

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	31.12.2016	31.12.2015
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	616,321	657,452
Prepaid land lease payments	34,000	35,000
Investment properties	16,759	-
Investment in a jointly controlled entity	-	1,582
Investment in associates	50,371	71,214
Other investments	15,369	14,102
Intangible assets	56,214	64,093
Biological assets	390,908	371,977
Deferred tax assets	-	43
	<u>1,179,942</u>	<u>1,215,463</u>
Current assets		
Inventories	147,998	156,669
Trade receivables	35,931	35,382
Other receivables	99,272	88,402
Tax recoverable	6,676	9,603
Cash and bank balances	366,570	352,626
	<u>656,447</u>	<u>642,682</u>
Assets classified as held for sale	-	14,483
	<u>656,447</u>	<u>657,165</u>
TOTAL ASSETS	<u>1,836,389</u>	<u>1,872,628</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (Cont'd)

	31.12.2016	31.12.2015
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	181	257
Short term borrowings	136,720	167,851
Trade payables	104,764	50,108
Other payables	22,276	37,560
Current tax payable	1,659	2,360
	<u>265,600</u>	<u>258,136</u>
Net current assets	<u>390,847</u>	<u>399,029</u>
Non-current liabilities		
Retirement benefit obligations	2,210	2,348
Long term borrowings	122,510	142,831
Deferred tax liabilities	69,913	76,251
	<u>194,633</u>	<u>221,430</u>
Total liabilities	<u>460,233</u>	<u>479,566</u>
Net assets	<u>1,376,156</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	6,466	5,842
Retained earnings	1,059,395	1,071,366
	<u>1,367,051</u>	<u>1,378,422</u>
Non-controlling interests	9,105	14,640
Total equity	<u>1,376,156</u>	<u>1,393,062</u>
TOTAL EQUITY AND LIABILITIES	<u>1,836,389</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 YEAR ENDED 31 DECEMBER 2016 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 December 2016 RM'000	2015 RM'000 (Restated)	Twelve months ended 31 December 2016 RM'000	2015 RM'000 (Restated)
Continuing Operations				
Revenue	176,614	200,904	690,053	683,413
Cost of sales	(141,749)	(154,829)	(583,523)	(530,918)
Gross profit	34,865	46,075	106,530	152,495
Other income	9,086	16,091	32,826	27,173
Selling and distribution expenses	(13,807)	(13,858)	(54,198)	(53,672)
Administrative expenses	(11,090)	(12,493)	(38,327)	(43,242)
Operating profit	19,054	35,815	46,831	82,754
Finance costs	(3,403)	(4,953)	(11,390)	(10,970)
Share of results of associates	(19,863)	(181)	(21,211)	1,097
(Loss)/Profit before tax	(4,212)	30,681	14,230	72,881
Income tax credit/(expense)	1,197	(5,210)	(5,338)	(16,804)
(Loss)/Profit for the period/year from continuing operations	(3,015)	25,471	8,892	56,077
Discontinued Operation				
Profit/(Loss) for the period/year from discontinued operation	-	350	(10,615)	2,473
(Loss)/Profit for the period/year	(3,015)	25,821	(1,723)	58,550
Other comprehensive income/(loss)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement gain of retirement benefit	27	-	27	-
Items that may be reclassified subsequently to profit or loss:				
Net gain/(loss) on available-for-sale financial assets				
- Gain on fair value changes	42	(231)	88	4
- Transfer to profit or loss upon disposal	-	-	(2)	-
Foreign currency translation	684	(750)	538	3,451
	726	(981)	624	3,455
Other comprehensive income/(loss), net of tax	753	(981)	651	3,455
Total comprehensive (loss)/income for the period/year	(2,262)	24,840	(1,072)	62,005
(Loss)/Profit attributable to:				
Owners of the Company	(2,119)	26,418	(140)	59,562
Non-controlling interests	(896)	(597)	(1,583)	(1,012)
(Loss)/Profit for the period/year	(3,015)	25,821	(1,723)	58,550
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(1,366)	25,437	511	63,017
Non-controlling interests	(896)	(597)	(1,583)	(1,012)
Total comprehensive (loss)/income for the period/year	(2,262)	24,840	(1,072)	62,005
(Loss)/Earnings per share attributable to owners of the Company:				
Basic, for (loss)/profit for the period/year (sen)	(0.44)	5.53	(0.03)	12.47
(Loss)/Earnings per share from continuing operations attributable to owners of the Company:				
Basic, for (loss)/profit for the period/year (sen)	(0.44)	5.46	2.19	11.95
Earnings/(Loss) per share from discontinued operation attributable to owners of the Company:				
Basic, for profit/(loss) for the period/year (sen)	-	0.07	(2.22)	0.52

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.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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		
Year ended 31 December 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	(1,072)	511	-	-	-	(113)	624	538	86	(1,583)
Transactions with owners										
Dilution of interest in non-controlling interest	(144)	31	-	-	-	31	-	-	-	(175)
Dividends on ordinary shares	(11,889)	(11,889)	-	-	-	(11,889)	-	-	-	-
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 31 December 2016	1,376,156	1,367,051	240,672	68,674	(8,156)	1,059,395	6,466	6,576	(110)	9,105
Year ended 31 December 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	62,005	63,017	-	-	-	59,562	3,455	3,451	4	(1,012)
Transaction with owners										
Dividends on ordinary shares	(8,738)	(8,738)	-	-	-	(8,738)	-	-	-	-
Dividends paid to non-controlling interests	(57)	-	-	-	-	-	-	-	-	(57)
Repurchase of treasury shares	(21)	(21)	-	-	(21)	-	-	-	-	-
At 31 December 2015	1,393,062	1,378,422	240,672	68,674	(8,132)	1,071,366	5,842	6,038	(196)	14,640

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 YEAR ENDED 31 DECEMBER 2016 - UNAUDITED

	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	14,230	72,881
(Loss)/Profit before tax discontinued operation	(9,836)	2,991
	<u>4,394</u>	<u>75,872</u>
Adjustments for:		
Accretion of interest on RCPS	(1,182)	(1,339)
Allowance for impairment loss on receivables	5	9,960
Allowance for impairment loss on receivables no longer required	(2,064)	(264)
Amortisation	7,154	7,154
Depreciation	40,264	39,699
Dividend income	(34)	(5,461)
Loss on disposal of property, plant and equipment	554	177
Loss on disposal of a subsidiary	9,473	-
Gain on disposal of investment properties	(6,550)	(9,902)
Impairment loss on goodwill	1,725	2,308
Interest income	(9,768)	(5,843)
Interest expense	11,433	11,102
Inventories written down	185	17
Property, plant and equipment written off	153	212
Retirement benefit obligations	176	213
Reversal of deferred contingent liability	(4,590)	-
Share of results of associates	21,211	(1,097)
Unrealised gain on foreign exchange	258	(2,191)
Other non-cash items	(9)	429
	<u>72,788</u>	<u>121,046</u>
Operating profit before working capital changes		
Changes in working capital :		
Net increase in current assets	(22,995)	(1,831)
Net increase in current liabilities	52,899	1,505
Cash generated from operations	<u>102,692</u>	<u>120,720</u>
Payment of retirement benefit	(363)	(147)
Payment of land premium	-	(424)
Interest paid	(16,822)	(19,482)
Interest received	9,768	5,843
Taxation paid	<u>(10,112)</u>	<u>(16,528)</u>
Net cash from operating activities	<u>85,163</u>	<u>89,982</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 - UNAUDITED (Cont'd)

	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on disposal of a subsidiary	12,307	-
Additional investment in a subsidiary	(144)	-
Biological assets expenditure	(10,727)	(20,409)
Net dividend received from investment securities	34	146
Subscription of shares in an associate	(368)	-
Proceeds from disposal of property, plant and equipment	1,868	623
Proceeds from disposal of investment properties	19,561	2,098
Purchase of investment properties	(25)	-
Proceeds from disposal of investment securities	5	-
Purchase of property, plant and equipment	<u>(27,680)</u>	<u>(12,433)</u>
Net cash used in investing activities	<u>(5,169)</u>	<u>(29,975)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(2,130)	(57)
Dividend paid to owners of the Company	(11,889)	(8,738)
Drawdown of term loans	9,895	16,251
Drawdown of trade financing facilities	99,034	302,025
Decrease in fixed deposits pledged to licensed financial institutions	(2)	322
Repayment of hire purchases	(2,919)	(4,274)
Repayment of term loans	(27,536)	(15,933)
Repayment of trade financing facilities	(124,595)	(274,534)
Repurchase of treasury shares	<u>(24)</u>	<u>(21)</u>
Net cash (used in)/from financing activities	<u>(60,166)</u>	<u>15,041</u>
Net increase in cash and cash equivalents	19,828	75,048
Effects of exchange rate changes	(187)	2,924
Net cash and cash equivalents at the beginning of the year	<u>323,452</u>	<u>245,480</u>
Net cash and cash equivalents at the end of the year	<u><u>343,093</u></u>	<u><u>323,452</u></u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 - UNAUDITED (Cont'd)

	31.12.2016	31.12.2015
	RM'000	RM'000
For the purpose of statements of cash flows, net cash and cash equivalents include the following:-		
Cash and bank balances	366,570	352,626
Less: Bank overdrafts	(23,413)	(29,112)
Less: Fixed deposits pledged to financial institutions	(64)	(62)
Cash and cash equivalents	343,093	323,452

NOTE TO STATEMENTS OF CASH FLOWS

	31.12.2016	31.12.2015
	RM'000	RM'000
A. PROCEEDS FROM DISPOSAL OF INVESTMENT PROPERTIES		
Investment properties were disposed by the following means:		
Total proceeds	21,033	29,967
Less: Increase in receivables	-	(27,869)
Less: Deposit paid	(1,472)	-
	19,561	2,098

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 twelve months ended 31 December 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 28 February 2017.

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
FRS 14 Regulatory Deferral Accounts	1 January 2016
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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2016 – unaudited

3. Significant accounting policies (cont'd)

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: (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101 Disclosure Initiatives	1 January 2016
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

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 107 Disclosure Initiative	1 January 2017
Amendments to FRS 112 Recognition of Deferred Tax Assets for unrealised losses	1 January 2017
Annual Improvements to FRSs 2014 – 2016 Cycle	1 January 2017
FRS 9 Financial Instruments	1 January 2018
Amendments to FRS 2#	1 January 2018
Amendments to FRS 140#	1 January 2018
IC Interpretation 22#	1 January 2018
Annual Improvements to FRSs 2014 – 2016 Cycle#	1 January 2018

An entity that has in the alternative applied FRSs shall apply MFRSs for annual periods beginning on or after 1 January 2018. Such an entity shall apply the corresponding amendments under the MFRSs instead of these Amendments, on or after 1 January 2018.

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
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4. Changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter.

5. Changes in composition of the Group

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

6. Discontinued operation

On 24 August 2016, the Company (“WTK”), 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.

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 31 December 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 previous quarter.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2016 – unaudited

6. Discontinued operation (cont'd)

The results of GAW are as follows:

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	-	8,087	25,523	41,296
Cost of sales	-	(7,912)	(22,697)	(36,305)
Gross Profit	-	175	2,826	4,991
Other income	-	957	335	2,115
Selling and distribution expenses	-	(399)	(852)	(1,648)
Administrative expenses	-	(677)	(2,629)	(2,335)
Finance costs	-	(20)	(43)	(132)
Profit/(Loss) before tax	-	36	(363)	2,991
Tax credit/(expense)	-	314	(779)	(518)
Profit/(Loss) for the period/year ended				
31 December 2016/				
31 December 2015	-	350	(1,142)	2,473
Loss on disposal of GAW	-	-	(9,473)	-
Profit/(Loss) for the period/year from discontinued operation	-	350	(10,615)	2,473

The cash flow of discontinued operation are as follows:

	12 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Net cash flow (used in)/from operating activities	(2,062)	13,328
Net cash flow from/(used in) investing activities	19,880	(1,965)
Net cash flow used in financing activities	(34,086)	(5,228)
Net cash outflow from discontinued operation	(16,268)	(6,135)

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the twelve months ended 31 December 2016 – unaudited

6. Discontinued operation (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 twelve months ended 31 December 2016 – unaudited

7. Segmental information

	12 months ended 31.12.2016		12 months ended 31.12.2015	
	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	547,322	35,020	573,671	64,480
Plantation	26,143	(13,798)	11,015	(14,774)
Oil and Gas	46,753	(20,592)	25,545	7,248
Manufacturing	36,368	4,520	21,791	5,289
Trading	31,156	2,731	47,584	4,732
Others	2,311	(3,124)	3,807	5,906
Total continuing operations	690,053	4,757	683,413	72,881
<u>Discontinued Operation:</u>				
Manufacturing	25,523	(363)	41,296	2,991
Total	715,576	4,394	724,709	75,872

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 twelve months ended 31 December 2016 – unaudited

8. Seasonality of operations

There were no recurrent or cyclical events that would affect the Group's operations.

9. Profit before tax

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period/year is arrived at after charging:				
Amortisation	1,790	1,790	7,154	7,154
Allowance for impairment loss on receivables	3	2,488	5	9,960
Depreciation	10,386	10,651	40,264	39,699
Impairment loss on goodwill	1,725	2,308	1,725	2,308
Interest expense	3,403	4,973	11,433	11,102
Inventories written down	172	5	185	17
Inventories written off	6	458	20	470
Loss on foreign exchange	29	-	287	-
Loss on disposal of property, plant and equipment	42	4	554	177
Loss on disposal of a subsidiary	-	-	9,473	-
Property, plant and equipment written off	31	200	153	212
and crediting:				
Accretion of interest on RCPS	305	280	1,182	1,339
Allowance for impairment loss on receivables no longer required	-	264	2,064	264
Gain on disposal of available-for-sale investment	1	-	1	-
Gain on disposal of investment properties	-	9,902	6,550	9,902
Gain on disposal of property, plant and equipment	-	61	-	61
Gain on foreign exchange	356	2,299	174	4,500
Hire of machinery	112	76	497	488
Interest income	3,029	2,370	9,768	5,843
Reversal of deferred contingent consideration	4,590	-	4,590	-
Reversal of impairment loss on inventories	25	31	25	31

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
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10. Income tax (credit)/ expense

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Taxation based on results for the period/year:				
<u>Current income tax</u>				
- Malaysian income tax	1,369	4,238	7,833	12,126
- Foreign tax	59	(154)	412	152
	<u>1,428</u>	<u>4,084</u>	<u>8,245</u>	<u>12,278</u>
Under/(Over) provision in respect of previous years				
- Malaysian income tax	1,090	(2,491)	1,073	900
- Foreign tax	-	(122)	-	(122)
	<u>2,518</u>	<u>1,471</u>	<u>9,318</u>	<u>13,056</u>
<u>Deferred income tax</u>				
- Original and reversal of temporary differences	(3,419)	2,003	(4,332)	2,012
- (Over)/Under provision in prior years	(277)	836	(277)	836
	<u>(3,696)</u>	<u>2,839</u>	<u>(4,609)</u>	<u>2,848</u>
<u>Real Property Gain Tax</u>				
- Current year	-	900	646	900
- Over provision in respect of previous years	(19)	-	(17)	-
	<u>(19)</u>	<u>900</u>	<u>629</u>	<u>900</u>
Total	<u>(1,197)</u>	<u>5,210</u>	<u>5,338</u>	<u>16,804</u>
Income tax attributable to:				
- Continuing operations	(1,197)	5,210	5,338	16,804
- Discontinued operation	-	(314)	779	518
	<u>(1,197)</u>	<u>4,896</u>	<u>6,117</u>	<u>17,322</u>

Income tax expense is recognised in each quarter based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the financial period/year net of tax, attributable to owners of the parent by weighted average number of ordinary shares outstanding during the financial period/year, excluding treasury shares held by the Company.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	(Restated)		(Restated)	
(Loss)/Profit attributable to the owners of the Company (RM'000)	(2,119)	26,418	(140)	59,562
(Loss)/Profit attributable to the owners of the Company (RM'000)	(2,119)	26,418	(140)	59,562
Less: Profit/(Loss) from discontinued operation attributable to the owners of the Company	-	350	(10,615)	2,473
(Loss)/Profit from continuing operations attributable to the owners of the Company	(2,119)	26,068	10,475	57,089
Weighted average number of ordinary shares in issue ('000)	477,474	477,494	477,482	477,502
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,474	477,494	477,482	477,502
Basic (loss)/earnings per share (sen)	(0.44)	5.53	(0.03)	12.47
Diluted (loss)/earnings per share (sen)	(0.44)	5.53	(0.03)	12.47

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11. Earnings per share (cont'd)

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	(Restated)		(Restated)	
Basic (loss)/earnings per share (sen)				
attributable to:				
- Continuing operations	(0.44)	5.46	2.19	11.95
- Discontinued operation	-	0.07	(2.22)	0.52
	<u>(0.44)</u>	<u>5.53</u>	<u>(0.03)</u>	<u>12.47</u>
Diluted (loss)/earnings per share (sen)				
attributable to:				
- Continuing operations	(0.44)	5.46	2.19	11.95
- Discontinued operation	-	0.07	(2.22)	0.52
	<u>(0.44)</u>	<u>5.53</u>	<u>(0.03)</u>	<u>12.47</u>

12. Property, plant and equipment

During the 12 months ended 31 December 2016, the Group acquired assets with a total cost of RM28,015,000 (31 December 2015: RM14,709,000) excluding property, plant and equipment acquired through business combinations.

Assets with carrying amount of RM2,422,000 (31 December 2015: RM800,000) were disposed of by the Group during the 12 months ended 31 December 2016, resulting in a loss on disposal of RM554,000 (31 December 2015: RM177,000).

13. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	RM'000
	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 31 December 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	-	6,154	6,154
Impairment loss	1,725	-	1,725
Arising from disposal of a subsidiary	(135)	-	(135)
At 31 December 2016	<u>9,404</u>	<u>79,559</u>	<u>88,963</u>
Net carrying amount			
At 31 December 2016	<u>24,189</u>	<u>32,025</u>	<u>56,214</u>
At 31 December 2015	<u>25,914</u>	<u>38,179</u>	<u>64,093</u>

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13. Intangible assets (cont'd)

Allocation of goodwill and timber rights

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

	Goodwill	Timber	Total
	RM'000	rights	RM'000
		RM'000	RM'000
At 31 December 2016			
Timber division	22,873	32,025	54,898
Trading division	1,308	-	1,308
Manufacturing division	8	-	8
	<u>24,189</u>	<u>32,025</u>	<u>56,214</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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14. Cash and bank balances

	31.12.2016	31.12.2015
	RM'000	RM'000
Cash on hand and at bank	171,476	195,797
Short term deposits with licensed financial institutions	195,094	156,829
Cash and bank balances	366,570	352,626

15. 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	31 December 2016	1,225	-	-	1,225	
	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.

16. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares during the current quarter ended 31 December 2016.

The number of shares bought back and retained as treasury shares amounted to 3,871,000 shares as at 31 December 2016.

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17. Interest bearing loans and borrowings

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

	31.12.2016	31.12.2015
	RM'000	RM'000
Short term borrowings		
Secured	93,461	92,003
Unsecured	43,259	74,273
	136,720	166,276
Long term borrowings		
Secured	122,510	144,406
Total	259,230	310,682

18. Provisions for costs of restructuring

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

19. 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.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2016, of 2.00 sen (2015: 2.49 sen) net per share on 481,344,552 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of approximately RM9,549,000 (31 December 2015: RM11,889,000) will be proposed for shareholders' approval.

20. Commitments

There were no material capital commitments since the date of the last annual financial statements other than those disclosed below:

	31.12.2016	31.12.2015
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	21,236	-

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21. Contingencies

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

	31.12.2016	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 ended 31 December 2016/2015:		
- Unsecured	-	11,262
ii) Corporate guarantee issued by the Company to third party:		
- Unsecured	3,000	-

Save as disclosed in Note 6, 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.

An Escrow Account of RM1,874,000 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 31 December 2016 and 31 December 2015.

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22. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the twelve months ended 31 December 2016 and 31 December 2015.

	Note	Transaction value	
		31.12.2016 RM'000	31.12.2015 RM'000
Sawn timber sales:			
W T K Realty Builder Sdn. Bhd.	#	5	131
W T K Realty Sdn. Bhd.	#	566	72
		571	203
Purchase of logs:			
Faedah Mulia Sdn. Bhd.	#	-	3,443
Harbour-View Realty Sdn. Bhd.	^	8,409	4,201
Ocarina Development Sdn. Bhd.	#	29,886	41,754
Protection Gloves Sdn. Bhd.	^	-	3,378
		38,295	52,776
Literage and freight:			
Master Ace Territory Sdn. Bhd.	#	1,114	1,218
Ocarina Development Sdn. Bhd.	#	2,785	2,052
W T K Realty Sdn. Bhd.	#	7,402	7,164
Harbour-View Realty Sdn. Bhd.	^	124	-
		11,425	10,434
Purchase of spare parts:			
W. T. K. Enterprises Sdn. Bhd.	#	-	32
WTK Service & Warehousing Sdn. Bhd.	^	26,706	6,891
		26,706	6,923

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22. Related party transactions (cont'd)

	Note	Transaction value	
		31.12.2016 RM'000	31.12.2015 RM'000
Purchase of frozen food:			
Sing Chew Coldstorage Sdn. Bhd.	^	2,987	1,717
Purchase of hardware and lubricants:			
W.T.K Trading Sdn. Bhd.	#	-	27
WTK Service & Warehousing Sdn. Bhd.	^	16,049	13,498
		<u>16,049</u>	<u>13,525</u>
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	9,211	9,595
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	3,240	3,240
United Agencies Sdn. Bhd.	^	9,609	8,002
W T K Realty Builder Sdn. Bhd.	#	-	70
W T K Realty Sdn. Bhd.	#	88	317
		<u>12,937</u>	<u>11,629</u>
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	12,454	-
Harvard Master Sdn. Bhd.	#	9,737	-
Southwind Plantation Sdn. Bhd.	#	1,039	-
		<u>23,230</u>	<u>-</u>
Purchase of fresh fruit bunches:			
W T K Realty Sdn. Bhd.	#	110	-

^ *The directors and/or major shareholders of W T K Holdings Berhad are directors and/or major shareholders of these companies.*

The director(s) and/or major shareholder(s) of W T K Holdings Berhad is/are director(s) and/or major shareholder(s) of these companies, whilst family member(s) is/are also director(s) and/or major shareholder(s) of these companies.

* *The family members of a director and major shareholder of W T K Holdings Berhad, are directors and major shareholder of this company.*

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22. Related party transactions (cont'd)

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

	31.12.2016	31.12.2015
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	2,593	3,388
Other receivables (net of allowance for impairment)	280	3,813
Trade payables	(18,905)	(5,824)
Other payables	(568)	(363)

23. Events after the reporting period

There are no events after the quarter ended 31 December 2016 which could materially affect the Group.

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24. Changes in previous quarter presentation

The following disclosure for the fourth quarter ended 31 December 2015 has been restated to conform with the current period's presentation:

Quarter ended 31 December 2015 (3 months)

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Revenue	208,991	(8,087)	200,904
Cost of sales	(162,741)	7,912	(154,829)
Gross Profit	46,250	(175)	46,075
Other income	17,048	(957)	16,091
Selling and distribution expenses	(14,257)	399	(13,858)
Administrative expenses	(13,170)	677	(12,493)
Operating profit	35,871	(56)	35,815
Finance costs	(4,973)	20	(4,953)
Profit before tax	30,717	(36)	30,681
Income tax expense	(4,896)	(314)	(5,210)
Profit for the period from continuing operation	25,821	(350)	25,471
Profit for the period from discontinued operation	-	350	350

Year ended 31 December 2015 (12 months)

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Revenue	724,709	(41,296)	683,413
Cost of sales	(567,223)	36,305	(530,918)
Gross Profit	157,486	(4,991)	152,495
Other income	29,288	(2,115)	27,173
Selling and distribution expenses	(55,320)	1,648	(53,672)
Administrative expenses	(45,577)	2,335	(43,242)
Operating profit	85,877	(3,123)	82,754
Finance costs	(11,102)	132	(10,970)
Profit before tax	75,872	(2,991)	72,881
Income tax expense	(17,322)	518	(16,804)
Profit for the year from continuing operation	58,550	(2,473)	56,077
Profit for the year from discontinued operation	-	2,473	2,473

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25. Performance review

For the quarter under review, the Group's revenue was RM176.6 million as compared to RM209.0 million in 4Q2015, representing a decrease of RM32.4 million or 15.5%. The Group incurred a loss before tax of RM4.2 million as compared to profit before tax of RM30.7 million in 4Q2015. This is mainly attributed to the timber division and oil & gas division.

Quarter 4, 2016

Timber

For the current quarter, the Group's timber division registered a revenue of RM134.1 million, representing a decrease of RM25.1 million or 15.8% as compared to RM159.2 million in 4Q2015. Its pre-tax profit stood at RM16.6 million in 4Q2016, representing a decrease of RM8.7 million or 34.4% when compared to RM25.3 million registered in 4Q2015.

The lower revenue and pre-tax profit were resulted from 69.9% drop in export log sales volume with 9.8% decline in its average selling price. This was attributable to the temporary slower demand from India as a result of sudden demonetization policy of its Government which affected the liquidity in the market. Besides, 10.2% decrease in average selling price of plywood and 9.0% reduction of its production volume leading to higher production price cost by 2.1% has lowered the revenue and pre-tax profit during the quarter under review.

On a year-to-date (YTD) basis, the timber division registered a revenue of RM547.3 million, RM26.4 million or 4.6% lower when compared with the previous corresponding year of RM573.7 million, whilst its pre-tax profit stood at RM35.0 million, a decrease of RM29.5 million or 45.7% when compared with the previous corresponding year of RM64.5 million. Despite an increase of 12.8% in log sales revenue, revenue dropped mainly attributed to the decrease in plywood sales volume and its average selling price by 4.5% and 8.7% respectively. Sales volume for plywood dropped due to the slowdown in demand for imported plywood by Japanese buyers. Lower profit reported was mainly due to higher plywood production cost by 7.5% as a result of lower production volume by 6.1%.

The Group's key export markets for round logs were India (80%) and Vietnam (20%). The export markets for plywood for the quarter under review were Japan (85%) and Taiwan (15%).

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25. Performance review (cont'd)

Quarter 4, 2016 (cont'd)

Plantation

The plantation division registered a revenue of RM13.0 million in 4Q2016 as compared to RM5.3 million in 4Q2015, reflecting an increase of RM7.7 million or 145.3%. The division registered a loss before tax of RM5.5 million as compared to loss before tax of RM9.6 million in 4Q2015. Lower loss before tax was attributed to more palms are moving up to the prime production life cycle and thus increased the fresh fruit bunches (“FFB”) production by 45.9%, coupled with higher FFB average selling price by 42.2%.

On a YTD basis, the division registered a revenue of RM26.1 million as compared to the last corresponding year of RM11.0 million, representing an increase of RM15.1 million or 137.3%. The higher revenue was mainly contributed by the gradual increase of maturing palms going into FFB production and moving toward prime age production cycle. Despite the increase in FFB production, the division incurred loss before tax of RM13.8 million as compared to loss before tax of RM14.8 million recorded in previous corresponding period. This was mainly due to expenditure from newly declared mature palms which were previously capitalized is now expensed off.

Manufacturing and Trading

Subsequent to the disposal of GAW, the financial results for the manufacturing and trading divisions are presented separately as continuing and discontinued operations.

Continuing operations

The division registered a revenue of RM17.1 million in 4Q2016, representing a decrease of RM0.9 million or 5.0% when compared to RM18.0 million in 4Q2015. The drop in revenue was mainly due to lower volume of masking tape sales.

PBT stood at RM1.3 million, representing a decrease of RM0.4 million or 35.0% when compared to RM2.0 million in 4Q2015. This was mainly attributed to the decrease in export sales for masking tape.

On a YTD basis, the Group registered a revenue of RM67.5 million, lower by RM1.9 million or 2.7% when compared to the last corresponding year of RM69.4 million mainly due to decrease in export sales for masking tape. PBT recorded a decrease of RM2.7 million or 27.0% when compared to the last corresponding year of RM10.0 million due to lower sales and the absence of a gain on foreign exchange of RM1.2 million recorded in 2015.

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25. Performance review (cont'd)

Quarter 4, 2016 (cont'd)

Manufacturing and Trading (cont'd)

Discontinued operation

No financial results were recorded for 4Q2016 as the manufacturing subsidiary was disposed in 3Q2016.

On a YTD basis, revenue achieved was RM25.5 million, a decline of RM15.8 million or 38.3% when compared to the last corresponding year of RM41.3 million. The significant drop in revenue was partly due to a shortened financial year of 8 months against 12 months in the last corresponding year. Additionally, the lower revenue was also due to the reduced sales volume for foil and flexible packaging products.

Consequently, loss before tax stood at RM0.4 million when compared to the last corresponding year's profit before tax of RM3.0 million. The loss before tax was attributed to lower sales of foil products and higher production cost owing to the reduced volume.

Oil and Gas

The Oil and Gas division registered a revenue of RM11.9 million, representing a decrease of RM5.5 million or 31.6% when compared to 4Q2015's revenue of RM17.4 million. The Division's performance was negatively affected due to the off-hire of all vessels from the prolonged adverse weather conditions and the temporary deferment in the resumption of projects from customers in the current quarter. The pipeline pre-commissioning project continues to be temporarily suspended due to the ongoing deferment of related pipelines installation projects and adverse weather conditions.

As a result of the off-hire of vessels, a loss before tax of RM19.6 million was incurred for the quarter as compared to profit before tax of RM5.8 million in 4Q2015. Profit before tax of RM5.8 million in 4Q2015 also included dividend payment of RM5.3 million. The loss before tax additionally took into account the amortization of intangible assets of RM0.9 million embedded in the investment in the associate company.

On a YTD basis, the division registered a revenue of RM46.8 million as compared to RM25.5 million in the last corresponding year, representing an increase of RM21.3 million or 83.5%. However, the division sustained a loss before tax of RM20.6 million when compared to the last corresponding year's profit before tax of RM7.2 million. The higher revenue was mainly due to the contribution from additional vessels deployed, while the loss before tax was incurred mainly due to the off-hire of all vessels and the suspension of the pre-commissioning project due to adverse weather conditions in 4Q2016. Additionally, the loss before tax also included the amortization of intangible assets of RM3.4 million embedded in the investment in the associate company.

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25. Performance review (cont'd)

Quarter 4, 2016 (cont'd)

Others

The drop in revenue for the current quarter as compared to 4Q2015 as there was no longer rental income due to disposal of the investment properties in 4Q2015 and 3Q2016. During the current quarter, there is a net gain on reversal of deferred contingent consideration of RM2.9 million after deducting one-off expenses of RM1.7 million incurred in goodwill impairment loss. The reversal of deferred contingent consideration was as a result of the oil & gas associate company missing its earning target in 2016.

On a YTD basis, this division recorded a lower revenue as there was no longer rental income. The loss before tax of RM3.1 million was mainly due to net loss on disposal of a subsidiary of RM2.9 million after deducting gain on disposal of investment properties of RM6.6 million.

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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 4, 2016

Timber

The timber division recorded a revenue of RM134.1 million as compared to 3Q2016's revenue of RM124.7 million, representing an increase of RM9.4 million or 7.5%. The higher revenue was mainly contributed by the increase of plywood sales volume by 6.6% as a result of increased demand in Japan to replenish their low level inventory holding after their book closing period in September, resulting in the boost of plywood order.

The timber division recorded a higher pre-tax profit of RM16.6 million, an increase of RM11.8 million or 245.8% as compared to the preceding quarter of RM4.8 million. This was mainly due to the lower plywood production cost of 13.9% as a result of better recovery rate of plywood process, coupled with the appreciation of US dollar by 7.4% during the quarter.

Plantation

During the 4Q2016, the plantation division registered a revenue of RM13.0 million as compared to RM6.2 million in 3Q2016, representing an increase of RM6.8 million or 109.7%. The higher revenue was mainly attributed to the increase in FFB production and its selling price by 62.0% and 8.8% respectively. However, the division registered a loss before tax of RM5.5 million as compared to loss before tax of RM2.1 million reported in 3Q2016. The loss before tax for this quarter was mainly due to expensed off newly declared mature palms in current quarter amounting to RM8.4 million which was previously capitalized.

Manufacturing and Trading

Continuing operations

Revenue for the manufacturing and trading division recorded an increase of RM1.7 million or 11.0% to RM17.1 million when compared to RM15.4 million in 3Q2016. This was mainly due to higher sales volume for cellulose tapes. However, PBT reduced marginally by RM0.2 million after taking into account provision for administrative expenses and bonuses.

Discontinued operation

No financial results were recorded for 4Q2016 as the manufacturing subsidiary was disposed in 3Q2016.

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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 4, 2016 (cont'd)

Oil and Gas

The Oil and Gas division registered a revenue of RM11.9 million in 4Q2016 which was consistent with 3Q2016's. The revenue was mainly derived from vessel charter fees through Alanya Marine Ventures Sdn Bhd. A loss before tax of RM19.6 million was incurred in the current quarter as compared to RM0.8 million in 3Q2016. The higher loss before tax was mainly due to the off-hire of all the vessels and the temporary suspension of the pre-commissioning project during the quarter, as a result of adverse weather conditions and temporary project deferments. In addition, the loss before tax also took into account the amortization of intangible assets of RM0.9 million embedded in investment in the associate company.

Others

There is no material change to revenue in the current quarter when compared with 3Q2016.

Profit before tax stood at RM4.6 million in 4Q2016 as compared to 3Q2016's loss before tax of RM5.5 million. This was mainly due to the gain on reversal of deferred contingent consideration. The higher loss before tax in the 3Q2016 was mainly due to a 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 Japan's economy grew at an annualized rate of 2.2 percent in the third quarter, better than expected which was mainly due to trade and the weakness of Japanese Yen bodes well for export growth. The government implementation of structural reform would offer the hope for a sustained improvement in the rate of economic growth. Housing starts rise by 7.9% and 6.4% respectively when compared to the last corresponding quarter and last YTD. As the domestic plywood inventory correction was completed, we would expect slight improvement in plywood prices and sales going forward.

India achieved annualized growth of 7.3% in the last quarter in 2016 which is among the fastest growing economy in the world. Recent government decision to demonetize its currency in circulation overnight to curb the flow of unaccounted income affected the liquidity. The impact of demonetization is likely to be short term with substantial potential benefit in the long run as strong fundamentals still in place, implementation of reforms, easing monetary policy, credit condition, and infrastructure spending will continue to benefit our Group's log export market.

Plantation

The Group's FFB production increased by 61.2% as compared to the previous corresponding year. As more mature hectareage are moving into higher production cycle, the division is expected to improve its performance in years ahead. Moving forward, the CPO prices would be heading for some corrections as the palms are recovering from last year's El Nino effect of lower FFB production.

Manufacturing and Trading

Despite a challenging market condition, the Group continues to maintain its competitiveness by focusing on its core and branding products. At the same time, it is expanding efforts to open new markets with higher value-added and substitution products. With all these efforts combined, the Group expects a modest growth in 2017.

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27. Commentary on prospects (cont'd)

Oil and Gas

2017 is largely seen as the recovery year for the oil and gas sector reflected by the gradual increase of oil prices. The recovery is boosted by the compliance of pledged reduced production by OPEC and non-OPEC.

PETRONAS is pushing ahead its RAPID project in a joint collaboration with Saudi ARAMCO with plans to start operations in 2019. Investment remains the priority for PETRONAS and this ambitious project would add the full value chain of refined fuel and petrochemical products for Malaysia. PETRONAS is expected to resume the critical maintenance projects delayed in the past 2 years, encouraged by the improving oil prices.

The Group's DP2 Accommodation Workboats (AWBs) remain choice vessels for use by PETRONAS and shall benefit from this resumption of projects. 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.

31. Corporate proposal

There is no corporate proposal announced.

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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 31 December 2016 or the previous financial year ended 31 December 2015.

36. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 December 2016 or the previous financial year ended 31 December 2015.

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 31 December 2016 and 31 December 2015.

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38. Breakdown of realised and unrealised profits

	As at 31.12.2016	As at 31.12.2015 (Audited)
	RM'000	RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,364,893	1,355,851
- Unrealised	(66,691)	(71,456)
	1,298,202	1,284,395
 Total share of retained profits from an associate :		
- Realised	(14,316)	837
 Total share of retained profits from a jointly controlled entity:		
- Realised	(244)	(244)
	1,283,642	1,284,988
Less: Consolidation adjustments	(224,247)	(213,622)
 Total Group retained profits as per consolidated accounts	1,059,395	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: 28 FEBRUARY 2017