

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Unaudited	Audited
	30.6.2014	31.12.2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	685,155	693,789
Prepaid land lease payments	39,907	40,460
Investment properties	34,871	34,803
Investment in a jointly controlled entity	1,579	1,566
Investment securities	1,588	1,312
Intangible assets	89,891	91,871
Biological assets	324,572	303,667
Deferred tax assets	1,910	1,910
	<u>1,179,473</u>	<u>1,169,378</u>
Current assets		
Inventories	160,069	149,828
Trade receivables	97,288	98,174
Other receivables	40,053	49,502
Tax recoverable	7,831	8,475
Cash and bank balances	307,034	260,631
	<u>612,275</u>	<u>566,610</u>
TOTAL ASSETS	<u><u>1,791,748</u></u>	<u><u>1,735,988</u></u>

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (Cont'd)

	Unaudited	Audited
	30.6.2014	31.12.2013
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	47	47
Short term borrowings	174,914	141,782
Trade payables	54,125	59,788
Other payables	19,546	22,775
Land premium payable	408	435
Current tax payable	3,110	2,112
	<u>252,150</u>	<u>226,939</u>
Net current assets	<u>360,125</u>	<u>339,671</u>
Non-current liabilities		
Retirement benefit obligations	2,459	2,418
Long term borrowings	151,636	147,213
Deferred tax liabilities	79,049	79,212
Land premium payable	-	383
	<u>233,144</u>	<u>229,226</u>
Total liabilities	<u>485,294</u>	<u>456,165</u>
Net assets	<u>1,306,454</u>	<u>1,279,823</u>
Equity attributable to owners of the Company		
Share capital	219,007	219,007
Share premium	45,708	45,708
Treasury shares	(8,097)	(8,084)
Other reserves	2,009	2,104
Retained earnings	1,031,507	1,004,668
	<u>1,290,134</u>	<u>1,263,403</u>
Non-controlling interests	16,320	16,420
Total equity	<u>1,306,454</u>	<u>1,279,823</u>
TOTAL EQUITY AND LIABILITIES	<u>1,791,748</u>	<u>1,735,988</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 JUNE 2014 - UNAUDITED**

	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	180,976	184,078	350,561	357,857
Cost of sales	(145,830)	(148,767)	(282,560)	(290,272)
Gross Profit	<u>35,146</u>	<u>35,311</u>	<u>68,001</u>	<u>67,585</u>
Other income	2,455	2,267	9,692	4,736
Other item of expenses				
Selling and distribution expenses	(13,911)	(13,341)	(26,670)	(26,298)
Administrative expenses	(7,177)	(7,591)	(14,514)	(14,927)
Operating profit	<u>16,513</u>	<u>16,646</u>	<u>36,509</u>	<u>31,096</u>
Finance costs	(1,502)	(1,609)	(2,704)	(3,146)
Share of results of an associate	-	(84)	-	(302)
Share of results of a jointly controlled entity	<u>6</u>	<u>9</u>	<u>13</u>	<u>16</u>
Profit before tax	15,017	14,962	33,818	27,664
Income tax expenses	(4,080)	(3,140)	(6,914)	(6,184)
Profit for the period	<u>10,937</u>	<u>11,822</u>	<u>26,904</u>	<u>21,480</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	46	34	276	82
- Transfer to profit or loss upon disposal	-	(162)	-	(194)
Foreign currency translation	(219)	(355)	(371)	123
Other comprehensive income, net of tax	<u>(173)</u>	<u>(483)</u>	<u>(95)</u>	<u>11</u>
Total comprehensive income for the period	<u>10,764</u>	<u>11,339</u>	<u>26,809</u>	<u>21,491</u>
Profit attributable to:				
Owners of the Company	10,913	11,668	26,839	21,096
Non-controlling interests	24	154	65	384
Profit for the period	<u>10,937</u>	<u>11,822</u>	<u>26,904</u>	<u>21,480</u>
Total comprehensive income attributable to:				
Owners of the Company	10,740	11,185	26,744	21,107
Non-controlling interests	24	154	65	384
Total comprehensive income for the period	<u>10,764</u>	<u>11,339</u>	<u>26,809</u>	<u>21,491</u>
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period (sen)	<u>2.51</u>	<u>2.69</u>	<u>6.18</u>	<u>4.86</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 30 JUNE 2014 - UNAUDITED**

	← Attributable to owners of the Company →							← Non-distributable →		Non-controlling interests RM'000
	Total equity RM'000	Total equity attributable to the owners of the Company RM'000	← Non-distributable →		Distributable		Total other reserves RM'000	← Non-distributable →		
Share capital RM'000			Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Foreign currency translation reserve RM'000		Fair value adjustment reserve RM'000		
Quarter ended 30 June 2014										
At 1 January 2014	1,279,823	1,263,403	219,007	45,708	(8,084)	1,004,668	2,104	2,201	(97)	16,420
Total comprehensive income	26,809	26,744	-	-	-	26,839	(95)	(371)	276	65
Transactions with owners										
Dividends paid to non-controlling interests	(165)	-	-	-	-	-	-	-	-	(165)
Repurchase of treasury shares	(13)	(13)	-	-	(13)	-	-	-	-	-
At 30 June 2014	1,306,454	1,290,134	219,007	45,708	(8,097)	1,031,507	2,009	1,830	179	16,320
Quarter ended 30 June 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	21,491	21,107	-	-	-	21,096	11	123	(112)	384
Transactions with owners										
Dividends paid to non-controlling interests	(173)	-	-	-	-	-	-	-	-	(173)
Repurchase of treasury shares	(9)	(9)	-	-	(9)	-	-	-	-	-
At 30 June 2013	1,256,868	1,241,338	219,007	45,708	(8,071)	983,272	1,422	1,422	-	15,530

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 30 JUNE 2014 - UNAUDITED**

	30.6.2014	30.6.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	33,818	27,664
Adjustment for:		
- Share of results of an associate	-	302
- Share of results of a jointly controlled entity	(13)	(16)
Allowance for impairment loss on receivables	30	280
Allowance for impairment loss on receivables no longer required	(4,385)	(170)
Amortisation	2,533	2,534
Bad debts written off	2	639
Depreciation	18,662	17,394
Dividend income	(30)	(39)
Gain on disposal of investment securities	-	(204)
Loss/(Gain) on disposal of property, plant and equipment	248	(27)
Interest income	(2,329)	(1,936)
Interest expense	2,704	3,091
Loss on disposal of an associate	-	319
Property, plant and equipment written off	-	299
Retirement benefit obligations	105	633
Unrealised loss/(gain) on foreign exchange	55	(42)
Other non-cash items	34	3
	<hr/>	<hr/>
Operating profit before working capital changes	51,434	50,724
Changes in working capital :		
Net decrease in current assets	4,358	1,470
Net decrease in current liabilities	(6,574)	(22,761)
Cash generated from operations	<hr/> 49,218	<hr/> 29,433
Payment of retirement benefit	(64)	(167)
Interest paid	(2,361)	(2,723)
Interest received	2,329	1,936
Taxation paid	<hr/> (5,424)	<hr/> (3,294)
Net cash generated from operating activities	<hr/> 43,698	<hr/> 25,185

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014 - UNAUDITED (Cont'd)

	30.6.2014	30.6.2013
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(18,584)	(26,406)
Land premium paid	(410)	(393)
Net dividend received from investment securities	30	39
Proceeds from disposal of an associate	-	7,145
Proceeds from disposal of property, plant and equipment	334	330
Proceeds from disposal of investment securities	-	653
Purchase of investment properties	(198)	(7)
Purchase of investment securities	-	(138)
Purchase of property, plant and equipment	(11,309)	(9,127)
	<hr/>	<hr/>
Net cash used in investing activities	(30,137)	(27,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(165)	(173)
Drawdown of term loans	9,744	18,493
Drawdown of trade financing facilities	104,083	197,661
Interest paid	(343)	(368)
Repayment of hire purchases	(2,648)	(2,129)
Repayment of term loans	(3,162)	(2,200)
Repayment of trade financing facilities	(76,825)	(180,010)
Repurchase of treasury shares	(13)	(9)
	<hr/>	<hr/>
Net cash used in financing activities	30,671	31,265
Net increase in cash and cash equivalents	44,232	28,546
Effects of exchange rate changes	(311)	125
Net cash and cash equivalents at the beginning of the year	233,635	218,481
	<hr/>	<hr/>
Net cash and cash equivalents at the end of the period	277,556	247,152
	<hr/> <hr/>	<hr/> <hr/>
For Cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	307,034	266,795
Less: Bank overdraft	(29,478)	(19,643)
Cash and cash equivalents	277,556	247,152
	<hr/> <hr/>	<hr/> <hr/>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – 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 August 2014.

2. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 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 2013. 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 2013.

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 2013 except for the adoption of the following new/revised Financial Reporting Standards (“FRSs”) below.

On 1 January 2014, the Group adopted the relevant and applicable new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2014 as follows:

Description	Effective for annual periods beginning on or after
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136 Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

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For the six months ended 30 June 2014 – unaudited

3. Significant accounting policies (cont'd)

The Group has not adopted the following new and amended FRSs applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS124 and FRS 138, Annual Improvements 2010-2012 Cycle	1 July 2014
Amendments to FRS 3, FRS 13, FRS 140, Annual Improvements 2011-2013 Cycle	1 July 2014
Amendments to FRS 119, Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	to be announced
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	to be announced
FRS 9 Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)	to be announced

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.

5. Changes in composition of the Group

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

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – unaudited

6. Segmental information

	6 months ended 30.6.2014		6 months ended 30.6.2013	
	Revenue RM'000	Profit before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Timber	282,850	25,073	277,370	15,703
Non-Timber				
Manufacturing	42,772	6,305	54,475	10,949
Trading	23,140	2,347	24,378	2,664
Others	1,799	93	1,634	(1,652)
	67,711	8,745	80,487	11,961
Total	350,561	33,818	357,857	27,664

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 sales of timber, manufacture and sales of plywood, veneer and sawn timber.
Manufacturing	:	conversion and sales of aluminium foils, flexible packaging, metallized and electrostatic discharge products, manufacture and sales 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.

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 FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – unaudited

8. Profit before tax

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,260	1,267	2,533	2,534
Allowance for impairment loss on receivables	6	8	30	280
Bad debts written off	2	637	2	639
Depreciation	9,528	8,712	18,662	17,394
Interest expense	1,502	1,789	2,704	3,091
Inventories written off	-	3	34	3
Loss on disposal of an associate	-	319	-	319
Loss on disposal of property, plant and equipment	269	-	248	-
Property plant and equipment written off	-	-	-	299
and crediting:				
Allowance for impairment loss on receivables no longer required	-	48	4,385	170
Gain on foreign exchange	79	356	59	463
Gain on disposal of quoted investments	-	162	-	204
Gain on disposal of property, plant and equipment	-	42	-	27
Hire of machinery	133	186	264	356
Interest income	1,217	1,060	2,329	1,936

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	3,977	3,225	6,787	6,109
- Foreign tax	108	137	231	286
	<u>4,085</u>	<u>3,362</u>	<u>7,018</u>	<u>6,395</u>
Under/(Over) provision in prior years	34	11	58	(4)
	<u>4,119</u>	<u>3,373</u>	<u>7,076</u>	<u>6,391</u>
Deferred taxation				
- Current year	(39)	(233)	(162)	(207)
- (Over) / Under provision in prior years	-	-	-	-
	<u>(39)</u>	<u>(233)</u>	<u>(162)</u>	<u>(207)</u>
	<u><u>4,080</u></u>	<u><u>3,140</u></u>	<u><u>6,914</u></u>	<u><u>6,184</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.

The effective tax rate is lower at 20% for the financial period due to availability of group tax relief, unabsorbed capital allowance and unutilised tax losses.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – 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		6 months ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Profit attributable to the owners of the Company (RM'000)	10,913	11,668	26,839	21,096
Weighted average number of ordinary shares in issue ('000)	434,192	434,212	434,196	434,216
Dilutive potential ordinary shares		-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	434,192	434,212	434,196	434,216
Basic EPS (sen)	2.51	2.69	6.18	4.86
Diluted EPS (sen)	2.51	2.69	6.18	4.86

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – unaudited

11. Property, plant and equipment

During the 6 months ended 30 June 2014, the Group acquired assets at a total cost of RM12,895,000 (30 June 2013: RM10,953,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM582,000 were disposed of by the Group during the 6 months ended 30 June 2014 (30 June 2013: RM303,000), resulting in a loss on disposal of RM248,000 (30 June 2013: gain on disposal of RM27,000).

12. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	RM'000
Cost			
At 1 January 2014	33,728	111,584	145,312
Addition	-	-	-
At 30 June 2014	<u>33,728</u>	<u>111,584</u>	<u>145,312</u>
Accumulated amortisation and impairment			
At 1 January 2014	5,506	47,935	53,441
Amortisation	-	1,980	1,980
At 30 June 2014	<u>5,506</u>	<u>49,915</u>	<u>55,421</u>
Net carrying amount			
At 30 June 2014	<u>28,222</u>	<u>61,669</u>	<u>89,891</u>
At 31 December 2013	<u>28,222</u>	<u>63,649</u>	<u>91,871</u>

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – 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	RM'000
At 30 June 2014			
Timber division	24,598	61,669	86,267
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>61,669</u>	<u>89,891</u>
At 31 December 2013			
Timber division	24,598	63,649	88,247
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>63,649</u>	<u>91,871</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 during 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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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – unaudited

13. Cash and cash equivalents

	30.6.2014	31.12.2013
	RM'000	RM'000
Cash on hand and at bank	188,736	160,142
Short term deposits with licensed financial institutions	118,298	100,489
Cash and bank balances	<u>307,034</u>	<u>260,631</u>

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 June 2014				
Financial investment available-for-sale				
Quoted investments	1,488	-	-	1,488
Unquoted investments	-	-	100	100
	<u>1,488</u>	<u>-</u>	<u>100</u>	<u>1,588</u>
At 31 December 2013				
Financial investment available-for-sale				
Quoted investments	1,212	-	-	1,212
Unquoted investments	-	-	100	100
	<u>1,212</u>	<u>-</u>	<u>100</u>	<u>1,312</u>

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2014 – 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 nor repurchase of its issued ordinary shares during the current quarter ended 30 June 2014.

The number of shares bought back and retained as treasury shares amounted to 3,821,000 shares as at 30 June 2014.

16. Interest bearing loans and borrowings

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

	30.6.2014	31.12.2013
	RM'000	RM'000
Short term borrowings		
Secured	66,894	68,679
Unsecured	108,020	73,103
	<u>174,914</u>	<u>141,782</u>
Long term borrowings		
Secured	151,260	146,837
Unsecured	376	376
	<u>151,636</u>	<u>147,213</u>
Total	<u>326,550</u>	<u>288,995</u>

17. Provisions for costs of restructuring

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

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18. Dividends

A final single-tier dividend of 5.04% 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 RM10,942,000 million (2.52 sen net per share) in respect of the financial year ended 31 December 2013 was approved during the Annual General Meeting held on 27 June 2014. The said dividend was paid on 1 August 2014.

No interim dividend has been declared for the current quarter ended 30 June 2014 (30 June 2013: RM Nil).

19. Commitments

There were no material capital commitments in the current quarter ended 30 June 2014.

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 30 June 2014 and 30 June 2013 as well as the balances with the related parties as at 30 June 2014 and 31 December 2013:

	Note	Transaction value		Balance outstanding	
		30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	31.12.2013 RM'000
Sawn timber sales:					
W. T. K. Trading Sdn. Bhd.	#	-	-	-	-
Log sales:					
Harbour-View Realty Sdn. Bhd.	^	599	-	599	-
Contract fee received:					
Harbour-View Realty Sdn. Bhd.	^	-	-	-	-
Hung Ling Sawmill Sdn Bhd	^	-	-	-	-
W T K Realty Sdn. Bhd.	#	-	-	-	-
Ocarina Development Sdn. Bhd.	#	-	-	-	-
Elite Honour Sdn. Bhd.	#	-	206	-	-
		-	206	-	-
Road toll received:					
Elite Honour Sdn. Bhd.	#	340	784	-	46
Purchase of logs:					
Faedah Mulia Sdn. Bhd.	#	5,550	4,633	(1,556)	(312)
Harbour-View Realty Sdn. Bhd.	^	47	4,343	(22)	(256)
Harvard Rank Sdn. Bhd.	#	10,011	9,252	(1,241)	(1,511)
K N Wong (M) Sdn. Bhd.	#	-	1,558	-	(159)
Ocarina Development Sdn. Bhd.	#	8,819	2,881	307	(420)
Protection Gloves Sdn. Bhd.	^	5,357	4,550	223	(115)
Sabal Sawmill Sdn. Bhd.	^	442	850	(94)	648
Sunrise Megaway Sdn. Bhd.	#	2,877	8,723	(225)	(259)
		33,103	36,790	(2,608)	(2,384)

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21. Related party transactions (cont'd)

	Note	Transaction value		Balance outstanding	
		30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	31.12.2013 RM'000
Literage and freight:					
Master Ace Territory Sdn. Bhd.	#	691	665	(170)	(406)
Ocarina Development Sdn. Bhd.	#	799	871	(171)	(307)
Syarikat Kalulong Sdn. Bhd.	#	-	274	-	15
W T K Realty Sdn. Bhd.	#	3,341	2,468	273	(836)
		<u>4,831</u>	<u>4,278</u>	<u>(68)</u>	<u>(1,534)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	38	3,721	(79)	(238)
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	4,745	-	(69)	-
		<u>38</u>	<u>3,721</u>	<u>(79)</u>	<u>(238)</u>
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	853	765	(80)	(70)
Purchase of hardware and lubricants:					
W.T.K Trading Sdn. Bhd.	#	268	8,633	(249)	(2,815)
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	4,897	-	(904)	-
		<u>5,165</u>	<u>8,633</u>	<u>(249)</u>	<u>(2,815)</u>
Purchase of fertilizer:					
Grofields Sdn. Bhd.	#	-	60	-	-
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	1,854	1,748	(738)	(113)
		<u>1,854</u>	<u>1,808</u>	<u>(738)</u>	<u>(113)</u>
Contract fees paid in relation to logging operations:					
Ann Yun Logistics Sdn. Bhd.	*	1,618	1,619	(539)	(568)
Harbour-View Realty Sdn. Bhd.	^	312	-	-	(38)
Hung Ling Sawmill Sdn. Bhd.	^	552	-	-	(272)
United Agencies Sdn. Bhd.	^	5,603	3,048	761	300
W T K Realty Builder Sdn. Bhd.	#	228	1,271	(228)	(166)
W T K Realty Sdn. Bhd.	#	270	-	-	(170)
		<u>8,583</u>	<u>5,938</u>	<u>(6)</u>	<u>(914)</u>

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21. Related party transactions (cont'd)

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

22. Events after the reporting period

There are no events after the quarter ended 30 June 2014 which could materially affect the Group.

23. Performance review

For the quarter under review, the Group's revenue was RM181.0 million as compared to RM184.1 million in 2Q2013, representing a decrease of RM3.1 million (1.7%), with profit before tax of RM15.0 million which is consistent with 2Q2013 of RM15.0 million.

Quarter 2, 2014

Timber

For the current quarter, the Group's timber division registered a revenue of RM149.9 million, representing an increase of 2.4% or RM3.5 million as compared with RM146.4 million in 2Q2013. Its profit before tax stood at RM12.3 million in the current quarter, reflecting an increase of 23.0% or RM2.3 million when compared to RM10.0 million registered in 2Q2013. The better performance was mainly attributed to the increase in sales of timber logs and higher average selling price as a result of the continuous tight log supply condition in Sarawak and favourable exchange rate.

On a year-to-date (YTD) basis, the timber division registered a revenue of RM282.9 million, representing an increase of 2.0%, as compared to the previous corresponding period of RM277.4 million whilst profit before tax of RM25.1 million increased by 59.9% compared to a profit before tax of RM15.7 million registered in the previous corresponding period. This is mainly due to the increase in sales volume for timber logs by 8.9%, increase in average selling price for timber logs by 11.5% coupled with favourable exchange rate and the impairment loss of RM4.4 million previously provided no longer required.

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23. Performance review (cont'd)

Quarter 2, 2014 (cont'd)

Timber (cont'd)

On a year-on-year (YOY) basis, the average round log prices increased by 6.9% compared to prices registered in 2Q2013, whilst sales volume increased by 34.1%. The Group's key export markets for round logs were India (75%), Vietnam (15%) and China (10%). As for the Group's plywood division, average selling prices increased slightly by 0.3% whilst sales volume decreased by 9.6% as compared to 2Q2013. The higher sales volume of logs was mainly due to improved demand and continuous tight log situation in Sarawak whereas the drop in sales volume of plywood was mainly due to the higher stock holding in Japan as a result of the hike on consumption tax in April 2014. The major export markets for plywood for the quarter under review were Japan (81%), Taiwan (18%), and China (1%).

Non-timber

Manufacturing and trading

The revenue for 2Q2014 registered at RM30.2 million, a decline of RM6.6 million or 17.9% when compared to 2Q2013 of RM36.8 million. The decline in revenue was mainly due to the reduced volume for foil products. Profit before tax decreased by RM2.9 million, representing a decrease of 50.9% when compared with 2Q2013 of RM5.7 million. The lower profit before tax was mainly attributed to the lower revenue generated from foil products.

On a YTD basis, the Group registered a total revenue of RM65.9 million, a decrease of RM13.0 million when compared to the last corresponding period of RM78.9 million whilst profit before tax of RM8.7 million, a decrease of RM4.9 million as compared to the last corresponding financial period of RM13.6 million. The decline in revenue was mainly due to the reduced volume for foil products. The lower profit before tax was attributed to the lower revenue and higher production cost.

Others

The profit before tax for the current quarter showed an improvement due to the higher interest income and a loss making associated company was disposed during 2Q2013.

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24. Comment on material change in profit before taxation

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

Quarter 2, 2014

Timber

The timber division recorded a revenue of RM149.9 million as compared to 1Q2014's revenue of RM133.0 million, an increase of 12.7%. The higher revenue was mainly due to the increase in sales volume of logs as a result of the improved demand during the quarter.

The timber division reported a lower profit before tax of RM12.3 million, a decrease of 3.5% compared to 1Q2014's profit before tax of RM12.8 million. By exclusion of the impairment loss of RM4.4 million previously provided which was no longer required in 1Q2014, the profit before tax for 2Q2014 showed an increase of 46.4% which was in tandem with the increase in revenue.

Non-timber

Manufacturing and trading

The revenue for the 2Q2014 registered at RM30.2 million, a decrease of RM5.5 million or 15.4% when compared to 1Q2014. Lower revenue for 2Q2014 was mainly due to the lower foil product orders as result of higher delivery in 1Q2014.

Profit before tax was reported at RM2.8 million, indicating a decrease of RM3.1 million or 52.5% when compared with 1Q2014. The decrease in profit before tax was mainly attributed to the decreased revenue of premium foil products which carried higher gross profit margin.

Others

The current quarter showed a marginal loss due to the higher expenses incurred for the quarter.

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25. Commentary on prospects

Timber

Total housing starts in Japan for the first half year of 2014 were down by 3.4% when compared to the same period of last year. The rise of consumption tax in April 2014 is expected to slow down the consumer spending and the Japan's economy contracted by an annualised 6.8% in 1Q 2014 and on a quarterly basis, the economy contracted 1.7% in 2Q 2014 after a 1.5% rise in 1Q 2014.

Despite the contraction of Japan's economy in 2Q2014, the Government has undertaken to stimulate private investments with corporate tax reforms, foreign direct investment and promote private spending in order to ensure the economic growth.

In India, the newly elected government with the majority mandate has initiated various measures to attract more investments such as infrastructure development, interest rate rationalisation and also enhance governance in order to stimulate economic growth. Consequently, the Indian economy is likely to expand in the range of 5.4% to 5.9% this fiscal year.

Based on the current economic condition, the Group is cautious to the current market sentiment and shall endeavor to ensure effective cost management and product quality enhancement in order to stay resilient and to enhance market presence.

Non-timber

For the Group's non-timber division in 2014, staying ahead of competition and keeping up with changes in the packaging industry remains crucial. The Group will continue its approach to maintain its competitive advantage by streamlining its supply chain with a focus on its core products and to strengthen branding to deliver better value products to its 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.

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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.

30. Changes in material litigation

There was no material litigation against the Group.

31. Dividend payable

Please refer to Note 18 for details.

32. Disclosure of nature of outstanding derivatives

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

33. Rationale for entering into derivatives

The Group did not enter into any derivatives during current quarter ended 30 June 2014 or the previous financial year ended 31 December 2013.

34. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 30 June 2014 or the previous financial year ended 31 December 2013.

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

The Group did not have any financial liabilities measured at fair value through profit and loss as at 30 June 2014 and 31 December 2013.

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36. Breakdown of realised and unrealised profit or losses

	As at 30.6.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,321,963	1,294,424
- Unrealised	<u>(74,750)</u>	<u>(74,645)</u>
	1,247,213	1,219,779
Total share of retained profits from a jointly controlled entity:		
- Realised	<u>(247)</u>	<u>(260)</u>
	1,246,966	1,219,519
Less: Consolidation adjustments	<u>(215,459)</u>	<u>(214,851)</u>
Total Group retained profits as per consolidated accounts	<u><u>1,031,507</u></u>	<u><u>1,004,668</u></u>

37. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

BY ORDER OF THE BOARD

TAN MEE LIAN
COMPANY SECRETARY
KUALA LUMPUR
Date: 28 AUGUST 2014