

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2014**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.9.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	683,442	693,789
Prepaid land lease payments	39,630	40,460
Investment properties	34,806	34,803
Investment in a jointly controlled entity	1,589	1,566
Investment securities	1,538	1,312
Intangible assets	86,159	91,871
Biological assets	334,640	303,667
Deferred tax assets	1,910	1,910
	<b>1,183,714</b>	<b>1,169,378</b>
<b>Current assets</b>		
Inventories	191,424	149,828
Trade receivables	80,358	98,174
Other receivables	37,166	49,502
Tax recoverable	6,307	8,475
Cash and bank balances	267,617	260,631
	<b>582,872</b>	<b>566,610</b>
<b>TOTAL ASSETS</b>	<b>1,766,586</b>	<b>1,735,988</b>

**W T K HOLDINGS BERHAD (10141-M)**  
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014 (Cont'd)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.9.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Retirement benefit obligations	47	47
Short term borrowings	156,695	141,782
Trade payables	48,725	59,788
Other payables	20,096	22,775
Land premium payable	416	435
Current tax payable	3,190	2,112
	<u>229,169</u>	<u>226,939</u>
<b>Net current assets</b>	<u>353,703</u>	<u>339,671</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	2,511	2,418
Long term borrowings	150,722	147,213
Deferred tax liabilities	79,003	79,212
Land premium payable	-	383
	<u>232,236</u>	<u>229,226</u>
<b>Total liabilities</b>	<u>461,405</u>	<u>456,165</u>
<b>Net assets</b>	<u>1,305,181</u>	<u>1,279,823</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	219,007	219,007
Share premium	45,708	45,708
Treasury shares	(8,111)	(8,084)
Other reserves	1,989	2,104
Retained earnings	1,030,273	1,004,668
	<u>1,288,866</u>	<u>1,263,403</u>
<b>Non-controlling interests</b>	16,315	16,420
<b>Total equity</b>	<u>1,305,181</u>	<u>1,279,823</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,766,586</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 SEPTEMBER 2014 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 September 2014 RM'000	2013 RM'000	Nine months ended 30 September 2014 RM'000	2013 RM'000
Revenue	155,576	159,182	506,137	517,039
Cost of sales	<u>(120,646)</u>	<u>(122,868)</u>	<u>(403,206)</u>	<u>(413,140)</u>
<b>Gross Profit</b>	34,930	36,314	102,931	103,899
Other income	2,468	1,965	12,160	6,701
<b>Other item of expenses</b>				
Selling and distribution expenses	(11,211)	(11,240)	(37,881)	(37,538)
Administrative expenses	<u>(9,754)</u>	<u>(7,254)</u>	<u>(24,268)</u>	<u>(22,181)</u>
Operating profit	16,433	19,785	52,942	50,881
Finance costs	(1,711)	(1,698)	(4,415)	(4,844)
Share of results of an associate	-	-	-	(302)
Share of results of a jointly controlled entity	<u>10</u>	<u>(4)</u>	<u>23</u>	<u>12</u>
<b>Profit before tax</b>	14,732	18,083	48,550	45,747
Income tax expenses	<u>(5,028)</u>	<u>(4,020)</u>	<u>(11,942)</u>	<u>(10,204)</u>
<b>Profit for the period</b>	<u>9,704</u>	<u>14,063</u>	<u>36,608</u>	<u>35,543</u>
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain on available-for-sale financial assets				
- (Loss)/Gain on fair value changes	(64)	(6)	212	76
- Transfer to profit or loss upon disposal	-	-	-	(194)
Foreign currency translation	<u>44</u>	<u>1,078</u>	<u>(327)</u>	<u>1,201</u>
Other comprehensive income, net of tax	<u>(20)</u>	<u>1,072</u>	<u>(115)</u>	<u>1,083</u>
<b>Total comprehensive income for the period</b>	<u>9,684</u>	<u>15,135</u>	<u>36,493</u>	<u>36,626</u>
<b>Profit attributable to:</b>				
Owners of the Company	9,708	13,940	36,547	35,036
Non-controlling interests	(4)	123	61	507
<b>Profit for the period</b>	<u>9,704</u>	<u>14,063</u>	<u>36,608</u>	<u>35,543</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	9,688	15,012	36,432	36,119
Non-controlling interests	(4)	123	61	507
<b>Total comprehensive income for the period</b>	<u>9,684</u>	<u>15,135</u>	<u>36,493</u>	<u>36,626</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic, for profit for the period (sen)	<u>2.36</u>	<u>3.21</u>	<u>8.54</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 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 SEPTEMBER 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		
<b>Quarter ended 30 September 2014</b>										
<b>At 1 January 2014</b>	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	36,493	36,432	-	-	-	36,547	(115)	(327)	212	61
<b>Transactions with owners</b>										
Dividends on ordinary shares	(10,942)	(10,942)	-	-	-	(10,942)	-	-	-	-
Dividends paid to non-controlling interests	(166)	-	-	-	-	-	-	-	-	(166)
Repurchase of treasury shares	(27)	(27)	-	-	(27)	-	-	-	-	-
<b>At 30 September 2014</b>	<b>1,305,181</b>	<b>1,288,866</b>	<b>219,007</b>	<b>45,708</b>	<b>(8,111)</b>	<b>1,030,273</b>	<b>1,989</b>	<b>1,874</b>	<b>115</b>	<b>16,315</b>
<b>Quarter ended 30 September 2013</b>										
<b>At 1 January 2013</b>	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
<b>Transactions with owners</b>										
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)	-	-	-	-	-
<b>At 30 September 2013</b>	<b>1,262,873</b>	<b>1,247,220</b>	<b>219,007</b>	<b>45,708</b>	<b>(8,083)</b>	<b>988,094</b>	<b>2,494</b>	<b>2,500</b>	<b>(6)</b>	<b>15,653</b>

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.

**W T K HOLDINGS BERHAD (10141-M)**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014 - UNAUDITED**

	<b>30.9.2014</b>	<b>30.9.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	48,550	45,747
Adjustment for:		
- Share of results of an associate	-	302
- Share of results of a jointly controlled entity	(23)	(12)
Allowance for impairment loss on receivables	48	2,156
Allowance for impairment loss on receivables no longer required	(4,385)	(132)
Amortisation	6,542	3,800
Bad debts written off	5	639
Depreciation	27,544	26,082
Dividend income	(30)	(48)
Gain on disposal of investment securities	-	(204)
Loss/(Gain) on disposal of property, plant and equipment	485	(117)
Loss on disposal of an associate	-	319
Interest income	(3,618)	(2,620)
Interest expense	4,415	4,844
Property, plant and equipment written off	29	299
Retirement benefit obligations	157	684
Reversal of bad debts written off	-	(562)
Unrealised gain on foreign exchange	(86)	-
Other non-cash items	46	6
	79,679	81,183
Operating profit before working capital changes		
Changes in working capital :		
Net decrease in current assets	(7,072)	(12,524)
Net decrease in current liabilities	(11,424)	(18,456)
Cash generated from operations	61,183	50,203
Payment of retirement benefit	(64)	(188)
Interest paid	(3,914)	(4,217)
Interest received	3,618	2,620
Taxation paid	(8,896)	(6,182)
Net cash generated from operating activities	51,927	42,236

**W T K HOLDINGS BERHAD (10141-M)**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014 - UNAUDITED (Cont'd)**

	<b>30.9.2014</b>	<b>30.9.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Biological assets expenditure	(27,479)	(35,694)
Land premium paid	(402)	(377)
Net dividend received from investment securities	30	48
Proceeds from disposal of an associate	-	7,145
Proceeds from disposal of property, plant and equipment	394	354
Proceeds from disposal of investment securities	-	653
Purchase of investment properties	(14)	(8)
Purchase of investment securities	(198)	(230)
Purchase of property, plant and equipment	(19,914)	(13,966)
Net cash used in investing activities	<u>(47,583)</u>	<u>(42,075)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	(166)	(173)
Dividend paid to owners of the Company	(10,942)	(9,118)
Drawdown of term loans	12,566	25,103
Drawdown of trade financing facilities	141,262	301,903
Interest paid	(501)	(627)
Repayment of hire purchases	(3,740)	(3,438)
Repayment of term loans	(6,368)	(3,603)
Repayment of trade financing facilities	(131,641)	(296,088)
Repurchase of treasury shares	(27)	(21)
Net cash used in financing activities	<u>443</u>	<u>13,938</u>
Net increase in cash and cash equivalents	4,787	14,099
Effects of exchange rate changes	(263)	977
Net cash and cash equivalents at the beginning of the year	233,635	218,481
Net cash and cash equivalents at the end of the period	<u><u>238,159</u></u>	<u><u>233,557</u></u>
For Cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	267,617	256,296
Less: Bank overdraft	(29,458)	(22,739)
Cash and cash equivalents	<u><u>238,159</u></u>	<u><u>233,557</u></u>

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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A  
For the nine months ended 30 September 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 27 November 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 10, FRS 12 and FRS 127, Investment Entities	1 January 2014
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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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A  
For the nine months ended 30 September 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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
Amendments to FRS 116, Property, Plant and Equipment and FRS 138, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
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 nine months ended 30 September 2014 – unaudited

**6. Segmental information**

	<b>9 months ended 30.9.2014</b>		<b>9 months ended 30.9.2013</b>	
	Revenue RM'000	Profit before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
<b>Timber</b>	<b>406,530</b>	<b>36,746</b>	<b>400,524</b>	<b>27,378</b>
<b>Non-Timber</b>				
Manufacturing	62,713	8,419	76,327	16,106
Trading	34,149	3,307	37,619	4,045
Others	2,745	78	2,569	(1,782)
	<b>99,607</b>	<b>11,804</b>	<b>116,515</b>	<b>18,369</b>
<b>Total</b>	<b>506,137</b>	<b>48,550</b>	<b>517,039</b>	<b>45,747</b>

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 nine months ended 30 September 2014 – unaudited

**8. Profit before tax**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2014</b>	<b>30.9.2013</b>	<b>30.9.2014</b>	<b>30.9.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the period is arrived at after charging:</b>				
Amortisation	4,009	1,266	6,542	3,800
Allowance for impairment loss on receivables	18	1,914	48	2,156
Bad debts written off	3	-	5	639
Depreciation	8,882	8,688	27,544	26,082
Interest expense	1,711	1,753	4,415	4,844
Inventories written off	12	-	46	6
Loss on disposal of an associate	-	-	-	319
Loss on disposal of property, plant and equipment	237	-	485	-
Property plant and equipment written off	29	-	29	299
<b>and crediting:</b>				
Allowance for impairment loss on receivables no longer required	-	-	4,385	132
Gain on foreign exchange	141	291	200	754
Gain on disposal of quoted investments	-	-	-	204
Gain on disposal of property, plant and equipment	-	90	-	117
Hire of machinery	121	172	385	528
Interest income	1,289	684	3,618	2,620
Reversal of bad debts written off	-	562	-	562

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

**9. Income tax expense**

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	5,089	4,020	11,876	10,129
- Foreign tax	113	161	344	447
	<u>5,202</u>	<u>4,181</u>	<u>12,220</u>	<u>10,576</u>
Over provision in prior years	(128)	(22)	(70)	(26)
	<u>5,074</u>	<u>4,159</u>	<u>12,150</u>	<u>10,550</u>
Deferred taxation				
- Current year	(46)	(139)	(208)	(346)
	<u>(46)</u>	<u>(139)</u>	<u>(208)</u>	<u>(346)</u>
	<u>5,028</u>	<u>4,020</u>	<u>11,942</u>	<u>10,204</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.

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

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2014</b>	<b>30.9.2013</b>	<b>30.9.2014</b>	<b>30.9.2013</b>
Profit attributable to the owners of the Company (RM'000)	9,708	13,940	36,547	35,036
Weighted average number of ordinary shares in issue ('000)	434,192	434,209	434,195	434,213
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	434,192	434,209	434,195	434,213
Basic EPS (sen)	2.24	3.21	8.42	8.07
Diluted EPS (sen)	2.24	3.21	8.42	8.07

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

**11. Property, plant and equipment**

During the 9 months ended 30 September 2014, the Group acquired assets at a total cost of RM21,500,000 (30 September 2013: RM16,064,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM879,000 were disposed of by the Group during the 9 months ended 30 September 2014 (30 September 2013: RM237,000), resulting in a loss on disposal of RM485,000 (30 September 2013: gain on disposal of RM117,000).

**12. Intangible assets**

	<b>Goodwill</b>	<b>Timber</b>	<b>Total</b>
	<b>RM'000</b>	<b>rights</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January 2014	33,728	111,584	145,312
Addition	-	-	-
At 30 September 2014	<u>33,728</u>	<u>111,584</u>	<u>145,312</u>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2014	5,506	47,935	53,441
Amortisation	-	5,712	5,712
At 30 September 2014	<u>5,506</u>	<u>53,647</u>	<u>59,153</u>
<b>Net carrying amount</b>			
At 30 September 2014	<u>28,222</u>	<u>57,937</u>	<u>86,159</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 nine months ended 30 September 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:

	<b>Goodwill</b>	<b>Timber</b>	<b>Total</b>
	<b>RM'000</b>	<b>rights</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>At 30 September 2014</b>			
Timber division	24,598	57,937	82,535
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>57,937</u>	<u>86,159</u>
<b>At 31 December 2013</b>			
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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**13. Cash and cash equivalents**

	<b>30.9.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at bank	138,233	160,142
Short term deposits with licensed financial institutions	129,384	100,489
Cash and bank balances	<u>267,617</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.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 30 September 2014</b>				
Financial investment available-for-sale				
Quoted investments	1,438	-	-	1,438
Unquoted investments	-	-	100	100
	<u>1,438</u>	<u>-</u>	<u>100</u>	<u>1,538</u>
<b>At 31 December 2013</b>				
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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**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 2014.

During the current quarter ended 30 September 2014, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM1.36 per share. The total consideration paid for the repurchase including transaction costs was RM13,700 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 3,831,000 shares as at 30 September 2014.

**16. Interest bearing loans and borrowings**

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

	<b>30.9.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings		
Secured	69,579	68,679
Unsecured	87,116	73,103
	<u>156,695</u>	<u>141,782</u>
Long term borrowings		
Secured	150,346	146,837
Unsecured	376	376
	<u>150,722</u>	<u>147,213</u>
Total	<u>307,417</u>	<u>288,995</u>



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**17. Provisions for costs of restructuring**

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

**18. Dividends**

A final 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 (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 September 2014 (30 September 2013: RM Nil).

**19. Commitments**

There were no material capital commitments in the current quarter ended 30 September 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 September 2014 and 30 September 2013 as well as the balances with the related parties as at 30 September 2014 and 31 December 2013:

	Note	Transaction value		Balance outstanding	
		30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	31.12.2013 RM'000
Sawn timber sales:					
W. T. K. Trading Sdn. Bhd.	#	-	-	-	-
Log sales:					
Harbour-View Realty Sdn. Bhd.	^	599	-	141	-
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.	#	-	264	-	-
		-	264	-	-
Road toll received:					
Elite Honour Sdn. Bhd.	#	1,458	1,115	-	46
Purchase of logs:					
Faedah Mulia Sdn. Bhd.	#	9,120	7,893	(272)	(312)
Harbour-View Realty Sdn. Bhd.	^	618	6,915	(126)	(256)
Harvard Rank Sdn. Bhd.	#	10,102	13,792	1,075	(1,511)
K N Wong (M) Sdn. Bhd.	#	-	1,560	-	(159)
Ocarina Development Sdn. Bhd.	#	13,872	2,881	(1,023)	(420)
Protection Gloves Sdn. Bhd.	^	11,107	6,641	216	(115)
Sabal Sawmill Sdn. Bhd.	^	442	929	529	648
Sunrise Megaway Sdn. Bhd.	#	4,106	15,732	(1,096)	(259)
		49,367	56,343	(697)	(2,384)

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**21. Related party transactions (cont'd)**

	Note	Transaction value		Balance outstanding	
		30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	31.12.2013 RM'000
Literage and freight:					
Master Ace Territory Sdn. Bhd.	#	989	809	(320)	(406)
Ocarina Development Sdn. Bhd.	#	1,396	1,300	(871)	(307)
Syarikat Kalulong Sdn. Bhd.	#	-	280	-	15
W T K Realty Sdn. Bhd.	#	5,104	3,743	(368)	(836)
		<u>7,489</u>	<u>6,132</u>	<u>(1,559)</u>	<u>(1,534)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	48	4,956	(35)	(238)
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	7,927	-	(105)	-
		<u>7,975</u>	<u>4,956</u>	<u>(140)</u>	<u>(238)</u>
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	1,304	1,176	(76)	(70)
Purchase of hardware and lubricants:					
W.T.K Trading Sdn. Bhd.	#	274	13,394	(58)	(2,815)
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	11,496	-	(1,557)	-
		<u>11,770</u>	<u>13,394</u>	<u>(1,615)</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.)	^	3,745	5,679	(2,040)	(113)
		<u>3,745</u>	<u>5,739</u>	<u>(2,040)</u>	<u>(113)</u>
Contract fees paid in relation to logging operations:					
Ann Yun Logistics Sdn. Bhd.	*	2,428	2,429	(539)	(568)
Harbour-View Realty Sdn. Bhd.	^	312	-	-	(38)
Hung Ling Sawmill Sdn. Bhd.	^	552	-	(801)	(272)
United Agencies Sdn. Bhd.	^	8,660	3,758	-	300
W T K Realty Builder Sdn. Bhd.	#	270	537	-	(166)
W T K Realty Sdn. Bhd.	#	333	1,341	(283)	(170)
		<u>12,555</u>	<u>8,065</u>	<u>(1,623)</u>	<u>(914)</u>

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**21. Related party transactions (cont'd)**

- <sup>^</sup> *The directors and/or major shareholders of W T K Holdings Berhad are directors and/or major shareholders of these companies.*
- <sup>#</sup> *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.*
- <sup>\*</sup> *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 2014 which could materially affect the Group.

**23. Performance review**

For the quarter under review, the Group's revenue was RM155.6 million as compared to RM159.2 million in 3Q2013, representing a decrease of RM3.6 million (2.3%), with profit before tax of RM14.7 million, a decrease of RM3.4 million (18.8%) as compared to RM18.1 million in 3Q2013.

**Quarter 3, 2014**

**Timber**

For the current quarter, the Group's timber division registered a revenue of RM123.7 million, representing a marginal increase of 0.4% or RM0.5 million as compared with RM123.2 million in 3Q2013. Its profit before tax stood at RM11.7 million in the current quarter, remaining constant when compared to RM11.7 million registered in 3Q2013. Despite the lower sales volume and slight decrease in average selling price for plywood, the current quarter's achievement was mainly substantiated by the increase in sales of timber logs and higher average selling price as a result of continuous tight log supply condition in Sarawak.

On a year-to-date (YTD) basis, the timber division registered a revenue of RM406.5 million, representing an increase of 1.5%, as compared to the previous corresponding period of RM400.5 million whilst profit before tax of RM36.7 million increased by 33.9% compared to a profit before tax of RM27.4 million registered in the previous corresponding period. The better performance achieved in current period was mainly contributed by the higher sales volume of timber logs by 11.3% and better average selling price of timber logs by 15.6%, coupled with favourable exchange rate.

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**23. Performance review (cont'd)**

**Quarter 3, 2014 (cont'd)**

**Timber (cont'd)**

On a year-on-year (YOY) basis, the average round log prices increased by 22.6% compared to prices registered in 3Q2013, whilst sales volume increased by 15.6%. The continuous tight log supply situation in Sarawak has resulted in the higher average selling price of log, whereas, the reported higher sales volume of logs was mainly due to higher demand. The Group's key export markets for round logs were India (94%), China (5%) and Taiwan (1%).

As for the Group's plywood division, the average selling prices decreased by 1.2% whilst the sales volume decreased by 6.6% as compared to 3Q2013. The drop in plywood sales volume was mainly due to the slower demand and higher stock holding situation in Japan as the impact of increased consumption tax in April 2014. The export markets for plywood for the quarter under review were Japan (80%), Taiwan (17%), and other ASEAN countries (3%).

**Non-timber**

**Manufacturing and trading**

The revenue for 3Q2014 registered at RM31.0 million, a decline of RM4.1 million or 11.7% when compared to 3Q2013 of RM35.1 million. The decline in revenue was mainly due to the reduced volume for foil products. Profit before tax was reported at RM3.1 million, a decrease by RM3.4 million, representing a decrease of 52.3% when compared with 3Q2013 of RM6.5 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 RM96.9 million, a decrease of RM17.0 million or 14.9% when compared to the last corresponding period of RM113.9 million whilst profit before tax of RM11.7 million, a decrease of RM8.5 million or 42.1% as compared to the last corresponding financial period of RM20.2 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**

There were no material changes to the revenue and profit before tax in respect of the current quarter when compared with 3Q2013.

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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 3, 2014**

**Timber**

The timber division recorded a revenue of RM123.7 million as compared to 2Q2014's revenue of RM149.9 million, showing a decrease of 17.5%. The lower revenue was mainly due to the decrease in sales volume of logs and plywood as a result of the slower demand during the quarter.

The timber division reported a lower profit before tax of RM11.7 million, a decrease of 4.9% compared to 2Q2014's profit before tax of RM12.3 million. This is mainly due to the lower profit generated from plywood division despite the better performance resulted from logging division.

**Non-timber**

**Manufacturing and trading**

The revenue for the 3Q2014 registered at RM31.0 million, an increase of RM0.8 million or 2.6% when compared to 2Q2014. Higher revenue for 3Q2014 was mainly due to the higher foil product orders.

Profit before tax was reported at RM3.1 million, indicating an increase of RM0.3 million or 10.7% when compared with 2Q2014. The increase in profit before tax was mainly attributed to the increased revenue of foil products.

**Others**

There were no material changes to the revenue and profit before tax in respect of the current quarter when compared with 2Q2014.

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**25. Commentary on prospects**

**Timber**

Total housing starts in Japan for the nine months up to September 2014 were down by 7.1% when compared to the same period of last year. Japan is in recession as the economy shrank by an annualized 1.6% in 3rd quarter 2014 after a 1.7% contraction in 2nd quarter 2014. The rise of consumption tax in April 2014 has contributed to the slower consumer spending, industry production and the companies carrying huge inventories. Consequently, the Bank of Japan has unexpectedly expanded its monetary stimulus policy by end of October in order to continue the promotion of private spending and corporate investments.

In India, the first budget tabled by the new government in July 2014 is aimed to boost government spending and promote higher business investment. Additional emphasis is also being placed on foreign policy to reinvigorate investors' interest related to areas such as smart cities, infrastructure, digitalization, education and health. As a result, these better economic sentiments are expected to enhance the business and investments atmosphere in India.

In view of the challenging environment, the Group is cautious of the present economic 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 prominent presence in the highly competitive markets, both domestic and overseas. This includes developing new and value added products, gearing towards most prestigious accreditation on quality (Food and Safety System Certification, FSSC 22000), delivering better value products and retaining customer loyalty.

**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 September 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 September 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 September 2014 and 31 December 2013.



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**36. Breakdown of realised and unrealised profit or losses**

	<b>As at 30.9.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,323,687	1,294,424
- Unrealised	<u>(74,704)</u>	<u>(74,645)</u>
	1,248,983	1,219,779
Total share of retained profits from a jointly controlled entity:		
- Realised	<u>(237)</u>	<u>(260)</u>
	1,248,746	1,219,519
Less: Consolidation adjustments	<u>(218,473)</u>	<u>(214,851)</u>
Total Group retained profits as per consolidated accounts	<u><u>1,030,273</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: 27 NOVEMBER 2014