<u>2.17</u>	<u>2.14</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 PERIOD ENDED 31 MARCH 2013 - UNAUDITED**

	← Attributable to owners of the Company →									
	← Non-distributable →			Distributable						
	Total equity attributable to the owners of the Company RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Non- controlling interests RM'000	
Quarter ended 31 March 2013										
At 1 January 2013	1,235,559	1,220,240	219,007	45,708	(8,062)	962,176	1,411	1,299	112	15,319
Total comprehensive income	10,152	9,922	-	-	-	9,428	494	478	16	230
Transactions with owners										
Repurchase of treasury shares	(9)	(9)	-	-	(9)	-	-	-	-	-
At 31 March 2013	1,245,702	1,230,153	219,007	45,708	(8,071)	971,604	1,905	1,777	128	15,549
Quarter ended 31 March 2012										
At 1 January 2012	1,204,973	1,189,560	219,007	45,708	(7,570)	931,358	1,057	685	372	15,413
Total comprehensive income	9,401	9,280	-	-	-	9,304	(24)	24	(48)	121
Transactions with owners										
Repurchase of treasury shares	(142)	(142)	-	-	(142)	-	-	-	-	-
At 31 March 2012	1,214,232	1,198,698	219,007	45,708	(7,712)	940,662	1,033	709	324	15,534

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2013 - UNAUDITED

	31.3.2013	31.3.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,702	11,025
Adjustment for:		
- Share of results of an associate	218	592
- Share of results of a jointly controlled entity	(7)	184
Allowance for impairment	272	218
Amortisation	1,267	1,267
Bad debts written off	2	341
Depreciation	8,682	8,104
Dividend income	(39)	(56)
Gain on disposal of investments	(42)	(377)
Loss on disposal of property, plant and equipment	15	26
Interest income	(876)	(543)
Interest expense	1,302	2,221
Property, plant and equipment written off	299	-
Retirement benefit obligations	49	-
Reversal of impairment losses on receivables	(122)	(185)
Unrealised gain on foreign exchange	5	(5)
Other non-cash items	-	(1)
	<hr/>	<hr/>
Operating profit before working capital changes	23,727	22,811
Changes in working capital :		
Net (increase)/decrease in current assets	(10,633)	13,790
Net decrease in current liabilities	(18,231)	(481)
Cash (used in)/generated from operations	<hr/> (5,137)	<hr/> 36,120
Payment of retirement benefit	(115)	(7)
Interest paid	(1,119)	(1,987)
Interest received	876	543
Taxation paid	<hr/> (1,390)	<hr/> (1,871)
Net cash (used in)/generated from operating activities	<hr/> (6,885)	<hr/> 32,798

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2013 - UNAUDITED (Cont'd)

	31.3.2013	31.3.2012
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(12,525)	(10,487)
Land premium paid	(411)	(1,087)
Proceeds from disposal of property, plant and equipment	105	218
Proceeds from disposal of investment securities	191	2,185
Purchase of investment securities	(138)	-
Purchase of property, plant and equipment	(4,791)	(6,808)
Timber rights paid	-	(900)
Net dividend received from investment securities	39	56
	<hr/>	<hr/>
Net cash used in investing activities	(17,530)	(16,823)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	5,383	4,000
Drawdown of trade financing facilities	109,542	125,069
Interest paid	(183)	(234)
Repayment of hire purchases	(1,046)	(808)
Repayment of term loans	(850)	(4,343)
Repayment of trade financing facilities	(92,254)	(150,394)
Repurchase of treasury shares	(9)	(142)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	20,583	(26,852)
Net decrease in cash and cash equivalents	(3,832)	(10,877)
Effects of exchange rate changes	339	31
Net cash and cash equivalents at the beginning of the year	218,481	184,660
	<hr/>	<hr/>
Net cash and cash equivalents at the end of the period	<u>214,988</u>	<u>173,814</u>
For Cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	244,332	214,397
Less: Bank overdraft	(29,344)	(40,583)
	<hr/>	<hr/>
Cash and cash equivalents	<u>214,988</u>	<u>173,814</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 three months ended 31 March 2013 – 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 May 2013.

2. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

3. Significant accounting policies

The significant accounting policies and methods of computation adopted for the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new/revised Malaysian Financial Reporting Standards (“MFRSs”) below.

On 1 January 2013, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2013:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013

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For the three months ended 31 March 2013 – unaudited

3. Significant accounting policies (cont'd)

Description	Effective for annual periods beginning on or after
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 116 Property, Plant and Equipment	1 January 2013
Amendments to MFRS 132 Financial Instruments	1 January 2013
Amendments to MFRS 134 Interim Financial Reporting	1 January 2013

The Group has not adopted the following revised MFRSs and Amendments to MFRSs applicable to the Group that have been issued but not yet effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group.

4. Changes in estimates

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

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

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

	3 months ended 31.3.2013		3 months ended 31.3.2012	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Timber	130,947	5,694	165,533	8,412
Non-Timber				
Manufacturing	29,476	6,560	26,066	2,003
Trading	12,568	1,304	11,208	1,398
Others	788	(856)	746	(788)
	42,832	7,008	38,020	2,613
Total	173,779	12,702	203,553	11,025

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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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

8. Profit before tax

	3 months ended		3 months ended	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,267	1,267	1,267	1,267
Bad debts written off	2	341	2	341
Depreciation	8,682	8,104	8,682	8,104
Impairment loss on receivables	272	218	272	218
Interest expense	1,302	2,221	1,302	2,221
Loss on foreign exchange loss	5	153	5	153
Loss on disposal of property, plant and equipment	15	26	15	26
Property plant and equipment written off	299	-	299	-
and crediting:				
Gain on foreign exchange	112	5	112	5
Gain on disposal of quoted investments	42	377	42	377
Hire of machinery	170	92	170	92
Reversal of allowance for impairment in receivables	122	185	122	185
Interest income	876	543	876	543

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	2,884	1,430	2,884	1,430
- Foreign tax	149	148	149	148
	3,033	1,578	3,033	1,578
Over provision in prior years	(15)	-	(15)	-
	3,018	1,578	3,018	1,578
Deferred taxation				
- Current year	26	22	26	22
- Over provision in prior years	-	-	-	-
	26	22	26	22
	3,044	1,600	3,044	1,600

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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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

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		3 months ended	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
Profit attributable to the owners of the Company (RM'000)	9,428	9,304	9,428	9,304
Weighted average number of ordinary shares in issue ('000)	434,219	434,649	434,219	434,649
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	434,219	434,649	434,219	434,649
Basic EPS (sen)	2.17	2.14	2.17	2.14
Diluted EPS (sen)	2.17	2.14	2.17	2.14

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

11. Property, plant and equipment

During the 3 months ended 31 March 2013, the Group acquired assets at a cost of RM6,067,000 (31 March 2012: RM6,808,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM120,000 were disposed of by the Group during the 3 months ended 31 March 2013 (31 March 2012: RM240,000), resulting in a loss on disposal of RM15,000 (31 March 2012: loss on disposal of RM26,000).

12. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	RM'000
Cost			
At 1 January 2013	33,728	111,584	145,312
Addition	-	-	-
At 31 March 2013	<u>33,728</u>	<u>111,584</u>	<u>145,312</u>
Accumulated amortisation and impairment			
At 1 January 2013	5,506	43,975	49,481
Amortisation	-	990	990
At 31 March 2013	<u>5,506</u>	<u>44,965</u>	<u>50,471</u>
Net carrying amount			
At 31 March 2013	<u>28,222</u>	<u>66,619</u>	<u>94,841</u>
At 1 December 2012	<u>28,222</u>	<u>67,609</u>	<u>95,831</u>

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

12. Intangible assets (cont'd)

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	
At 31 March 2013			
Timber division	24,598	66,619	91,217
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>66,619</u>	<u>94,841</u>
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>

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.

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For the three months ended 31 March 2013 – unaudited

13. Cash and cash equivalents

	31.3.2013	31.12.2012
	RM'000	RM'000
Cash on hand and at bank	227,877	220,604
Short term deposits with licensed financial institutions	16,455	16,406
Cash and bank balances	244,332	237,010

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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
At 31 March 2013				
Financial investment available-for-sale				
Quoted investments	1,239	-	-	1,239
Unquoted investments	-	-	100	100
	1,239	-	100	1,339
At 31 December 2012				
Financial investment available-for-sale				
Quoted investments	1,132	-	-	1,132
Unquoted investments	-	-	200	200
	1132	-	200	1,332

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

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 March 2013.

During the current quarter ended 31 March 2013, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM0.905 per share. The total consideration paid for the repurchase including transaction costs was RM9,117 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 March 2013, the number of shares bought back and retained as treasury shares amounted to 3,801,000 shares.

16. Interest bearing loans and borrowings

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

	31.3.2013	31.12.2012
	RM'000	RM'000
Short term borrowings		
Secured	83,993	75,800
Unsecured	92,553	72,881
	176,546	148,681
Long term borrowings		
Secured	134,751	129,769
Unsecured	376	376
	135,127	130,145
Total	311,673	278,826

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Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the three months ended 31 March 2013 – unaudited

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

No interim dividend has been declared for the current quarter ended 31 March 2013 (31 March 2012: RM Nil).

19. Commitments

There were no material capital commitments in the current quarter ended 31 March 2013.

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 three months ended 31 March 2013 and 31 March 2012 as well as the balances with the related parties as at 31 March 2013 and 31 December 2012:

	Note	Transaction value		Balance outstanding	
		31.3.2013 RM'000	31.3.2012 RM'000	31.3.2013 RM'000	31.12.2012 RM'000
Sawn timber sales:					
W. T. K. Trading Sdn. Bhd.	#	-	-	-	-
Contract fee received:					
Harbour-View Realty Sdn. Bhd.	^	-	-	-	-
Hung Ling Sawmill Sdn Bhd	^	-	256	-	-
W T K Realty Sdn. Bhd.	#	-	272	-	-
Ocarina Development Sdn. Bhd.	#	-	-	-	-
Elite Honour Sdn. Bhd.	#	144	-	-	-
		<u>144</u>	<u>528</u>	<u>-</u>	<u>-</u>
Road toll received:					
Elite Honour Sdn. Bhd.	#	440	407	417	591
Purchase of logs:					
Harbour-View Realty Sdn. Bhd.	^	2,131	1,738	2,507	1,838
Protection Gloves Sdn. Bhd.	^	1,430	2,317	1,350	(74)
Faedah Mulia Sdn. Bhd.	#	1,902	1,929	684	91
Sabal Sawmill Sdn. Bhd.	^	536	377	319	241
Harvard Rank Sdn. Bhd.	#	4,804	5,063	(2,088)	692
Sunrise Megaway Sdn. Bhd.	#	4,394	1,644	1,868	2,151
Ocarina Development Sdn. Bhd.	#	2,734	3,547	(1,296)	(199)
K N Wong (M) Sdn. Bhd.	#	627	818	507	(102)
		<u>18,558</u>	<u>17,433</u>	<u>3,851</u>	<u>4,638</u>

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21. Related party transactions (cont'd)

	Note	Transaction value		Balance outstanding	
		31.3.2013 RM'000	31.3.2012 RM'000	31.3.2013 RM'000	31.12.2012 RM'000
Litrage and freight:					
W T K Realty Sdn. Bhd.	#	1,281	1,808	1,731	(115)
Ocarina Development Sdn. Bhd.	#	300	290	(20)	170
Syarikat Kalulong Sdn. Bhd.	#	135	100	(87)	(187)
Master Ace Territory Sdn. Bhd.	#	318	479	(345)	(698)
		<u>2,034</u>	<u>2,677</u>	<u>1,279</u>	<u>(830)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	2,197	2,266	(751)	854
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	410	398	(228)	(288)
Purchase of hardware and lubricants:					
W.T.K Trading Sdn. Bhd.	#	4,667	4,482	(2,259)	(586)
Purchase of fertilizer:					
Grofields Sdn. Bhd.	#	1,625	-	(2,273)	-
TSC Service & Warehousing Sdn. Bhd.	^	-	-	-	(661)
		<u>1,625</u>	<u>-</u>	<u>(2,273)</u>	<u>(661)</u>
Contract fees paid in relation to logging operations:					
Harbour-View Realty Sdn. Bhd.	^	-	-	11	(11)
Hung Ling Sawmill Sdn. Bhd.	^	-	1,261	(428)	(445)
W T K Realty Sdn. Bhd.	#	-	948	(197)	(391)
United Agencies Sdn. Bhd.	^	1,223	1,303	-	-
Ann Yun Logistics Sdn. Bhd.	*	809	810	19	(160)
W T K Realty Builder Sdn. Bhd.	#	401	194	(828)	(828)
		<u>2,433</u>	<u>4,516</u>	<u>(1,423)</u>	<u>(1,835)</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 March 2013 which could materially affect the Group except for the following:

The Company had on 15 April 2013 entered into a Share Sale Agreement with Kyowa Limited for the disposal of its entire shareholding of 1,258,000 ordinary shares of RM1.00 each, representing 29.88% equity interest in an associated company, Central Elastic Corporation Sdn. Berhad (13808-U) for a total cash consideration of RM7,145,440.

23. Performance review

For the quarter under review, the Group's revenue was RM173.8 million as compared to RM203.6 million in the 1Q2012, representing a decrease of RM29.8 million (14.6%), with pre-tax profit of RM12.7 million which is 15.5% higher than 1Q2012 of RM11.0 million. This is mainly due to the better performance of non-timber division .

Quarter 1, 2013

Timber

For the current quarter, the Group's timber division registered a revenue of RM130.9 million, representing a decrease of 20.9% or RM34.6 million as compared with RM165.5 million in the 1Q2012. Its pre-tax profit stood at RM5.7 million in the current quarter, reflecting a decrease of 32.1% or RM2.7 million when compared to RM8.4 million registered in the 1Q2012. It was attributed by the bad weather condition experienced during the quarter as compared to 1Q2012 coupled with the slowdown in sales demand.

On a year-on-year (YOY) basis, average round log prices increased 1.7% compared to prices registered in 1Q2012, whilst sales volume decreased by 44.5%. The decrease in sales volume was due to the bad weather condition experienced and slower demand in the quarter. Group's key export markets for round logs were India (76%), China (4%) and the remaining 20% exported to other Asean countries.

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23. Performance review (cont'd)

Quarter 1, 2013 (cont'd)

Timber (cont'd)

As for the Group's plywood division, sales volume for the quarter under review decreased by 9.8% compared to 1Q2012 whilst average selling prices increased by 3%. The lower sales volume was mainly due to less sales of the Group's premium plywood products. The Group's key plywood markets for the quarter in review were Japan (89%) and Taiwan (11%).

Non-timber

Manufacturing and trading

The revenue for the 1Q2013 registered at RM42.0 million, an improvement of RM4.7 million or 12.6% when compared to 1Q2012. Profit before tax increased by RM4.5 million, representing an increase of 132.4% when compared with the 1Q2012.

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

The surge in profit before tax was contributed by the increase in sales, economies of scales, effective cost management and change of product mix.

Others

There were no material changes to the revenue and profit before tax in respect of the current quarter when compared with 1Q2012.

24. Comment on material change in profit before taxation

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

Quarter 1, 2013

Timber

The timber division recorded a revenue of RM130.9 million as compared to 4Q2012's revenue of RM155.1 million, with pre-tax profit of RM5.7 million whilst 4Q2012's pre-tax profit was RM7.5 million. It was mainly due to the drop in sales of round log and plywood of 34.3% and 12.5% respectively. In addition, the implementation of minimum wages during the quarter also contributed to the increase in operation cost.

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24. Comment on material change in profit before taxation (cont'd)

Material Changes for the Quarter Reported on as Compared with the Preceding Quarter (cont'd)

Quarter 1, 2013 (cont'd)

Non-timber

Manufacturing and trading

The revenue for the 1Q2013 was RM42.0 million, an increase of RM2.2 million or 5.5% when compared with the 4Q2012. This increase in revenue was mainly due to the increased demand for flexible packaging and aluminum foil products.

Profit before tax was reported at RM7.9 million, indicating a surge of RM3.6 million or 83.7% when compared with the Q42012, the increase in profit before tax was mainly due to the increase in sales, effective cost management and change of product mix.

Others

There were no material changes to the revenue and profit before tax in respect of the current quarter when compared with the 4Q2012.

25. Commentary on prospects

Quarter 1, 2013

Timber

Total housing starts in Japan for 2012 were up by 6.2% year on year to 893,002 units. 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% consumer 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.

Immediately after Japan's Prime Minister Shinzo Abe took office in late December 2012, an aggressive spending and monetary stimulus program 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 earlier 2013 and should positively affect the demand for timber products.

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25. Commentary on prospects (cont'd)

Quarter 1, 2013 (cont'd)

Timber (con'd)

India's economy registered the slowest growth in the last decade in 2012. Their current account deficit widened to a record high in the December quarter, driven by heavy oil and gold imports and lower exports, in a worse-than-expected performance that will keep the rupee currency under pressure. Although 2013 GDP has been revised to grow at an annual rate of 6.7% (2012 : 5%), challenges remained as getting back to high growth rates of over 8%-9% seen some years ago will be a challenge. Removing investment barriers, many of which date back to before India started opening up its economy in the early 1990s, has been key to the government's push to restoring investor confidence. The Group remains cautious of the demand from India with slight improvement in buying orders as compared to that of 2012.

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, builders remain concerned about the sturdiness of the U.S. economy and the risk of rising unemployment. Similarly, in Europe, the recent financial crisis in Cyprus, reignited worries over the social consequences of high unemployment and on the Euro. This is expected to further dent confidence across the euro zone which may lead to a contagion effect on the world's major economies.

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 the increase in cost of production arising from the implementation of minimum wages effective 1st January 2013.

As for the Group's venture into oil palm plantation, the group expects to continue to cultivate another 2,000 hectares for 2013 and expects the plantation to contribute significantly in the Group from 2014 onwards.

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25. Commentary on prospects (cont'd)

Quarter 1, 2013 (cont'd)

Non-timber

2013 will remain challenging for the Group's non-timber manufacturing division. The softening of global economy is expected to persist in the following months, given weaker global trade conditions coupled with current Euro zone financial woes. The division shall continue its approach to maintain its competitive advantage by streamlining its supply chain, focusing on its core products and strengthening branding to deliver product differentiation to customers.

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.

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. WTK Holdings Berhad has obtained judgment against YINK arising from a dispute of a proposed joint-venture with YINK. YINK has filed an appeal to Court of Appeal and the hearing of appeal has been fixed on 30 May 2013. In the meantime, the Company's legal advisor is presently taking steps to enforce the judgment against YINK.

30. Changes in material litigation

There was no material litigation against the Group.

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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 March 2013 or the previous financial year ended 31 December 2012.

34. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2013 or the previous financial year ended 31 December 2012.

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 March 2013 and 31 December 2012.

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36. Breakdown of realised and unrealised profit or losses

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,257,296	1,246,579
- Unrealised	(79,092)	(79,053)
	1,178,204	1,167,526
Total share of retained profits from an associate company:		
- Realised	5,827	6,045
- Unrealised	(8)	(8)
Total share of retained profits from a jointly controlled entity:		
- Realised	(267)	(274)
	1,183,756	1,173,289
Less: Consolidation adjustments	(212,152)	(211,113)
Total Group retained profits as per consolidated accounts	971,604	962,176

37. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

BY ORDER OF THE BOARD

TAN MEE LIAN
COMPANY SECRETARY
KUALA LUMPUR
Date: 29 MAY 2013