

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	30.09.2016	31.12.2015
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	614,247	657,452
Prepaid land lease payments	34,250	35,000
Investment properties	16,829	-
Investment in a jointly controlled entity	-	1,582
Investment in associates	70,234	71,214
Other investments	15,021	14,102
Intangible assets	59,479	64,093
Biological assets	389,305	371,977
Deferred tax assets	43	43
	<u>1,199,408</u>	<u>1,215,463</u>
Current assets		
Inventories	117,775	156,669
Trade receivables	33,104	35,382
Other receivables	107,117	88,402
Tax recoverable	8,100	9,603
Cash and bank balances	403,630	352,626
	<u>669,726</u>	<u>642,682</u>
Assets classified as held for sale	-	14,483
	<u>669,726</u>	<u>657,165</u>
TOTAL ASSETS	<u><u>1,869,134</u></u>	<u><u>1,872,628</u></u>

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 (Cont'd)

	30.09.2016	31.12.2015
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	257	257
Short term borrowings	177,491	167,851
Trade payables	79,183	50,108
Other payables	25,313	37,560
Current tax payable	1,924	2,360
	<u>284,168</u>	<u>258,136</u>
Net current assets	<u>385,558</u>	<u>399,029</u>
Non-current liabilities		
Retirement benefit obligations	2,246	2,348
Long term borrowings	130,663	142,831
Deferred tax liabilities	73,648	76,251
	<u>206,557</u>	<u>221,430</u>
Total liabilities	<u>490,725</u>	<u>479,566</u>
Net assets	<u>1,378,409</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	(8,156)	(8,132)
Other reserves	5,740	5,842
Retained earnings	1,061,478	1,071,366
	<u>1,368,408</u>	<u>1,378,422</u>
Non-controlling interests	10,001	14,640
Total equity	<u>1,378,409</u>	<u>1,393,062</u>
TOTAL EQUITY AND LIABILITIES	<u>1,869,134</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 SEPTEMBER 2016 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 September 2016 RM'000	2015 RM'000 (Restated)	Nine months ended 30 September 2016 RM'000	2015 RM'000 (Restated)
Continuing Operations				
Revenue	158,771	179,526	513,439	482,509
Cost of sales	(137,736)	(135,253)	(441,774)	(376,089)
Gross profit	21,035	44,273	71,665	106,420
Other income	12,437	3,662	23,740	11,082
Selling and distribution expenses	(12,499)	(14,892)	(40,391)	(39,814)
Administrative expenses	(9,820)	(6,887)	(27,237)	(30,749)
Operating profit	11,153	26,156	27,777	46,939
Finance costs	(2,663)	(2,242)	(7,987)	(6,017)
Share of results of an associate	(1,228)	738	(1,348)	1,278
Profit before tax	7,262	24,652	18,442	42,200
Income tax expense	(2,984)	(5,289)	(6,535)	(11,594)
Profit for the period from continuing operations	4,278	19,363	11,907	30,606
Discontinued Operation				
(Loss)/Profit for the period from discontinued operations	(10,795)	1,762	(10,615)	2,123
(Loss)/Profit for the period	(6,517)	21,125	1,292	32,729
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	172	262	46	235
- Transfer to profit or loss upon disposal	(2)	-	(2)	-
Foreign currency translation	424	2,741	(146)	4,201
Other comprehensive income/(loss), net of tax	594	3,003	(102)	4,436
Total comprehensive (loss)/income for the period	(5,923)	24,128	1,190	37,165
(Loss)/Profit attributable to:				
Owners of the Company	(6,406)	21,198	1,979	33,144
Non-controlling interests	(111)	(73)	(687)	(415)
(Loss)/Profit for the period	(6,517)	21,125	1,292	32,729
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(5,812)	24,201	1,877	37,580
Non-controlling interests	(111)	(73)	(687)	(415)
Total comprehensive (loss)/income for the period	(5,923)	24,128	1,190	37,165
Earnings per share attributable to owners of the Company:				
Basic, for (loss)/profit for the period (sen)	(1.34)	4.44	0.41	6.94
Earnings per share from continuing operations attributable to owners of the Company:				
Basic, for profit for the period (sen)	0.92	4.07	2.64	6.50
Earnings per share from discontinued operations attributable to owners of the Company:				
Basic, for (loss)/profit for the period (sen)	(2.26)	0.37	(2.22)	0.44

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)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 - 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 September 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	1,190	1,877	-	-	-	1,979	(102)	(146)	44	(687)
Transactions with owners										
Dilution of interest in non-controlling interest	(144)	31	-	-	-	31	-	-	-	(175)
Dividends on ordinary shares	(11,898)	(11,898)	-	-	-	(11,898)	-	-	-	-
Dividends paid to non-controlling interests	(2,130)	-	-	-	-	-	-	-	-	(2,130)
Disposal of a subsidiary	(1,647)	-	-	-	-	-	-	-	-	(1,647)
Repurchase of treasury shares	(24)	(24)	-	-	(24)	-	-	-	-	-
At 30 September 2016	1,378,409	1,368,408	240,672	68,674	(8,156)	1,061,478	5,740	5,892	(152)	10,001
Quarter ended 30 September 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	37,165	37,580	-	-	-	33,144	4,436	4,201	235	(415)
Transaction with owners										
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)	-	-	-	-	-
At 30 September 2015	1,368,251	1,352,985	240,672	68,674	(8,132)	1,044,948	6,823	6,788	35	15,266

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.

W T K HOLDINGS BERHAD (10141-M)
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 - UNAUDITED**

	30.09.2016	30.09.2015
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	18,442	42,200
Profit before tax discontinued operation	(9,836)	2,955
	8,606	45,155
Adjustments for:		
Accretion of interest on RCPS	(877)	(1,059)
Allowance for impairment loss on receivables	2	7,472
Allowance for impairment loss on receivables no longer required	(2,064)	-
Amortisation	5,364	5,364
Depreciation	29,878	29,048
Dividend income	(34)	(146)
Loss on disposal of property, plant and equipment	512	173
Loss on disposal of a subsidiary	9,473	-
Gain on disposal of investment properties	(6,550)	-
Interest income	(6,739)	(3,473)
Interest expense	8,030	6,129
Property, plant and equipment written off	122	12
Retirement benefit obligations	160	160
Share of results of an associate	1,348	(1,278)
Unrealised loss/(gain) on foreign exchange	503	(226)
Other non-cash items	24	14
	47,758	87,345
Operating profit before working capital changes		
Changes in working capital :		
Net decrease/(increase) in current assets	21,463	(44,879)
Net decrease in current liabilities	25,908	13,751
Cash generated from operations	95,129	56,217
Payment of retirement benefit	(262)	(105)
Payment of land premium	-	(424)
Interest paid	(13,075)	(13,544)
Interest received	6,739	3,473
Taxation paid	(8,763)	(13,034)
	79,768	32,583
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on disposal of a subsidiary	12,307	-
Additional investment in a subsidiary	(144)	-
Biological assets expenditure	(9,709)	(17,132)
Net dividend received from investment securities	34	146
Subscription of shares in an associate	(368)	-
Proceeds from disposal of property, plant and equipment	1,741	598
Proceeds from disposal of investment properties	-	-
Proceeds from disposal of investment securities	2	-
Purchase of property, plant and equipment	(15,206)	(8,737)
	(11,343)	(25,125)
Net cash used in investing activities		

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

	30.09.2016	30.09.2015
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(2,130)	(28)
Dividend paid to owners of the Company	(11,898)	(8,738)
Drawdown of term loans	9,784	16,140
Drawdown of trade financing facilities	79,021	236,526
Decrease in fixed deposits pledged to licensed financial institutions	62	-
Repayment of hire purchases	(2,244)	(3,398)
Repayment of term loans	(19,277)	(11,640)
Repayment of trade financing facilities	(66,300)	(166,912)
Repurchase of treasury shares	(24)	(21)
	<u>(13,006)</u>	<u>61,929</u>
Net cash (used in)/from financing activities		
Net increase in cash and cash equivalents	55,419	69,387
Effects of exchange rate changes	(515)	1,805
Net cash and cash equivalents at the beginning of the period	323,452	245,864
	<u>378,356</u>	<u>317,056</u>
Net cash and cash equivalents at the end of the period		

For the purpose of statements of cash flows, net cash and cash equivalents include the following:-

Cash and bank balances	403,630	344,588
Less: Bank overdrafts	(25,274)	(27,532)
	<u>378,356</u>	<u>317,056</u>
Cash and cash equivalents		

NOTE TO STATEMENTS OF CASH FLOWS

	30.09.2016	30.09.2015
	RM'000	RM'000
A. PROCEEDS FROM DISPOSAL OF INVESTMENT PROPERTIES		
Investment properties were disposed by the following means:		
Total proceeds	21,033	-
Less: Increase in receivables	(19,561)	-
Less: Deposit paid	(1,472)	-
	<u>-</u>	<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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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

Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the nine months ended 30 September 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 22 November 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 nine months ended 30 September 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
For the nine months ended 30 September 2016 – unaudited

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:

(i) Acquisition of non-controlling interests

On 4 July 2016, the Company (“WTK”) increased its equity interest in General Aluminium Works (M) Sdn Bhd (“GAW”) from 91.4% to 91.7% for a total cash consideration of RM144,600. Consequently, WTK together with Samanda Equities Sdn Bhd (“SESB”), a direct wholly-owned subsidiary of WTK, hold an aggregate equity interest of 93.7% in GAW.

(ii) Transfer up of indirect subsidiaries

On 1 September 2016, GAW had transferred its entire shareholdings of 765,000 ordinary shares of RM1.00 each in QPA Sdn Bhd (“QPA”) and 100,000 ordinary shares of RM1.00 each in Zapstat Sdn Bhd (“Zapstat”) for a nominal cash consideration of RM1.00 each in QPA and Zapstat to WTK. Arising therefrom, QPA and Zapstat, both of which are dormant companies became direct subsidiaries of WTK.

(iii) Disposal of a subsidiary

On 24 August 2016, the Company, 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 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.

Upon completion of the disposal on 5 September 2016, GAW ceased to be a subsidiary of the Group. The assets and liabilities of GAW were no longer included in the consolidated statements of financial position of the Group as at 30 September 2016. The results of GAW has been disclosed as discontinued operation and the comparative statements of comprehensive income has been restated to show the discontinued operation separately from continuing operations. The subsidiary was principally involved in the conversion of aluminium foils into various foil products for sale and reported as part of the manufacturing segment.

Accordingly, the Group recognised a loss on disposal of a subsidiary amounting to RM9.5 million in the current quarter.

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For the nine months ended 30 September 2016 – unaudited

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

There were no changes in the composition of the Group during the current financial quarter except for the following: (cont'd)

(iii) Disposal of a subsidiary (cont'd)

The results of GAW are as follows:

	3 months ended		9 months ended	
	5.9.2016	30.9.2015	5.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	5,276	11,788	25,523	33,209
Cost of sales	(4,894)	(9,390)	(22,697)	(28,393)
Gross Profit	382	2,398	2,826	4,816
Other income	184	668	335	1,158
Selling and distribution expenses	(215)	(425)	(852)	(1,249)
Administrative expenses	(1,062)	(476)	(2,629)	(1,658)
Finance costs	(10)	(20)	(43)	(112)
(Loss)/Profit before tax	(721)	2,145	(363)	2,955
Income tax expense	(601)	(383)	(779)	(832)
(Loss)/ Profit for the period ended				
5 September 2016/ 30 September 2015	(1,322)	1,762	(1,142)	2,123
Loss on disposal of GAW	(9,473)	-	(9,473)	-
(Loss)/Profit for the period from discontinued operation	(10,795)	1,762	(10,615)	2,123

The cash flow of discontinued operation are as follows:

	9 months ended	
	30.9.2016	30.9.2015
	RM'000	RM'000
Net cash flow (used in)/from operating activities	(2,062)	11,372
Net cash flow from/(used in) investing activities	19,880	(1,611)
Net cash flow used in financing activities	(34,086)	(3,446)
Net cash outflow from discontinued operation	(16,268)	(6,315)

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For the nine months ended 30 September 2016 – unaudited

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

There were no changes in the composition of the Group during the current financial quarter except for the following: (cont'd)

(iii) Disposal of a subsidiary (cont'd)

The details of net assets and net cash inflow arising from the disposal of GAW at the effective date are as follows:

	5.9.2016 RM'000
Investment in a jointly controlled entity	1,582
Property, plant and equipment	7,231
Inventories	15,504
Receivables	6,949
Tax recoverable	1,464
Cash and bank balances	3,622
Payables	(7,748)
Deferred tax liabilities	(1,555)
Non-controlling interest	(1,647)
Net assets disposed	25,402
Loss on disposal of a subsidiary	(9,473)
Proceeds from disposal of a subsidiary	15,929
Less: Cash and cash equivalent in subsidiary disposed	(3,622)
Net cash inflow from disposal of subsidiary	<u>12,307</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 2016 – unaudited

6. Segmental information

	9 months ended 30.9.2016		9 months ended 30.9.2015	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000 (Restated)	Profit/(loss) before tax RM'000 (Restated)
<u>Continuing Operations:</u>				
Timber	413,203	18,390	414,425	39,190
Plantation	13,150	(8,337)	5,731	(5,176)
Oil and Gas	34,884	(974)	8,154	1,423
Manufacturing	27,058	3,844	16,165	4,389
Trading	23,321	2,083	35,180	3,595
Others	1,823	(6,037)	2,854	(1,221)
Total continuing operations	513,439	8,969	482,509	42,200
<u>Discontinued Operation:</u>				
Manufacturing	25,523	(363)	33,209	2,955
Total	538,962	8,606	515,718	45,155

For the purpose of segmental information and commentary for Note 25 and 26, the loss on disposal of a subsidiary of RM9.5 million is presented under Others segment of continuing operations.

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 nine months ended 30 September 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		9 months ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the period is arrived at after charging:				
Amortisation	1,788	1,788	5,364	5,364
Allowance for impairment loss on receivables	-	178	2	7,472
Depreciation	9,845	9,784	29,878	29,048
Interest expense	2,673	2,262	8,030	6,129
Inventories written off	2	6	14	12
Loss on disposal of property, plant and equipment	-	20	512	173
Loss on disposal of a subsidiary	9,473	-	9,473	-
Loss on foreign exchange	-	-	503	-
Property, plant and equipment written off	65	8	122	12
and crediting:				
Accretion of interest on RCPS	299	274	877	1,059
Allowance for impairment loss on receivables no longer required	3	-	2,064	-
Gain on disposal of investment properties	6,550	-	6,550	-
Gain on disposal of property, plant and equipment	189	-	-	-
Gain on foreign exchange	238	1,136	63	2,201
Hire of machinery	122	139	385	412
Interest income	2,520	1,062	6,739	3,473

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

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Taxation based on results for the period:				
<u>Current income tax</u>				
- Malaysian income tax	2,267	1,896	6,464	7,888
- Foreign tax	102	92	353	306
	2,369	1,988	6,817	8,194
(Over)/Under provision in respect of previous years				
- Malaysian income tax	(2)	3,328	(17)	3,391
	2,367	5,316	6,800	11,585
<u>Deferred income tax</u>				
- Original and reversal of temporary differences	(31)	(27)	(913)	9
<u>Real Property Gain Tax</u>				
- Current year	646	-	646	-
- Underprovision in respect of previous years	2	-	2	-
	648	-	648	-
Total	2,984	5,289	6,535	11,594
Income tax attributable to:				
- Continuing operations	2,984	5,289	6,535	11,594
- Discontinued operation	601	383	779	832
	3,585	5,672	7,314	12,426

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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10. Earnings per share

Basic earnings per share amounts are calculated by dividing loss/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		9 months ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	(Restated)		(Restated)	
(Loss)/Profit attributable to the owners of the Company (RM'000)	(6,406)	21,198	1,979	33,144
(Loss)/Profit attributable to the owners of the Company (RM'000)	(6,406)	21,198	1,979	33,144
Less: (Loss)/Profit from discontinued operations attributable to the owners of the Company	(10,795)	1,762	(10,615)	2,123
Profit from continuing operations attributable to the owners of the Company	4,389	19,436	12,594	31,021
Weighted average number of ordinary shares in issue ('000)	477,487	477,504	477,484	477,506
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,487	477,504	477,484	477,506
Basic EPS (sen)	(1.34)	4.44	0.41	6.94
Diluted EPS (sen)	(1.34)	4.44	0.41	6.94

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10. Earnings per share (cont'd)

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	(Restated)		(Restated)	
Basic EPS (sen) attributable to:				
- Continuing operations	0.92	4.07	2.64	6.50
- Discontinued operations	(2.26)	0.37	(2.22)	0.44
	(1.34)	4.44	0.42	6.94
Diluted EPS (sen) attributable to:				
- Continuing operations	0.92	4.07	2.64	6.50
- Discontinued operations	(2.26)	0.37	(2.22)	0.44
	(1.34)	4.44	0.42	6.94

11. Property, plant and equipment

During the 9 months ended 30 September 2016, the Group acquired assets with a total cost of RM15,541,000 (30 September 2015: RM11,013,000) excluding property, plant and equipment acquired through business combinations.

Assets with carrying amount of RM1,771,000 were disposed of by the Group during the 9 months ended 30 September 2016 (30 September 2015: RM771,000), resulting in a loss on disposal of RM512,000 (30 September 2015: RM173,000).

As disclosed in Note 31, subsequent to the completion of Proposed Disposal of Land by GAW and sales of GAW on 1 September 2016 and 5 September 2016 respectively, the land and building is transferred from property, plant and equipment and presented in the Statements of Financial Position as “Investment Properties”.

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12. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	RM'000
Cost			
At 1 January 2016	33,728	111,584	145,312
Arising from disposal of a subsidiary	(135)	-	(135)
At 30 September 2016	<u>33,593</u>	<u>111,584</u>	<u>145,177</u>
Accumulated amortisation and impairment			
At 1 January 2016	7,814	73,405	81,219
Amortisation for current financial period	-	4,614	4,614
Arising from disposal of a subsidiary	(135)	-	(135)
At 30 September 2016	<u>7,679</u>	<u>78,019</u>	<u>85,698</u>
Net carrying amount			
At 30 September 2016	<u>25,914</u>	<u>33,565</u>	<u>59,479</u>
At 31 December 2015	<u>25,914</u>	<u>38,179</u>	<u>64,093</u>

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 September 2016			
Timber division	24,598	33,565	58,163
Trading division	1,308	-	1,308
Manufacturing division	8	-	8
	<u>25,914</u>	<u>33,565</u>	<u>59,479</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>

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12. Intangible assets (cont'd)

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.

13. Cash and bank balances

	30.9.2016	31.12.2015
	RM'000	RM'000
Cash on hand and at bank	233,350	195,797
Short term deposits with licensed financial institutions	170,280	156,829
Cash and bank balances	<u>403,630</u>	<u>352,626</u>

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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 September 2016	<u>1,183</u>	<u>-</u>	<u>-</u>	<u>1,183</u>
	31 December 2015	<u>1,141</u>	<u>-</u>	<u>-</u>	<u>1,141</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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15. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares during the current quarter ended 30 September 2016.

During the current quarter ended 30 September 2016, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM1.02 per share. The total consideration paid for the repurchase including transaction costs was RM10,279 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 3,871,000 shares as at 30 September 2016.

16. Interest bearing loans and borrowings

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

	30.9.2016	31.12.2015
	RM'000	RM'000
Short term borrowings		
Secured	86,452	92,003
Unsecured	91,039	74,273
	<u>177,491</u>	<u>166,276</u>
Long term borrowings		
Secured	130,663	144,406
Total	<u>308,154</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.

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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 September 2016 (30 September 2015: RM Nil).

19. Commitments

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

20. Contingencies

There were no material changes to the contingent liabilities since the date of the last annual financial statements other than those disclosed below:

	30.09.2016	31.12.2015
	RM'000	RM'000
i) Contingent liability arising from investment in a subsidiary in respect of balance purchase consideration subject to the indirect associate attaining certain target profit for the financial year ending 31 December 2016:		
- Unsecured	4,537	11,262
ii) Corporate guarantee issued by the Company to third party:		
- Unsecured	3,000	-

Save as disclosed in Note 5(iii), the sale of GAW was completed upon fulfilment of the conditions precedent as stipulated in the Share Sale Agreement (“SSA”), of which one of the conditions is that a Corporate Guarantee of RM3,000,000 be given by the Company to General Aluminium Holding Ltd for a period of 5 years in the event the amount in the Escrow Account has been fully utilised or is insufficient to pay any future tax, penalties or fines imposed by the IRB in regards to the former subsidiary's tax returns for the years of assessment 2007 to 2014 or that the Escrow Account has been closed upon completion of the Escrow period. The contingent liability is disclosed above.

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20. Contingencies (cont'd)

An Escrow Account of RM2,000,000 has been established for a period of 3 years (“Escrow period”) from 1 September 2016 for the settlement of any future tax, penalties or fines imposed by the Inland Revenue Board (“IRB”) in regards to the former subsidiary's tax returns for the years of assessment 2007 to 2014. The Escrow Account is included in other receivables in the consolidated statements of financial position as at the reporting date.

There were no contingent assets as at 30 September 2016 and 31 December 2015.

21. 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 2016 and 30 September 2015.

	Note	Transaction value	
		30.9.2016 RM'000	30.9.2015 RM'000
Sawn timber sales:			
W T K Realty Sdn. Bhd.	#	437	-
Purchase of logs:			
Faedah Mulia Sdn. Bhd.	#	-	3,443
Harbour-View Realty Sdn. Bhd.	^	7,633	1,623
Ocarina Development Sdn. Bhd.	#	23,336	29,822
Protection Gloves Sdn. Bhd.	^	-	3,378
		30,969	38,266
Literage and freight:			
Master Ace Territory Sdn. Bhd.	#	844	964
Ocarina Development Sdn. Bhd.	#	2,015	1,432
W T K Realty Sdn. Bhd.	#	6,420	4,802
Harbour-View Realty Sdn. Bhd.	^	89	-
		9,368	7,198
Purchase of spare parts:			
W. T. K. Enterprises Sdn. Bhd.	#	-	21
WTK Service & Warehousing Sdn. Bhd.	^	20,373	3,797
		20,373	3,818

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21. Related party transactions (cont'd)

	Note	Transaction value	
		30.9.2016 RM'000	30.9.2015 RM'000
Purchase of frozen food:			
Sing Chew Coldstorage Sdn. Bhd.	^	1,988	1,286
Purchase of hardware and lubricants:			
W.T.K Trading Sdn. Bhd.	#	4	20
WTK Service & Warehousing Sdn. Bhd.	^	9,921	10,358
		<u>9,925</u>	<u>10,378</u>
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	6,296	7,095
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	2,430	2,430
United Agencies Sdn. Bhd.	^	7,118	6,180
W T K Realty Builder Sdn. Bhd.	#	-	70
W T K Realty Sdn. Bhd.	#	-	317
		<u>9,548</u>	<u>8,997</u>
Sales of fresh fruit bunches:			
Delta Pelita Sebakong Sdn. Bhd.	#	5,465	-
Harvard Master Sdn. Bhd.	#	4,177	-
Southwind Plantation Sdn. Bhd.	#	552	-
		<u>10,194</u>	<u>-</u>
Purchase of fresh fruit bunches:			
W T K Realty Sdn. Bhd.	#	89	-

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

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

	30.9.2016	31.12.2015
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	3,793	3,388
Other receivables (net of allowance for impairment)	784	3,813
Trade payables	(11,885)	(5,824)
Other payables	(1,299)	(363)

22. Events after the reporting period

There are no events after the quarter ended 30 September 2016 which could materially affect the Group.

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 RM6.6 million was recognised during the current quarter.

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24. Changes in previous quarter presentation

The following disclosure for the third quarter ended 30 September 2015 has been restated to conform with the current period's presentation:

Quarter ended 30 September 2015 (3 months)

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Revenue	191,314	(11,788)	179,526
Cost of sales	(144,643)	9,390	(135,253)
Gross Profit	46,671	(2,398)	44,273
Other income	4,330	(668)	3,662
Selling and distribution expenses	(15,317)	425	(14,892)
Administrative expenses	(7,363)	476	(6,887)
Operating profit	28,321	(2,165)	26,156
Finance costs	(2,262)	20	(2,242)
Profit before tax	26,797	(2,145)	24,652
Income tax expense	(5,672)	383	(5,289)
Profit for the period from continuing operation	21,125	(1,762)	19,363
Profit for the period from discontinued operation	-	1,762	1,762

Period ended 30 September 2015 (9 months)

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Revenue	515,718	(33,209)	482,509
Cost of sales	(404,482)	28,393	(376,089)
Gross Profit	111,236	(4,816)	106,420
Other income	12,240	(1,158)	11,082
Selling and distribution expenses	(41,063)	1,249	(39,814)
Administrative expenses	(32,407)	1,658	(30,749)
Operating profit	50,006	(3,067)	46,939
Finance costs	(6,129)	112	(6,017)
Profit before tax	45,155	(2,955)	42,200
Income tax expense	(12,426)	832	(11,594)
Profit for the period from continuing operation	32,729	(2,123)	30,606
Profit for the period from discontinued operation	-	2,123	2,123

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25. Performance review

For the quarter under review, the Group's revenue was RM164.0 million as compared to RM191.3 million in 3Q2015, representing a decrease of RM27.3 million or 14.3%. The Group recorded a loss before tax of RM2.9 million when compared to 3Q2015's profit before tax of RM26.8 million. This is mainly attributed by the timber division and a loss on disposal of an investment in a subsidiary which is involved in the conversion of aluminium foils.

Quarter 3, 2016

Timber

For the current quarter, the Group's timber division registered a revenue of RM124.7 million, representing a decrease of RM27.9 million or 18.3% as compared to RM152.6 million in 3Q2015. Despite better sales volume and higher average selling prices for local sales of logs, current quarter's revenue was eroded by plywood division which recorded lower sales volume by 21.7% coupled with a decrease in average selling price by 7.8% and a foreign exchange loss of 1.5% in US Dollar against Malaysian Ringgit. Sales volume for plywood dropped due to slowdown in demand for imported plywood by the Japanese buyers despite there was an improvement in housing starts by 7.1% as compared to 3Q2015. This was mainly due to substitution by cheaper plywood produced domestically.

Its pre-tax profit stood at RM4.8 million in 3Q2016, representing a decrease of 79.2% or RM18.3 million when compared to RM23.1 million registered in 3Q2015. Lower pre-tax profit was generated due to substantial decline in sales volume of plywood with lower selling prices in addition to higher plywood production cost by 7.9% as a result of lower production volume by 2%.

On a year-to-date ("YTD") basis, the timber division registered a revenue of RM413.2 million, reflecting a drop of RM1.2 million or 0.3% when compared with the previous corresponding year of RM414.4 million, whilst its pre-tax profit stood at RM18.4 million with a decrease of RM20.8 million or 53.1% when compared with the previous corresponding year of RM39.2 million. Despite better sales volume and higher average selling prices for local sales of logs, revenue dropped mainly attributed to 7.8% decrease in plywood sales whilst lower profit reported was mainly due to higher plywood production cost by 9.1%.

The Group's key export markets for round logs were India (97%) and Vietnam (3%). The export markets for plywood for the quarter under review were Japan (87%) and Taiwan (13%).

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25. Performance review (cont'd)

Quarter 3, 2016 (cont'd)

Plantation

The plantation division registered a revenue of RM6.2 million for 3Q2016 as compared to the last corresponding period of RM2.2 million, reflecting an increase of RM4.0 million or 181.8% as the palms are moving up the production life cycle. However, the division registered a loss before tax of RM2.1 million as compared to loss before tax of RM1.6 million in 3Q2015. 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 to cover the operational costs.

On a YTD basis, the division registered a revenue of RM13.2 million as compared to the last corresponding year of RM5.7 million, representing an increase of RM7.5 million or 131.6%. 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 incurred higher loss before tax of RM8.3 million from RM5.2 million mainly due to expenditure from the newly declared mature palms which were previously capitalised is now expensed off.

Manufacturing and Trading

Consequent to the disposal of GAW as disclosed in Note 5(iii), the financial results for manufacturing and trading division are presented separately as continuing and discontinued operation.

Continuing operation

The division registered a revenue of RM15.4 million in 3Q2016 with a decrease of RM2.2 million or 12.5% when compared to RM17.6 million in 3Q2015. The decrease in revenue was mainly due to decreased volume for cellulose and masking tape as a result of market competition.

Profit before tax stood at RM1.5 million, representing a decrease of RM1.4 million or 48.3% when compared to RM2.9 million in 3Q2015. This was mainly due to decrease in revenue for cellulose and masking tape as a result of market competition despite the gain on foreign exchange of RM0.6 million in 3Q2015.

On a YTD basis, the Group registered a revenue of RM50.4 million, representing a decrease of RM0.9 million or 1.8% when compared to the last corresponding period of RM51.3 million. Accordingly, profit before tax recorded a decrease of RM2.1 million or 26.3% from RM5.9 million when compared to the last corresponding period of RM8.0 million mainly due to higher sales of jumbo rolls masking tapes with lower profit margin. In addition, there was a gain on foreign exchange of RM1.2 million in YTD 3Q2015.

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25. Performance review (cont'd)

Quarter 3, 2016 (cont'd)

Manufacturing and Trading (cont'd)

Discontinued operation

Revenue for 3Q 2016 registered at RM5.3 million which was lower by RM6.5 million or 55.1% as compared to 3Q 2015. The significant drop in revenue was partly due to the comparison of financial result for 2 months in 3Q2016 against 3 months in 3Q2015 in addition to lower revenue in 3Q2016 resulted from reduced sales volume for foil and flexible packaging products.

Accordingly, the division registered a loss before tax of RM0.7 million for the 3Q 2016 as compared to 3Q 2015's profit before tax of RM2.1 million. The loss before tax was attributed to the lower revenue generated from foils products and higher production cost resulting from reduced volume.

On a YTD basis, the revenue registered at RM25.5 million, representing a decline of RM7.7 million or 23.2% when compared to the last corresponding period of RM33.2 million. The decline in revenue was mainly due to the reduced sales volume for foil products. Accordingly, loss before tax stood at RM0.4 million when compared to the last corresponding period's profit before tax of RM3.0 million attributed to the lower revenue and higher production cost.

Oil and Gas

The Oil and Gas division registered a revenue of RM11.9 million, representing an increase of RM5.9 million or 98.3% when compared to 3Q2015's revenue of RM6.0 million mainly due to the contribution from vessels chartering.

Despite higher revenue, a loss before tax of RM0.8 million was registered as compared to 3Q2015's profit before tax of RM0.9 million. The loss before tax was mainly due to the off-hire of vessels for the delay in the resumption of projects from customers in September 2016. Besides, the loss before tax also took into account the amortization of intangible assets of RM0.9 million embedded in investment in the associate company.

On a YTD basis, the division registered a revenue of RM34.9 million as compared to the last corresponding period of RM8.2 million, representing an increase of RM26.7 million. Its loss before tax stood at RM1.0 million when compared to last corresponding period's profit before tax of RM1.4 million. The higher revenue was mainly due to the contribution from vessels chartering. However, the loss before tax was attributed to off-hire of vessels for the adverse weather condition in January and the delay in the resumption of projects from customers.

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25. Performance review (cont'd)

Quarter 3, 2016 (cont'd)

Others

Subsequent to the disposal of investment properties in 4Q2015 followed by the disposal of car park investment properties in August 2016, there was no longer rental income being generated. Accordingly, revenue for current quarter dropped as compared to 3Q2015. The higher loss before tax of RM5.5 million was mainly due to the disposal of an investment in a subsidiary which resulted in a loss of RM9.5 million and incidental expenses of RM2.2 million incurred in connection with the disposal, netting off a gain on disposal of investment properties of RM6.6 million.

On a YTD basis, this division recorded a lower revenue as there was no longer rental income being generated. The higher loss before tax was mainly due to net loss on disposal of a subsidiary after deducting incidental expenses, notwithstanding a gain on disposal of investment properties.

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26. Comment on material change in profit before taxation

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

Quarter 3, 2016

Timber

The timber division recorded a revenue of RM124.7 million as compared to 2Q2016's revenue of RM135.9 million, representing a decrease of RM11.2 million or 8.2%. The lower revenue was mainly due to the drop in plywood sales and log sales by 6.6% and 4.7% respectively. The drop in plywood sales was mainly due to slowdown in demand for imported plywood by Japanese buyers as they are moving toward consuming domestically produced cheaper plywood. However, the timber division reported a higher pre-tax profit of RM4.8 million, representing an increase of RM2.5 million or 108.7% whilst 2Q2016's pre-tax profit was at RM2.3 million. This was mainly due to the lower profit generated from plywood division as a result of higher production cost by 4.3%. However, the logging division achieved a better performance due to lower average log production cost by 7.1%.

Plantation

During 3Q2016, the plantation division registered a revenue of RM6.2 million as compared to RM4.0 million in 2Q2016, representing an increase of RM2.2 million or 55.0%. The higher revenue was mainly due to the young palms moving up the production life cycle. Accordingly, the division registered a lower loss before tax of RM2.1 million as compared to RM2.3 million reported in 2Q2016. The loss before tax during this quarter was mainly due to insufficient FFB production volume to cover the operational costs. In addition, the higher loss recorded in the preceding quarter was mainly due to expenditure previously capitalised.

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26. 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 3, 2016 (cont'd)

Manufacturing and Trading

Continuing operation

Revenue for the manufacturing and trading division recorded a decrease of RM2.4 million or 13.5% to RM15.4 million when compared to RM17.8 million in 2Q2016. This was mainly due to shorter working days in July. Accordingly, profit before tax recorded a decrease of RM0.5 million attributed to lower revenue and higher production cost.

Discontinued operation

The revenue registered at RM5.3 million, a decline of RM5.7 million when compared to 2Q2016 of RM11.0 million whilst its loss before tax stood at RM0.7 million as compared to 2Q2016's profit before tax of RM0.5 million. The decline in revenue and loss before tax was attributed to the lower revenue and higher production cost as a result of shorter working days in July.

Oil and Gas

The Oil and Gas division registered a revenue of RM11.9 million, representing an increase of RM0.7 million or 6.3% when compared to 2Q2016's revenue of RM11.2 million. The increase in revenue was mainly due to charter fees from vessels chartering through Alanya Marine Ventures Sdn Bhd and its associate company.

Its loss before tax stood at RM0.8 million in the current quarter as compared to 2Q2016's profit before tax of RM0.6 million. The loss before tax was mainly due to off-hire of vessels as the delay in the resumption of projects from customers in September 2016.

Others

The drop in revenue for the current quarter as compared to 2Q2016 was mainly due to cessation of car park income upon the completion of the disposal of investment properties in August 2016 which resulted in a gain on disposal of RM6.6 million. The higher loss before tax in the current quarter has also taken into account the one-off loss on disposal of an investment in a subsidiary and incidental expenses in connection to the disposal.

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27. Commentary on prospects

Timber

The global economy has been dampened by relatively slow growth, weak business investment, persistent deflationary pressures and slow growth of cross-border trade in goods and services.

US economy is expected to do better in the second half with higher consumer spending from the recovery of its labour market whereas the Chinese economy is expected to stabilise, fueled in part by government stimulus and an easing of monetary policy.

Japan announced a fiscal stimulus measure of 28 trillion yen in July to restore growth in the face of the fading impact of monetary policy and persistent deflationary pressures. Housing starts rise by 7.1% and 2.4% respectively when compared to the last corresponding period and 2Q2016. Going forward, we expect our plywood products to be sustained.

India's economic growth is expected to grow above 7% in 2016 to 2017 although it is still facing some headwind. New legislation involving tax and bankruptcy reforms together with its labour market reform could set the stage for an acceleration of growth to promote more employment and stimulate more inbound foreign investment which in turn will continue to benefit the timber sector.

Plantation

Our plantation division's FFB production increased by 91.2% as compared to the last corresponding quarter and would continue to improve its yield. Moving forward, crude palm oil ("CPO") prices are expected to stay range-bound with current level of inventory. The division is expected to register better result in the coming quarter, supported by the stable 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 and branding products. At the same time, Management continues to expand efforts to open new markets with higher value-added and substitute products. With all these efforts in place, the Group is cautious and expects a modest growth in 2016.

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27. Commentary on prospects (cont'd)

Oil and Gas

The members of the Organization of the Petroleum Exporting Countries (OPEC) agreed to cut oil production during the Algiers OPEC meeting on 28 September 2016. This supply management at first will brighten the prospect for the oil and gas industry. However, non-OPEC members like Russia, Mexico and Oman are more tentative about their participation prior to any final decision made by OPEC members. Besides, Iraq is demanding an exemption to any oil production cut decided by OPEC members. In view of this, the stabilization of oil price is highly dependent on the progress towards an agreement on curbing oil production.

PETRONAS continues with its cost rationalisation plans to overcome its bottom line challenges that is directly affected by the prolonged drop in oil price. These challenges are further elevated as they are committed to contributing a dividend payment of RM13 billion to the Government, based on the Budget 2017 announced by the Prime Minister.

Even though the Group's DP2 Accommodation Workboats (AWBs) remain choice vessels for use by PETRONAS, the outlook for the remaining quarter remains cautious due to PETRONAS and its PSCs' delays in the resumption of projects that require such vessels. The upcoming monsoon season would further delay any offshore oil and gas activities. Nevertheless, the Group is actively participating in ongoing tender bids for projects in Malaysia and in neighbouring countries such as Brunei and Thailand.

In addition to this, the Group is expected to commence trial for the provisioning of non-metallic piping, an extension to the engineering services and maintenance of oil and gas pipelines we have embarked on in Sarawak. This is expected to contribute positively to the division's financial performance for the next 2 years.

28. 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.

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

Please refer to the commentary on Note 28.

30. Profit forecast or profit guarantee

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

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31. Status of corporate proposal

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 was completed on 1 September 2016.

Subsequent to the completion of sales of GAW on 5 September 2016 as disclosed in Note 5(iii), the land and building is presented in the Statements of Financial Position as “Investment Properties”.

Other than as disclosed above, there is no other corporate proposal announced.

32. Changes in material litigation

There was no material litigation against the Group.

33. Dividend payable

Please refer to Note 18 for details.

34. Disclosure on nature of outstanding derivatives

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

35. Rationale for entering into derivatives

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

36. Risks and policies of derivatives

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

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37. 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 2016 and 30 September 2015.

38. Breakdown of realised and unrealised profits

	As at 30.9.2016	As at 31.12.2015 (Audited)
	RM'000	RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,351,521	1,355,851
- Unrealised	(71,133)	(71,456)
	1,280,388	1,284,395
 Total share of retained profits from an associate :		
- Realised	4,696	837
 Total share of retained profits from a jointly controlled entity:		
- Realised	(244)	(244)
	1,284,840	1,284,988
Less: Consolidation adjustments	(223,362)	(213,622)
 Total Group retained profits as per consolidated accounts	1,061,478	1,071,366

39. 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: 22 NOVEMBER 2016