

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	UNAUDITED	AUDITED
	AS AT	AS AT
	31-Mar-07	31-Dec-06
Note	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	54,281	49,735
Prepaid lease payments	784	378
Intangible assets	32,147	32,118
CURRENT ASSETS		
Prepaid lease payments	10,971	10,971
Receivable, deposits and prepayments	18,460	14,984
Inventories	18,646	22,518
Current tax assets	997	964
Cash and cash equivalents	1,973	2,898
	<u>51,047</u>	<u>52,335</u>
CURRENT LIABILITIES		
Amount due to substantial shareholders	9,133	10,439
Payables and accruals	19,394	22,651
Short term borrowings	B9 25,497	21,431
Provision for taxation	-	48
	<u>54,024</u>	<u>54,569</u>
NET CURRENT ASSETS	(2,977)	(2,234)
NON CURRENT LIABILITIES		
Long term borrowings	29,528	19,439
Deferred taxation	-	-
Irredeemable Convertible Unsecured Loan Stocks (Liability Component)	47	47
	<u>29,575</u>	<u>19,486</u>
	<u>54,660</u>	<u>60,511</u>
FINANCED BY:-		
Share capital	143,019	143,019
Other reserves	14	44
Accumulated losses	(89,789)	(83,968)
Irredeemable Convertible Unsecured Loan Stocks (Equity Component)	1,416	1,416
Total equity attributable to shareholders of the Company	<u>54,660</u>	<u>60,511</u>
Minority interest	-	-
Total equity	<u>54,660</u>	<u>60,511</u>
	-	-
Net Assets Per Share (RM)	0.38	0.42

The condensed consolidated balance sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006 accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2007

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31-Mar-07 RM'000	Preceding Year Corresponding Quarter 31-Mar-06 RM'000	Current Year ToDate 31-Mar-07 RM'000	Preceding Year Corresponding Period 31-Mar-06 RM'000
Revenue		23,493	24,801	23,493	24,801
Cost of sales		(26,200)	(22,109)	(26,200)	(22,109)
Gross (loss)/ profit		<u>(2,707)</u>	<u>2,692</u>	<u>(2,707)</u>	<u>2,692</u>
Other income		2,271	46	2,271	46
Distribution expenses		(1,558)	(1,927)	(1,558)	(1,927)
Administrative expenses		(3,186)	(2,207)	(3,186)	(2,207)
Other expenses		(7)	-	(7)	-
Finance costs		<u>(634)</u>	<u>(331)</u>	<u>(634)</u>	<u>(331)</u>
Loss before taxation		(5,821)	(1,727)	(5,821)	(1,727)
Income tax expense	B5	-	(8)	-	(8)
Loss for the period		<u><u>(5,821)</u></u>	<u><u>(1,735)</u></u>	<u><u>(5,821)</u></u>	<u><u>(1,735)</u></u>
Attributable to :					
Shareholders of the Company		(5,821)	(1,735)	(5,821)	(1,735)
Minority Interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss per share					
Basic (sen)		(4.07)	(1.22)	(4.07)	(1.22)
Diluted (sen)		(4.03)	(1.20)	(4.03)	(1.20)

The condensed consolidated income statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2007

	Non-distributable Attributable to shareholders of the Company			Distributable			Total Equity RM'000
	Ordinary Share Capital RM'000	Irredeemable Convertible Unsecured Loan Stocks (Equity Component) RM'000	Other Reserves	(Accumulated Losses)/ Retained Profit RM'000	Total RM'000	Minority Interest RM'000	
<u>For the 3 months quarter ended 31 March 2007</u>							
Balance as at 1 January 2007	143,019	1,416	44	(83,968)	60,511	-	60,511
Issuance during the year	-	-	-	-	-	-	-
Conversion/adjustment during the period	-	-	-	-	-	-	-
Foreign currency translation	-	-	(30)	-	(30)	-	(30)
Net loss for the period	-	-	-	(5,821)	(5,821)	-	(5,821)
Balance as at 31 March 2007	143,019	1,416	14	(89,789)	54,660	-	54,660
<u>For the 3 months quarter ended 31 March 2006</u>							
Balance as at 1 January 2006	142,663	1,720	-	(34,051)	110,332	-	110,332
Issuance during the year	-	-	-	-	-	-	-
Conversion during the period	-	-	-	-	-	-	-
Net loss for the period	-	-	-	(1,735)	(1,735)	-	(1,735)
Balance as at 31 March 2006	142,663	1,720	-	(35,786)	108,597	-	108,597

The condensed consolidated income statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2007

	3 Months Ended 31-Mar-07 RM'000	3 Months Ended 31-Mar-06 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(5,821)	(1,727)
Adjustments for:		
Non-cash items	2,308	2,421
Non-operating items (net of income)	634	318
Operating profit before working capital changes	<u>(2,879)</u>	<u>1,012</u>
Net change in current assets	(1,413)	(3,410)
Net change in current liabilities	(3,459)	592
Payment for non-operating expenses (net of income)	(634)	(318)
	<u>(5,506)</u>	<u>(3,136)</u>
Net cash flow generated from/(used in) operating activities	<u>(8,385)</u>	<u>(2,124)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(7,262)	(3,305)
Payment for intangible asset	(28)	
Net cash flow used in investing activities	<u>(7,286)</u>	<u>(3,305)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advance from substantial shareholder	1,152	1,100
Bank borrowings drawdown	13,505	189
Repayment of borrowings	(401)	(1,091)
Net cash flow generated from/(used in) financing activities	<u>14,256</u>	<u>198</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,415)</u>	<u>(5,231)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>(3,779)</u>	<u>4,214</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>(5,194)</u></u>	<u><u>(1,017)</u></u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Fixed deposits with licensed banks	581	777
Cash and bank balances	1,393	2,484
Bank Overdrafts (included within short term borrowings in Note B9)	(7,168)	(4,278)
	<u>(5,194)</u>	<u>(1,017)</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim Financial Statements.

PART A: EXPLANATORY NOTES IN COMPLIANCE WITH FRS 134, PARAGRAPH 16**A1. Basis of preparation of interim financial report**

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements as set out in Financial Reporting Standards ('FRS') No. 134²⁰⁰⁴: Interim Financial Reporting and paragraph 9.22 of Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2006.

The same accounting policies and methods of computation as disclosed in the audited accounts for the year ended 31 December 2006 have been adopted in the preparation of the first quarter ended 31 March 2007 condensed financial statements.

A2. Audit report

The audited financial statements for the Group and the Company for the financial year ended 31 December 2006 were not subject to any qualification.

A3. Seasonal and cyclical factors

The disposal foodwares business, being the main contributor to the Group for the current quarter and financial year to date is subject to factors affecting the disposal food wares industry. The performances of startup automotive parts manufacturing and automotive sales businesses are affected by the seasonality and cyclicity factors of the automotive industry, The other business segments are not affected by the seasonality or cyclical factors.

A4. Unusual and extraordinary items

There were no other unusual items affecting assets, liabilities, equity, net income or cash for the current quarter and financial period ended 31 March 2007.

A5. Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial year that have a material effect in the current interim period.

A6. Issuance and repayment of debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the first quarter and financial period ended 31 March 2007.

A7. Dividends paid

There was no dividend paid during the current quarter and financial period ended 31 March 2007.

Notes to the interim financial report for the first quarter ended 31 March 2007

The figures have not been audited

A8. Segmental reporting

<i>Business segment</i>	3 months ended 31 March 2007	
	Revenue	Profit/(loss) before tax
	RM'000	RM'000
1 Manufacturing		
- Disposable food wares	15,491	(3,571)
- Medical compounds/devices	1,150	(271)
- Automotive parts	529	(1,745)
2 Mining of refined kaolin	4,195	388
3 Automotive sales and services	2,128	(254)
4 Investment holding	-	(131)
Unallocated corporate expenses	-	(237)
Consolidation adjustments	-	
Total	<u>23,493</u>	<u>(5,821)</u>

No segmental information is provided on a geographical basis as the Group's activities are conducted wholly in Malaysia.

A9. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendment from the audited financial statements for the year ended 31 December 2006.

A10. Material events subsequent to the balance sheet date

There were no other material events subsequent to the end of the quarter and financial period-to-date up to the date of this report.

A11. Changes in composition of the Group

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

A12. Contingent liabilities

Contingent liabilities of the Company include the following:-

	As at <u>31/5/07</u>	As at <u>31/12/06</u>
	RM'000	RM'000
Corporate guarantees for credit facilities of subsidiaries	<u>62,733</u>	<u>42,604</u>

Except for the above, there were no significant changes in contingent liabilities since the last annual balance sheet as at 31 December 2006.

A13. Capital commitments

Capital commitments as at 31 March 2007 are as follows:

	RM '000
Property, plant and equipment	
- Approved and contracted for	<u>21,597</u>

A14. Related party transactions

There were no significant related party transactions entered into by the Group during the financial quarter under review.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA**B1. Review of performance**

The Group registered a higher pretax loss of RM5.8 million for the current quarter against a pretax loss of RM1.7million in the preceding year corresponding first quarter. A marginally lower revenue of RM23.5 million was registered for the current quarter vis-à-vis RM24.8 million in first quarter last year,

The Group's performance, mainly driven by the disposable foodwares manufacturing business, was adversely affected by the difficult business environment resulting from the prevalent high prices of petrochemical resin materials, hikes in energy and fuel costs, higher interest rate and intensified competition. Nevertheless, with the resilient efforts taken in strategic pricing review and stringent cost control measures, the operating losses for the three months during the current quarter were on a recovery trend. The higher other income for the current quarter comprised mainly a fire insurance claim receivable of RM2.1 million for the disposable foodwares division The mining of refined kaolin business managed to contribute a higher profit vis-a-vis the first quarter of the preceding year as the depressed margins due to the rising fuel costs and energy cost were restored via improved selling price and cost control measures.

The startup automotive sales and services division (which was acquired at the end of 2nd quarter of 2006) incurred a pretax loss of RM0.3 million during the current quarter. Meanwhile, the slow recovery of the automotive industry and weak market sentiment in domestic car sales have affected the automotive parts manufacturing startups and automotive sales and service businesses.

B2. Variation of results against preceding quarter

The Group recorded a marginally higher revenue of RM23.5 million for the current quarter over the last preceding quarter's revenue of RM23.4 million, while registering lower pretax loss of RM5.8 million in the current quarter as compared to pretax loss of RM44.9 million in the preceding quarter. The significantly higher loss for preceding quarter was largely attributable to higher impairment losses in goodwill for the kaolin mining and disposal foodwares businesses, accelerated depreciation and impairment of certain assets in wholly owned subsidiaries, namely Greatpac Sdn Bhd and MGS Technology Sdn Bhd respectively amounting to RM35.4 million made in the last quarter.

The reduced pretax operating loss at RM8.0 million (before other income) for the group vis-à-vis RM9.8 million loss (before other income and exceptional items) in the preceding quarter was largely attributable to the improved performance of the disposal foodwares business. Notwithstanding the prevailing escalations in petrochemical resin materials cost and fuel costs, results from the implementation of strategic pricing review and cost rationalization exercises in mitigating costs increase were encouraging. During the quarter under review, the mining of refined kaolin business achieved marginally higher profitability in line with the strong demand for its products.

Notes to the interim financial report for the first quarter ended 31 March 2007**The figures have not been audited**

The automotive parts manufacturing division generated lower turnover at RM0.7 million in the current quarter vis-à-vis the preceding quarter of RM2.3 million as OEM market slowed down (largely to facilitate clearance of vehicles manufactured in 2006) during the first quarter of 2007. Nevertheless, the division has increased its momentum to further penetrate the replacement market. Meanwhile, automotive sales and services registered a higher turnover at RM2.1 million as compared to the preceding quarter of RM0.9 million as the market sentiment in domestic car sales gradually strengthened. These new startup businesses were adversely affected by the lackluster market conditions for the automotive industry.

B3. Current year prospects

The Group will continue to pursue various strategic initiatives to enhance competitive position and to manage operating costs amidst the challenging and complex business environment. With the relocation of its existing two plants into the new manufacturing facility (which is expected to be operational by second half of 2007) and additions of machineries, the disposable food wares business will be able to increase its export market reach and expand into new range of products. The mining of refined kaolin business targets to contribute further profits to the Group in view of the extension into the sales of a new product. Meanwhile, the automotive industry is anticipated to be recovering in the second half of 2007 in tandem with positive economic outlook. The automotive parts manufacturing division expects to generate higher revenue with increasing coach seat sales from Replacement Market and with the expansion into new range of auto parts products, while the production of car seats for OEM is likely to pick up in second half of the year. The Group is already in the first year of its 5-year strategic plan and expects to post a better performance for the current financial year.

B4. Variance of actual and forecast profit

This is not applicable as there is no profit forecast or guarantee issued.

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended 31/3/07 RM`000	Preceding year quarter ended 31/3/06 RM`000	Current year to date 31/3/07 RM`000	Preceding year corresponding period 31/3/06 RM`000
Current tax :				
Malaysian Tax	-	8	-	8
Deferred tax	-	-	-	-
	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>

The effective tax rate is lower than the statutory tax rate due to the availability of capital and reinvestment allowances.

B6. Profits/(losses) on sales of unquoted investments and/or properties

There were no sales or purchases of unquoted investment and/or property during the current quarter and financial period ended 31 March 2007.

B7. Quoted and marketable investments

There were no sales or purchases of quoted and marketable investments during the current quarter and financial period ended 31 March 2007.

B8. Status of corporate proposals**Special Bumiputera Issue ("SBI") of 25,000,000 of the Company to Bumiputera Investors:-**

Pursuant to the corporate restructuring exercise undertaken by the Company/Associated Kaolin Industries Berhad ("AKI"), the Company will undertake the SBI of up to 25,000,000 new GHB shares to Bumiputera investors at an issue price of RM1.00 per ordinary share. The Company will implement the SBI as and when the Company manages to secure Bumiputera investors.

On 12 December 2003, the Company had issued 6,000,000 ordinary shares to eligible Bumiputera investors pursuant to the SBI at an issue price of RM1.00 each fully paid up and the proceed was used for part settlement of the debts owing to the Scheme Creditors of AKI.

The Board of Directors of the Company has decided not to proceed with implementation of the remaining 19,000,000 shares in view that the market price of the Company's shares has been trading below RM1.00 since January 2004 and as a result, the Company has not been successful in procuring Bumiputera investors to subscribe for the SBI.

An announcement in relation to the abortion of the SBI was made on 3 May 2007.

Proposed Par Value Reduction; Proposed Amendments to Memorandum Of Association; & Proposed Rights Issue (collectively referred to as "Proposals")

On 21 March 2007, the Company announced a proposed reduction of the issued and paid-up share capital of the Company involving the cancellation of RM 0.80 of the par value of each existing ordinary share of RM 1.00 each. The capital reserves of up to a maximum of RM 115.6 million created will allow elimination of its accumulated losses. The proposed amendments to the Memorandum of Association of the Company is to facilitate the change in the par value of the ordinary shares from RM1.00 to RM0.20 as a result of the Proposed Par Value Reduction. The Company will then implement its proposed renounceable rights issue of up to 144,482,230 Rights Shares together with up to 72,241,115 new Warrants for free in 2007, on the basis of two (2) Right Shares together with one (1) free Warrant for every two (2) ordinary shares of RM0.20 each of the Company on the entitlement day at an indicative price of RM0.35 per Rights Shares.

The submission of the above proposals to Securities Commission is extended to a later date.

B9. Group borrowings

The Group's borrowings as at 31 March 2007 are as follows:

		RM'000
Short –term borrowings:-		
Unsecured		1,120
Secured	(a)	<u>24,377</u>
		25,497
Long term borrowings :		
Secured		29,528
ICULS (liability component)		<u>47</u>
Total Borrowings		<u>55,072</u>
<u>Other Borrowings</u>		
Other payables	(b)	2,918
Amount due to substantial shareholder	(c)	<u>9,133</u>
Total group's borrowings		<u>67,123</u>

- (a) Security for RM4.95 million borrowings included pledge of RM4.95 million fixed deposits from a substantial shareholder of the Company, Wawasan TKH Sdn Bhd.
- (b) This is in respect of an amount owing to former shareholders of a subsidiary company. The amount is unsecured, interest free and is classified under current liabilities.
- (c) The advances from Wawasan TKH Sdn Bhd bear interest at 8.25% per annum (with effective from 1 January 2007) and are repayable on demand.
- (d) Included in the short term borrowings are bank overdrafts outstanding at RM7,168,000

B10. Off balance sheet financial instrument

There were no off balance sheet financial instruments as at the date of this report.

B11. Changes in material litigation

- (a) Greatpac Sdn Bhd (“GPSB”), a wholly owned subsidiary of the Company, filed a writ of summons dated 20 February 2006 in the High Court of Singapore against New Modern Metal and Plastics Pte Ltd (“NMMP”) to recover the sum of S\$700,902.24 owing by NMMP to GPSB for the sales of goods, together with interest on the overdue accounts, costs and such other relief. Subsequently, NMMP filed a defence and counterclaim dated 13 March 2006 against GPSB in the High Court for amongst others, infringement of trademarks, losses, damages, costs and such other relief. GPSB filed a reply and defence to counterclaim dated 27 March 2006 against NMMP. In addition, GPSB has made a further claim for a declaration that NMMP’s trade mark registrations are invalid and/or an order for rectification of the relevant trademark registrations in GPSB’s favour.

Currently both parties are at the stage where the affidavits of evidence-in-chief are to be prepared and exchanged by 26 June 2007.

- (b) On 12 April 2006, GPSB had been served with a writ of summons for tenancy disputes by the following parties:-
- (i) Yong Lip Ngoh, former director of the Company
 - (ii) Jasa Ringgit Holdings Sdn Bhd
 - (iii) Focus Matrix Sdn Bhd
 - (iv) Starguard Resources Sdn Bhd

claiming for GPSB to vacate and deliver vacant possession of the premises located at Lot 2222 to 2225, Jalan Hospital, Sungai Buloh Industrial Area, 47000 Sungai Buloh, Selangor Darul Ehsan, together with damages and costs occupied by GPSB for its current business operations in the Sungai Buloh plant.

The Plaintiffs’ application for summary judgment against GPSB, and GPSB’s appeal in respect of their striking out application are both fixed for hearing on 27 June 2007.

Saved as disclosed above, the Company is not aware of any proceedings against the Company or its subsidiaries that is pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and/or adversely affect the position or business of the Company or any of its subsidiaries as at 31 March 2007.

B12. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 31 March 2007.

B13. Loss per share

The basic loss per share for the financial period has been calculated based on the consolidated profit after tax and minority interest divided by the weighted average number of ordinary shares outstanding during the period.

	3 months ended 31/3/07	Year-to- date ended 31/3/07
Net loss attributed to shareholders (RM'000)	(5,821)	(5,821)
Weighted average number of shares (‘000)	143,019	143,019
Basic loss per share (sen)	(4.07)	(4.07)