

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	30.06.2017	31.12.2016
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	608,366	616,336
Prepaid land lease payments	32,500	33,000
Investment properties	16,572	16,759
Investment in associates	41,151	50,517
Other investments	15,184	15,369
Intangible assets	53,138	56,214
Biological assets	396,671	390,908
	<u>1,163,582</u>	<u>1,179,103</u>
Current assets		
Prepaid land lease payments	1,000	1,000
Inventories	105,177	147,994
Trade receivables	92,528	92,572
Other receivables	55,025	53,958
Tax recoverable	7,016	6,674
Cash and bank balances	391,010	368,047
	<u>651,756</u>	<u>670,245</u>
TOTAL ASSETS	<u>1,815,338</u>	<u>1,849,348</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (Cont'd)

	30.06.2017	31.12.2016
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Retirement benefit obligations	181	181
Short term borrowings	118,561	146,952
Trade payables	115,978	106,233
Other payables	29,676	23,262
Current tax payable	2,826	1,658
	<u>267,222</u>	<u>278,286</u>
Net current assets	<u>384,534</u>	<u>391,959</u>
Non-current liabilities		
Retirement benefit obligations	2,237	2,210
Long term borrowings	120,199	122,623
Deferred tax liabilities	69,930	69,912
	<u>192,366</u>	<u>194,745</u>
Total liabilities	<u>459,588</u>	<u>473,031</u>
Net assets	<u>1,355,750</u>	<u>1,376,317</u>
Equity attributable to owners of the Company		
Share capital	309,346	240,672
Share premium	-	68,674
Treasury shares	(8,156)	(8,156)
Other reserves	6,473	6,466
Retained earnings	1,039,794	1,059,556
	<u>1,347,457</u>	<u>1,367,212</u>
Non-controlling interests	8,293	9,105
Total equity	<u>1,355,750</u>	<u>1,376,317</u>
TOTAL EQUITY AND LIABILITIES	<u>1,815,338</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 30 JUNE 2017 - UNAUDITED**

	Current quarter		Cumulative quarter	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	172,219	169,611	393,965	354,668
Cost of sales	(161,299)	(149,248)	(347,539)	(304,038)
Gross profit	10,920	20,363	46,426	50,630
Other income	6,028	6,732	10,480	11,303
Selling and distribution expenses	(13,147)	(14,446)	(29,128)	(27,892)
Administrative expenses	(9,340)	(7,900)	(17,530)	(17,417)
Operating (loss)/profit	(5,539)	4,749	8,248	16,624
Finance costs	(2,809)	(2,891)	(5,218)	(5,324)
Share of results of associates	(39)	351	(9,366)	(120)
(Loss)/Profit before tax	(8,387)	2,209	(6,336)	11,180
Income tax expense	(2,470)	(491)	(4,689)	(3,551)
(Loss)/Profit for the period from continuing operations	(10,857)	1,718	(11,025)	7,629
Discontinued Operation				
Profit for the period from discontinued operation	-	263	-	180
(Loss)/Profit for the period	(10,857)	1,981	(11,025)	7,809
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net (loss)/gain on available-for-sale financial assets				
- (Loss)/Gain on fair value changes	(125)	(123)	169	(126)
- Transfer to profit or loss upon disposal	(189)	-	(189)	-
Foreign currency translation	(368)	933	27	(570)
Other comprehensive (loss)/income, net of tax	(682)	810	7	(696)
Total comprehensive (loss)/income for the period	(11,539)	2,791	(11,018)	7,113
(Loss)/Profit attributable to:				
Owners of the Company	(10,423)	2,192	(10,213)	8,385
Non-controlling interests	(434)	(211)	(812)	(576)
(Loss)/Profit for the period	(10,857)	1,981	(11,025)	7,809
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(11,105)	3,002	(10,206)	7,689
Non-controlling interests	(434)	(211)	(812)	(576)
Total comprehensive (loss)/income for the period	(11,539)	2,791	(11,018)	7,113
(Loss)/Earnings per share attributable to owners of the Company:				
Basic, for (loss)/profit for the period (sen)	(2.18)	0.46	(2.14)	1.76
(Loss)/Earnings per share from continuing operations attributable to owners of the Company:				
Basic, for (loss)/profit for the period (sen)	(2.18)	0.40	(2.14)	1.72
Earnings per share from discontinued operation attributable to owners of the Company:				
Basic, for profit for the period (sen)	-	0.06	-	0.04

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)
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017 - UNAUDITED**

	←——— Attributable to owners of the Company ———→									
	Total equity RM'000	Total equity attributable to the owners of the Company RM'000	←——— Non-distributable ———→			Distributable		←——— Non-distributable ———→		Non- controlling interests RM'000
Share capital RM'000			Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000		
Quarter ended 30 June 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	(11,018)	(10,206)	-	-	-	(10,213)	7	27	(20)	(812)
Transaction with owners										
Dividends on ordinary shares	(9,549)	(9,549)	-	-	-	(9,549)	-	-	-	-
Other equity movement										
Transfer pursuant to Companies Act 2016 *	-	-	68,674	(68,674)	-	-	-	-	-	-
At 30 June 2017	1,355,750	1,347,457	309,346	-	(8,156)	1,039,794	6,473	6,603	(130)	8,293
Quarter ended 30 June 2016										
At 1 January 2016	1,393,062	1,378,422	240,672	68,674	(8,132)	1,071,366	5,842	6,038	(196)	14,640
Total comprehensive income	7,113	7,689	-	-	-	8,385	(696)	(570)	(126)	(576)
Transactions with owners										
Dividends paid to non-controlling interests	(33)	-	-	-	-	-	-	-	-	(33)
Repurchase of treasury shares	(14)	(14)	-	-	(14)	-	-	-	-	-
At 30 June 2016	1,400,128	1,386,097	240,672	68,674	(8,146)	1,079,751	5,146	5,468	(322)	14,031

Note

* Upon the commencement of the Companies Act 2016 ("CA2016") on 31 January 2017, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to Section 618(2) of the CA2016. The Group may use the credit amount of the share premium within twenty-four months upon the commencement of Section 74 of the CA2016. (Note 2)

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.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017 - UNAUDITED

	30.06.2017	30.06.2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax from continuing operations	(6,336)	11,180
Profit before tax from discontinued operation	-	358
	(6,336)	11,538
Adjustments for:		
Accretion of interest on RCPS	(631)	(578)
Allowance for impairment loss on receivables	-	5
Allowance for impairment loss on receivables no longer required	(1,200)	(2,064)
Amortisation	3,576	3,576
Depreciation	20,415	20,033
Dividend income	(4)	(31)
Gain on disposal of available-for-sale financial assets	(217)	-
Loss on disposal of property, plant and equipment	1,399	701
Interest income	(5,311)	(4,219)
Interest expense	5,218	5,357
Inventories written down	9	9
Property, plant and equipment written off	117	57
Retirement benefit obligations	85	107
Share of results of associates	9,366	120
Unrealised loss on foreign exchange	389	677
Inventories written off	9	12
	26,884	35,300
Operating profit before working capital changes		
Changes in working capital :		
Net decrease in current assets	42,626	32,813
Net increase/(decrease) in current liabilities	16,142	(8,067)
Cash generated from operations	85,652	60,046
Payment of retirement benefit	(58)	(262)
Interest paid	(6,410)	(8,692)
Interest received	5,311	4,219
Taxation paid	(3,848)	(4,736)
Net cash from operating activities	80,647	50,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Biological assets expenditure	(3,526)	(7,103)
Net dividend received from investment securities	4	31
Subscription of shares in an associate	-	(368)
Proceeds from disposal of property, plant and equipment	1,183	375
Proceeds from disposal of investment securities	1,013	1
Purchase of property, plant and equipment	(15,950)	(7,291)
Net cash used in investing activities	(17,276)	(14,355)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017 - UNAUDITED (Cont'd)

	30.06.2017	30.06.2016
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	-	(33)
Drawdown of term loans	33,723	9,673
Drawdown of trade financing facilities	19,192	53,876
Decrease in fixed deposits pledged to licensed financial institutions	64	62
Repayment of hire purchases	(1,097)	(1,438)
Repayment of term loans	(43,120)	(11,523)
Repayment of trade financing facilities	(37,754)	(31,868)
Repurchase of treasury shares	-	(14)
Net cash (used in)/from financing activities	(38,541)	18,735
Net increase in cash and cash equivalents	24,830	54,955
Effects of exchange rate changes	(36)	(719)
Net cash and cash equivalents at the beginning of the period	344,570	323,452
Net cash and cash equivalents at the end of the period	369,364	377,688
For the purpose of statements of cash flows, net cash and cash equivalents include the following:-		
Cash and bank balances	391,010	402,243
Less: Bank overdrafts	(21,646)	(24,555)
Cash and cash equivalents	369,364	377,688

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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 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 29 August 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.

For the current year to date, the Group also adopted the Companies Act 2016 (“CA2016”) which took effect from 31 January 2017 except Section 241 and Division 8 of Part III of the CA2016. CA2016 was enacted to replace the Companies Act 1965.

The Companies Commission of Malaysia has clarified that CA2016 should be complied with for the preparation of financial statements, directors’ report and auditors’ report thereon commencing from the financial year/period ended 31 January 2017. The main changes in CA2016 that will affect the financial statements of the Group and of the Company upon the commencement of CA2016 on 31 January 2017 are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company will cease to have par or nominal value; and
- (iii) the Company’s share premium account will become part of the Company’s share capital.

The adoption of CA2016 does not have any financial impact to the Group as any accounting implications will only be applied prospectively. The effect of adoption mainly will be on disclosures of financial statements.

Upon adoption of the CA2016, the Group’s share premium of RM68,674,000 becomes part of the share capital pursuant to Section 618(2) of the CA2016. The Group may use the credit amount of the share premium within twenty-four months upon commencement of Section 74 of the CA2016. The Board of Directors may make a decision thereon by 31 January 2019.

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For the six months ended 30 June 2017 – unaudited

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

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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2017 – unaudited

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. Segmental information

	6 months ended 30.06.2017		6 months ended 30.06.2016	
	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	326,943	16,369	288,519	13,634
Plantation	16,706	(5,452)	6,946	(6,269)
Oil and Gas	12,410	(21,731)	22,942	(129)
Manufacturing	21,700	3,282	19,136	2,990
Trading	15,158	1,106	15,829	1,482
Others	1,048	90	1,296	(528)
Total continuing operations	393,965	(6,336)	354,668	11,180
<u>Discontinued Operation:</u>				
Manufacturing	-	-	20,247	358
	393,965	(6,336)	374,915	11,538

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.

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2017 – unaudited

6. Segmental information (cont'd)

The Group is organised into business units based on their products and services, and has six reportable operating segments as follows: (cont'd)

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.

7. Seasonality of operations

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

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2017 – unaudited

8. (Loss)/Profit before tax

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the period is arrived at after charging:				
Amortisation	1,788	1,788	3,576	3,576
Allowance for impairment loss on receivables	-	5	-	5
Depreciation	10,168	10,760	20,415	20,033
Interest expense	2,810	2,907	5,218	5,357
Inventories written down	4	5	9	9
Inventories written off	9	11	9	12
Loss on foreign exchange				
- Unrealised	214	1,259	389	677
- Realised	73	-	-	1
Loss on disposal of property, plant and equipment	512	702	1,399	701
Property, plant and equipment written off	84	7	117	57
and crediting:				
Accretion of interest on RCPS	319	292	631	578
Allowance for impairment loss on receivables no longer required	1,200	2,064	1,200	2,064
Gain on disposal of available-for-sale investment	217	-	217	-
Gain on foreign exchange				
- Realised	-	54	43	-
Hire of machinery	164	135	316	263
Interest income	2,692	2,118	5,311	4,219

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2017 – unaudited

9. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	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	2,463	1,559	4,564	4,510
- Foreign tax	91	112	186	251
	2,554	1,671	4,750	4,761
Over provision in respect of previous years				
- Malaysian income tax	-	(15)	-	(15)
- Foreign tax	(78)	-	(78)	-
	2,476	1,656	4,672	4,746
<u>Deferred income tax</u>				
- Original and reversal of temporary differences	(6)	(937)	14	(1,017)
- Under provision in prior year	-	-	3	-
	(6)	(937)	17	(1,017)
	2,470	719	4,689	3,729
Income tax attributable to:				
- Continuing operations	2,470	491	4,689	3,551
- Discontinued operation	-	228	-	178
	2,470	719	4,689	3,729

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

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2017 – unaudited

10. (Loss)/Earnings per share

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

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

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	(Restated)		(Restated)	
(Loss)/Profit attributable to the owners of the Company (RM'000)	(10,423)	2,192	(10,213)	8,385
(Loss)/Profit attributable to the owners of the Company (RM'000)	(10,423)	2,192	(10,213)	8,385
Less: Profit from discontinued operation attributable to the owners of the Company	-	(263)	-	(180)
(Loss)/Profit from continuing operations attributable to the owners of the Company	(10,423)	1,929	(10,213)	8,205
Weighted average number of ordinary shares in issue ('000)	477,474	477,487	477,474	477,484
Dilutive potential ordinary shares	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	477,474	477,487	477,474	477,484
Basic (loss)/earnings per share (sen)	(2.18)	0.46	(2.14)	1.76
Diluted (loss)/earnings per share (sen)	(2.18)	0.46	(2.14)	1.76

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 2017 – unaudited

10. Earnings per share (cont'd)

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	(Restated)		(Restated)	
Basic (loss)/earnings per share (sen)				
attributable to:				
- Continuing operations	(2.18)	0.40	(2.14)	1.72
- Discontinued operation	-	0.06	-	0.04
	<u>(2.18)</u>	<u>0.46</u>	<u>(2.14)</u>	<u>1.76</u>
Diluted (loss)/earnings per share (sen)				
attributable to:				
- Continuing operations	(2.18)	0.40	(2.14)	1.72
- Discontinued operation	-	0.06	-	0.04
	<u>(2.18)</u>	<u>0.46</u>	<u>(2.14)</u>	<u>1.76</u>

11. Property, plant and equipment

During the 6 months ended 30 June 2017, the Group acquired assets with a total cost of RM15,950,000 (30 June 2016: RM7,468,000).

Assets with carrying amount of RM2,582,000 (30 June 2016: RM1,076,000) were disposed of by the Group during the 6 months ended 30 June 2017, resulting in a loss on disposal of RM1,399,000 (30 June 2016: RM701,000).

12. Intangible assets

	Goodwill	Timber	Total
	RM'000	rights	RM'000
	RM'000	RM'000	RM'000
Cost			
At 1 January 2017/30 June 2017	33,593	111,584	145,177
Accumulated amortisation and impairment			
At 1 January 2017	9,404	79,559	88,963
Amortisation	-	3,076	3,076
At 30 June 2017	<u>9,404</u>	<u>82,635</u>	<u>92,039</u>
Net carrying amount			
At 30 June 2017	<u>24,189</u>	<u>28,949</u>	<u>53,138</u>
At 31 December 2016	<u>24,189</u>	<u>32,025</u>	<u>56,214</u>

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Explanatory notes pursuant to FRS 134 and Chapter 9, Appendix 9B, Part A
For the six months ended 30 June 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	
	30.06.2017	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.

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13. Cash and bank balances

	30.06.2017	31.12.2016
	RM'000	RM'000
Cash on hand and at banks	139,370	118,535
Short term deposits with licensed financial institutions	251,640	249,512
Cash and bank balances	391,010	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	30 June 2017	410	-	-	410
	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.

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15. Share capital, share premium and treasury shares

The Company did not issue any ordinary shares during the current quarter ended 30 June 2017. Upon adoption of the CA2016, the Group's share premium of RM68,674,000 becomes part of the share capital pursuant to Section 618(2) of the CA2016.

The number of shares bought back and retained as treasury shares amounted to 3,871,000 shares as at 30 June 2017.

16. Interest bearing loans and borrowings

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

	30.06.2017	31.12.2016
	RM'000	RM'000
Short term borrowings		
Secured	78,200	106,952
Unsecured	40,361	40,000
	<u>118,561</u>	<u>146,952</u>
Long term borrowings		
Secured	120,199	122,623
Total	<u>238,760</u>	<u>269,575</u>

17. Provisions for costs of restructuring

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

18. Dividends

A final single-tier dividend in respect of the financial year ended 31 December 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 was paid on 5 July 2017.

No interim dividend has been declared for the current quarter ended 30 June 2017 (30 June 2016: RM Nil).

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19. Commitments

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

	30.06.2017	31.12.2016
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	21,236
	<u> </u>	<u> </u>

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 30 June 2017 and 31 December 2016.

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21. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the six months ended 30 June 2017 and 30 June 2016.

	Note	Transaction value	
		30.06.2017 RM'000	30.06.2016 RM'000
Sawn timber sales:			
W T K Realty Sdn. Bhd.	#	253	344
Purchase of logs:			
Harbour-View Realty Sdn. Bhd.	^	4,301	4,803
Ocarina Development Sdn. Bhd.	#	9,376	17,924
		13,677	22,727
Lighterage and freight:			
Master Ace Territory Sdn. Bhd.	#	778	664
Ocarina Development Sdn. Bhd.	#	943	1,374
W T K Realty Sdn. Bhd.	#	5,283	4,670
Harbour-View Realty Sdn. Bhd.	^	44	-
		7,048	6,708
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	^	9,570	13,344
Purchase of frozen food:			
Sing Chew Coldstorage Sdn. Bhd.	^	1,118	968
Purchase of hardware and lubricants:			
W.T.K Trading Sdn. Bhd.	#	-	4
WTK Service & Warehousing Sdn. Bhd.	^	8,468	5,302
		8,468	5,306

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21. Related party transactions (cont'd)

The following table provides information on the transactions which have been entered into with related parties during the six months ended 30 June 2017 and 30 June 2016.
(cont'd)

	Note	Transaction value	
		30.06.2017 RM'000	30.06.2016 RM'000
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	^	3,864	3,392
Contract fees received in relation to logging operations:			
W T K Realty Sdn. Bhd.	#	27	-
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	*	1,620	1,620
United Agencies Sdn. Bhd.	^	3,021	4,546
W T K Realty Sdn. Bhd.	#	88	-
		<u>4,729</u>	<u>6,166</u>
Sales of fresh fruit bunches:			
Delta-Pelita Sebakong Sdn. Bhd.	#	3,784	-
Harvard Master Sdn. Bhd.	#	4,246	-
Southwind Plantation Sdn. Bhd.	#	2,105	-
WTK Oil Mill Sdn Bhd	#	72	-
		<u>10,207</u>	<u>-</u>
Purchase of fresh fruit bunches:			
W T K Realty Sdn. Bhd.	#	123	-

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

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

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

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21. Related party transactions (cont'd)

The outstanding balances arising from related party transactions as at 30 June 2017 and 31 December 2016 were as follows:

	30.06.2017	31.12.2016
	RM'000	RM'000
Total outstanding balances due from/(to) related parties included in:		
Trade receivables (net of allowance for impairment)	4,727	3,045
Other receivables (net of allowance for impairment)	1,760	4,959
Trade payables	(24,458)	(23,622)
Other payables	(2,239)	(3,403)
	<u> </u>	<u> </u>

22. Events after the reporting period

There are no events after the quarter ended 30 June 2017 which could materially affect the Group.

23. Changes in previous period's presentation

The following disclosure for the second quarter ended 30 June 2016 has been restated to conform with the current period's presentation:

Quarter ended 30 June 2016 (3 months)

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Revenue	180,570	(10,959)	169,611
Cost of sales	(158,412)	9,164	(149,248)
Gross Profit	22,158	(1,795)	20,363
Other income	6,809	(77)	6,732
Selling and distribution expenses	(14,769)	323	(14,446)
Administrative expenses	(8,942)	1,042	(7,900)
Operating profit	5,256	(507)	4,749
Finance costs	(2,907)	16	(2,891)
Profit before tax	2,700	(491)	2,209
Income tax expense	(719)	228	(491)
Profit for the period from continuing operation	1,981	(263)	1,718
Profit for the period from discontinued operation	<u> -</u>	<u> 263</u>	<u> 263</u>

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23. Changes in previous period's presentation (cont'd)

The following disclosure for the second quarter ended 30 June 2016 has been restated to conform with the current period's presentation: (cont'd)

Period ended 30 June 2016 (6 months)

	Previously stated RM'000	Reclassified RM'000	Restated RM'000
Revenue	374,915	(20,247)	354,668
Cost of sales	(321,841)	17,803	(304,038)
Gross Profit	53,074	(2,444)	50,630
Other income	11,454	(151)	11,303
Selling and distribution expenses	(28,529)	637	(27,892)
Administrative expenses	(18,984)	1,567	(17,417)
Operating profit	17,015	(391)	16,624
Finance costs	(5,357)	33	(5,324)
Profit before tax	11,538	(358)	11,180
Income tax expense	(3,729)	178	(3,551)
Profit for the period from continuing operation	7,809	(180)	7,629
Profit for the period from discontinued operation	-	180	180

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24. Performance review

For the quarter under review, the Group's revenue was RM172.2 million as compared to RM169.6 million in 2Q2016, representing a marginal increase of RM2.6 million or 1.5%. The increase in 2Q2017's revenue come from its timber and plantation divisions with both divisions recorded an increase in revenue of RM9.7 million and RM4.2 million, respectively, over the preceding year corresponding quarter. However, the increase was partially offset by lower revenue recorded by its manufacturing and trading division of RM0.2 million, as well as no revenue recorded for its oil and gas division in 2Q2017.

Despite a marginal increase in Group's revenue in 2Q2017, the Group recorded a loss before tax of RM8.4 million, representing a decrease of RM10.6 million from profit before tax of RM2.2 million in 2Q2016. This was mainly attributed to oil and gas and plantation divisions which losses for the quarter increased by RM12.7 million and RM1.0 million, respectively, but was partially offset by an increase in profit contribution from timber division of RM3.1 million.

Quarter 2, 2017

Timber

For current quarter, revenue of the Group's timber division was RM145.6 million, representing an increase of RM9.7 million or 7.1%, as compared to RM135.9 million in 2Q2016. This was mainly contributed by the increase in revenue from sales of logs by RM6.9 million or 21.1% as compared to 2Q2016, due to sales volume of logs to domestic market increased by 34.9% as the shutdown of boiler for maintenance works for a month during 2Q2017 allowed more logs to be released and sold to domestic buyers, coupled with 14.2% increase in export logs average selling price and 7.5% of gain in US Dollar ("USD") exchange rate against the Malaysian Ringgit ("RM"). The strengthening of USD also lifted plywood sales revenue by RM3.0 million or 3.1%, despite marginal drop in plywood sales volume of 2%.

Its pre-tax profit stood at RM5.4 million in 2Q2017, representing an increase of 134.8% or RM3.1 million as compared to RM2.3 million recorded in 2Q2016. This was mainly contributed by RM3.0 million increase in pre-tax profit for logs as a result of higher sales revenue recorded, coupled with a 6.1% reduction in its unit costs of production due to higher production volume. Pre-tax profit for plywood also improved by RM2.2 million in 2Q2017 as compared to 2Q2016, as sales volume of its premium floor base plywood increased by 28% and with better sales margin it is more than offset the lower sales volume of other grade of plywood such as concrete panel and structural panel. However, pre-tax loss for its sawn timber in 2Q2017 increased by RM2.1 million as compared to 2Q2016, mainly due to combinations of lower sales and higher unit costs of production which resulted in 15.5% increase in its overall unit costs of sales.

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24. Performance review (cont'd)

Quarter 2, 2017 (cont'd)

Timber (cont'd)

On a year-to-date (“YTD”) basis, revenue of the Group’s timber division was RM326.9 million, an increase of RM38.4 million or 13.3% as compared to RM288.5 million recorded in preceding year corresponding period. The higher revenue was mainly contributed by a RM11.6 million increase in sales revenue from logs as its sales volume to domestic market increased by 31.7%. Besides, 8.1% increase in plywood sales volume and higher average selling price brought about by the weakening of RM against the USD increased the plywood sales revenue by RM21.2 million further lifted the sales performance of timber division.

The division’s pre-tax profit stood at RM16.4 million, representing an increase of RM2.8 million or 20.6% as compared to RM13.6 million reported in preceding year corresponding period. The increase in pre-tax profit was attributable to higher pre-tax profit from plywood of RM4.7 million arising from increase in sales volume of premium floor base plywood with higher profit margin. However, the improvement in pre-tax profit of plywood was partially offset by the increase in pre-tax loss for sawn timber of RM2.0 million as lower production volume has driven up its unit costs of production.

The Group’s key export markets for round logs were India (98%) and Vietnam (2%). The export markets for plywood for the quarter under review were Japan (81%) and Taiwan (19%).

Plantation

Revenue of the Group’s plantation division was RM8.2 million in 2Q2017 as compared to RM4.0 million in 2Q2016, representing an increase of RM4.2 million or 105.0% as the palms are moving up the production life cycle. However, the division reported higher loss before tax of RM3.3 million in 2Q2017 as compared to loss before tax of RM2.3 million in 2Q2016 mainly due to expenditure from the newly declared mature palms which were previously capitalized are now expensed off.

On a YTD basis, revenue of the Group’s plantation division was RM16.7 million as compared to RM6.9 million recorded in the preceding year corresponding period, representing an increase of RM9.8 million or 142.0%. The higher revenue was mainly attributable to the gradual increase of maturing palms going into FFB production and an 18.8% increase in FFB selling price. Accordingly, the division registered a lower loss before tax of RM5.5 million as compared to loss before tax of RM6.3 million reported in the preceding year corresponding period. Loss before tax during this period was mainly due to expenditure from the newly declared mature palms which were previously capitalized are now expensed off.

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24. Performance review (cont'd)

Quarter 2, 2017 (cont'd)

Manufacturing and Trading

Revenue of the Group's manufacturing and trading division was RM17.6 million in 2Q2017 as compared to RM17.8 million in 2Q2016, representing a decrease of RM0.2 million or 1.1%. The lower revenue was due to weaker market condition and sentiment in Singapore as well as slower demand. Accordingly, the division registered a lower profit before tax of RM1.7 million as compared to RM2.0 million reported in the preceding year corresponding quarter. The lower profit before tax was due to lower revenue and higher production cost arising from higher pricing and weakening of RM against USD for imported raw material denominated in USD.

On a YTD basis, revenue of the Group's manufacturing and trading division was RM36.9 million as compared to RM35.0 million in preceding year corresponding period, representing an increase of RM1.9 million or 5.4%. The higher revenue was due to better local and export sales for cellulose tapes coupled with stock-up activities by dealers before price adjustment. Despite higher revenue, profit before tax declined marginally by RM0.1 million or 1.9% as compared to the preceding year corresponding period of RM4.5 million. This was mainly due to higher production cost arising from imported raw material denominated in USD due to weakening of RM against USD and increase in raw material costs from higher pricing.

Oil and Gas

There was no revenue recorded for the Group's oil and gas division in 2Q2017 as compared to RM11.2 million in 2Q2016. Consequently, the division incurred a loss before tax of RM12.1 million in 2Q2017 as compared to profit before tax of RM0.6 million in 2Q2016. Besides, the loss before tax also took into account the amortization of intangible assets of RM0.7 million embedded in investment in the associate company.

On a YTD basis, revenue of the Group's oil and gas division was RM12.4 million as compared to RM22.9 million in preceding year corresponding period, representing a decrease of RM10.5 million or 45.9%. The division registered a higher loss before tax of RM21.7 million as compared to loss before tax of RM0.1 million in preceding year corresponding period. The loss was attributed to the associate company having to continue to incur charter fee and operation costs to maintain vessels in the ready state of deployment. Besides, the loss before tax also took into account the amortization of intangible assets of RM1.5 million embedded in investment in the associate company.

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24. Performance review (cont'd)

Quarter 2, 2017 (cont'd)

Others

There were no material changes to the revenue in respect of the current quarter when compared to 2Q2016. The performance from others improved by RM0.3 million mainly due to higher interest income from short-term deposits and gain on disposal of quoted shares.

On a YTD basis, the division registered a lower revenue mainly due to there was no longer rental income following the disposal of car park investment properties in August 2016. Despite lower revenue, profit before tax of RM0.1 million was registered in the current period as compared to loss before tax of RM0.5 million in the preceding year corresponding period, representing an increase of RM0.6 million or 117%. The higher profit before tax was mainly due to higher interest income from short-term deposits and gain on disposal of quoted shares.

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25. Comment on material change in profit before taxation

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

Quarter 2, 2017

Timber

Revenue of the timber division was RM145.6 million as compared to 1Q2017's revenue of RM181.3 million, representing a decrease of RM35.7 million or 19.7%. The lower revenue was mainly due to drop in export logs and plywood sales volume of 46.2% and 12.6%, respectively. The lower export logs sale in 2Q2017 was due to stock-up by importers in India in 1Q2017, and knee jerk reaction from buyers in response to upward revision in selling prices of logs. Whilst the lower plywood sales volume was attributable to the shutdown of boiler for maintenance works for a month which resulted in lower production volume to fulfil its export orders during 2Q2017.

The division reported a lower pre-tax profit of RM5.4 million in 2Q2017 as compared to RM11.0 million in 1Q2017, representing a decrease of RM5.6 million or 50.9%. This was mainly attributable to RM3.4 million drop in pre-tax profit for plywood due to lower sales recorded and higher unit costs of production as boiler was shut down for maintenance works for a month in 2Q2017. Sawn timber sector similarly experienced lower sales and higher unit costs of production which accounts for the remaining reduction in pre-tax profit for timber division.

Plantation

Revenue of the Group's plantation division was RM8.2 million in 2Q2017 as compared to RM8.5 million in 1Q2017, representing a marginal decrease of RM0.3 million or 3.5%. The lower revenue was mainly due to 18.1% drop in FFB selling price, despite a 19.0% increase in FFB's sale volume. The division remained loss making and recorded loss before tax of RM3.3 million in 2Q2017 as compared to RM2.1 million in 1Q2017, as expenditure from additional newly declared matured palms which were previously capitalized are now expensed off in the current quarter.

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

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

Quarter 2, 2017 (cont'd)

Manufacturing and Trading

Revenue of the Group's manufacturing and trading division was RM17.6 million in 2Q2017 as compared to RM19.3 million in 1Q2017, representing a decrease of RM1.7 million or 8.8%. The decrease in revenue was mainly due to lower local sales coupled with stock-up activities by dealers in preceding quarter. Accordingly, profit before tax dropped by RM1.0 million as compared to profit before tax of RM2.7 million in the preceding quarter. The drop in profit before tax was mainly due to decline in sales volume.

Oil and Gas

There was no revenue recorded for the Group's oil and gas division in 2Q2017 as compared to RM12.2 million in 1Q2017. Accordingly, the division registered a higher loss before tax of RM12.1 million as compared to preceding quarter's loss before tax of RM9.6 million.

Others

There were no material changes to the revenue in respect of the current quarter when compared to 1Q2017. The performance from others dropped by RM0.2 million or 126.8% as compared to profit before tax of RM0.1 million in 1Q2017. The loss before tax in the current quarter was mainly due to higher administrative expenses, but partially offset by higher interest income from short-term deposits and gain on disposal of quoted shares.

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26. Commentary on prospects

Timber

Japan economy recorded an expansion in second-quarter gross domestic product at an annualized rate of 4%, with domestic spending accelerating as the country prepares for the 2020 Tokyo Olympics and low levels of unemployment encourages businesses to invest. Being the Group's major plywood export market, Japan's growing economy augurs well for the Group.

India, being our Group's major logs export market, is expected to pose stronger economic growth in second half of 2017 led by resumption of production (after GST implementation effective 1st July 2017), ongoing re-monetisation, and stronger rural consumption buoyed by rebuilding activities. This is expected to spur demand for our logs export, although we are cautious that the reduction in export quota of logs from 30% to 20% by the Sarawak State Government effective 1st July 2017 may marginally affect our export sales.

Plantation

The Group's FFB production was up by 103.7% as compared to previous year corresponding period. As it moves into peak crop season in the second half of the year and CPO price is expected to maintain at current price level, the division is expected to improve its performance over the previous financial year.

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

The Group's oil and gas division will continue to face a challenging market condition as PETRONAS offshore projects and maintenance works are delayed further than anticipated. The second half of 2017 shows a slight improvement in the commencement of short term projects which translates to improved utilization rate of the Group's Accommodation Workboats ("AWBs"). Improved utilization rate of the Group's AWBs with DP2 capabilities can be achieved when there is improvement in the overall oil and gas sector and when PETRONAS resume the delayed projects.

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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 30 June 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 30 June 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 30 June 2017 and 31 December 2016.

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37. Breakdown of realised and unrealised profits

	As at 30.06.2017	As at 31.12.2016 (Audited)
	RM'000	RM'000
Total retained profits of W T K Holdings Berhad and its subsidiaries:		
- Realised	1,348,041	1,364,631
- Unrealised	<u>(67,712)</u>	<u>(66,575)</u>
	<u>1,280,329</u>	<u>1,298,056</u>
 Total share of (losses)/profits from associates:		
- Realised	(21,895)	(10,979)
- Unrealised	<u>(161)</u>	<u>(3,191)</u>
	<u>(22,056)</u>	<u>(14,170)</u>
 Total share of losses from a joint venture:		
- Realised	<u>-</u>	<u>(244)</u>
 Less: Consolidation adjustments	<u>(218,479)</u>	<u>(224,086)</u>
 Total Group retained profits as per consolidated accounts	<u>1,039,794</u>	<u>1,059,556</u>

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: 29 AUGUST 2017