

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Unaudited 30.9.2013 RM'000	Audited 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	699,419	712,970
Prepaid land lease payments	40,737	41,567
Investment properties	34,860	35,035
Investment in an associate	-	7,766
Investment in a jointly controlled entity	1,564	1,552
Investment securities	993	1,332
Intangible assets	92,861	95,831
Biological assets	284,342	245,098
	<u>1,154,776</u>	<u>1,141,151</u>
Current assets		
Inventories	159,131	159,284
Trade receivables	109,962	89,161
Other receivables	44,103	54,334
Tax recoverable	8,229	11,259
Cash and bank balances	256,296	237,010
	<u>577,721</u>	<u>551,048</u>
TOTAL ASSETS	<u>1,732,497</u>	<u>1,692,199</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013 (Cont'd)

	Unaudited	Audited
	30.9.2013	31.12.2012
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	77	110
Short term borrowings	160,063	148,681
Trade payables	54,513	70,039
Other payables	17,565	20,485
Land premium payable	435	433
Current tax payable	4,039	2,656
	<u>236,692</u>	<u>242,404</u>
Net current assets	<u>341,029</u>	<u>308,644</u>
Non-current liabilities		
Retirement benefit obligations	2,366	1,837
Long term borrowings	149,035	130,145
Deferred tax liabilities	81,163	81,507
Land premium payable	368	747
	<u>232,932</u>	<u>214,236</u>
Total liabilities	<u>469,624</u>	<u>456,640</u>
Net assets	<u>1,262,873</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	(8,083)	(8,062)
Other reserves	2,494	1,411
Retained earnings	988,094	962,176
	<u>1,247,220</u>	<u>1,220,240</u>
Non-controlling interests	15,653	15,319
Total equity	<u>1,262,873</u>	<u>1,235,559</u>
TOTAL EQUITY AND LIABILITIES	<u>1,732,497</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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 - UNAUDITED

	Current quarter Three months ended 30 September		Cumulative quarter Nine months ended 30 September	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	159,182	199,314	517,039	573,051
Cost of sales	(122,868)	(157,830)	(413,140)	(469,804)
Gross Profit	<u>36,314</u>	<u>41,484</u>	<u>103,899</u>	<u>103,247</u>
Other income	1,965	2,868	6,701	7,428
Other item of expenses				
Selling and distribution expenses	(11,240)	(14,419)	(37,538)	(40,052)
Administrative expenses	(7,254)	(6,059)	(22,181)	(18,809)
Operating profit	<u>19,785</u>	<u>23,874</u>	<u>50,881</u>	<u>51,814</u>
Finance costs	(1,698)	(2,372)	(4,844)	(6,875)
Share of results of an associate	-	(232)	(302)	(1,032)
Share of results of a jointly controlled entity	(4)	(168)	12	(529)
Profit before tax	<u>18,083</u>	<u>21,102</u>	<u>45,747</u>	<u>43,378</u>
Income tax expenses	(4,020)	(3,663)	(10,204)	(7,928)
Profit for the period	<u>14,063</u>	<u>17,439</u>	<u>35,543</u>	<u>35,450</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	(6)	3	76	233
- Transfer to profit or loss upon disposal	-	(30)	(194)	(407)
Foreign currency translation	1,078	63	1,201	675
Share of other comprehensive income of an associate	-	-	-	135
Other comprehensive income, net of tax	<u>1,072</u>	<u>36</u>	<u>1,083</u>	<u>636</u>
Total comprehensive income for the period	<u>15,135</u>	<u>17,475</u>	<u>36,626</u>	<u>36,086</u>
Profit attributable to:				
Owners of the Company	13,940	17,239	35,036	35,059
Non-controlling interests	123	200	507	391
Profit for the period	<u>14,063</u>	<u>17,439</u>	<u>35,543</u>	<u>35,450</u>
Total comprehensive income attributable to:				
Owners of the Company	15,012	17,275	36,119	35,695
Non-controlling interests	123	200	507	391
Total comprehensive income for the period	<u>15,135</u>	<u>17,475</u>	<u>36,626</u>	<u>36,086</u>
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period (sen)	<u>3.21</u>	<u>3.97</u>	<u>8.07</u>	<u>8.07</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)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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	36,626	36,119	-	-	-	35,036	1,083	1,201	(118)	507
Transactions with owners										
Dividends on ordinary shares	(9,118)	(9,118)	-	-	-	(9,118)	-	-	-	-
Dividends paid to non-controlling interests	(173)	-	-	-	-	-	-	-	-	(173)
Repurchase of treasury shares	(21)	(21)	-	-	(21)	-	-	-	-	-
At 30 September 2013	1,262,873	1,247,220	219,007	45,708	(8,083)	988,094	2,494	2,500	(6)	15,653
Quarter ended 30 September 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	36,086	35,695	-	-	-	35,059	636	675	(39)	391
Transactions with owners										
Dividends on ordinary shares	(13,852)	(13,852)	-	-	-	(13,852)	-	-	-	-
Dividends paid to non-controlling interests	(203)	-	-	-	-	-	-	-	-	(203)
Repurchase of treasury shares	(165)	(165)	-	-	(165)	-	-	-	-	-
At 30 September 2012	1,226,839	1,211,238	219,007	45,708	(7,735)	952,565	1,693	1,360	333	15,601

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.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 - UNAUDITED

	30.9.2013	30.9.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,747	43,378
Adjustment for:		
- Share of results of an associate	302	1,032
- Share of results of a jointly controlled entity	(12)	529
Allowance for impairment	2,156	185
Amortisation	3,800	3,800
Bad debts written off	639	341
Depreciation	26,082	24,546
Dividend income	(48)	(270)
Loss on disposal of an associate	319	-
Gain on disposal of investment securities	(204)	(407)
Gain on disposal of property, plant and equipment	(117)	(118)
Interest income	(2,620)	(2,228)
Interest expense	4,844	6,875
Property, plant and equipment written off	299	45
Retirement benefit obligations	684	150
Reversal of bad debts written off	(562)	-
Reversal of impairment losses on receivables	(132)	(227)
Unrealised loss on foreign exchange	-	97
Other non-cash items	6	16
	81,183	77,744
Operating profit before working capital changes		
Changes in working capital :		
Net (increase)/decrease in current assets	(12,524)	8,896
Net (decrease)/increase in current liabilities	(18,456)	929
Cash generated from operations	50,203	87,569
Payment of retirement benefit	(188)	(144)
Interest paid	(4,217)	(6,223)
Interest received	2,620	2,065
Taxation paid	(6,182)	(7,344)
Net cash generated from operating activities	42,236	75,923

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 - UNAUDITED (Cont'd)

	30.9.2013	30.9.2012
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(35,694)	(33,564)
Interest received	-	163
Land premium paid	(377)	(1,662)
Net dividend received from an associate	-	47
Net dividend received from investment securities	48	269
Proceeds from disposal of an associate	7,145	-
Proceeds from disposal of property, plant and equipment	354	813
Proceeds from disposal of investment securities	653	2,293
Purchase of investment properties	(8)	-
Purchase of investment securities	(230)	(343)
Purchase of property, plant and equipment	(13,966)	(20,021)
Timber rights paid	-	(1,120)
	<hr/>	<hr/>
Net cash used in investing activities	(42,075)	(53,125)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(173)	(203)
Dividend paid to owners of the Company	(9,118)	(13,852)
Drawdown of term loans	25,103	23,000
Drawdown of trade financing facilities	301,903	493,204
Interest paid	(627)	(652)
Repayment of hire purchases	(3,438)	(2,339)
Repayment of term loans	(3,603)	(2,634)
Repayment of trade financing facilities	(296,088)	(521,930)
Repurchase of treasury shares	(21)	(165)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	13,938	(25,571)
Net increase/(decrease) in cash and cash equivalents	14,099	(2,773)
Effects of exchange rate changes	977	474
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>233,557</u>	<u>182,361</u>
For Cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	256,296	203,928
Less: Bank overdraft	<u>(22,739)</u>	<u>(21,567)</u>
Cash and cash equivalents	<u>233,557</u>	<u>182,361</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.

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(Incorporated in Malaysia)

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 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 28 November 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

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 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.

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 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

	9 months ended 30.9.2013		9 months ended 30.9.2012	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Timber	400,524	27,378	451,538	31,460
Non-Timber				
Manufacturing	76,327	16,106	82,732	10,339
Trading	37,619	4,045	36,543	4,254
Others	2,569	(1,782)	2,238	(2,675)
	116,515	18,369	121,513	11,918
Total	517,039	45,747	573,051	43,378

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 .

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

7. Seasonality of operations

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

8. Profit before tax

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,266	1,266	3,800	3,800
Bad debts written off	-	-	639	341
Depreciation	8,688	8,212	26,082	24,546
Impairment loss on receivables	1,914	26	2,156	185
Interest expense	1,753	2,372	4,844	6,875
Inventories written off	-	-	6	16
Loss on disposal of an associate	-	-	319	-
Property plant and equipment written off	-	45	299	45
and crediting:				
Gain on foreign exchange	291	72	754	452
Gain on disposal of quoted investments	-	30	204	407
Gain on disposal of property, plant and equipment	90	59	117	118
Hire of machinery	172	168	528	474
Reversal of allowance for impairment in receivables	-	42	132	227
Reversal of bad debts written off	562	-	562	-
Interest income	684	1,348	2,620	2,228

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	4,020	3,102	10,129	6,063
- Foreign tax	161	163	447	467
	<u>4,181</u>	<u>3,265</u>	<u>10,576</u>	<u>6,530</u>
(Over)/Under provision in prior years	(22)	467	(26)	498
	<u>4,159</u>	<u>3,732</u>	<u>10,550</u>	<u>7,028</u>
Deferred taxation				
- Current year	(139)	77	(346)	1,046
- Over provision in prior years	-	(146)	-	(146)
	<u>(139)</u>	<u>(69)</u>	<u>(346)</u>	<u>900</u>
	<u><u>4,020</u></u>	<u><u>3,663</u></u>	<u><u>10,204</u></u>	<u><u>7,928</u></u>

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

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 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		9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Profit attributable to the owners of the Company (RM'000)	13,940	17,239	35,036	35,059
Weighted average number of ordinary shares in issue ('000)	434,209	434,576	434,213	434,602
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	434,209	434,576	434,213	434,602
Basic EPS (sen)	3.21	3.97	8.07	8.07
Diluted EPS (sen)	3.21	3.97	8.07	8.07

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

11. Property, plant and equipment

During the 9 months ended 30 September 2013, the Group acquired assets at a total cost of RM16,064,000 (30 September 2012: RM23,461,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM237,000 were disposed of by the Group during the 9 months ended 30 September 2013 (30 September 2012: RM695,000), resulting in a gain on disposal of RM117,000 (30 September 2012: gain on disposal of RM118,000).

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 30 September 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	-	2,970	2,970
At 30 September 2013	<u>5,506</u>	<u>46,945</u>	<u>52,451</u>
Net carrying amount			
At 30 September 2013	<u>28,222</u>	<u>64,639</u>	<u>92,861</u>
At 31 December 2012	<u>28,222</u>	<u>67,609</u>	<u>95,831</u>

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 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 30 September 2013			
Timber division	24,598	64,639	89,237
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>64,639</u>	<u>92,861</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.

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

13. Cash and cash equivalents

	30.9.2013	31.12.2012
	RM'000	RM'000
Cash on hand and at bank	225,302	220,604
Short term deposits with licensed financial institutions	30,994	16,406
Cash and bank balances	256,296	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 30 September 2013				
Financial investment available-for-sale				
Quoted investments	893	-	-	893
Unquoted investments	-	-	100	100
	893	-	100	993
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 nine months ended 30 September 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 30 September 2013.

During the current quarter ended 30 September 2013, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM1.23 per share. The total consideration paid for the repurchase including transaction costs was RM12,390.49 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.

The number of shares bought back and retained as treasury shares amounted to 3,811,000 shares as at 30 September 2013.

16. Interest bearing loans and borrowings

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

	30.9.2013	31.12.2012
	RM'000	RM'000
Short term borrowings		
Secured	73,231	75,800
Unsecured	86,832	72,881
	160,063	148,681
Long term borrowings		
Secured	148,659	129,769
Unsecured	376	376
	149,035	130,145
Total	309,098	278,826

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 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

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 RM9.118 million (2.10 sen net per share) in respect of the financial year ended 31 December 2012 was approved during the Annual General Meeting held on 28 June 2013. The said dividend was paid on 1 August 2013.

No interim dividend has been declared for the current quarter ended 30 September 2013 (30 September 2012: RM Nil).

19. Commitments

There were no material capital commitments in the current quarter ended 30 September 2013.

20. Contingencies

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

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

21. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the nine months ended 30 September 2013 and 30 September 2012 as well as the balances with the related parties as at 30 September 2013 and 31 December 2012:

	Note	Transaction value		Balance outstanding	
		30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 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	^	-	512	-	-
W T K Realty Sdn. Bhd.	#	-	544	-	-
Ocarina Development Sdn. Bhd.	#	-	-	-	-
Elite Honour Sdn. Bhd.	#	264	215	78	-
		<u>264</u>	<u>1,271</u>	<u>78</u>	<u>-</u>
Road toll received:					
Elite Honour Sdn. Bhd.	#	1,115	1,121	105	591
Purchase of logs:					
Harbour-View Realty Sdn. Bhd.	^	6,915	5,467	3,255	1,838
Protection Gloves Sdn. Bhd.	^	6,641	6,781	(198)	(74)
Faedah Mulia Sdn. Bhd.	#	7,893	7,111	1,276	91
Sabal Sawmill Sdn. Bhd.	^	929	2,012	552	241
Harvard Rank Sdn. Bhd.	#	13,792	11,677	(2,502)	692
Sunrise Megaway Sdn. Bhd.	#	15,732	6,073	276	2,151
Ocarina Development Sdn. Bhd.	#	2,881	13,647	(474)	(199)
K N Wong (M) Sdn. Bhd.	#	1,560	3,057	(521)	(102)
		<u>56,343</u>	<u>55,825</u>	<u>1,664</u>	<u>4,638</u>

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

21. Related party transactions (cont'd)

	Note	Transaction value		Balance outstanding	
		30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	31.12.2012 RM'000
Literage and freight:					
W T K Realty Sdn. Bhd.	#	3,743	4,766	(1,266)	(115)
Ocarina Development Sdn. Bhd.	#	1,300	996	(271)	170
Syarikat Kalulong Sdn. Bhd.	#	280	365	(25)	(187)
Master Ace Territory Sdn. Bhd.	#	809	1,289	(209)	(698)
		<u>6,132</u>	<u>7,416</u>	<u>(1,771)</u>	<u>(830)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	4,956	7,507	924	854
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	1,176	2,055	(48)	(288)
Purchase of hardware and lubricants:					
W.T.K Trading Sdn. Bhd.	#	12,045	13,394	1,330	(586)
Purchase of fertilizer:					
Grofields Sdn. Bhd.	#	60	221	-	-
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	5,679	5,522	(89)	(661)
		<u>5,739</u>	<u>5,743</u>	<u>(89)</u>	<u>(661)</u>
Contract fees paid in relation to logging operations:					
Harbour-View Realty Sdn. Bhd.	^	-	140	(38)	(11)
Hung Ling Sawmill Sdn. Bhd.	^	-	2,307	(360)	(445)
W T K Realty Sdn. Bhd.	#	537	1,956	(252)	(391)
United Agencies Sdn. Bhd.	^	3,758	4,858	-	-
Ann Yun Logistics Sdn. Bhd.	*	2,429	2,430	(265)	(160)
W T K Realty Builder Sdn. Bhd.	#	1,341	740	(940)	(828)
		<u>8,065</u>	<u>12,431</u>	<u>(1,855)</u>	<u>(1,835)</u>

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

21. Related party transactions (cont'd)

- ^ The directors and/or major shareholders of W T K Holdings Berhad are directors and/or major shareholders of these companies.*
- # The director(s) and/or major shareholder(s) of W T K Holdings Berhad is/are director(s) and/or major shareholder(s) of these companies, whilst family member(s) is/are also director(s) and/or major shareholder(s) of these companies.*
- * The family members of a director and major shareholder of W T K Holdings Berhad, are directors and major shareholder of this company.*

22. Events after the reporting period

There are no events after the quarter ended 30 September 2013 which could materially affect the Group.

23. Performance review

For the quarter under review, the Group's revenue was RM159.2 million as compared to RM199.3 million in the 3Q2012, representing a decrease of RM40.1 million (20.1%), with pre-tax profit of RM18.1 million which is 14.2% lower than 3Q2012 of RM21.1 million. This is due to both timber and non-timber divisions.

Quarter 3, 2013

Timber

For the current quarter, the Group's timber division registered a revenue of RM123.2 million, representing a decrease of 20.8% or RM32.4 million as compared with RM155.6 million in the 3Q2012. Its pre-tax profit stood at RM11.7 million in the current quarter, reflecting a decrease of 23.5% or RM3.6 million when compared to RM15.3 million registered in the 3Q2012. It was mainly due to the slower log sales to India which was affected by the depreciation of India's Rupee and the slowdown in India's economy.

On a year-to-date (YTD) basis, the timber division registered a revenue of RM400.5 million, representing a decline of 11.3%, as compared to the previous corresponding period of RM451.5 million. Pre-tax profit of RM27.4 million decreased by 13.0% compared to a pre-tax profit of RM31.5 million registered in the previous corresponding period as a result of lower sales to Indian market.

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

23. Performance review (cont'd)

Quarter 3, 2013 (cont'd)

Timber (cont'd)

On a year-on-year (YOY) basis, average round log prices increased by 5.1% compared to prices registered in 3Q2012, whilst sales volume decreased by 25.8%. The Group's key export markets for round logs were India (73%), Taiwan (8%), China (8%), Vietnam (8%) and the remaining 3% exported to Singapore. As for the Group's plywood division, average selling prices increased by 8.9% whilst sales volume decreased by 27.7% compared to 3Q2012. The drop in sales volume was due to the Group's decision to reduce production of some of its non-premium plywood products in anticipation of release of stockholding by players within the sector. The Group instead concentrated on its sales of its premium plywood products and as such, the higher average selling price recorded in the quarter under review. Plywood markets for the quarter under review were Japan (80%), Taiwan (19%) and China (1%).

Non-timber

Manufacturing and trading

The revenue for the 3Q2013 registered at RM35.1 million, a decline of RM7.8 million or 18.2% when compared to 3Q2012. The decline in revenue was mainly due to the reduced volume for foil products and cellulose tapes. Profit before tax decreased by RM0.2 million, representing a decrease of 3.0% when compared with 3Q2012. Despite of the decrease in revenue by 18.2%, profit before tax only recorded a marginal decrease, this was mainly due to the change of product mix that had a higher margin and effective cost management.

On a YTD basis, revenue registered at RM113.9 million, a decrease of RM5.4 million or 4.5%. However, profit before tax reported at RM20.2 million, an increase of RM5.6 million or 38.3%, the increase in profit before tax was backed by the change of product mix that had a higher margin and effective cost management.

Others

The revenue and loss before tax for the current quarter showed some improvements due to the higher interest income and lower share of loss arising from associated company when compared with 3Q2012.

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

24. Comment on material change in profit before taxation

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

Quarter 3, 2013

Timber

The timber division recorded a revenue of RM123.2 million as compared to 2Q2013's revenue of RM146.4 million, with pre-tax profit of RM11.7 million whilst 2Q2013's pre-tax profit was RM10.0 million. The decrease in revenue is mainly due to the lower sales volume of its plywood products. Despite the decrease in sales volume, its profit margin improved due to higher sales of its premium plywood products.

Non-timber

Manufacturing and trading

The revenue for the 3Q2013 was RM35.1 million, a decline of RM1.7 million or 4.6% when compared with the 2Q2013. This decline in revenue was mainly due to the reduced volume for foil products and cellulose tapes.

Profit before tax was reported at RM6.5 million, indicating an increase of RM0.8 million or 14.0% when compared with the 2Q2013. The increase in profit before tax was backed by the change of product mix that had a higher margin and effective cost management.

Others

The revenue and loss before tax for the current quarter showed some improvements due to the higher interest income and lower share of loss arising from associated company when compared with 2Q2013.

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

25. Commentary on prospects

Quarter 3, 2013

Timber

Japan economy grew 0.5% during the third quarter, better than the expected 0.4% increase but slower than the 0.9% gain in the second quarter. The slowdown came as consumer spending moderated and exports weakened. Capital expenditure growth for the third quarter also slowed to 0.2 %, well below a median estimate of 0.8 percent, suggesting companies remain reluctant to invest. Japan's Housing starts rose to an annualized 1.04 million units in September, the highest since September 2008, beating estimate of 983,000 units. Despite the slower growth numbers for the third quarter, Japan economic growth and demand for homes are expected to accelerate in the fourth quarter given the impending rise in sales tax in April 2014, the continued government's stimulus spending which will likely boost capital expenditure and amid concerns that interest rate will start to rise as the central bank moves to stem deflation.

After a sluggish first quarter, India's economic growth rate for its 2nd quarter (July to September period) is expected to have expanded by about 4.5 percent on the back of rising exports. The country's economic activity is expected to recover gradually with infra-structure projects that are expected to come on stream and political uncertainty declines after the general election which is due in early 2014. With a slightly more stable rupee, as compared to during August 2013, Indian importers are also expected to gradually increase their orders.

The Eurozone showed marginal economic growth during the 3rd quarter. This was largely boosted by significant building activities led by Germany and consumer spending due to improved consumer confidence across the Eurozone owing to very low inflation. Despite a high rate of unemployment presently, the labor markets are showing signs of stabilizing. The stronger -than -expected recovery led by Germany and France, although Spain and Italy are still technically in recession, seems to suggest that the worst is over for the Eurozone.

In the US, despite a pickup in the economic growth during the 3rd quarter, the recovery remains sub-par owing to weakness registered in consumer spending. However, the latent recovery seen in income growth and savings on the other hand, is an encouraging sign that suggests consumer spending will pick up in Q4 and 2014. Additionally, US home construction permits which leads housing starts (a key indicator of economic activity) recently hit a 5 1/2 year-high. Although there is potentially a Fed tapering of the Quantitative Easing should these be signs of a sustainable recovery, it is expected to be done slowly and gradually to minimize any potential disruption to key sectors of the US economy.

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

25. Commentary on prospects (cont'd)

Quarter 3, 2013 (cont'd)

Timber (cont'd)

In light of the current improved economic conditions in the sector's major market and the world's major economies, the Group will monitor the situation closely to take advantage of the positive outlook in the coming months through to the first quarter of 2014.

Non-timber

China's economy grew steadily during the third quarter this year in a rebound fuelled largely by investment. China is trying to reform or "restructure" the economic mix so that activity is geared much more to consumption instead of relying on exports and investment, as it is in more developed countries. In view of the improved current economic conditions, the Group will monitor the situation to leverage on the positive outlook. In addition to that, the Group's non-timber 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.

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

29. Corporate proposals

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

There is 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. 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.

31. Dividend payable

Please refer to Note 18 for details.

32. Disclosure of nature of outstanding derivatives

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

33. Rationale for entering into derivatives

The Group did not enter into any derivatives during current quarter ended 30 September 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 30 September 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 30 September 2013 and 31 December 2012.

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

Explanatory notes pursuant to MFRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 2013 – unaudited

36. Breakdown of realised and unrealised profit or losses

	As at 30.9.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,280,660	1,246,579
- Unrealised	(78,717)	(79,053)
	1,201,943	1,167,526
 Total share of retained profits from an associate company:		
- Realised	-	6,045
- Unrealised	-	(8)
 Total share of retained profits from a jointly controlled entity:		
- Realised	(262)	(274)
	1,201,681	1,173,289
Less: Consolidation adjustments	(213,587)	(211,113)
Total Group retained profits as per consolidated accounts	988,094	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: 28 NOVEMBER 2013