

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2015**

	<b>30.9.2015</b>	<b>31.12.2014</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	665,232	685,359
Prepaid land lease payments	35,250	36,000
Investment properties	34,547	34,742
Investment in a jointly controlled entity	1,582	1,582
Investment in an associate	71,655	70,377
Other investments	14,090	12,752
Intangible assets	67,941	72,555
Biological assets	367,198	339,065
Deferred tax assets	2,136	2,136
	<u>1,259,631</u>	<u>1,254,568</u>
<b>Current assets</b>		
Inventories	161,210	179,924
Trade receivables	82,344	44,468
Other receivables	48,902	28,907
Tax recoverable	8,850	9,239
Cash and bank balances	344,588	272,588
	<u>645,894</u>	<u>535,126</u>
<b>TOTAL ASSETS</b>	<u>1,905,525</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 SEPTEMBER 2015 (Cont'd)**

	<b>30.9.2015</b>	<b>31.12.2014</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Retirement benefit obligations	131	214
Short term borrowings	203,459	127,263
Trade payables	64,464	49,400
Other payables	35,320	35,766
Land premium payable	-	424
Current tax payable	2,929	3,551
	<u>306,303</u>	<u>216,618</u>
<b>Net current assets</b>	<u>339,591</u>	<u>318,508</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	2,463	2,325
Long term borrowings	152,861	154,941
Deferred tax liabilities	75,647	75,937
	<u>230,971</u>	<u>233,203</u>
<b>Total liabilities</b>	<u>537,274</u>	<u>449,821</u>
<b>Net assets</b>	<u>1,368,251</u>	<u>1,339,873</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	240,672	240,672
Share premium	68,674	68,674
Treasury shares	(8,132)	(8,111)
Other reserves	6,823	2,387
Retained earnings	1,044,948	1,020,542
	<u>1,352,985</u>	<u>1,324,164</u>
<b>Non-controlling interests</b>	15,266	15,709
<b>Total equity</b>	<u>1,368,251</u>	<u>1,339,873</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,905,525</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 SEPTEMBER 2015 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 September 2015	2014 (Restated)	Nine months ended 30 September 2015	2014 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	191,314	155,576	515,718	506,137
Cost of sales	(144,643)	(120,646)	(404,482)	(403,206)
<b>Gross Profit</b>	<u>46,671</u>	<u>34,930</u>	<u>111,236</u>	<u>102,931</u>
Other income	4,330	2,468	12,240	12,160
<b>Other item of expenses</b>				
Selling and distribution expenses	(15,317)	(11,211)	(41,063)	(37,881)
Administrative expenses	(7,363)	(7,560)	(32,407)	(23,170)
Operating profit	<u>28,321</u>	<u>18,627</u>	<u>50,006</u>	<u>54,040</u>
Finance costs	(2,262)	(1,711)	(6,129)	(4,415)
Share of results of an associate	738	-	1,278	-
Share of results of a jointly controlled entity	-	10	-	23
<b>Profit before tax</b>	<u>26,797</u>	<u>16,926</u>	<u>45,155</u>	<u>49,648</u>
Income tax expenses	(5,672)	(5,028)	(12,426)	(11,942)
<b>Profit for the period</b>	<u>21,125</u>	<u>11,898</u>	<u>32,729</u>	<u>37,706</u>
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on available-for-sale financial assets				
- Gain/(loss) on fair value changes	262	(64)	235	212
Foreign currency translation	2,741	44	4,201	(327)
Other comprehensive income, net of tax	<u>3,003</u>	<u>(20)</u>	<u>4,436</u>	<u>(115)</u>
<b>Total comprehensive income for the period</b>	<u>24,128</u>	<u>11,878</u>	<u>37,165</u>	<u>37,591</u>
<b>Profit attributable to:</b>				
Owners of the Company	21,198	11,902	33,144	37,645
Non-controlling interests	(73)	(4)	(415)	61
<b>Profit for the period</b>	<u>21,125</u>	<u>11,898</u>	<u>32,729</u>	<u>37,706</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	24,201	11,882	37,580	37,530
Non-controlling interests	(73)	(4)	(415)	61
<b>Total comprehensive income for the period</b>	<u>24,128</u>	<u>11,878</u>	<u>37,165</u>	<u>37,591</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic, for profit for the period (sen)	<u>4.44</u>	<u>2.74</u>	<u>6.94</u>	<u>8.67</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 SEPTEMBER 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	← 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 2015</b>										
<b>At 1 January 2015</b>	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	37,165	37,580	-	-	-	33,144	4,436	4,201	235	(415)
<b>Transactions with owners</b>										
Dividends on ordinary shares	(8,738)	(8,738)	-	-	-	(8,738)	-	-	-	-
Dividends paid to non-controlling interests	(28)	-	-	-	-	-	-	-	-	(28)
Repurchase of treasury shares	(21)	(21)	-	-	(21)	-	-	-	-	-
<b>At 30 September 2015</b>	<b>1,368,251</b>	<b>1,352,985</b>	<b>240,672</b>	<b>68,674</b>	<b>(8,132)</b>	<b>1,044,948</b>	<b>6,823</b>	<b>6,788</b>	<b>35</b>	<b>15,266</b>
<b>Quarter ended 30 September 2014</b>										
<b>At 1 January 2014 (Restated)</b>	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)	37,591	37,530	-	-	-	37,645	(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	(165)	-	-	-	-	-	-	-	-	(165)
Repurchase of treasury shares	(27)	(27)	-	-	(27)	-	-	-	-	-
<b>At 30 September 2014 (Restated)</b>	<b>1,293,118</b>	<b>1,276,802</b>	<b>219,007</b>	<b>45,708</b>	<b>(8,111)</b>	<b>1,018,209</b>	<b>1,989</b>	<b>1,874</b>	<b>115</b>	<b>16,316</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 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 CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015 - UNAUDITED**

	<b>30.9.2015</b>	<b>30.9.2014</b>
	<b>RM'000</b>	<b>(Restated)</b>
		<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	45,155	49,648
Adjustments for:		
Accretion of interest on RCPS	(1,059)	-
Allowance for impairment loss on receivables	7,472	48
Allowance for impairment loss on receivables no longer required	-	(4,385)
Amortisation	5,364	5,444
Bad debts written off	-	5
Depreciation	29,048	27,544
Dividend income	(146)	(30)
Loss on disposal of property, plant and equipment	173	485
Interest income	(3,473)	(3,618)
Interest expense	6,129	4,415
Property, plant and equipment written off	12	29
Retirement benefit obligations	160	157
Share of results of an associate	(1,278)	-
Share of results of a jointly controlled entity	-	(23)
Unrealised gain on foreign exchange	(226)	(86)
Other non-cash items	14	46
	87,345	79,679
Operating profit before working capital changes		
Changes in working capital :		
Net increase in current assets	(44,879)	(7,072)
Net increase/(decrease) in current liabilities	13,751	(11,424)
Cash generated from operations	56,217	61,183
Payment of retirement benefit	(105)	(64)
Payment of land premium	(424)	(402)
Interest paid	(13,544)	(12,330)
Interest received	3,473	3,618
Taxation paid	(13,034)	(8,896)
Net cash from operating activities	32,583	43,109

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015 - UNAUDITED (Cont'd)**

	<b>30.9.2015</b>	<b>30.9.2014</b>
	<b>RM'000</b>	<b>(Restated)</b>
		<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Biological assets expenditure	(17,132)	(19,564)
Net dividend received from investment securities	146	30
Proceeds from disposal of property, plant and equipment	598	394
Purchase of investment properties	-	(14)
Purchase of investment securities	-	(198)
Purchase of property, plant and equipment	(8,737)	(19,914)
	<u>(25,125)</u>	<u>(39,266)</u>
Net cash used in investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	(28)	(166)
Dividend paid to owners of the Company	(8,738)	(10,942)
Drawdown of term loans	16,140	12,566
Drawdown of trade financing facilities	236,526	141,262
Repayment of hire purchases	(3,398)	(3,740)
Repayment of term loans	(11,640)	(6,368)
Repayment of trade financing facilities	(166,912)	(131,641)
Repurchase of treasury shares	(21)	(27)
	<u>61,929</u>	<u>944</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	69,387	4,787
Effects of exchange rate changes	1,805	(263)
Net cash and cash equivalents at the beginning of the year	245,864	233,635
	<u>317,056</u>	<u>238,159</u>
Net cash and cash equivalents at the end of the year		
For cashflow purposes, net cash and cash equivalents include the following:-		
Cash and bank balances	344,588	267,617
Less: Bank overdraft	(27,532)	(29,458)
Cash and cash equivalents	<u>317,056</u>	<u>238,159</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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A  
For the nine months ended 30 September 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 November 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 financial 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 financial year ended 31 December 2014 except for the adoption of the following new/revised Financial Reporting Standards (“FRSs”).

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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A  
For the nine months ended 30 September 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 changes in estimates that have had a material effect in the current financial quarter.

**5. Changes in composition of the Group**

There were no changes in the composition of the Group during the current financial quarter.



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

**6. Segmental information**

	<b>9 months ended 30.9.2015</b>		<b>9 months ended 30.6.2014 (Restated)</b>	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Timber	414,425	39,190	401,978	38,396
Plantation	5,731	(5,176)	4,552	(552)
Oil and Gas	8,154	1,423	-	-
Manufacturing	49,374	7,344	62,713	8,419
Trading	35,180	3,595	34,149	3,307
Others	2,854	(1,221)	2,745	78
<b>Total</b>	<b>515,718</b>	<b>45,155</b>	<b>506,137</b>	<b>49,648</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.
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 nine months ended 30 September 2015 – unaudited

**8. Profit before tax**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>30.9.2015</b>	<b>30.9.2014</b>
	<b>(Restated)</b>		<b>(Restated)</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	1,788	1,815	5,364	5,444
Allowance for impairment loss on receivables	-	18	7,472	48
Bad debts written off	-	3	-	5
Depreciation	9,784	8,882	29,048	27,544
Interest expense	2,262	1,711	6,129	4,415
Inventories written off	6	12	12	46
Loss on disposal of property, plant and equipment	20	237	173	485
Property, plant and equipment written off	12	29	12	29
<b>and crediting:</b>				
Accretion of interest on RCPS	274	-	1,059	-
Allowance for impairment loss on receivables no longer required	30	-	-	4,385
Gain on foreign exchange	1,136	141	2,201	200
Hire of machinery	139	121	412	385
Interest income	1,062	1,289	3,473	3,618

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

**9. Income tax expense**

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current taxation				
- Malaysian income tax	2,381	5,089	9,030	11,876
- Foreign tax	92	113	306	344
	<u>2,473</u>	<u>5,202</u>	<u>9,336</u>	<u>12,220</u>
Under/(Over) provision in prior years	3,328	(128)	3,391	(70)
	<u>5,801</u>	<u>5,074</u>	<u>12,727</u>	<u>12,150</u>
Deferred taxation				
- Current period	(129)	(46)	(301)	(208)
	<u>(129)</u>	<u>(46)</u>	<u>(301)</u>	<u>(208)</u>
	<u><u>5,672</u></u>	<u><u>5,028</u></u>	<u><u>12,426</u></u>	<u><u>11,942</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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For the nine months ended 30 September 2015 – unaudited

**10. Earnings per share**

Basic earnings per share amounts are calculated by dividing profit for the financial period net of tax, attributable to owners of the parent by weighted average number of ordinary shares outstanding during the financial 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>(Restated)</b>		<b>(Restated)</b>	
	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>30.9.2015</b>	<b>30.9.2014</b>
Profit attributable to the owners of the Company (RM'000)	21,198	11,902	33,144	37,645
Weighted average number of ordinary shares in issue ('000)	477,504	434,192	477,506	434,195
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,504	434,192	477,506	434,195
Basic EPS (sen)	4.44	2.74	6.94	8.67
Diluted EPS (sen)	4.44	2.74	6.94	8.67

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

**11. Property, plant and equipment**

During the 9 months ended 30 September 2015, the Group acquired assets with a total cost of RM11,013,000 (30 September 2014: RM21,500,000) excluding property, plant and equipment acquired through business combinations.

Assets with carrying amount of RM771,000 were disposed of by the Group during the 9 months ended 30 September 2015 (30 September 2014: RM879,000), resulting in a loss on disposal of RM173,000 (30 September 2014: RM485,000).

**12. Intangible assets**

	<b>Goodwill RM'000</b>	<b>Timber rights RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 January 2015	33,728	111,584	145,312
Addition	-	-	-
At 30 September 2015	<u>33,728</u>	<u>111,584</u>	<u>145,312</u>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2015	5,506	67,251	72,757
Amortisation for current financial period	-	4,614	4,614
At 30 September 2015	<u>5,506</u>	<u>71,865</u>	<u>77,371</u>
<b>Net carrying amount</b>			
At 30 September 2015	<u>28,222</u>	<u>39,719</u>	<u>67,941</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 nine months ended 30 September 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:

	<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>At 30 September 2015</b>			
Timber division	24,598	39,719	64,317
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<u>28,222</u>	<u>39,719</u>	<u>67,941</u>
<b>At 31 December 2014</b>			
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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**13. Cash and cash equivalents**

	<b>30.9.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at bank	243,593	179,786
Short term deposits with licensed financial institutions	100,995	92,802
Cash and bank balances	<u>344,588</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.

	<b>Date of valuation</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets measured at fair value</b>					
Available-for-sale financial assets					
- Quoted investments	30 September 2015	<u>1,409</u>	<u>-</u>	<u>-</u>	<u>1,409</u>
	31 December 2014	<u>1,130</u>	<u>-</u>	<u>-</u>	<u>1,130</u>

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.

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**14. Share capital, share premium and treasury shares**

The Company did not issue any ordinary shares during the current quarter ended 30 September 2015.

During the current quarter ended 30 September 2015, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM0.92 per share. The total consideration paid for the repurchase including transaction costs was RM9,221 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 3,851,000 shares as at 30 September 2015.

**15. Interest bearing loans and borrowings**

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

	<b>30.9.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term borrowings		
Secured	83,811	66,449
Unsecured	119,648	60,814
	<u>203,459</u>	<u>127,263</u>
Long term borrowings		
Secured	152,861	154,941
	<u>152,861</u>	<u>154,941</u>
Total	<u>356,320</u>	<u>282,204</u>



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**16. Provisions for costs of restructuring**

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

**17. 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 September 2015 (30 September 2014: RM Nil).

**18. Commitments**

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

**19. Contingencies**

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

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**20. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the nine months ended 30 September 2015 and 30 September 2014 as well as the balances with the related parties as at 30 September 2015 and 31 December 2014:

	Note	Transaction value		Balance outstanding	
		30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 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.	#	3,443	9,120	(1,808)	(1,919)
Harbour-View Realty Sdn. Bhd.	^	1,623	618	(618)	(126)
Harvard Rank Sdn. Bhd.	#	-	10,102	-	2,965
Ocarina Development Sdn. Bhd.	#	29,822	13,872	(5,024)	(1,225)
Protection Gloves Sdn. Bhd.	^	3,378	11,107	(855)	(2,935)
Sabal Sawmill Sdn. Bhd.	^	-	442	-	1,105
Sunrise Megaway Sdn. Bhd.	#	-	4,106	-	(317)
		<u>38,266</u>	<u>49,367</u>	<u>(8,305)</u>	<u>(2,452)</u>
Literage and freight:					
Master Ace Territory Sdn. Bhd.	#	964	989	(236)	(404)
Ocarina Development Sdn. Bhd.	#	1,432	1,396	(808)	(146)
W T K Realty Sdn. Bhd.	#	4,802	5,104	(376)	(345)
		<u>7,198</u>	<u>7,489</u>	<u>(1,420)</u>	<u>(895)</u>
Purchase of spare parts:					
W. T. K. Enterprises Sdn. Bhd.	#	21	48	(101)	(83)
WTK Service & Warehousing Sdn. Bhd.	^	3,797	7,927	(1,407)	(260)
		<u>3,818</u>	<u>7,975</u>	<u>(1,508)</u>	<u>(343)</u>
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	^	1,286	1,304	(3)	(72)

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

	Note	Transaction value		Balance outstanding	
		30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	31.12.2014 RM'000
Purchase of hardware and lubricants:					
W.T.K Trading Sdn. Bhd.	#	20	274	(47)	(59)
WTK Service & Warehousing Sdn. Bhd.	^	10,358	11,496	(393)	(2,252)
		<u>10,378</u>	<u>11,770</u>	<u>(440)</u>	<u>(2,311)</u>
Purchase of fertilizer:					
WTK Service & Warehousing Sdn. Bhd.	^	7,095	3,745	(5,888)	(871)
		<u>7,095</u>	<u>3,745</u>	<u>(5,888)</u>	<u>(871)</u>
Contract fees paid in relation to logging operations:					
Ann Yun Logistics Sdn. Bhd.	*	2,430	2,428	(1,145)	(539)
Harbour-View Realty Sdn. Bhd.	^	-	312	-	-
Hung Ling Sawmill Sdn. Bhd.	^	-	552	-	-
United Agencies Sdn. Bhd.	^	6,180	8,660	468	270
W T K Realty Builder Sdn. Bhd.	#	70	333	(619)	(665)
W T K Realty Sdn. Bhd.	#	317	270	(325)	-
		<u>8,997</u>	<u>12,555</u>	<u>(1,621)</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.*

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**22. Events after the reporting period**

There are no events after the quarter ended 30 September 2015 which could materially affect the Group except for the following:

- i) The Company and its subsidiaries (“the Group”) had on 9 October 2015 entered into Sale and Purchase Agreements (“SPAs”) with respective Purchasers to dispose the Group’s entire investment properties located at Wisma Central for a total cash consideration of RM51.0 million. Upon completion of this disposal, the Group will have an estimated gain on disposal of approximately RM16 million.
- ii) The Company had on 4 November 2015 subscribed for additional 2,490,000 new ordinary shares of RM1.00 each issued by its wholly-owned subsidiary, Borneo Agro-Industries Sdn. Bhd. for a total cash consideration of RM2,490,000. The subscription has no significant effect on the financial position and the performance of the Group.

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**23. Performance review**

For the quarter under review, the Group's revenue was RM191.3 million as compared to RM155.6 million in 3Q2014, representing an increase of RM35.7 million (22.9%), with profit before tax of RM26.8 million, an increase of RM9.9 million (58.6%) as compared to RM16.9 million in 3Q2014. This is mainly attributed to the timber division.

**Quarter 3, 2015**

**Timber**

For the current quarter, the Group's timber division registered a revenue of RM152.6 million, representing an increase of RM30.7 million or 25.2% as compared with RM121.9 million in the 3Q2014. Its pre-tax profit stood at RM23.1 million as compared to year-on-year (YOY) of RM14.1 million, representing an increase of 63.8% which was mainly contributed by the increase in sales volume of plywood products and strong US dollar.

On a year-to-date (YTD) basis, the timber division registered a revenue of RM414.4 million, RM12.4 million (3.1%) higher when compared with the previous corresponding period of RM402.0 million. The higher revenue was mainly contributed by the increase in plywood products with 18.6% of exchange rate appreciation of US Dollar against the Malaysian Ringgit. However, pre-tax profit stood at RM39.2 million an increase only by RM0.8 million (2.1%) when compared to the previous corresponding period of RM38.4 million. This was due to an impairment loss on receivables of RM7.5 million.

The Group's key export markets for round logs were India (70%), Vietnam (24%) and Singapore (6%). The export markets for plywood for the quarter under review were Japan (82%), Taiwan (16%), and other countries (2%).

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

**Quarter 3, 2015 (cont'd)**

**Plantation**

The plantation division registered a revenue of RM2.2 million for 3Q2015 with a loss before tax of RM1.6 million. The loss before tax was mainly due to insufficient fresh fruit bunches (FFB) production volume as the palms are still in their early mature age profile coupled with weak crude palm oil (CPO) prices to cover the operational costs.

On a YTD basis, the division registered a revenue of RM5.7 million as compared to the last corresponding period of RM4.6 million, representing an increase of 23.9%. The higher revenue was mainly contributed by the gradual increase of FFB production. Despite higher FFB production, the division registered a loss before tax of RM5.2 million as there was still insufficient FFB production due to the palms are still at its early production life cycle coupled with weak CPO prices especially during its annual peak crop production season.

**Manufacturing and Trading**

The revenue for 3Q2015 registered at RM29.4 million, a decline of RM1.6 million or 5.2% when compared to 3Q2014 of RM31.0 million. The decline in revenue was mainly due to the reduced volume for flexible packaging products in the domestic market. There is a marked slowdown in customer spending after the implementation of Goods and Services Tax (GST). However, despite the lower revenue, profit before tax increased by 61.3% to RM5.0 million as compared to RM3.1 million in 3Q2014. This increase was attributed to foreign exchange gain arose from the Group's US dollar-based export sales.

On a YTD basis, the Group registered a revenue of RM84.6 million, a decrease of RM12.3 million or 12.7% as compared to RM96.9 million in the previous corresponding period. Consequently, profit before tax dropped by RM0.8 million or 6.8% to RM10.9 million, as compared to RM11.7 million in the last corresponding period. The decline was attributed to lower sales for foil and flexible packaging products.

**Oil and Gas**

The Group's oil and gas division which was invested in December 2014 registered a revenue of RM6.0 million for 3Q2015 from vessel chartering through Alanya Marine Ventures's (AMV) and its associate company. Consequently, the division registered net profit of RM0.9 million, after the amortization of intangible asset of RM0.7 million embedded in the investment in associate company.

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

**Quarter 3, 2015 (cont'd)**

**Oil and Gas (cont'd)**

For the current quarter, a new 200-pax DP2 Accommodation Workboat (AWB) that was added to the fleet in June 2015 has commenced charter operations to support Petronas' and its PSCs offshore oil and gas operations. In addition, in September 2015, the Group took delivery of a another new 238-pax AWB that is now working off Sarawak waters since October 2015. As with all new vessels, the division incurred a one-time mobilization cost of approximately RM2 million for the new 238-pax AWB.

On a YTD basis, this division recorded net profit of RM1.4 million. This has taken into account the amortization of intangible asset and the one-time mobilization costs as stated above.

**Others**

The less favourable performance for the current quarter when compared with 3Q2014 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 3, 2015**

**Timber**

The timber division recorded a revenue of RM152.6 million as compared to 2Q2015's revenue of RM133.4 million, representing an increase of 14.4%. The increase in revenue was mainly contributed by higher sales volume of plywood products. This was due to clearance of plywood inventories and tight supply from the other major plywood producing country.

Accordingly, the timber division recorded a higher pre-tax profit of RM23.1 million, an increase of 102.6% as compared to the preceding quarter of RM11.4 million. This was mainly due to higher plywood sales, strong US dollar and one-off impairment loss on receivables of RM7.5 million incurred in 2Q 2015.

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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 (cont'd)**

**Quarter 3, 2015 (cont'd)**

**Plantation**

During the 3Q2015, the plantation division registered a revenue of RM2.2 million as compared to RM2.1 million in 2Q2015, representing an increase of 4.8%. The higher revenue is mainly attributed to the gradual increase of FFB production. However, the division registered a loss before tax of RM1.6 million as compared to RM1.7 million reported in 2Q2015. The loss before tax for this quarter was mainly due to insufficient FFB production volume coupled with weak CPO prices to cover the operational costs as the palms are still at its early production life cycle.

**Manufacturing and Trading**

Revenue for the manufacturing and trading division recorded an increase of RM3.2 million or 12.2% to RM29.4 million when compared to RM26.2 million in 2Q2015. The increase was led by higher demand from export market of foil products and consequently, this segment realized a higher contribution arising from foreign exchange gain. As a result, profit before tax achieved was RM5.0 million, representing an increase of 100% as compared to profit before tax of RM2.5 million in 2Q2015.

**Oil and Gas**

The oil and gas division registered a revenue of RM6.0 million, an increase of 215.8% when compared to 2Q2015's revenue of RM1.9 million. Consequently, a RM0.9 million net profit was recorded for the current quarter, representing an increase of 181.2% as compared to 2Q2015's net loss of RM1.1 million. This was mainly due to the delivery of a new AWB in June 2015 being fully deployed for work during the quarter. The quarter also factored a one-time mobilization cost of approximately RM2 million for the delivery of a new 238-pax AWB at the end of September, which has also been fully deployed for work.

**Others**

The less favourable performance for the current quarter when compared with 2Q2015 was a result of incidental expenses incurred in connection with the acquisition of a new subsidiary company and the increase in operating expenses.



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**25. Commentary on prospects**

**Timber**

Japan, our Group's major plywood market, the economic outlook indicates continued slow growth with its housing starts for 3Q2015 were up by 6.2% compared to previous corresponding quarter and for the first nine months to September 2015 were up by 2.8% when compared with the last corresponding year. The housing starts growth though slow will boost the demand for our plywood.

As for India, the economic outlook remains bullish as the International Monetary Fund predicts growth in the next two fiscal years to be 7.5 percent. So its growth will be maintained with solid macroeconomic fundamentals to fully leverage its position and improve business sentiment, to speed up government reform and investment, especially on infrastructure which will continue to benefit our Group through logs export.

In view of the challenging global economic environment ahead, the Group is extremely cautious by adopting various measures like effective cost management and products quality control to stay resilient and maintain our competitiveness in the market. Besides, the strengthening of US dollar will continue to benefit our Group's exports in the coming quarters.

**Plantation**

The Group's plantation division achieved 72.5% higher of FFB production than the previous corresponding period and would continue to improve its performance as the palms moving into higher yield production life cycle.

However, the likely negative impact on the potentially El Nino effect which may affect the palm oil yield and its inventory level, the current low CPO prices should be stabilized moving forward in the near future.

**Manufacturing and Trading**

The country's domestic demand is expected to lose some momentum from consumer spending as households reduce purchases subsequent to the implementation of the GST. This may be further compounded by the declining value of the Ringgit Malaysia which will raise the cost of imported raw materials, leading to increased production costs for domestic businesses. In light of the current challenges, the Group remains cautious and expects a modest growth in 4Q2015.

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**25. Commentary on prospects (cont'd)**

**Oil and Gas**

The sentiment of the global oil and gas industry continues to be bearish as prices of crude oil is pressured owing to modest demand growth amidst abundant supply from both OPEC and non-OPEC producers. In Malaysia, PETRONAS has maintained its cost-savings strategy as it navigates the low oil price and modest global economic growth environment leading to reduction in exploration works. However, PETRONAS is maintaining existing production and committed capital projects such as the RAPID project in Pengerang, Johor and the Pacific North West LNG project in Canada.

Presently, all of the Group's AWBs are fully-deployed in various PETRONAS and its PSCs ongoing oil and gas fields. We are also actively participating in tender bids for projects, both in Malaysia and in neighbouring countries. Given the strong track record with PETRONAS thus far, the Group expects to secure additional projects during the year to sustain growth and profitability.

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. The management have mitigated the impact of the currency fluctuation and will continue to manage this risk.

In 3Q2015, Group has embarked on expanding its service provisioning in the Oil and Gas Industry, with the commencement of a Pipeline Pre-Commissioning engineering project. This new project involves the deployment of offshore engineering services and will also be complemented by our existing offshore marine services. This expansion will contribute positively to the Group's financial performance in the subsequent periods.

**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.

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**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 on 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 2015 or the previous financial period ended 30 September 2014.

**34. Risks and policies of derivatives**

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

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2015 and 30 September 2014.

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**36. Breakdown of realised and unrealised profits**

	<b>As at 30.9.2015</b>	<b>As at 31.12.2014 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,333,935	1,297,080
- Unrealised	(71,058)	(71,453)
	1,262,877	1,225,627
 Total share of profits from an associate company:		
- Realised	1,278	-
 Total share of retained profits from a jointly controlled entity:		
- Realised	(244)	(244)
	1,263,911	1,225,383
Less: Consolidation adjustments	(218,963)	(204,841)
Total Group retained profits as per consolidated accounts	1,044,948	1,020,542

**37. Auditors report on the preceding annual financial statements**

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

BY ORDER OF THE BOARD

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