

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	31.03.2017	31.12.2016
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	612,360	616,336
Prepaid land lease payments	33,750	34,000
Investment properties	16,665	16,759
Investment in associates	41,190	50,517
Other investments	15,939	15,369
Intangible assets	54,676	56,214
Biological assets	394,275	390,908
	<u>1,168,855</u>	<u>1,180,103</u>
Current assets		
Inventories	105,987	147,994
Trade receivables	103,328	92,572
Other receivables	52,428	53,958
Tax recoverable	7,215	6,674
Cash and bank balances	389,502	368,047
	<u>658,460</u>	<u>669,245</u>
TOTAL ASSETS	<u><u>1,827,315</u></u>	<u><u>1,849,348</u></u>

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017 (Cont'd)

	31.03.2017	31.12.2016
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	181	181
Short term borrowings	125,138	146,952
Trade payables	104,006	106,233
Other payables	20,951	23,262
Current tax payable	2,408	1,658
	<u>252,684</u>	<u>278,286</u>
Net current assets	<u>405,776</u>	<u>390,959</u>
Non-current liabilities		
Retirement benefit obligations	2,252	2,210
Long term borrowings	125,604	122,623
Deferred tax liabilities	69,937	69,912
	<u>197,793</u>	<u>194,745</u>
Total liabilities	<u>450,477</u>	<u>473,031</u>
Net assets	<u>1,376,838</u>	<u>1,376,317</u>
Equity attributable to owners of the Company		
Share capital	240,672	240,672
Share premium	68,674	68,674
Treasury shares	(8,156)	(8,156)
Other reserves	7,155	6,466
Retained earnings	1,059,766	1,059,556
	<u>1,368,111</u>	<u>1,367,212</u>
Non-controlling interests	8,727	9,105
Total equity	<u>1,376,838</u>	<u>1,376,317</u>
TOTAL EQUITY AND LIABILITIES	<u>1,827,315</u>	<u>1,849,348</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 31 March		Three months ended 31 March	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	221,746	185,057	221,746	185,057
Cost of sales	(186,240)	(154,790)	(186,240)	(154,790)
Gross profit	35,506	30,267	35,506	30,267
Other income	4,452	4,571	4,452	4,571
Selling and distribution expenses	(15,981)	(13,446)	(15,981)	(13,446)
Administrative expenses	(10,190)	(9,517)	(10,190)	(9,517)
Operating profit	13,787	11,875	13,787	11,875
Finance costs	(2,409)	(2,433)	(2,409)	(2,433)
Share of results of associates	(9,327)	(471)	(9,327)	(471)
Profit before tax	2,051	8,971	2,051	8,971
Income tax expense	(2,219)	(3,060)	(2,219)	(3,060)
(Loss)/Profit for the period from continuing operations	(168)	5,911	(168)	5,911
Discontinued Operation				
Loss for the period from discontinued operation	-	(83)	-	(83)
(Loss)/Profit for the period	(168)	5,828	(168)	5,828
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net gain/(loss) on available-for-sale financial assets				
- Gain/(Loss) on fair value changes	294	(3)	294	(3)
Foreign currency translation	395	(1,503)	395	(1,503)
Other comprehensive income/(loss), net of tax	689	(1,506)	689	(1,506)
Total comprehensive income for the period	521	4,322	521	4,322
Profit attributable to:				
Owners of the Company	210	6,193	210	6,193
Non-controlling interests	(378)	(365)	(378)	(365)
(Loss)/Profit for the period	(168)	5,828	(168)	5,828
Total comprehensive income attributable to:				
Owners of the Company	899	4,687	899	4,687
Non-controlling interests	(378)	(365)	(378)	(365)
Total comprehensive income for the period	521	4,322	521	4,322
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period (sen)	0.04	1.30	0.04	1.30
Earnings per share from continuing operations attributable to owners of the Company:				
Basic, for profit for the period (sen)	0.04	1.32	0.04	1.32
Earnings/(Loss) per share from discontinued operation attributable to owners of the Company:				
Basic, for profit/(loss) for the period (sen)	-	(0.02)	-	(0.02)

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 31 MARCH 2017 - 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 31 March 2017										
At 1 January 2017	1,376,317	1,367,212	240,672	68,674	(8,156)	1,059,556	6,466	6,576	(110)	9,105
Total comprehensive income	521	899	-	-	-	210	689	395	294	(378)
At 31 March 2017	1,376,838	1,368,111	240,672	68,674	(8,156)	1,059,766	7,155	6,971	184	8,727
Quarter ended 31 March 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	4,322	4,687	-	-	-	6,193	(1,506)	(1,503)	(3)	(365)
Transaction with owners										
Dividends paid to non-controlling interests	(33)	-	-	-	-	-	-	-	-	(33)
Repurchase of treasury shares	(14)	(14)	-	-	(14)	-	-	-	-	-
At 31 March 2016	1,397,337	1,383,095	240,672	68,674	(8,146)	1,077,559	4,336	4,535	(199)	14,242

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017 - UNAUDITED**

	31.03.2017	31.03.2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	2,051	8,971
Loss before tax from discontinued operation	-	(133)
	2,051	8,838
Adjustments for:		
Accretion of interest on RCPS	(312)	(286)
Amortisation	1,788	1,788
Depreciation	10,247	9,273
Dividend income	(3)	(31)
Loss/(Gain) on disposal of property, plant and equipment	887	(1)
Interest income	(2,619)	(2,101)
Interest expense	2,408	2,450
Inventories written down	5	4
Property, plant and equipment written off	33	50
Retirement benefit obligations	42	54
Share of results of associates	9,327	471
Unrealised loss/(gain) on foreign exchange	175	(582)
Other non-cash item	(1)	1
	24,028	19,928
Operating profit before working capital changes		
Changes in working capital :		
Net decrease in current assets	32,764	32,404
Net (decrease)/increase in current liabilities	(4,600)	7,778
Cash generated from operations	52,192	60,110
Payment of retirement benefit	-	(70)
Interest paid	(3,024)	(3,959)
Interest received	2,619	2,101
Taxation paid	(1,995)	(2,580)
Net cash from operating activities	49,792	55,602
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(2,210)	(4,272)
Net dividend received from investment securities	3	31
Proceeds from disposal of property, plant and equipment	689	45
Purchase of property, plant and equipment	(8,101)	(3,026)
Net cash used in investing activities	(9,619)	(7,222)

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017 - UNAUDITED (Cont'd)

	31.03.2017	31.03.2016
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	-	(33)
Drawdown of term loans	33,611	111
Drawdown of trade financing facilities	14,564	41,873
Decrease in fixed deposits pledged to licensed financial institutions	64	62
Repayment of hire purchases	(713)	(794)
Repayment of term loans	(36,299)	(4,973)
Repayment of trade financing facilities	(24,542)	(14,295)
Repurchase of treasury shares	-	(14)
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(13,315)	21,937
Net increase in cash and cash equivalents	26,858	70,317
Effects of exchange rate changes	147	(770)
Net cash and cash equivalents at the beginning of the period	344,570	323,452
	<hr/>	<hr/>
Net cash and cash equivalents at the end of the period	<u>371,575</u>	<u>392,999</u>
 For the purpose of statements of cash flows, net cash and cash equivalents include the following:-		
Cash and bank balances	389,502	423,949
Less: Bank overdrafts	<u>(17,927)</u>	<u>(30,950)</u>
Cash and cash equivalents	<u>371,575</u>	<u>392,999</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 three months ended 31 March 2017 – 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 30 May 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 2016. 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 2016.

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 2016 except for the adoption of the following new/revised Financial Reporting Standards (“FRSs”).

On 1 January 2017, the Group adopted the relevant and applicable new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2017 as follows:

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

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 three months ended 31 March 2017 – 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
FRS 9 Financial Instruments	1 January 2018
Amendments to FRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts#	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.

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.

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 three months ended 31 March 2017 – unaudited

6. Segmental information

	3 months ended 31.03.2017		3 months ended 31.03.2016	
	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	181,319	10,980	152,576	11,372
Plantation	8,457	(2,131)	2,919	(3,971)
Oil and Gas	12,230	(9,591)	11,783	(697)
Manufacturing	11,666	2,106	9,124	1,673
Trading	7,593	564	8,030	813
Others	481	123	625	(219)
Total continuing operations	221,746	2,051	185,057	8,971
<u>Discontinued Operation:</u>				
Manufacturing	-	-	9,288	(133)
	221,746	2,051	194,345	8,838

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	:	manufacture and sales of adhesive and gummed tapes.
Trading	:	the trading of tapes, foil, papers and electrostatic discharge products.
Others	:	investment income.

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 three months ended 31 March 2017 – 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		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,788	1,788	1,788	1,788
Depreciation	10,247	9,273	10,247	9,273
Interest expense	2,408	2,450	2,408	2,450
Inventories written down	5	4	5	4
Inventories written off	-	1	-	1
Loss on foreign exchange				
- Unrealised	175	-	175	-
- Realised	-	55	-	55
Loss on disposal of property, plant and equipment	887	-	887	-
Property, plant and equipment written off	33	50	33	50
and crediting:				
Accretion of interest on RCPS	312	286	312	286
Gain on disposal of property, plant and equipment	-	1	-	1
Gain on foreign exchange				
- Unrealised	-	582	-	582
- Realised	116	-	116	-
Hire of machinery	152	128	152	128
Interest income	2,619	2,101	2,619	2,101
Reversal of impairment loss on inventories	1	-	1	-

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 three months ended 31 March 2017 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	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	2,101	2,921	2,101	2,921
- Foreign tax	95	139	95	139
	2,196	3,060	2,196	3,060
 <u>Deferred income tax</u>				
- Original and reversal of temporary differences	20	-	20	-
- Under provision in prior year	3	-	3	-
	23	-	23	-
 <hr/>				
Total	2,219	3,060	2,219	3,060
 Income tax attributable to:				
- Continuing operations	2,219	3,060	2,219	3,060
- Discontinued operation	-	(50)	-	(50)
	2,219	3,010	2,219	3,010

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.

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 three months ended 31 March 2017 – unaudited

10. Earnings per share

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

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

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
		(Restated)		(Restated)
Profit attributable to the owners of the Company (RM'000)	210	6,193	210	6,193
Profit attributable to the owners of the Company (RM'000)	210	6,193	210	6,193
Add: Loss from discontinued operation attributable to the owners of the Company	-	83	-	83
Profit from continuing operations attributable to the owners of the Company	210	6,276	210	6,276
Weighted average number of ordinary shares in issue ('000)	477,474	477,490	477,474	477,490
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,474	477,490	477,474	477,490
Basic earnings per share (sen)	0.04	1.30	0.04	1.30
Diluted earnings per share (sen)	0.04	1.30	0.04	1.30

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 three months ended 31 March 2017 – unaudited

10. Earnings per share (cont'd)

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	(Restated)		(Restated)	
Basic earnings/(loss) per share (sen)				
attributable to:				
- Continuing operations	0.04	1.32	0.04	1.32
- Discontinued operation	-	(0.02)	-	(0.02)
	<u>0.04</u>	<u>1.30</u>	<u>0.04</u>	<u>1.30</u>
Diluted earnings/(loss) per share (sen)				
attributable to:				
- Continuing operations	0.04	1.32	0.04	1.32
- Discontinued operation	-	(0.02)	-	(0.02)
	<u>0.04</u>	<u>1.30</u>	<u>0.04</u>	<u>1.30</u>

11. Property, plant and equipment

During the 3 months ended 31 March 2017, the Group acquired assets with a total cost of RM8,101,000 (31 March 2016: RM3,026,000).

Assets with carrying amount of RM1,576,000 (31 March 2016: RM44,000) were disposed of by the Group during the 3 months ended 31 March 2017, resulting in a loss on disposal of RM887,000 (31 March 2016: Gain on disposal of RM1,000).

12. Intangible assets

	Goodwill	Timber rights	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January 2017/31 March 2017	<u>33,593</u>	<u>111,584</u>	<u>145,177</u>
Accumulated amortisation and impairment			
At 1 January 2017	9,404	79,559	88,963
Amortisation	-	1,538	1,538
At 31 March 2017	<u>9,404</u>	<u>81,097</u>	<u>90,501</u>
Net carrying amount			
At 31 March 2017	<u>24,189</u>	<u>30,487</u>	<u>54,676</u>
At 31 December 2016	<u>24,189</u>	<u>32,025</u>	<u>56,214</u>

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 three months ended 31 March 2017 – unaudited

12. Intangible assets (cont'd)

(a) Impairment testing of goodwill

Allocation of goodwill

Goodwill acquired through business combinations is allocated to the Group's cash-generating units ("CGU") as follows:

	Goodwill	
	31.3.2017	31.12.2016
	RM'000	RM'000
Timber division	22,873	22,873
Trading division	1,308	1,308
Manufacturing division	8	8
	<u>24,189</u>	<u>24,189</u>

The recoverable amount of goodwill is 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 and expected to be granted.

The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

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. Terminal growth rates

The forecasted growth are based on industry research and past historical trend.

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 three months ended 31 March 2017 – unaudited

13. Cash and bank balances

	31.3.2017	31.12.2016
	RM'000	RM'000
Cash on hand and at banks	135,948	118,535
Short term deposits with licensed financial institutions	253,554	249,512
Cash and bank balances	389,502	368,047

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	31 March 2017	1,484	-	-	1,484
	31 December 2016	1,225	-	-	1,225

No transfer between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

15. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares during the current quarter ended 31 March 2017.

The number of shares bought back and retained as treasury shares amounted to 3,871,000 shares as at 31 March 2017.

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 three months ended 31 March 2017 – unaudited

16. Interest bearing loans and borrowings

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

	31.3.2017	31.12.2016
	RM'000	RM'000
Short term borrowings		
Secured	78,599	106,952
Unsecured	46,539	40,000
	125,138	146,952
Long term borrowings		
Secured	125,604	122,623
Total	250,742	269,575

17. Provisions for costs of restructuring

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

18. Dividends

A final single-tier dividend in respect of the financial year ended 31 December 2016, of 2.00 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 was approved during the Annual General Meeting held on 26 May 2017. The said dividend will be paid on 5 July 2017.

No interim dividend has been declared for the current quarter ended 31 March 2017 (31 March 2016: RM Nil).

19. Commitments

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

	31.3.2017	31.12.2016
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	14,692	21,236
	14,692	21,236

20. Contingencies

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

There were no contingent assets as at 31 March 2017 and 31 December 2016.

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 three months ended 31 March 2017 – unaudited

21. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2017 and 31 March 2016.

	Note	Transaction value	
		31.3.2017 RM'000	31.3.2016 RM'000
Sawn timber sales:			
W T K Realty Sdn. Bhd.	#	76	179
Purchase of logs:			
Harbour-View Realty Sdn. Bhd.	^	1,626	1,503
Ocarina Development Sdn. Bhd.	#	5,177	10,038
		<u>6,803</u>	<u>11,541</u>
Lighterage and freight:			
Master Ace Territory Sdn. Bhd.	#	334	250
Ocarina Development Sdn. Bhd.	#	559	490
W T K Realty Sdn. Bhd.	#	2,441	875
Harbour-View Realty Sdn. Bhd.	^	24	-
		<u>3,358</u>	<u>1,615</u>
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	5,163	5,203
Purchase of frozen food:			
Sing Chew Coldstorage Sdn. Bhd.	^	67	450
Purchase of hardware and lubricants:			
W.T.K Trading Sdn. Bhd.	#	-	2
WTK Service & Warehousing Sdn. Bhd.	^	5,043	2,713
		<u>5,043</u>	<u>2,715</u>

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 three months ended 31 March 2017 – unaudited

21. Related party transactions (cont'd)

The following table provides information on the transactions which have been entered into with related parties during the three months ended 31 March 2017 and 31 March 2016. (cont'd)

	Note	Transaction value	
		31.3.2017 RM'000	31.3.2016 RM'000
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	1,632	980
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	810	810
United Agencies Sdn. Bhd.	^	600	2,322
W T K Realty Sdn. Bhd.	#	35	-
		1,445	3,132
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	254	-
Harvard Master Sdn. Bhd.	#	385	-
Southwind Plantation Sdn. Bhd.	#	283	-
		922	-
Purchase of fresh fruit bunches:			
W T K Realty Sdn. Bhd.	#	46	-

^ *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.*

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 three months ended 31 March 2017 – unaudited

21. Related party transactions (cont'd)

The outstanding balances arising from related party transactions as at 31 March 2017 and 31 December 2016 were as follows:

	31.3.2017	31.12.2016
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	3,616	3,045
Other receivables (net of allowance for impairment)	1,487	4,959
Trade payables	(24,047)	(23,622)
Other payables	(2,647)	(3,403)
	<u> </u>	<u> </u>

22. Events after the reporting period

There are no events after the quarter ended 31 March 2017 which could materially affect the Group.

23. Changes in previous period's presentation

The following disclosure for the first quarter ended 31 March 2016 has been restated to conform with the current period's presentation:

Quarter ended 31 March 2016 (3 months)

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Revenue	194,345	(9,288)	185,057
Cost of sales	(163,429)	8,639	(154,790)
Gross Profit	30,916	(649)	30,267
Other income	4,645	(74)	4,571
Selling and distribution expenses	(13,760)	314	(13,446)
Administrative expenses	(10,042)	525	(9,517)
Operating profit	11,759	116	11,875
Finance costs	(2,450)	17	(2,433)
Profit before tax	8,838	133	8,971
Income tax expense	(3,010)	(50)	(3,060)
Profit for the period from continuing operation	5,828	83	5,911
Loss for the period from discontinued operation	<u> -</u>	<u> (83)</u>	<u> (83)</u>

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 three months ended 31 March 2017 – unaudited

24. Performance review

For the quarter under review, its revenue was RM221.7 million as compared to RM185.1 million in 1Q2016, representing an increase of RM36.6 million or 19.8%. The increase in 1Q2017's revenue mainly come from its timber and plantation divisions with both divisions recorded an increase in revenue of RM28.7 million and RM5.5 million, respectively, over the previous year corresponding quarter.

Group's profit before tax for 1Q2017 was RM2.1 million, representing a decrease of RM6.9 million or 76.7%, as compared to RM9.0 million recorded in 1Q2016. This was mainly contributed by the share of loss of associate company of RM9.3 million (1Q 2016: -RM0.5 million).

Quarter 1, 2017

Timber

Timber division recorded a revenue of RM181.3 million in 1Q2017, representing an increase of RM28.7 million or 18.8%, as compared to RM152.6 million recorded in 1Q2016. This was mainly contributed by increase in sales of plywood of RM18.2 million, while higher sales revenue from logs and sawn timber added further RM4.8 million and RM5.5 million, respectively.

Higher revenue of plywood was mainly contributed by increased sales of concrete panel plywood, while its floor base plywood sales remained stable, as short supply of domestic plywood in Japan fueled additional demand for our plywood. Sales of logs in domestic market was higher in 1Q2017 (83% in 1Q2017 as against 75% in 1Q2016), mainly due to the effect of the reduction in export quota of logs effective July 2016.

Pre-tax profit of RM11.0 million in the current quarter was marginally lower by RM0.4 million or 3.5%, as compared to RM11.4 million recorded in 1Q2016. This was mainly contributed by lower pre-tax profit of RM2.8 million recorded from logs (1Q2017: RM4.1 million vs 1Q2016: RM6.9 million) as sales of logs domestically garnered lower margin as compared to export sales as well as marginal increase in logs production costs of 3.5%. The lower profit from logs sales was partially offset by higher pre-tax profit of RM2.4 million from plywood sales during the quarter under review.

The Group's key export markets for round logs were India (99%) and Vietnam (1%). The export markets for plywood for the quarter under review were Japan (86%) and Taiwan (14%).

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 three months ended 31 March 2017 – unaudited

24. Performance review (cont'd)

Plantation

Plantation division recorded a revenue of RM8.5 million for 1Q2017 as compared to RM2.9 million recorded in the previous year corresponding quarter, representing an increase of RM5.6 million or 193.1%. Accordingly, the division's loss before tax of RM2.1 million has narrowed as compared to a loss before tax of RM4.0 million in 1Q2016. The loss before tax was mainly due to insufficient fresh fruit bunches (FFB) production as the young matured palms are still in their early production life cycle to cover the operational costs.

Manufacturing and Trading

The division registered a revenue of RM19.3 million in 1Q2017, an increase of RM2.1 million or 12.2% when compared to RM17.2 million in 1Q2016. The higher revenue was mainly due to increased export sales for masking tapes coupled with stock-up activities by dealers before price adjustment. Despite higher revenue, profit before tax was marginally increased by RM0.2 million when compared with 1Q2016 of RM2.5 million. This was mainly due to higher production cost arising from imported raw material denominated in US Dollar.

Oil and Gas

Oil and Gas division registered a revenue of RM12.2 million, representing an increase of RM0.4 million, as compared to 1Q2016's revenue of RM11.8 million. Its revenue was mainly derived from vessels' charter fees through Alanya Marine Ventures Sdn Bhd.

Its loss before tax stood at RM9.6 million in the current quarter as compared to 1Q2016's loss before tax of RM0.7 million. The loss was due to the share of loss of its associate company, which vessels were off-hired due to temporary project deferments and adverse weather conditions. The loss was attributed to the associate company having to continue to incur charter fee and operation costs to maintain the vessels in the ready state of deployment.

Others

There were no material changes to the revenue in respect of the current quarter when compared with 1Q2016. The profit before tax for the current quarter showed an improvement due to higher interest income from short-term deposits.

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 three months ended 31 March 2017 – unaudited

25. Comment on material change in profit before taxation

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

Quarter 1, 2017

Timber

The division recorded a revenue of RM181.3 million as compared to 4Q2016's revenue of RM136.2 million, representing an increase of RM45.1 million or 33.1%. The higher revenue was mainly attributed to resumption in export logs sales in 1Q2017, which were delayed for shipment to India in the previous quarter due to its demonetization policy, resulted in an increase in its export volume of 149.0% over 4Q2016. Plywood sales volume was also up by 15.6% as compared to the preceding quarter, as the trading houses in Japan replenished their inventory level to maintain minimal trading stock level.

The division reported a lower pre-tax profit of RM11.0 million in 1Q2017 as compared to RM16.6 million in 4Q2016, representing a decrease of RM5.6 million or 33.7%. This was contributed by lower pre-tax profit of plywood sector of RM8.8 million in 1Q2017 (4Q2016: RM15.7 million), representing a decrease of RM6.9 million. The lower pre-tax profit recorded by plywood sector was attributed to higher costs of production of 9.3%, mainly due to higher raw material costs such as logs and glue. However, the reduction in pre-tax profit of plywood sector was partially offset by improvement in pre-tax profit from sales of timber logs during the quarter under review.

Plantation

The division registered a revenue of RM8.5 million in 1Q2017, as compared to RM10.9 million in 4Q2016, representing a decrease of RM2.4 million or 22.0%. The lower revenue was mainly due to the low crop production season of FFB during this period as compared to preceding quarter. The division registered a lower loss before tax of RM2.1 million as compared to loss before tax of RM5.5 million reported in 4Q2016, as more matured palms expenditure which were previously capitalised were expensed off in the preceding quarter.

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 three months ended 31 March 2017 – unaudited

25. Comment on material change in profit before taxation (cont'd)

Material Changes for the Quarter Reported on as Compared with the Preceding Quarter (cont'd)

Quarter 1, 2017 (cont'd)

Manufacturing and Trading

Revenue for the manufacturing and trading division recorded an increase of RM2.2 million or 12.9% to RM19.3 million when compared to RM17.1 million in 4Q2016. This was mainly due to increased export sales for masking tapes coupled with stock-up activities by dealers. Accordingly, profit before tax recorded an increase of RM1.4 million as compared to RM1.3 million in 4Q2016. The increase in profit before tax was mainly contributed by higher sales of masking tapes in addition to year-end provision for administrative expenses and bonuses taken up in 4Q2016.

Oil and Gas

The Oil and Gas division registered a revenue of RM12.2 million, representing an increase of RM0.7 million or 6.1% when compared to 4Q2016's revenue of RM11.5 million. The revenue was mainly derived from vessels' charter fees through Alanya Marine Ventures Sdn Bhd.

Its loss before tax stood at RM9.6 million in the current quarter, representing a decrease of RM9.9 million or 50.8%, as compared to 4Q2016's loss before tax of RM19.5 million. The loss was due to the share of loss of associate company, which recorded lower losses in 1Q2017 as compared to 4Q2016, as one of the vessels was temporarily returned to the vessel's owner in 1Q2017 resulted in lower charter fee and costs of operation. However, its performance continue to be negatively impacted from the prolonged off-hire of the other vessels and the temporary suspension of the pre-commissioning project during the quarter, as a result of adverse weather conditions and temporary project deferments.

Others

The revenue in current quarter stood at RM0.5 million, which is consistent with 4Q2016. Its profit before tax stood at RM0.1 million, representing a decrease of RM2.8 million or 96.6% as compared to 4Q2016. The exceptional higher profit before tax in 4Q2016 was mainly due to reversal of deferred contingent consideration of RM4.6 million, offsetting one-off goodwill impairment loss of RM1.7 million.

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 three months ended 31 March 2017 – unaudited

26. Commentary on prospects

Timber

Japan's economy expanded an annualized 2.2% in the first quarter of 2017, driven by both domestic and external demand. The Japanese economy is expected to track a moderate recovery trend in 2017 which augurs well for the Group.

As for India, our Group's major logs export market is expected to gradually recover in 2017, as the effect of the demonization policy imposed by the Indian Government in 4Q2016 was wearing off and its economy returning to "normalcy".

Plantation

The Group's plantation division achieved higher FFB production compared to previous year corresponding quarter and would continue to improve its yield as the palms moving into higher yield production life cycle. We expect the division to improve its performance over the previous financial year, with expectation the CPO price to maintain at current price level.

Manufacturing and Trading

The Group's manufacturing and trading division will continue to focus on its core competency on product quality and branding, in the face of market volatility and challenging economic conditions. At the same time, it will continue to expand efforts to broaden its market reach and penetrate new markets especially overseas markets. With all these efforts in place, the Group is cautiously optimistic of a modest growth in 2017.

Oil and Gas

PETRONAS is expected to commence new offshore projects, as well as resuming critical maintenance projects delayed in the past two years in late second quarter of 2017. The Group's AWBs with DP2 capabilities remains choice vessels for use by PETRONAS and shall benefit from this resumption of projects. Nevertheless, the Group is also actively participating in ongoing tender bids for projects in Malaysia and regionally, in countries such as Brunei and Thailand.

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 three months ended 31 March 2017 – unaudited

27. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

The Group did not announce or disclose any revenue or profit estimate, forecast, projection or internal target in a public document.

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

Please refer to the commentary on Note 27.

29. Profit forecast or profit guarantee

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

30. Corporate proposal

There is no corporate proposal announced.

31. Changes in material litigation

There was no material litigation against the Group.

32. Dividend payable

Please refer to Note 18 for details.

33. Disclosure on nature of outstanding derivatives

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

34. Rationale for entering into derivatives

The Group did not enter into any derivatives during current quarter ended 31 March 2017 or the previous financial year ended 31 December 2016.

35. Risks and policies of derivatives

The Group did not enter into any derivatives during the current quarter ended 31 March 2017 or the previous financial year ended 31 December 2016.

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

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2017 and 31 December 2016.

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 three months ended 31 March 2017 – unaudited

37. Breakdown of realised and unrealised profits

	As at 31.3.2017	As at 31.12.2016 (Audited)
	RM'000	RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,367,790	1,364,631
- Unrealised	(67,579)	(66,575)
	1,300,211	1,298,056
 Total share of (losses)/profits from associates:		
- Realised	(22,596)	(10,979)
- Unrealised	(161)	(3,191)
	(22,757)	(14,170)
 Total share of losses from a joint venture:		
- Realised	-	(244)
 Less: Consolidation adjustments	(217,688)	(224,086)
 Total Group retained profits as per consolidated accounts	1,059,766	1,059,556

38. Auditors report on the preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

BY ORDER OF THE BOARD

TAN MEE LIAN
COMPANY SECRETARY
KUALA LUMPUR
Date: 30 MAY 2017