

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	30.06.2016	31.12.2015
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	641,896	657,452
Prepaid land lease payments	34,500	35,000
Investment in a jointly controlled entity	1,582	1,582
Investment in associates	71,462	71,214
Other investments	14,553	14,102
Intangible assets	61,017	64,093
Biological assets	384,189	371,977
Deferred tax assets	43	43
	<u>1,209,242</u>	<u>1,215,463</u>
Current assets		
Inventories	123,263	156,669
Trade receivables	50,628	35,382
Other receivables	75,356	88,402
Tax recoverable	9,410	9,603
Cash and bank balances	402,243	352,626
	<u>660,900</u>	<u>642,682</u>
Assets classified as held for sale	14,483	14,483
	<u>675,383</u>	<u>657,165</u>
TOTAL ASSETS	<u><u>1,884,625</u></u>	<u><u>1,872,628</u></u>

W T K HOLDINGS BERHAD (10141-M)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (Cont'd)

	30.06.2016	31.12.2015
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	257	257
Short term borrowings	188,407	167,851
Trade payables	55,785	50,108
Other payables	23,868	37,560
Current tax payable	2,175	2,360
	<u>270,492</u>	<u>258,136</u>
Net current assets	<u>404,891</u>	<u>399,029</u>
Non-current liabilities		
Retirement benefit obligations	2,193	2,348
Long term borrowings	136,579	142,831
Deferred tax liabilities	75,233	76,251
	<u>214,005</u>	<u>221,430</u>
Total liabilities	<u>484,497</u>	<u>479,566</u>
Net assets	<u>1,400,128</u>	<u>1,393,062</u>
Equity attributable to owners of the Company		
Share capital	240,672	240,672
Share premium	68,674	68,674
Treasury shares	(8,146)	(8,132)
Other reserves	5,146	5,842
Retained earnings	1,079,751	1,071,366
	<u>1,386,097</u>	<u>1,378,422</u>
Non-controlling interests	14,031	14,640
Total equity	<u>1,400,128</u>	<u>1,393,062</u>
TOTAL EQUITY AND LIABILITIES	<u>1,884,625</u>	<u>1,872,628</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 June 2016 RM'000	2015 RM'000	Six months ended 30 June 2016 RM'000	2015 RM'000
Revenue	180,570	164,635	374,915	324,404
Cost of sales	(158,412)	(126,102)	(321,841)	(259,839)
Gross Profit	<u>22,158</u>	<u>38,533</u>	<u>53,074</u>	<u>64,565</u>
Other income	6,809	3,923	11,454	7,910
Other item of expenses				
Selling and distribution expenses	(14,769)	(12,768)	(28,529)	(25,746)
Administrative expenses	(8,942)	(15,680)	(18,984)	(25,044)
Operating profit	<u>5,256</u>	<u>14,008</u>	<u>17,015</u>	<u>21,685</u>
Finance costs	(2,907)	(2,111)	(5,357)	(3,867)
Share of results of an associate	<u>351</u>	<u>(1,111)</u>	<u>(120)</u>	<u>540</u>
Profit before tax	2,700	10,786	11,538	18,358
Income tax expense	(719)	(4,364)	(3,729)	(6,754)
Profit for the period	<u>1,981</u>	<u>6,422</u>	<u>7,809</u>	<u>11,604</u>
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Net loss on available-for-sale financial assets				
- Loss on fair value changes	(123)	(72)	(126)	(27)
Foreign currency translation	<u>933</u>	<u>1,103</u>	<u>(570)</u>	<u>1,460</u>
Other comprehensive income/(loss), net of tax	<u>810</u>	<u>1,031</u>	<u>(696)</u>	<u>1,433</u>
Total comprehensive income for the period	<u>2,791</u>	<u>7,453</u>	<u>7,113</u>	<u>13,037</u>
Profit attributable to:				
Owners of the Company	2,192	6,611	8,385	11,946
Non-controlling interests	<u>(211)</u>	<u>(189)</u>	<u>(576)</u>	<u>(342)</u>
Profit for the period	<u>1,981</u>	<u>6,422</u>	<u>7,809</u>	<u>11,604</u>
Total comprehensive income attributable to:				
Owners of the Company	3,002	7,642	7,689	13,379
Non-controlling interests	<u>(211)</u>	<u>(189)</u>	<u>(576)</u>	<u>(342)</u>
Total comprehensive income for the period	<u>2,791</u>	<u>7,453</u>	<u>7,113</u>	<u>13,037</u>
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period (sen)	<u>0.46</u>	<u>1.38</u>	<u>1.76</u>	<u>2.50</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016 - UNAUDITED**

	←————— Attributable to owners of the Company —————→									
	Total equity RM'000	Total equity attributable to the owners of the Company RM'000	←—— Non-distributable ——→			Distributable		←—— Non-distributable ——→		Non- controlling interests 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 2016										
At 1 January 2016	1,393,062	1,378,422	240,672	68,674	(8,132)	1,071,366	5,842	6,038	(196)	14,640
Total comprehensive income	7,113	7,689	-	-	-	8,385	(696)	(570)	(126)	(576)
Transactions with owners										
Dividends paid to non-controlling interests	(33)	-	-	-	-	-	-	-	-	(33)
Repurchase of treasury shares	(14)	(14)	-	-	(14)	-	-	-	-	-
At 30 June 2016	1,400,128	1,386,097	240,672	68,674	(8,146)	1,079,751	5,146	5,468	(322)	14,031
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)
Transaction 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

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016 - UNAUDITED**

	30.06.2016	30.06.2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,538	18,358
Adjustments for:		
Accretion of interest on RCPS	(578)	(785)
Allowance for impairment loss on receivables	5	7,502
Allowance for impairment loss on receivables no longer required	(2,064)	(208)
Amortisation	3,576	3,576
Depreciation	20,033	19,264
Dividend income	(31)	(122)
Loss on disposal of property, plant and equipment	701	153
Interest income	(4,219)	(2,411)
Interest expense	5,357	3,867
Property, plant and equipment written off	57	4
Retirement benefit obligations	107	106
Share of results of an associate	120	(540)
Unrealised loss/(gain) on foreign exchange	677	(43)
Other non-cash items	21	6
	<hr/>	<hr/>
Operating profit before working capital changes	35,300	48,727
Changes in working capital :		
Net decrease/(increase) in current assets	32,813	(20,794)
Net decrease in current liabilities	(8,067)	(1,497)
Cash generated from operations	<hr/>	<hr/>
	60,046	26,436
Payment of retirement benefit	(262)	(105)
Payment of land premium	-	(424)
Interest paid	(8,692)	(8,393)
Interest received	4,219	2,411
Taxation paid	(4,736)	(5,155)
	<hr/>	<hr/>
Net cash from operating activities	50,575	14,770

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016 - UNAUDITED (Cont'd)**

	30.06.2016	30.06.2015
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(7,103)	(12,271)
Net dividend received from investment securities	31	122
Subscription of shares in an associate	(368)	-
Proceeds from disposal of property, plant and equipment	375	565
Proceeds from disposal of investment securities	1	-
Purchase of property, plant and equipment	(7,291)	(6,709)
	<u>(14,355)</u>	<u>(18,293)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(33)	(28)
Drawdown of term loans	9,673	13,279
Drawdown of trade financing facilities	53,876	117,242
Decrease in fixed deposits pledged to licensed financial institutions	62	-
Repayment of hire purchases	(1,438)	(2,197)
Repayment of term loans	(11,523)	(7,353)
Repayment of trade financing facilities	(31,868)	(79,691)
Repurchase of treasury shares	(14)	(12)
	<u>18,735</u>	<u>41,240</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	54,955	37,717
Effects of exchange rate changes	(719)	1,045
Net cash and cash equivalents at the beginning of the period	323,452	245,864
	<u>377,688</u>	<u>284,626</u>
Net cash and cash equivalents at the end of the period		
For the purpose of statements of cash flow, net cash and cash equivalents include the following:-		
Cash and bank balances	402,243	309,115
Less: Bank overdrafts	(24,555)	(24,489)
	<u>377,688</u>	<u>284,626</u>
Cash and cash equivalents		

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 six months ended 30 June 2016 – 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 August 2016.

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 2015. 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 2015.

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 2015 except for the adoption of the following new/revised Financial Reporting Standards (“FRSs”).

On 1 January 2016, the Group adopted the relevant and applicable new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016 as follows:

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

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For the six months ended 30 June 2016 – unaudited

3. Significant accounting policies (cont'd)

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred to a date to be determined and announced, with earlier application still permitted.
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
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 107 Disclosure Initiative	1 January 2017
Amendments to FRS 112 Recognition of Deferred Tax Assets for unrealised losses	1 January 2017
FRS 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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
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5. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial quarter except for the following:

On 15 April 2016, Alanya Marine Ventures Sdn. Bhd. (“AMV”), a wholly-owned subsidiary, subscribed for 367,499 new ordinary shares of RM1.00 each in Ketara Resource Sdn. Bhd. (“KRSB”) for a total cash subscription price of RM367,499. Upon the subscription, AMV holds 49% equity interest in KRSB and henceforth, KRSB became an associate company of AMV. KRSB is principally involved in the business of providing offshore oil and gas activities relating to offshore engineering works and provision of offshore marine spread.

6. Segmental information

	6 months ended 30.6.2016		6 months ended 30.6.2015	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Timber	288,519	13,634	261,792	16,129
Plantation	6,946	(6,269)	3,506	(3,586)
Oil and Gas	22,942	(129)	2,109	520
Manufacturing	39,383	3,348	31,659	3,634
Trading	15,829	1,482	23,461	2,299
Others	1,296	(528)	1,877	(638)
Total	374,915	11,538	324,404	18,358

The Group is organised into business units based on their products and services, and has six 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 and car park 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 2016 – 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		6 months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,788	1,788	3,576	3,576
Allowance for impairment loss on receivables	5	7,457	5	7,502
Depreciation	10,760	9,711	20,033	19,264
Interest expense	2,907	2,111	5,357	3,867
Inventories written off	11	4	12	6
Loss on disposal of property, plant and equipment	702	-	701	153
Loss on foreign exchange	1,259	103	677	-
Property, plant and equipment written off	7	4	57	4
and crediting:				
Accretion of interest on RCPS	292	785	578	785
Allowance for impairment loss on receivables no longer required	2,064	208	2,064	208
Gain on disposal of property, plant and equipment	-	119	-	-
Gain on foreign exchange	54	419	-	1,065
Hire of machinery	135	149	263	273
Interest income	2,118	1,168	4,219	2,411

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2016 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period:				
Current income tax				
- Malaysian income tax	1,559	4,305	4,510	6,649
- Foreign tax	112	113	251	214
	1,671	4,418	4,761	6,863
(Over)/Under provision in respect of previous years				
- Malaysian income tax	(15)	63	(15)	63
	1,656	4,481	4,746	6,926
Deferred income tax				
- Original and reversal of temporary differences	(937)	(117)	(1,017)	(172)
	719	4,364	3,729	6,754

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 2016 – 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.

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
Profit attributable to the owners of the Company (RM'000)	2,192	6,611	8,385	11,946
Weighted average number of ordinary shares in issue ('000)	477,487	477,504	477,484	477,507
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,487	477,504	477,484	477,507
Basic EPS (sen)	0.46	1.38	1.76	2.50
Diluted EPS (sen)	0.46	1.38	1.76	2.50

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2016 – unaudited

11. Property, plant and equipment

During the 6 months ended 30 June 2016, the Group acquired assets with a total cost of RM7,468,000 (30 June 2015: RM8,327,000) excluding property, plant and equipment acquired through business combinations.

Assets with carrying amount of RM1,076,000 were disposed of by the Group during the 6 months ended 30 June 2016 (30 June 2015: RM718,000), resulting in a loss on disposal of RM701,000 (30 June 2015: RM153,000).

12. Intangible assets

	Goodwill RM'000	Timber rights RM'000	Total RM'000
Cost			
At 1 January 2016	33,728	111,584	145,312
Addition	-	-	-
At 30 June 2016	<u>33,728</u>	<u>111,584</u>	<u>145,312</u>
Accumulated amortisation and impairment			
At 1 January 2016	7,814	73,405	81,219
Amortisation for current financial period	-	3,076	3,076
At 30 June 2016	<u>7,814</u>	<u>76,481</u>	<u>84,295</u>
Net carrying amount			
At 30 June 2016	<u>25,914</u>	<u>35,103</u>	<u>61,017</u>
At 31 December 2015	<u>25,914</u>	<u>38,179</u>	<u>64,093</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 2016 – unaudited

12. Intangible assets (cont'd)

Allocation of goodwill and timber rights

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

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	RM'000
At 30 June 2016			
Timber division	24,598	35,103	59,701
Trading division	1,308	-	1,308
Manufacturing division	8	-	8
	<u>25,914</u>	<u>35,103</u>	<u>61,017</u>
At 31 December 2015			
Timber division	24,598	38,179	62,777
Trading division	1,308	-	1,308
Manufacturing division	8	-	8
	<u>25,914</u>	<u>38,179</u>	<u>64,093</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 2016 – unaudited

13. Cash and bank balances

	30.6.2016	31.12.2015
	RM'000	RM'000
Cash on hand and at bank	284,534	195,797
Short term deposits with licensed financial institutions	117,709	156,829
Cash and bank balances	402,243	352,626

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.

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Available-for-sale financial assets					
- Quoted investments	30 June 2016	1,014	-	-	1,014
	31 December 2015	1,141	-	-	1,141

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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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2016 – unaudited

15. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares nor repurchase its issued ordinary shares during the current quarter ended 30 June 2016.

The number of shares bought back and retained as treasury shares amounted to 3,861,000 shares as at 30 June 2016.

16. Interest bearing loans and borrowings

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

	30.6.2016	31.12.2015
	RM'000	RM'000
Short term borrowings		
Secured	90,154	92,003
Unsecured	98,253	74,273
	<u>188,407</u>	<u>166,276</u>
Long term borrowings		
Secured	136,579	144,406
Total	<u>324,986</u>	<u>310,682</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.

18. Dividends

A final single-tier dividend in respect of the financial year ended 31 December 2015, of 4.98% or 2.49 sen net per share of RM0.50 each on 481,344,552 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of RM11,889,000 was approved during the Annual General Meeting held on 3 June 2016. The said dividend was paid on 5 July 2016.

No interim dividend has been declared for the current quarter ended 30 June 2016 (30 June 2015: RM Nil).

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19. Commitments

There were no material capital commitments in the current quarter ended 30 June 2016.

20. Contingencies

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

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 2016 and 30 June 2015.

	Note	Transaction value	
		30.6.2016 RM'000	30.6.2015 RM'000
Sawn timber sales:			
W T K Realty Sdn. Bhd.	#	344	-
Purchase of logs:			
Faedah Mulia Sdn. Bhd.	#	-	3,068
Harbour-View Realty Sdn. Bhd.	^	4,803	-
Ocarina Development Sdn. Bhd.	#	17,924	17,865
Protection Gloves Sdn. Bhd.	^	-	3,374
		<u>22,727</u>	<u>24,307</u>
Literage and freight:			
Master Ace Territory Sdn. Bhd.	#	664	747
Ocarina Development Sdn. Bhd.	#	1,374	1,134
W T K Realty Sdn. Bhd.	#	4,670	3,089
		<u>6,708</u>	<u>4,970</u>
Purchase of spare parts:			
W. T. K. Enterprises Sdn. Bhd.	#	-	9
WTK Service & Warehousing Sdn. Bhd.	^	13,344	2,717
		<u>13,344</u>	<u>2,726</u>
Purchase of frozen food:			
Sing Chew Coldstorage Sdn. Bhd.	^	968	898

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21. Related party transactions (cont'd)

	Note	Transaction value	
		30.6.2016 RM'000	30.6.2015 RM'000
Purchase of hardware and lubricants:			
W.T.K Trading Sdn. Bhd.	#	4	10
WTK Service & Warehousing Sdn. Bhd.	^	5,302	7,312
		<u>5,306</u>	<u>7,322</u>
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	3,392	4,085
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	1,620	1,620
United Agencies Sdn. Bhd.	^	4,546	3,665
W T K Realty Builder Sdn. Bhd.	#	-	255
W T K Realty Sdn. Bhd.	#	-	27
		<u>6,166</u>	<u>5,567</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.*

The outstanding balances arising from related party transactions as at 30 June 2016 and 31 December 2015 were as follows:

	30.6.2016 RM'000	31.12.2015 RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	3,918	3,388
Other receivables (net of allowance for impairment)	951	3,813
Trade payables	(7,543)	(5,824)
Other payables	(991)	(363)
	<u></u>	<u></u>

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22. Events after the reporting period

On 24 August 2016, the Company (“WTK”) and its wholly-owned subsidiary, Samanda Equities Sdn Bhd (“SESB”) and the remaining vendor, Sulamariah & Associates Sdn Bhd (“SASB”) (collectively referred as “Vendors”), had entered into a Share Sale Agreement with General Aluminium Holding Ltd (referred as “Purchaser”), for inter alia, the sale of WTK and SESB’s aggregate shareholding of 9,370,000 ordinary shares of RM1.00 each in General Aluminium Works (M) Sdn Bhd (“GAW”), representing 93.7% equity interest in GAW, for a total cash consideration of RM15.93 million, subject to the terms and conditions as stipulated in the said Share Sale Agreement (“Proposed Sale of GAW”). The Proposed Sale of GAW is currently pending completion and will only be completed after the completion of the Proposed Disposal of Land by GAW, as disclosed in Note 30.

For the avoidance of doubt, the Proposed Sale of GAW does not include the Proposed Disposal of Land by GAW as disclosed in Note 30 as well as inter-company debts, dividends to be declared by GAW to the Vendors and any existing liability related to all assets taken out by the Vendors.

Other than as disclosed above and Note 30, there is no other event after the quarter ended 30 June 2016 which have not been reflected in this interim report.

23. Assets classified as held for sale

The Company and its subsidiaries (“the Group”) had on 9 October 2015 entered into Sale and Purchase Agreements (“SPAs”) with the respective Purchasers to dispose the Group’s entire investment properties located at Wisma Central for a total cash consideration of RM51 million.

Further to the SPAs that were signed, a subsidiary, Dusun Nyiur Sdn Bhd (“DNSB”) had on 28 December 2015 entered into a Supplemental Agreement with the Purchaser to amend the terms of the SPA pertaining to one of the parcel of properties. This was due to that parcel’s original strata title deed being damaged at the Land Office and the replacement strata title deed is still pending from the Land Office. Under the circumstances, until the disposal of this parcel is completed, the carrying amount of its value is presented in the Statements of Financial Position as “Assets classified as held for sale”.

The disposal transaction was successfully completed on 19 August 2016 and a gain on disposal of RM6.5 million to be recognised in 3Q2016.

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24. Performance review

For the quarter under review, the Group's revenue was RM180.6 million as compared to RM164.6 million in 2Q2015, representing an increase of RM16.0 million or 9.7%. However, profit before tax stood at RM2.7 million, representing a decrease of RM8.1 million or 75.0% as compared to RM10.8 million in 2Q2015. This was mainly attributed to the timber division and oil & gas division.

Quarter 2, 2016

Timber

For the current quarter, the Group's timber division registered a revenue of RM135.9 million, representing an increase of RM2.5 million or 1.9% as compared to RM133.4 million in 2Q2015. The higher revenue recorded was due to increase in sales volume of logs by 30.7% and its production was also higher by 8.2% as a result of better weather condition in 2Q2016 as against 2Q2015. Besides, the plywood sales volume was up by 6.3%, especially increased demand of premium plywood products in Japan, which as a result of recent appreciation in Japanese Yen and the housing starts gained by 4.9% in 2Q2016 as compared to 2Q2015.

Its pre-tax profit stood at RM2.3 million in 2Q2016, representing a decrease of 79.8% or RM9.1 million when compared to RM11.4 million registered in 2Q2015. Despite the sales volume of logs increased in 2Q2016, lower pre-tax profit was generated due to higher local sales of round logs with lower selling prices. The substantial decrease in pre-tax profit was also attributed to the higher plywood production cost by 13.9% as a result of lower production volume of 8.3%.

On a year-to-date ("YTD") basis, the timber division registered a revenue of RM288.5 million, RM26.7 million or 10.2% higher when compared with the previous corresponding year of RM261.8 million, whilst its pre-tax profit stood at RM13.6 million, a decrease of RM2.5 million or 15.5% when compared with the previous corresponding year of RM16.1 million. The higher revenue was mainly achieved by 28.8% and 6.9% increase in logs and plywood sales respectively coupled with a foreign exchange gain of 11.5% in US Dollar against the Malaysian Ringgit. The lower profit reported was mainly due to higher plywood production cost of 10.4%.

The Group's key export markets for round logs were India (93%) and Vietnam (7%). The export markets for plywood for the quarter under review were Japan (86%) and Taiwan (14%).

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24. Performance review (cont'd)

Quarter 2, 2016 (cont'd)

Plantation

The plantation division registered a revenue of RM4.0 million for 2Q2016 as compared to the last corresponding period of RM2.1 million, an increase of RM1.9 million or 90.5% as the palms are moving up the production life cycle. However, the division registered a loss before tax of RM2.3 million as compared to loss before tax of RM1.7 million in 2Q2015. The higher loss before tax was mainly due to insufficient fresh fruit bunches (“FFB”) production volume as the young matured palms are still in their early production life cycle coupled with low FFB production season during the quarter to cover the operational costs.

On a YTD basis, the division registered a revenue of RM6.9 million as compared to the last corresponding year of RM3.5 million, representing an increase of RM3.4 million or 97.1%. The higher revenue was mainly contributed by the gradual increase of maturing hectareage going into FFB production. Despite the increase in FFB production, the division’s loss before tax increased from RM3.6 million to RM6.3 million mainly due to expenditure from the newly declared mature palms which were previously capitalized is now fully written off.

Manufacturing and Trading

The division registered a revenue of RM28.8 million in 2Q2016, an increase of RM2.6 million or 9.9% when compared to RM26.2 million in 2Q2015. The increase in revenue was mainly due to increased volume for foil products and masking tapes.

Despite higher revenue, profit before tax stood at RM2.5 million which was consistent with 2Q2015. This was mainly due to the effect of loss on foreign exchange of RM0.3 million in 2Q2016 as opposed to a gain on foreign exchange of RM0.3 million in 2Q2015.

On a YTD basis, the Group registered a revenue of RM55.2 million, representing a marginal increase of RM0.1 million or 0.2% when compared to the last corresponding period of RM55.1 million. Despite slight increase in revenue, profit before tax recorded a decrease of RM1.1 million or 18.6% when compared to the last corresponding period of RM5.9 million. This was mainly due to the effect of foreign currency fluctuation with a loss on foreign exchange of RM0.4 million in YTD 2Q2016 in contrast to a gain on foreign exchange of RM1.1 million in the last corresponding period.

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24. Performance review (cont'd)

Quarter 2, 2016 (cont'd)

Oil and Gas

The Oil and Gas division registered a revenue of RM11.2 million, representing an increase of RM9.3 million when compared to 2Q2015's revenue of RM1.9 million. This was mainly due to the contribution from vessel chartering.

Its profit before tax stood at RM0.6 million in the current quarter, representing an increase of RM1.7 million, as compared to 2Q2015's loss before tax of RM1.1 million. The profit before tax has taken into account the amortization of intangible assets of RM0.9 million embedded in investment in the associate company.

Others

The lower revenue in current quarter was mainly due to no rental income recognized as the investment properties were disposed in 4Q2015. Consequently, a RM0.3 million loss before tax was recorded for the current quarter.

On a YTD basis, this division recorded a lower revenue due to no rental income being generated from the investment properties. Despite lower revenue, there were no material changes to the loss before tax after take into account for higher interest income from deposits.

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25. Comment on material change in profit before taxation

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

Quarter 2, 2016

Timber

The timber division recorded a revenue of RM135.9 million as compared to 1Q2016's revenue of RM152.6 million, representing a decrease of RM16.7 million or 10.9%. The lower revenue was mainly due to the drop in log sales by 34.9% as a result of higher local sales with lower selling price. Consequently, the timber division reported a lower pre-tax profit of RM2.3 million, representing a drop of RM9.1 million or 79.8% whilst 1Q2016's pre-tax profit was at RM11.4 million. The drop in pre-tax profit was mainly due to decline in log average selling price by 9.0% coupled with weaker US Dollar.

Plantation

During 2Q2016, the plantation division registered a revenue of RM4.0 million as compared to RM2.9 million in 1Q2016, representing an increase of RM1.1 million or 37.9%. The higher revenue was mainly due to the young palms moving up the production life cycle. Despite higher revenue being achieved, the division registered a loss before tax of RM2.3 million as compared to RM4.0 million reported in 1Q2016. The loss before tax during this quarter was mainly due to expenditure from the newly declared mature palms which were previously capitalized is now fully written off.

Manufacturing and Trading

Revenue for the manufacturing and trading division recorded an increase of RM2.4 million or 9.1% to RM28.8 million when compared to RM26.4 million in 1Q2016. This was mainly due to higher volume for foil products and masking tapes. Despite increase in revenue, profit before tax recorded a marginal increase of RM0.1 million after netting off a loss on foreign exchange of RM0.3 million in 2Q2016.

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25. 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, 2016 (cont'd)

Oil and Gas

The Oil and Gas division registered a revenue of RM11.2 million, representing a decrease of RM0.6 million or 5.1% when compared to 1Q2016's revenue of RM11.8 million. The decrease in revenue was mainly attributed to weaker US Dollar that affected the charter fees from vessels chartering through Alanya Marine Ventures Sdn Bhd and its associate company.

Its profit before tax stood at RM0.6 million in the current quarter, representing an increase of RM1.3 million, as compared to 1Q2016's loss before tax of RM0.7 million. The increase in profit before tax was mainly due to the resumption of vessels deployment after experienced adverse weather condition in 1Q2016 that affected the deployment of its vessels.

Others

There were no material changes to the revenue and loss before tax in respect of current quarter when compared with the 1Q2016.

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26. Commentary on prospects

Timber

In the second half of 2016, there are new uncertainties concerning the global economy. These included the exit of British referendum from the European Union which raises concern about the future globalization and economic integration in Eurozone, the continued deflationary pressures in the Eurozone, the weak job numbers in the United States and the rising corporate debt in China.

Japan, with the aggressive steps taken by its Central Bank to purchase bond from the public to reduce its Government's debt burden would expect fewer tax increases and more spending to boost inflation at a time of continued deflationary pressures. Our Group's major plywood market, its housing starts for 2Q2016 were up by 4.9% as compared to the last corresponding period and 14.2% higher when compared with 1Q2016. Going forward, with lower levels of plywood inventory held by wholesalers and importers, the improving housing starts, the appreciating Japanese Yen and the approaching of 2020 Olympic Games construction activities which is expected to start at the end of 2016, could help bolster demand for our plywood.

India's economic performance has been performing reasonably well, assisted by its Government's spending on infrastructure and the revival of private sector. The rising domestic demand will likely be the key determinant of investment growth which will continue to benefit our Group as our major log export market.

Plantation

Our plantation division's FFB production increased by 48% as compared to last corresponding quarter and would continue to improve its yield especially in the coming peak crop season. Moving forward, crude palm oil ("CPO") prices are expected to move upwards following the drop in palm oil stocks in Indonesia and Malaysia as well as improving export outlook. The division is expected to register lower losses in the coming quarter, supported by the recovery of the CPO prices and better FFB yield.

Manufacturing and Trading

Despite market volatility and challenging economic conditions, the Group has continuously positioned its competitiveness by focusing on its core products and strengthening branding to deliver product differentiation to customers. At the same time, Management continues to expand efforts to open new markets with higher value-add and substitute products. With all these efforts in place, the Group is cautious and expects a modest growth in 2016.

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26. Commentary on prospects (cont'd)

Oil and Gas

Further to the reduced operating and capital expenditures, PETRONAS could delay a final investment decision on Pacific NorthWest LNG due to the oversupply and weaken prices. Despite low oil price, PETRONAS has awarded its first production sharing contract (“PSC”) of the year to three oil companies to explore a hydrocarbon block off the Sarawak state. This signing marks the long term partnerships with Thailand’s PTT as well as Kuwait Foreign Petroleum Exploration Company.

Nevertheless, the demand for the Group’s Accommodation Workboats which are required for use throughout the entire Oil & Gas lifecycle, remains steady, and are being deployed in various PETRONAS and its PSCs’ on-going Oil and Gas fields. Additionally, the Group has also embarked on the provision of engineering services for the service and maintenance of oil and gas pipelines in Sarawak, which would contribute positively to the division’s financial performance for the next 2 years. To further supplement the Group’s order books, we are also actively participating in tender bids for other projects in Malaysia and in neighbouring countries such as Brunei and Thailand. However, given the strong track record with the oil majors thus far, the Group is confident of securing additional projects during the year to sustain growth and profitability.

27. 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.

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

Please refer to the commentary on Note 27.

29. Profit forecast or profit guarantee

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

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30. Status of corporate proposal announced but pending completion

On 22 August 2016, a 93.7% subsidiary of the Group, namely GAW (“Vendor”), had entered into a Sale and Purchase Agreement with its shareholders, namely WTK, SESB and SASB (collectively referred as “Purchasers”) to dispose a parcel of freehold land measuring approximately 63,636.72 square metres or 684,980 square feet and held under individual title Pajakan Negeri 150041, Lot No. 3318, Mukim Asam Kumbang, Tempat Asam Kumbang, Daerah Larut & Matang, Negeri Perak, bearing postal address at Lot 3318, 76 km, Ipoh/Penang Main Trunk Road, 34008 Taiping, Perak together with a factory erected thereon and all other appurtenances and fixtures therein for a total disposal consideration of approximately RM20.05 million to be satisfied entirely in cash (“Proposed Disposal of Land by GAW”). The Proposed Disposal of Land by GAW is currently pending completion.

For the avoidance of doubt, the Proposed Disposal of Land by GAW is a separate transaction from the Proposed Sale of GAW as disclosed in Note 22.

Other than as disclosed above, there is no other corporate proposal announced but pending completion as at 20 August 2016, being the latest practicable date which is not earlier than 7 days from the date of issue of this interim report.

31. Changes in material litigation

There was no material litigation against the Group.

32. Dividend payable

Please refer to Note 18 for details.

33. Disclosure on nature of outstanding derivatives

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

34. Rationale for entering into derivatives

The Group did not enter into any derivatives during current quarter ended 30 June 2016 or the previous financial period ended 30 June 2015.

35. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 30 June 2016 or the previous financial period ended 30 June 2015.

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36. 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 June 2016 and 30 June 2015.

37. Breakdown of realised and unrealised profits

	As at 30.6.2016 RM'000	As at 31.12.2015 (Audited) RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,365,745	1,355,851
- Unrealised	(72,853)	(71,456)
	<u>1,292,892</u>	<u>1,284,395</u>
Total share of retained profits from an associate :		
- Realised	5,074	837
Total share of retained profits from a jointly controlled entity:		
- Realised	(244)	(244)
	<u>1,297,722</u>	<u>1,284,988</u>
Less: Consolidation adjustments	(217,971)	(213,622)
Total Group retained profits as per consolidated accounts	<u>1,079,751</u>	<u>1,071,366</u>

38. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not qualified.

BY ORDER OF THE BOARD

TAN MEE LIAN
COMPANY SECRETARY
KUALA LUMPUR
Date: 26 AUGUST 2016