

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	31.12.2014 Unaudited RM'000	31.12.2013 (Restated) RM'000	1.1.2013 (Restated) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	676,307	693,789	712,970
Prepaid land lease payments	39,353	40,460	41,567
Investment properties	34,742	34,803	35,035
Investment in a jointly controlled entity	1,586	1,566	1,552
Investment in an associate	7,532	-	7,766
Investment securities	16,230	1,312	1,332
Intangible assets	131,832	78,709	84,863
Biological assets	337,165	303,667	253,869
Deferred tax assets	1,910	1,910	-
	<u>1,246,657</u>	<u>1,156,216</u>	<u>1,138,954</u>
Current assets			
Inventories	179,690	149,828	159,284
Trade receivables	53,534	98,174	89,161
Other receivables	21,792	49,502	45,563
Tax recoverable	7,481	8,475	11,259
Cash and bank balances	274,925	260,631	237,010
	<u>537,422</u>	<u>566,610</u>	<u>542,277</u>
TOTAL ASSETS	<u>1,784,079</u>	<u>1,722,826</u>	<u>1,681,231</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (Cont'd)

	31.12.2014	31.12.2013	1.1.2013
	Unaudited	(Restated)	(Restated)
	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Retirement benefit obligations	211	47	110
Short term borrowings	119,775	141,782	148,681
Trade payables	50,701	59,788	70,039
Other payables	33,088	22,775	20,485
Land premium payable	424	435	433
Current tax payable	3,335	2,112	2,656
	<u>207,534</u>	<u>226,939</u>	<u>242,404</u>
Net current assets	<u>329,888</u>	<u>339,671</u>	<u>299,873</u>
Non-current liabilities			
Retirement benefit obligations	2,328	2,418	2,367
Long term borrowings	159,376	147,213	130,145
Deferred tax liabilities	74,845	79,212	81,374
Land premium payable	-	383	747
	<u>236,549</u>	<u>229,226</u>	<u>214,633</u>
Total liabilities	<u>444,083</u>	<u>456,165</u>	<u>457,037</u>
Net assets	<u>1,339,996</u>	<u>1,266,661</u>	<u>1,224,194</u>
Equity attributable to owners of the Company			
Share capital	240,672	219,007	219,007
Share premium	68,674	45,708	45,708
Treasury shares	(8,111)	(8,084)	(8,062)
Other reserves	2,387	2,104	1,411
Retained earnings	1,020,353	991,506	950,811
	<u>1,323,975</u>	<u>1,250,241</u>	<u>1,208,875</u>
Non-controlling interests	16,021	16,420	15,319
Total equity	<u>1,339,996</u>	<u>1,266,661</u>	<u>1,224,194</u>
TOTAL EQUITY AND LIABILITIES	<u>1,784,079</u>	<u>1,722,826</u>	<u>1,681,231</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 YEAR ENDED 31 DECEMBER 2014 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 December 2014	2013 (Restated) RM'000	Twelve months ended 31 December 2014	2013 (Restated) RM'000
Revenue	171,254	197,489	677,391	714,528
Cost of sales	<u>(143,726)</u>	<u>(161,675)</u>	<u>(546,932)</u>	<u>(574,815)</u>
Gross Profit	27,528	35,814	130,459	139,713
Other income	5,282	6,557	17,442	13,258
Other item of expenses				
Selling and distribution expenses	(14,086)	(14,095)	(51,967)	(51,633)
Administrative expenses	<u>(13,924)</u>	<u>(16,907)</u>	<u>(38,192)</u>	<u>(39,088)</u>
Operating profit	4,800	11,369	57,742	62,250
Finance costs	(2,995)	(1,139)	(7,410)	(5,983)
Share of results of an associate	-	-	-	(302)
Share of results of a jointly controlled entity	<u>(3)</u>	<u>2</u>	<u>20</u>	<u>14</u>
Profit before tax	1,802	10,232	50,352	55,979
Income tax expenses	<u>1,211</u>	<u>4,297</u>	<u>(10,731)</u>	<u>(5,907)</u>
Profit for the period/year	<u>3,013</u>	<u>14,529</u>	<u>39,621</u>	<u>50,072</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				
- Loss on fair value changes	(315)	(91)	(103)	(15)
- Transfer to profit or loss upon disposal	-	-	-	(194)
Foreign currency translation	<u>713</u>	<u>(299)</u>	<u>386</u>	<u>902</u>
Other comprehensive income, net of tax	398	(390)	283	693
Total comprehensive income for the period/year	<u>3,411</u>	<u>14,139</u>	<u>39,904</u>	<u>50,765</u>
Profit attributable to:				
Owners of the Company	3,242	14,777	39,789	49,813
Non-controlling interests	(229)	(248)	(168)	259
Profit for the period/year	<u>3,013</u>	<u>14,529</u>	<u>39,621</u>	<u>50,072</u>
Total comprehensive income attributable to:				
Owners of the Company	3,640	14,387	40,072	50,506
Non-controlling interests	(229)	(248)	(168)	259
Total comprehensive income for the period/year	<u>3,411</u>	<u>14,139</u>	<u>39,904</u>	<u>50,765</u>
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period/year (sen)	<u>0.74</u>	<u>3.40</u>	<u>9.09</u>	<u>11.47</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 YEAR ENDED 31 DECEMBER 2014 - UNAUDITED**

	← Attributable to owners of the Company →							← Non-distributable →		
	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 →		Non- controlling interests RM'000
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		
Year ended 31 December 2014										
At 1 January 2014	1,266,661	1,250,241	219,007	45,708	(8,084)	991,506	2,104	2,201	(97)	16,420
Total comprehensive income	39,904	40,072	-	-	-	39,789	283	386	(103)	(168)
Transactions with owners										
Dividends on ordinary shares	(10,942)	(10,942)	-	-	-	(10,942)	-	-	-	-
Dividends paid to non-controlling interests	(231)	-	-	-	-	-	-	-	-	(231)
Shares issued for acquisition of a subsidiary	44,631	44,631	21,665	22,966	-	-	-	-	-	-
Repurchase of treasury shares	(27)	(27)	-	-	(27)	-	-	-	-	-
At 31 December 2014	1,339,996	1,323,975	240,672	68,674	(8,111)	1,020,353	2,387	2,587	(200)	16,021
Year ended 31 December 2013										
At 1 January 2013	1,235,162	1,219,843	219,007	45,708	(8,062)	961,779	1,411	1,299	112	15,319
Adjustment (Note 2.1)	(10,968)	(10,968)	-	-	-	(10,968)	-	-	-	-
At 1 January 2013 (Restated)	1,224,194	1,208,875	219,007	45,708	(8,062)	950,811	1,411	1,299	112	15,319
Total comprehensive income (Restated)	50,765	50,506	-	-	-	49,813	693	902	(209)	259
Transactions with owners										
Addition of investment in a subsidiary by non-controlling interests	1,015	-	-	-	-	-	-	-	-	1,015
Dividends on ordinary shares	(9,118)	(9,118)	-	-	-	(9,118)	-	-	-	-
Dividends paid to non-controlling interests	(173)	-	-	-	-	-	-	-	-	(173)
Repurchase of treasury shares	(22)	(22)	-	-	(22)	-	-	-	-	-
At 31 December 2013 (Restated)	1,266,661	1,250,241	219,007	45,708	(8,084)	991,506	2,104	2,201	(97)	16,420

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 YEAR ENDED 31 DECEMBER 2014 - UNAUDITED

	31.12.2014	31.12.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	50,352	55,979
Adjustment for:		
- Share of results of an associate	-	302
- Share of results of a jointly controlled entity	(20)	(14)
Allowance for impairment loss on receivables	3,539	5,136
Allowance for impairment loss on receivables no longer required	(4,406)	(3,280)
Amortisation	7,261	7,261
Bad debts written off	5	908
Depreciation	37,149	34,672
Dividend income	(42)	(112)
Gain on disposal of investment securities	-	(204)
Gain on disposal of property, plant and equipment	(78)	(138)
Loss on disposal of an associate	-	319
Interest income	(4,677)	(3,956)
Interest expense	7,410	5,983
Inventories written down	-	990
Property, plant and equipment written off	104	4,821
Retirement benefit obligations	211	192
Unrealised gain on foreign exchange	(131)	(211)
Other non-cash items	79	42
	<hr/>	<hr/>
Operating profit before working capital changes	96,756	108,690
Changes in working capital :		
Net decrease/(increase) in current assets	44,331	(7,081)
Net decrease in current liabilities	(6,116)	(7,970)
Cash generated from operations	<hr/>	<hr/>
	134,971	93,639
Payment of retirement benefit	(137)	(204)
Payment of land premium	(394)	(362)
Interest paid	(6,775)	(5,173)
Interest received	4,677	3,956
Taxation paid	<hr/>	<hr/>
	(13,152)	(7,786)
Net cash generated from operating activities	<hr/>	<hr/>
	119,190	84,070

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014 - UNAUDITED (Cont'd)

	31.12.2014 RM'000	31.12.2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investment by non-controlling interests	-	1,015
Biological assets expenditure	(29,145)	(45,234)
Insurance compensation arising from property, plant and equipment	-	160
Net cash outflow on acquisition of a subsidiary	(26,719)	-
Net dividend received from investment securities	42	112
Proceeds from disposal of an associate	-	7,145
Proceeds from disposal of property, plant and equipment	1,233	1,364
Proceeds from disposal of investment securities	-	653
Purchase of investment properties	(198)	(8)
Purchase of investment securities	(14)	(641)
Purchase of property, plant and equipment	(23,516)	(23,245)
Net cash used in investing activities	<u>(78,317)</u>	<u>(58,679)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(231)	(173)
Dividend paid to owners of the Company	(10,942)	(9,118)
Drawdown of term loans	24,188	28,213
Drawdown of trade financing facilities	183,766	346,046
Interest paid	(635)	(810)
Repayment of hire purchases	(5,169)	(4,535)
Repayment of term loans	(9,580)	(5,008)
Repayment of trade financing facilities	(207,940)	(365,533)
Repurchase of treasury shares	(27)	(22)
Net cash used in financing activities	<u>(26,570)</u>	<u>(10,940)</u>
Net increase in cash and cash equivalents	14,303	14,451
Effects of exchange rate changes	262	703
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 year	<u>248,200</u>	<u>233,635</u>
For Cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	274,925	260,631
Less: Bank overdraft	(26,725)	(26,996)
Cash and cash equivalents	<u>248,200</u>	<u>233,635</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 twelve months ended 31 December 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 26 February 2015.

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”).

Save and disclosed as below, 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.

- 2.1** In the previous financial years, the carrying value of a particular timber rights was subject to annual impairment assessment. During the financial year, the Directors have reassessed and considered that the amortization of the carrying value over the licensed period is more appropriate notwithstanding that the licensed period may likely be extended. This has resulted in a cumulative adjustment of RM13,162,000 in respect of prior financial years.

	As previously reported RM'000	Effect of adjustments RM'000	Restated RM'000
Group			
At 31 December 2013			
Retained earnings	1,004,668	(13,162)	991,506
Intangible assets	91,871	(13,162)	78,709
Administrative expenses	36,894	2,194	39,088

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2014 – unaudited

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 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

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 MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 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 MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

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 except for the following:

The Company had on 28 November 2014 entered into a conditional share sale agreement for the proposed acquisition of the entire equity interest in Alanya Marine Ventures Sdn. Bhd. (“AMV”) for a total consideration of up to RM94,580,513.20 to be satisfied by via a combination of cash amounting up to RM38,250,000 and the issuance of 43,331,164 new ordinary shares of RM0.50 each of the Company at an issue price of RM1.30 per share (collectively referred as “Proposed Acquisition”). Out of the purchase consideration, a total cash amount of RM11,475,000 will be considered as contingent consideration as it will only be payable upon achievement of profit in respect of the financial years 2015 and 2016 respectively.

Subsequent to the said announcement, the Company had on 23 December 2014 further announced the completion of the Proposed Acquisition. Consequently, the share price in connection with the partial discharge of purchase consideration was fair valued at RM1.03 per share, being the published price of the shares of the Company at the acquisition date. As a result of this, the premium arising from the issuance of shares which amounted to RM22,965,517 has been included in the share premium account.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2014 – unaudited

5. Changes in composition of the Group (cont'd)

As at 31 December 2014, the fair value of AMV's identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation ("PPA") exercise on AMV's identifiable assets, liabilities and contingent liabilities. The AMV's business combination has been accounted for using the provisional values. The Group shall recognize any adjustments to the provisional values upon completion of the PPA exercise within twelve months from the acquisition date. The initial accounting entry by using the provisional values has resulted in a goodwill on consolidation amounting to RM59,276,857 reflected in the consolidated statement of financial position of the Group as at 31 December 2014.

6. Segmental information

	12 months ended 31.12.2014		12 months ended 31.12.2013 (restated)	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Timber	545,955	47,389	563,153	35,467
Plantation	5,535	(10,010)	4,087	103
Manufacturing	76,166	8,873	93,659	16,746
Trading	46,005	4,420	50,132	5,438
Others	3,730	(320)	3,497	(1,775)
	125,901	12,973	147,288	20,409
Total	677,391	50,352	714,528	55,979

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.
- Plantation : cultivation of oil palm and tree planting.
- 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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2014 – 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		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	719	3,461	7,261	7,261
Allowance for impairment loss on receivables	3,491	2,980	3,539	5,136
Bad debts written off	-	831	5	908
Depreciation	9,605	8,590	37,149	34,672
Interest expense	2,995	1,139	7,410	5,983
Inventories written off	33	36	79	42
Loss on disposal of an associate	-	-	-	319
Property plant and equipment written off	75	4,522	104	4,821
and crediting:				
Allowance for impairment loss on receivables no longer required	21	3,148	4,406	3,280
Gain on foreign exchange	519	586	719	1,340
Gain on disposal of quoted investments	-	-	-	204
Gain on disposal of property, plant and equipment	563	21	78	138
Hire of machinery	260	-	645	341
Interest income	1,059	1,336	4,677	3,956

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2014 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	3,091	2,248	14,967	12,377
- Foreign tax	123	157	467	604
	<u>3,214</u>	<u>2,405</u>	<u>15,434</u>	<u>12,981</u>
Over provision in prior years	(265)	(2,974)	(335)	(3,000)
	<u>2,949</u>	<u>(569)</u>	<u>15,099</u>	<u>9,981</u>
Deferred taxation				
- Current year	(2,309)	(1,148)	(2,517)	(1,494)
- (Over)/Under provision in prior years	(1,851)	541	(1,851)	541
- Effect of changes in tax rate	-	(3,121)	-	(3,121)
	<u>(4,160)</u>	<u>(3,728)</u>	<u>(4,368)</u>	<u>(4,074)</u>
	<u>(1,211)</u>	<u>(4,297)</u>	<u>10,731</u>	<u>5,907</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 twelve months ended 31 December 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		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	(Restated)		(Restated)	
Profit attributable to the owners of the Company (RM'000)	3,242	14,777	39,789	49,813
Weighted average number of ordinary shares in issue ('000)	437,803	434,202	437,805	434,211
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	437,803	434,202	437,805	434,211
Basic EPS (sen)	0.74	3.40	9.09	11.47
Diluted EPS (sen)	0.74	3.40	9.09	11.47

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2014 – unaudited

11. Property, plant and equipment

During the 12 months ended 31 December 2014, the Group acquired assets at a total cost of RM24,832,000 (31 December 2013: RM25,683,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM1,155,000 were disposed of by the Group during the 12 months ended 31 December 2014 (31 December 2013: RM1,226,000), resulting in a gain on disposal of RM78,000 (31 December 2013: gain on disposal of RM138,000).

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	-	-	-
Arising from acquisition of subsidiary	59,277	-	59,277
At 31 December 2014	<u>93,005</u>	<u>111,584</u>	<u>204,589</u>
Accumulated amortisation and impairment			
At 1 January 2014	5,506	47,935	53,441
Underamortised in prior years	-	13,162	13,162
Amortisation for current year	-	6,154	6,154
At 31 December 2014	<u>5,506</u>	<u>67,251</u>	<u>72,757</u>
Net carrying amount			
At 31 December 2014	<u>87,499</u>	<u>44,333</u>	<u>131,832</u>
At 31 December 2013	<u>28,222</u>	<u>50,487</u>	<u>78,709</u>

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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 31 December 2014			
Timber division	24,598	44,333	68,931
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
Oil and Gas division	59,277	-	59,277
	<u>87,499</u>	<u>44,333</u>	<u>131,832</u>
At 31 December 2013			
Timber division	24,598	50,487	75,085
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>50,487</u>	<u>78,709</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

	31.12.2014 RM'000	31.12.2013 RM'000
Cash on hand and at bank	177,965	160,142
Short term deposits with licensed financial institutions	96,960	100,489
Cash and bank balances	<u>274,925</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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2014				
Financial investment available-for-sale				
Quoted investments	1,130	-	-	1,130
Unquoted investments	-	-	15,100	15,100
	<u>1,130</u>	<u>-</u>	<u>15,100</u>	<u>16,230</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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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

On 23 December 2014, the Company issued 43,331,164 new ordinary shares of RM0.50 each at a fair value of RM1.03 per share, being the published price of the shares of the Company at the date of acquisition amounting to RM44,631,099 as partial discharge of purchase consideration for the acquisition of 100% equity interest in Alanya Marine Ventures Sdn. Bhd. as disclosed in Note 5. The share premium of RM22,965,517 arising from the issuance of the said ordinary shares has been included in the share premium account.

The Company did not repurchase any of its issued ordinary shares during the current quarter ended 31 December 2014. The number of shares bought back and retained as treasury shares amounted to 3,831,000 shares as at 31 December 2014.

16. Interest bearing loans and borrowings

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

	31.12.2014	31.12.2013
	RM'000	RM'000
Short term borrowings		
Secured	59,775	68,679
Unsecured	60,000	73,103
	<u>119,775</u>	<u>141,782</u>
Long term borrowings		
Secured	159,000	146,837
Unsecured	376	376
	<u>159,376</u>	<u>147,213</u>
Total	<u>279,151</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% 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.

At the forthcoming Annual General Meeting, a final single-tier dividend of 3.66% (31 December 2013: 5.04%) on 481,344,552 ordinary shares less shares bought back and held as treasury shares, amounting to a dividend payable of approximately RM8,738,000 (1.83 sen net per share) in respect of the financial year ended 31 December 2014 will be proposed for shareholders' approval.

19. Commitments

There were no material capital commitments in the current quarter ended 31 December 2014.

20. Contingencies

Save and disclosed in Note 5, there were no material changes since the date of the last annual financial statements.

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21. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 December 2014 and 31 December 2013 as well as the balances with the related parties as at 31 December 2014 and 31 December 2013:

	Note	Transaction value		Balance outstanding	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 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.	#	1,542	1,336	15	46
Purchase of logs:					
Faedah Mulia Sdn. Bhd.	#	10,630	11,982	(1,919)	(312)
Harbour-View Realty Sdn. Bhd.	^	618	8,792	(126)	(256)
Harvard Rank Sdn. Bhd.	#	10,121	18,428	2,965	(1,511)
K N Wong (M) Sdn. Bhd.	#	-	1,560	-	(159)
Ocarina Development Sdn. Bhd.	#	21,003	6,602	(1,225)	(420)
Protection Gloves Sdn. Bhd.	^	14,004	9,968	(2,935)	(115)
Sabal Sawmill Sdn. Bhd.	^	442	1,332	1,105	648
Sunrise Megaway Sdn. Bhd.	#	4,106	18,170	(317)	(259)
		60,924	76,834	(2,452)	(2,384)

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21. Related party transactions (cont'd)

	Note	Transaction value		Balance outstanding	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Literage and freight:					
Master Ace Territory Sdn. Bhd.	#	1,257	1,154	(404)	(406)
Ocarina Development Sdn. Bhd.	#	1,786	1,825	(146)	(307)
Syarikat Kalulong Sdn. Bhd.	#	-	283	-	15
W T K Realty Sdn. Bhd.	#	6,785	5,479	(345)	(836)
		<u>9,828</u>	<u>8,741</u>	<u>(895)</u>	<u>(1,534)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	48	5,007	(83)	(238)
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	10,064	-	(260)	-
		<u>10,112</u>	<u>5,007</u>	<u>(343)</u>	<u>(238)</u>
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	1,771	1,597	(72)	(70)
Purchase of hardware and lubricants:					
W.T.K Trading Sdn. Bhd.	#	293	12,962	(59)	(2,815)
WTK Service & Warehousing Sdn. Bhd. (formerly known as TSC Service & Warehousing Sdn. Bhd.)	^	14,505	-	(2,252)	-
		<u>14,798</u>	<u>12,962</u>	<u>(2,311)</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.)	^	6,669	8,152	(871)	(113)
		<u>6,669</u>	<u>8,212</u>	<u>(871)</u>	<u>(113)</u>
Contract fees paid in relation to logging operations:					
Ann Yun Logistics Sdn. Bhd.	*	3,238	3,239	(539)	(568)
Harbour-View Realty Sdn. Bhd.	^	312	-	-	(38)
Hung Ling Sawmill Sdn. Bhd.	^	552	-	-	(272)
United Agencies Sdn. Bhd.	^	11,282	4,696	270	300
W T K Realty Builder Sdn. Bhd.	#	354	1,874	(665)	(166)
W T K Realty Sdn. Bhd.	#	270	537	-	(170)
		<u>16,008</u>	<u>10,346</u>	<u>(934)</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 31 December 2014 which could materially affect the Group.

23. Performance review

For the quarter under review, the Group's revenue was RM171.3 million as compared to RM197.5 million in 4Q2013, representing a decrease of RM26.2 million (13.3%), with profit before tax of RM1.8 million, a decrease of RM8.4 million (82.4%) as compared to RM10.2 million in 4Q2013. This is mainly attributed by the plantation division.

Quarter 4, 2014

Timber

For the current quarter, the Group's timber division registered a revenue of RM144.0 million, representing a decrease of 12.8% or RM21.2 million as compared with RM165.2 million in 4Q2013. Its profit before tax stood at RM9.9 million in the current quarter when compared to RM7.5 million registered in 4Q2013, representing an increase of 32.0% which is mainly due to higher average selling price for log and the weakening of the RM against USD.

On a year-to-date (YTD) basis, the timber division registered a revenue of RM546.0 million, representing a decrease of 3.1%, as compared to the previous corresponding period of RM563.2 million whilst profit before tax of RM47.4 million increased by 33.5% compared to a profit before tax of RM35.5 million registered in the previous corresponding period. The better performance achieved in current year was mainly contributed by the higher sales volume of timber logs by 12.5% and better average selling price of timber logs by 14.2%, coupled with the weakening of the RM against USD.

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23. Performance review (cont'd)

Quarter 4, 2014 (cont'd)

Timber (cont'd)

On a year-on-year (YOY) basis, the average round log prices increased by 11.3% compared to prices registered in 4Q2013, whilst sales volume increased by 15.5%. The continuous tight log supply situation in Sarawak has resulted in the higher average selling price of export log. The Group's key export markets for round logs were India (66%), China (19%), Vietnam (9%) and other countries (6%).

As for the Group's plywood division, the average selling prices decreased by 6.1% whilst the sales volume decreased by 17.9% as compared to 4Q2013. The drop in plywood sales volume was mainly due to the slower demand, higher cost of import and higher stock holding situation in Japan. The export markets for plywood for the quarter under review were Japan (81%), Taiwan (18%), and other ASEAN countries (1%).

Plantation

The plantation division registered a revenue of RM1.0 million for 4Q2014 with a loss before tax of RM9.3 million. During the quarter, certain areas of oil palm plantation have matured, which resulted in a one-time write off of expenses amounting to RM7.4 million previously capitalised.

On a year-to-date (YTD) basis, the plantation division registered a revenue of RM5.5 million with a loss before tax of RM10.0 million. In view of certain areas being declared matured, the cost related to these matured area which have been capitalised previously is now fully written off.

Manufacturing and trading

The revenue for 4Q2014 registered at RM25.3 million, a decline of RM4.5 million or 15.1% when compared to 4Q2013 of RM29.8 million. The decline in revenue was mainly due to the reduced volume for foil and tape products. Profit before tax was reported at RM1.6 million, a decrease by RM0.4 million, representing a decrease of 20.0% when compared with 4Q2013 of RM2.0 million. The lower profit before tax was mainly attributed to the lower revenue generated from foil products.

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23. Performance review (cont'd)

Quarter 4, 2014 (cont'd)

Manufacturing and trading (cont'd)

On a YTD basis, the Group registered a total revenue of RM122.2 million, a decrease of RM21.6 million or 15.0% when compared to the last corresponding year of RM143.8 million whilst profit before tax of RM13.3 million, a decrease of RM8.9 million or 40.1% as compared to the last corresponding financial year of RM22.2 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

The less favorable performance for the current quarter when compared with 4Q 2013 was a result of incidental expenses incurred in connection with the acquisition of a new subsidiary company.

24. Comment on material change in profit before taxation

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

Quarter 4, 2014

Timber

The timber division recorded a revenue of RM144.0 million as compared to 3Q2014's revenue of RM121.9million, showing an increase of 18.1%. The higher revenue was mainly due to the higher sales volume of logs and plywood as a result of the better demand during the quarter.

The timber division reported a lower profit before tax of RM9.9 million, a decrease of 16.8% compared to 3Q2014's profit before tax of RM11.9 million. Despite the better revenue resulted from logging and plywood divisions, allowance for impairment has attributed to the lower profit before tax during this quarter.

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

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

Quarter 4, 2014 (cont'd)

Manufacturing and trading

The revenue for 4Q2014 registered at RM25.3 million, a decrease of RM5.7 million or 18.4% when compared to 3Q2014. Lower revenue for 4Q2014 was mainly due to the lower foil product orders.

Profit before tax was reported at RM1.6 million, indicating a decrease of RM1.5 million or 48.4% when compared with 3Q2014. The decrease in profit before tax was mainly attributed to the reduced revenue of foil products and higher production cost resulted from lower production volume.

Others

The less favorable performance for the current quarter when compared with 3Q 2014 was a result of incidental expenses incurred in connection with the acquisition of a new subsidiary company.

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25. Commentary on prospects

Timber

Total housing starts in Japan for 2014 were down by 9.0% when compared to the same period of last year. In 2014, the recession that suffered by Japan was mainly attributed to the hike of consumption tax in April 2014 and the government has postponed the second round increase of consumption tax from October 2015 to April 2017.

In addition, the stimulus policy such as a new economic package worth ¥3.5 trillion on 27 December 2014 would promote the growth in small and medium-size businesses. The cheaper Japanese Yen also expected to support corporate profit and ensure the economic recovery in 2015.

As for India, the government would continue to promote foreign investment and implement structural reforms by providing better platform such as infrastructure, construction and ease of decision making in order to institute the continuous growth sentiment.

Based on the current economic condition, the Group would remain cautious and continue to maintain its competitiveness by ensuring effective cost management and operational efficiency in order to capitalize on current weak oil price and favorable exchange rate to achieve a satisfactory performance.

Plantation

The young matured trees from plantation sector would gradually be generated better FFB yield based on the matured area and palm age profile and eventually contribute to the Group's performance in future.

Manufacturing and Trading

For the Group's manufacturing and trading division in 2015, 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.

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25. Commentary on prospects (cont'd)

Others

In December 2014, the Group made an investment in an Offshore Support Vessel (OSV) provider to the oil and gas industry, specifically Accommodation Work Boats. This investment marks our first step in our participation in the oil and gas industry.

The Group strongly believe the OSV segment of the oil and gas industry is robust and is a critical part of the regions offshore oil and gas value chain. Our investee is experienced and well positioned in the OSV segment.

We are confident that the projected growth of our investment shall contribute positively to the medium and long term goals of the Group.

26. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

The Group did not announce or disclose any revenue or profit estimate, forecast, projection or internal target in a public document.

27. Statements by directors on achievability of revenue or profit estimate, forecast, projection or internal targets.

Please refer to the commentary of Note 26.

28. Profit forecast or profit guarantee

The Group has not provided any profit forecast or profit guarantee.

29. Corporate proposals

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

30. Changes in material litigation

There was no material litigation against the Group.

31. Dividend payable

Please refer to Note 18 for details.

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32. Disclosure of nature of outstanding derivatives

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

33. Rationale for entering into derivatives

The Group did not enter into any derivatives during current quarter ended 31 December 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 31 December 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 31 December 2014 and 31 December 2013.

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36. Breakdown of realised and unrealised profit or losses

	As at 31.12.2014	As at 31.12.2013 (Restated)
	RM'000	RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,306,668	1,281,262
- Unrealised	(70,480)	(74,645)
	1,236,188	1,206,617
Total share of retained profits from a jointly controlled entity:		
- Realised	(240)	(260)
	1,235,948	1,206,357
Less: Consolidation adjustments	(215,595)	(214,851)
Total Group retained profits as per consolidated accounts	1,020,353	991,506

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 FEBRUARY 2015