

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	30.6.2015 Unaudited RM'000	31.12.2014 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	672,283	685,359
Prepaid land lease payments	35,500	36,000
Investment properties	34,612	34,742
Investment in a jointly controlled entity	1,582	1,582
Investment in an associate	70,917	70,377
Investment securities	13,503	12,752
Intangible assets	69,479	72,555
Biological assets	358,163	339,065
Deferred tax assets	2,136	2,136
	<u>1,258,175</u>	<u>1,254,568</u>
Current assets		
Inventories	165,723	179,924
Trade receivables	61,453	44,468
Other receivables	39,660	28,907
Tax recoverable	7,856	9,239
Cash and bank balances	309,115	272,588
	<u>583,807</u>	<u>535,126</u>
TOTAL ASSETS	<u>1,841,982</u>	<u>1,789,694</u>

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015 (Cont'd)

	30.6.2015	31.12.2014
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	131	214
Short term borrowings	162,000	127,263
Trade payables	49,928	49,400
Other payables	33,905	35,766
Land premium payable	-	424
Current tax payable	3,980	3,551
	<u>249,944</u>	<u>216,618</u>
Net current assets	<u>333,863</u>	<u>318,508</u>
Non-current liabilities		
Retirement benefit obligations	2,409	2,325
Long term borrowings	160,990	154,941
Deferred tax liabilities	75,769	75,937
	<u>239,168</u>	<u>233,203</u>
Total liabilities	<u>489,112</u>	<u>449,821</u>
Net assets	<u>1,352,870</u>	<u>1,339,873</u>
Equity attributable to owners of the Company		
Share capital	240,672	240,672
Share premium	68,674	68,674
Treasury shares	(8,123)	(8,111)
Other reserves	3,820	2,387
Retained earnings	1,032,488	1,020,542
	<u>1,337,531</u>	<u>1,324,164</u>
Non-controlling interests	15,339	15,709
Total equity	<u>1,352,870</u>	<u>1,339,873</u>
TOTAL EQUITY AND LIABILITIES	<u>1,841,982</u>	<u>1,789,694</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

W T K HOLDINGS BERHAD (10141-M)
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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015 - UNAUDITED**

	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2015	2014 (Restated)	2015	2014 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	164,635	180,976	324,404	350,561
Cost of sales	<u>(126,102)</u>	<u>(145,830)</u>	<u>(259,839)</u>	<u>(282,560)</u>
Gross Profit	38,533	35,146	64,565	68,001
Other income	3,923	2,455	7,910	9,692
Other item of expenses				
Selling and distribution expenses	(12,768)	(13,911)	(25,746)	(26,670)
Administrative expenses	<u>(15,762)</u>	<u>(7,725)</u>	<u>(25,208)</u>	<u>(15,610)</u>
Operating profit	13,926	15,965	21,521	35,413
Finance costs	(2,029)	(1,502)	(3,703)	(2,704)
Share of results of an associate	(1,111)	-	540	-
Share of results of a jointly controlled entity	<u>-</u>	<u>6</u>	<u>-</u>	<u>13</u>
Profit before tax	10,786	14,469	18,358	32,722
Income tax expenses	<u>(4,364)</u>	<u>(4,080)</u>	<u>(6,754)</u>	<u>(6,914)</u>
Profit for the period	<u>6,422</u>	<u>10,389</u>	<u>11,604</u>	<u>25,808</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)/gain on fair value changes	(72)	46	(27)	276
Foreign currency translation	<u>1,103</u>	<u>(219)</u>	<u>1,460</u>	<u>(371)</u>
Other comprehensive income, net of tax	<u>1,031</u>	<u>(173)</u>	<u>1,433</u>	<u>(95)</u>
Total comprehensive income for the period	<u>7,453</u>	<u>10,216</u>	<u>13,037</u>	<u>25,713</u>
Profit attributable to:				
Owners of the Company	6,611	10,365	11,946	25,743
Non-controlling interests	(189)	24	(342)	65
Profit for the period	<u>6,422</u>	<u>10,389</u>	<u>11,604</u>	<u>25,808</u>
Total comprehensive income attributable to:				
Owners of the Company	7,642	10,192	13,379	25,648
Non-controlling interests	(189)	24	(342)	65
Total comprehensive income for the period	<u>7,453</u>	<u>10,216</u>	<u>13,037</u>	<u>25,713</u>
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period (sen)	<u>1.38</u>	<u>2.39</u>	<u>2.50</u>	<u>5.93</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015 - 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	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	
Quarter ended 30 June 2015										
At 1 January 2015	1,339,873	1,324,164	240,672	68,674	(8,111)	1,020,542	2,387	2,587	(200)	15,709
Total comprehensive income	13,037	13,379	-	-	-	11,946	1,433	1,460	(27)	(342)
Transactions with owners										
Dividends paid to non-controlling interests	(28)	-	-	-	-	-	-	-	-	(28)
Repurchase of treasury shares	(12)	(12)	-	-	(12)	-	-	-	-	-
At 30 June 2015	1,352,870	1,337,531	240,672	68,674	(8,123)	1,032,488	3,820	4,047	(227)	15,339
Quarter ended 30 June 2014										
At 1 January 2014 (Restated)	1,266,661	1,250,241	219,007	45,708	(8,084)	991,506	2,104	2,201	(97)	16,420
Total comprehensive income (Restated)	25,713	25,648	-	-	-	25,743	(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 (Restated)	1,292,196	1,275,876	219,007	45,708	(8,097)	1,017,249	2,009	1,830	179	16,320

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015 - UNAUDITED

	30.6.2015	30.6.2014
	RM'000	(Restated)
		RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,358	32,722
Adjustment for:		
Allowance for impairment loss on receivables	7,502	30
Allowance for impairment loss on receivables no longer required	(208)	(4,385)
Amortisation	3,576	3,629
Bad debts written off	-	2
Depreciation	19,264	18,662
Dividend income	(122)	(30)
Loss on disposal of property, plant and equipment	153	248
Interest income	(3,196)	(2,329)
Interest expense	3,703	2,704
Property, plant and equipment written off	4	-
Retirement benefit obligations	106	105
Share of results of an associate	(540)	-
Share of results of a jointly controlled entity	-	(13)
Unrealised gain on foreign exchange	(43)	55
Other non-cash items	6	34
	<hr/>	<hr/>
Operating profit before working capital changes	48,563	51,434
Changes in working capital :		
Net (increase)/decrease in current assets	(20,794)	4,358
Net decrease in current liabilities	(1,333)	(6,574)
Cash generated from operations	<hr/>	<hr/>
	26,436	49,218
Payment of retirement benefit	(105)	(64)
Payment of land premium	(424)	(410)
Interest paid	(8,393)	(7,803)
Interest received	2,411	2,329
Taxation paid	<hr/>	<hr/>
	(5,155)	(5,424)
Net cash generated from operating activities	<hr/>	<hr/>
	14,770	37,846

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2015 - UNAUDITED (Cont'd)

	30.6.2015	30.6.2014
	RM'000	(Restated)
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(12,271)	(13,485)
Net dividend received from investment securities	122	30
Proceeds from disposal of property, plant and equipment	565	334
Purchase of investment properties	-	(198)
Purchase of property, plant and equipment	<u>(6,709)</u>	<u>(11,309)</u>
Net cash used in investing activities	<u>(18,293)</u>	<u>(24,628)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(28)	(165)
Drawdown of term loans	13,279	9,744
Drawdown of trade financing facilities	117,242	104,083
Repayment of hire purchases	(2,197)	(2,648)
Repayment of term loans	(7,353)	(3,162)
Repayment of trade financing facilities	(79,691)	(76,825)
Repurchase of treasury shares	<u>(12)</u>	<u>(13)</u>
Net cash generated from financing activities	<u>41,240</u>	<u>31,014</u>
Net increase in cash and cash equivalents	37,717	44,232
Effects of exchange rate changes	1,045	(311)
Net cash and cash equivalents at the beginning of the year	245,864	233,635
Net cash and cash equivalents at the end of the year	<u><u>284,626</u></u>	<u><u>277,556</u></u>
For cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	309,115	307,034
Less: Bank overdraft	<u>(24,489)</u>	<u>(29,478)</u>
Cash and cash equivalents	<u><u>284,626</u></u>	<u><u>277,556</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 2014 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 2015 – 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 August 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 2014. 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 2014.

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 2014 except for the adoption of the following new/revised Financial Reporting Standards (“FRSs”) below.

On 1 January 2015, the Group adopted the relevant and applicable new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2015 as follows:

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contribution	1 July 2015
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2015
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2015

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For the six months ended 30 June 2015 – 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
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101 Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2015 – unaudited

6. Segmental information

	6 months ended 30.6.2015		6 months ended 30.6.2014 (Restated)	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Timber	261,792	16,129	280,071	24,325
Plantation	3,506	(3,586)	2,779	(348)
Oil and Gas	2,109	520	-	-
Manufacturing	31,659	3,634	42,772	6,305
Trading	23,461	2,299	23,140	2,347
Others	1,877	(638)	1,799	93
Total	324,404	18,358	350,561	32,722

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.
- Oil and Gas : provision of Offshore Service Vessels (OSV) to the oil majors in Malaysia and the regions, specifically Accommodation Work Boats (AWB), a segment within the OSV sector.
- 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 2015 – unaudited

8. Profit before tax

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	(Restated)		(Restated)	
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,788	1,814	3,576	3,629
Allowance for impairment loss on receivables	7,457	6	7,502	30
Bad debts written off	-	-	-	2
Depreciation	9,711	9,528	19,264	18,662
Interest expense	2,029	1,502	3,703	2,704
Inventories written off	4	-	6	34
Loss on foreign exchange loss	-	10	-	-
Loss on disposal of property, plant and equipment	-	269	153	248
and crediting:				
Allowance for impairment loss on receivables no longer required	208	-	208	4,385
Gain on foreign exchange	316	-	1,065	59
Gain on disposal of property, plant and equipment	119	-	-	-
Hire of machinery	149	133	273	264
Interest income	1,953	1,217	3,196	2,329

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2015 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	4,305	3,977	6,649	6,787
- Foreign tax	113	108	214	231
	<u>4,418</u>	<u>4,085</u>	<u>6,863</u>	<u>7,018</u>
Under provision in prior years	63	34	63	58
	<u>4,481</u>	<u>4,119</u>	<u>6,926</u>	<u>7,076</u>
Deferred taxation				
- Current year	(117)	(39)	(172)	(162)
	<u>(117)</u>	<u>(39)</u>	<u>(172)</u>	<u>(162)</u>
	<u><u>4,364</u></u>	<u><u>4,080</u></u>	<u><u>6,754</u></u>	<u><u>6,914</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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2015 – 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	
	(Restated)		(Restated)	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
Profit attributable to the owners of the Company (RM'000)	6,611	10,365	11,946	25,743
Weighted average number of ordinary shares in issue ('000)	477,504	434,192	477,507	434,196
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,504	434,192	477,507	434,196
Basic EPS (sen)	1.38	2.39	2.50	5.93
Diluted EPS (sen)	1.38	2.39	2.50	5.93

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2015 – unaudited

11. Property, plant and equipment

During the 6 months ended 30 June 2015, the Group acquired assets at a total cost of RM8,327,000 (30 June 2014: RM12,895,000) excluding property, plant and equipment acquired through business combinations.

Assets with a carrying amount of RM718,000 were disposed of by the Group during the 6 months ended 30 June 2015 (30 June 2014: RM582,000), resulting in a loss on disposal of RM153,000 (30 June 2014: RM248,000).

12. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	RM'000
Cost			
At 1 January 2015	33,728	111,584	145,312
Addition	-	-	-
At 30 June 2015	<u>33,728</u>	<u>111,584</u>	<u>145,312</u>
Accumulated amortisation and impairment			
At 1 January 2015	5,506	67,251	72,757
Amortisation for current period	-	3,076	3,076
At 30 June 2015	<u>5,506</u>	<u>70,327</u>	<u>75,833</u>
Net carrying amount			
At 30 June 2015	<u>28,222</u>	<u>41,257</u>	<u>69,479</u>
At 31 December 2014	<u>28,222</u>	<u>44,333</u>	<u>72,555</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 2015 – unaudited

12. Intangible assets (cont'd)

Allocation of goodwill and timber rights

Goodwill and logs purchase rights had been allocated to the Group's CGUs identified according to the cash generating units in the respective business segment as follows:

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	
At 30 June 2015			
Timber division	24,598	41,257	65,855
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>41,257</u>	<u>69,479</u>
At 31 December 2014			
Timber division	24,598	44,333	68,931
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>44,333</u>	<u>72,555</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 2015 – unaudited

13. Cash and cash equivalents

	30.6.2015	31.12.2014
	RM'000	RM'000
Cash on hand and at bank	222,217	179,786
Short term deposits with licensed financial institutions	86,898	92,802
Cash and bank balances	<u>309,115</u>	<u>272,588</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 2015				
Financial investment available-for-sale				
Quoted investments	1,096	-	-	1,096
Unquoted investments	-	-	12,407	12,407
	<u>1,096</u>	<u>-</u>	<u>12,407</u>	<u>13,503</u>
At 31 December 2014				
Financial investment available-for-sale				
Quoted investments	1,130	-	-	1,130
Unquoted investments	-	-	11,622	11,622
	<u>1,130</u>	<u>-</u>	<u>11,622</u>	<u>12,752</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 2015 – 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 2015.

The number of shares bought back and retained as treasury shares amounted to 3,841,000 shares as at 30 June 2015.

16. Interest bearing loans and borrowings

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

	30.6.2015	31.12.2014
	RM'000	RM'000
Short term borrowings		
Secured	65,382	66,449
Unsecured	96,618	60,814
	<u>162,000</u>	<u>127,263</u>
Long term borrowings		
Secured	160,990	154,941
	<u>160,990</u>	<u>154,941</u>
Total	<u>322,990</u>	<u>282,204</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 3.66% on 481,344,552 ordinary shares less shares bought back and held as treasury shares amounting to a dividend payable of RM8,738,000 (1.83 sen net per share) in respect of the financial year ended 31 December 2014 was approved during the Annual General Meeting held on 26 June 2015. The said dividend was paid on 3 August 2015.

No interim dividend has been declared for the current quarter ended 30 June 2015 (30 June 2014: RM Nil).

19. Commitments

There were no material capital commitments in the current quarter ended 30 June 2015.

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 six months ended 30 June 2015 and 30 June 2014 as well as the balances with the related parties as at 30 June 2015 and 31 December 2014:

	Note	Transaction value		Balance outstanding	
		30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	31.12.2014 RM'000
Log sales:					
Harbour-View Realty Sdn. Bhd.	^	-	599	-	141
Road toll received:					
Elite Honour Sdn. Bhd.	#	-	1,458	-	15
Purchase of logs:					
Faedah Mulia Sdn. Bhd.	#	3,068	5,550	(773)	(1,919)
Harbour-View Realty Sdn. Bhd.	^	-	47	-	(126)
Harvard Rank Sdn. Bhd.	#	-	10,011	-	2,965
Ocarina Development Sdn. Bhd.	#	17,865	8,819	(168)	(1,225)
Protection Gloves Sdn. Bhd.	^	3,374	5,357	898	(2,935)
Sabal Sawmill Sdn. Bhd.	^	-	442	-	1,105
Sunrise Megaway Sdn. Bhd.	#	-	2,877	-	(317)
		<u>24,307</u>	<u>33,103</u>	<u>(43)</u>	<u>(2,452)</u>
Literage and freight:					
Master Ace Territory Sdn. Bhd.	#	747	691	(202)	(404)
Ocarina Development Sdn. Bhd.	#	1,134	799	(579)	(146)
W T K Realty Sdn. Bhd.	#	3,089	3,341	(356)	(345)
		<u>4,970</u>	<u>4,831</u>	<u>(1,137)</u>	<u>(895)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	9	38	(94)	(83)
WTK Service & Warehousing Sdn. Bhd.	^	2,717	4,745	(326)	(260)
		<u>2,726</u>	<u>4,783</u>	<u>(420)</u>	<u>(343)</u>
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	898	853	(139)	(72)

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21. Related party transactions (cont'd)

	Note	Transaction value		Balance outstanding	
		30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	31.12.2014 RM'000
Purchase of hardware and lubricants:					
W.T.K Trading Sdn. Bhd.	#	10	268	(43)	(59)
WTK Service & Warehousing Sdn. Bhd.	^	7,312	4,897	(562)	(2,252)
		<u>7,322</u>	<u>5,165</u>	<u>(605)</u>	<u>(2,311)</u>
Purchase of fertilizer:					
WTK Service & Warehousing Sdn. Bhd.	^	4,085	1,854	(1,367)	(871)
		<u>4,085</u>	<u>1,854</u>	<u>(1,367)</u>	<u>(871)</u>
Contract fees paid in relation to logging operations:					
Ann Yun Logistics Sdn. Bhd.	*	1,620	1,618	(627)	(539)
Harbour-View Realty Sdn. Bhd.	^	-	312	-	-
Hung Ling Sawmill Sdn. Bhd.	^	-	552	-	-
United Agencies Sdn. Bhd.	^	3,665	5,603	646	270
W T K Realty Builder Sdn. Bhd.	#	255	228	(640)	(665)
W T K Realty Sdn. Bhd.	#	27	270	(257)	-
		<u>5,567</u>	<u>8,583</u>	<u>(878)</u>	<u>(934)</u>

^ *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 2015 which could materially affect the Group.

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23. Performance review

For the quarter under review, the Group's revenue was RM164.6 million as compared to RM181.0 million in 2Q2014, representing a decrease of RM16.4 million (9.1%), with profit before tax of RM10.8 million, a decrease of RM3.7 million (25.5%) as compared to RM14.5 million in 2Q2014. This is mainly attributed to the timber and plantation divisions.

Quarter 2, 2015

Timber

For the current quarter, the Group's timber division registered revenue of RM133.4 million, representing a decrease of RM15.0 million or 10.1% as compared with RM148.4 million in the 2Q2014. The lower revenue is mainly due to lower log production which arose from the implementation of new procedures as part of the State Government of Sarawak efforts to enhance corporate transparency and enforcement of further control and regulations to stem off illegal harvesting of logs. Accordingly, its pre-tax profit stood at RM11.4 million compared to year-on-year (YOY) of RM12.0 million, a decrease of 5.0%.

On a year-to-date (YTD) basis, the timber division registered revenue of RM261.8 million, RM18.3 million (6.5%) lower when compared with the previous corresponding period of RM280.1 million with profit before tax of RM16.1 million, down by RM8.2 million (33.7%) compared with the previous corresponding period of RM24.3 million. This is mainly attributed to higher production cost as a result of the reduced production volume which was due to higher rainfall, longer festive holidays and the recent changes in administrative procedures for forest management experienced during the period under review.

The Group's key export markets for round logs were India (80%), Vietnam (8%) and other countries (12%). The export market for plywood for the quarter under review were Japan (76%), Taiwan (18%), and other countries (6%).

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23. Performance review (cont'd)

Quarter 2, 2015 (cont'd)

Plantation

The plantation division registered a revenue of RM2.1 million for 2Q2015 with a loss before tax of RM1.7 million. The loss before tax was mainly due to insufficient fresh fruit bunches production volume as the palms are still in their early mature age coupled with weak (Crude Palm Oils) CPO prices to cover the operational costs.

On a YTD basis, the division registered a revenue of RM3.5 million as compared to the last corresponding period of RM2.8 million, representing an increase of 25%. The higher revenue is mainly contributed by the gradual increase of fresh fruit bunches (FFB) production. Despite the increase in fresh bunches production, the division net loss before tax increased from RM0.3 million to RM3.3 million. This was mainly due to the weaker CPO prices during the period under review.

Manufacturing and Trading

The revenue for 2Q2015 registered at RM26.2 million, a decline of RM4.0 million or 13.2% when compared to 2Q2014 of RM30.2 million. The decline in revenue was mainly due to the continued reduced volume for foil products. Accordingly, profit before tax decreased by 10.7% to RM2.5 million compared to RM2.8 million of 2Q2014.

On a YTD basis, the Group registered revenue of RM55.1 million, a decrease of RM10.8 million or 16.4% when compared to the last corresponding period of RM65.9 million whilst profit before tax of RM5.9 million, a decrease of RM2.8 million or 32.2% as compared to the last corresponding period of RM8.7 million. The decline in both revenue and profits was mainly attributed to the reduced sales volume for foil products.

Oil and Gas

The Group's oil and gas division, which was invested in December 2014, registered net loss of RM1.1 million, after the amortization of intangible asset of RM1.3 million embedded in its investment in an associate company. During the quarter under review, the division incurred a one-time mobilization cost of approximately RM1.8 million for the delivery of a new vessel. The new vessel has since been deployed to work mid June 2015.

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23. Performance review (cont'd)

Quarter 2, 2015 (cont'd)

Oil and Gas (cont'd)

On a YTD basis, this division recorded net profits of RM0.5 million. The net profits has taken into account the amortization of intangible asset and the one-time mobilization cost of a delivery of a new vessel in May 2015.

Others

The less favourable performance for the current quarter when compared with 2Q2014 was a result of incidental expenses incurred in connection with the acquisition of a new subsidiary company and the increase in operating expenses.

24. Comment on material change in profit before taxation

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

Quarter 2, 2015

Timber

The timber division recorded a revenue of RM133.4 million as compared to 1Q2015's revenue of RM128.4 million, representing an increase of 3.9% with pre-tax profits of RM11.4 million, an increase of 142.6% compared to the preceding quarter of RM4.7 million. This is due to lower production volume by approximately 15% in the preceding quarter which was affected by wet weather condition and longer festive holidays.

Plantation

During the 2Q2015, the plantation division registered a revenue of RM2.1 million as compared to RM1.4 million in 1Q2015, representing an increase of 50%. The higher revenue is mainly contributed by the gradual increase of fresh fruit bunches (FFB) production. However, the division registered a loss before tax of RM1.7 million as compared to RM1.9 million reported in 1Q2015. The loss before tax during this quarter was mainly due to insufficient fresh fruit bunches production volume coupled with weak CPO prices to cover the operational costs.

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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 2, 2015 (cont'd)

Manufacturing and Trading

Revenue for this division recorded a decrease of RM2.7 million or 9.3% to RM26.2 million when compared to RM28.9 million of 1Q2015. The decrease in revenue was mainly due to reduced volume for foil products. Accordingly, profit before tax decreased by RM0.9 million or 26.5% to RM2.5 million compared to 1Q2015 of RM3.4 million.

Oil and Gas

This division recorded net loss of RM1.1 million, a decline in profits of RM2.8 million when compared to 1Q2015 of RM1.7 million. This was attributed by an amortization of an intangible asset of RM1.3 million embedded in its investment in an associate company and a one-time mobilization cost of approximately RM1.8 million for a new vessel in the said company.

Others

The less favourable performance for the current quarter when compared with 1Q2015 was a result of incidental expenses incurred in connection with annual general meeting and the increase in operating expenses.

25. Commentary on prospects

Timber

There was a pickup in construction activities in Japan, the Group's major market, and this trend is expected to continue into the following quarters. The hike in activities is due to the anticipation of an increase in consumption tax to 10% from 7% in April 2017. Housing starts for 2Q2015 was 235,455 units, an increase of 7.6% as compared with 2Q2014. However, the Group is applying caution to the spike in activities, given the overall slow sentiment in the Japanese economy. The Bank of Japan (BoJ) has lowered its forecast for GDP to 1.7% year-on-year growth to March 2016, although it has signaled that the economy would turn around. Nevertheless, given the Group's strong presence in Japan for premium floorbase plywood products and the Japanese Government's effort to counter downward pressure on its economy, the Group remains cautious of its prospect in Japan in the medium term.

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25. Commentary on prospects (cont'd)

Timber (cont'd)

As for India, the demand for logs remains stable. The Government is advocating measures to increase spending in infrastructure, creating more jobs and construction activities. India is presently consuming 60% of Sarawak's log supply, partly driven by a supply cutback from Myanmar's ban in log exports.

From the supply side, the disruptions in harvesting activities arising from measures to curb or control illegal harvesting have ceased and operations are being normalized. The Group expects the 3Q2015 harvesting volume to increase, barring unforeseen weather conditions, given that this time of year is a seasonal dry spell. Although there is sufficient log supply to its plywood mill, the Group will continue to closely monitor supply to ensure there is no disruption in its mill's operations.

Despite the above, given the uncertainties in the world major economies, the Group, will monitor closely the situation in these countries and endeavor to ensure effective cost and cash management coupled with minimal capital spending to stay resilient.

Plantation

As for the Group's plantation division, the FFB yield is gradually improving and would eventually contribute significantly to the Group's performance in future.

Manufacturing and Trading

For the Group's non-timber division in 2015, the Group faces enormous challenges in respect of the rapid changing trend to the packaging industry and influx of cheaper alternative substitution or by-products. This may be further compounded by slowdown in customer spending after the implementation of Goods and Services Tax with effect from 1 April 2015. Nevertheless, the Group is determined to take several measures with its effort 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)

Oil and Gas

Crude oil prices are expected to continue to be under pressured given the modest global growth amidst an abundant supply from both OPEC and non-OPEC countries. Under this scenario, PETRONAS reduced capex by another 15% and deferred the development of new projects and marginal fields. Nevertheless, it is continuing with existing oil production, partially-complete projects and the development and maintenance of gas fields.

In this regard, the demand for the Group's Accommodation Work Boats (AWBs) which is required for use throughout the entire Oil & Gas lifecycle remains buoyant. All of the Group's vessels are fully-deployed in various PETRONAS and its PSCs' ongoing oil and gas fields. The Group is not resting on its laurels and continues to actively participate in tender bids for projects. Given its strong track record with PETRONAS thus far, the Group expects to secure additional projects during the year to sustain growth and profitability. In view of this and backed by an experienced team, this division is confident of delivering a steady growth amidst a challenging environment.

The weakening of the Malaysian Ringgit has a direct impact on the cost of goods sold specifically on the bareboat charter cost to the vessel owners. Nevertheless, the management is closely monitoring the currency fluctuations and has incorporated the increased cost into our project costing to ensure the profitability of the projects is sustainable.

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.

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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 2015 or the previous financial period ended 30 June 2014.

34. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 30 June 2015 or the previous financial period ended 30 June 2014.

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 2015 and 30 June 2014.

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36. Breakdown of realised and unrealised profit or losses

	As at 30.6.2015	As at 31.12.2014 (Audited)
	RM'000	RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,322,158	1,297,080
- Unrealised	<u>(71,370)</u>	<u>(71,453)</u>
	1,250,788	1,225,627
Total share of retained profits from an associate company:		
- Realised	540	-
Total share of retained profits from a jointly controlled entity:		
- Realised	<u>(244)</u>	<u>(244)</u>
	1,251,084	1,225,383
Less: Consolidation adjustments	<u>(218,596)</u>	<u>(204,841)</u>
Total Group retained profits as per consolidated accounts	<u><u>1,032,488</u></u>	<u><u>1,020,542</u></u>

37. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

BY ORDER OF THE BOARD

TAN MEE LIAN
COMPANY SECRETARY
KUALA LUMPUR
Date: 27 AUGUST 2015