

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2008

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Jun-08 RM'000	Preceding Year Corresponding Quarter 30-Jun-07 RM'000	Current Year ToDate 30-Jun-08 RM'000	Preceding Year Corresponding Period 30-Jun-07 RM'000
<u>Continuing Operations</u>					
Revenue		24,591	21,916	45,269	41,602
Cost of sales		(29,057)	(22,086)	(53,028)	(44,939)
Gross loss		<u>(4,466)</u>	<u>(170)</u>	<u>(7,759)</u>	<u>(3,337)</u>
Other income		225	35	247	2,153
Distribution expenses		(158)	(271)	(321)	(413)
Administrative expenses		(1,129)	(1,860)	(3,181)	(4,033)
Other expenses		(379)	(305)	(488)	(312)
Finance costs		<u>(1,861)</u>	<u>(429)</u>	<u>(3,435)</u>	<u>(608)</u>
Loss before taxation		(7,768)	(3,000)	(14,937)	(6,550)
Income tax expense	B5	88	-	88	-
Loss for the period from continuing operations		<u>(7,680)</u>	<u>(3,000)</u>	<u>(14,849)</u>	<u>(6,550)</u>
Discontinued operations					
Loss from discontinued operations		-	(2,060)	(1,939)	(4,331)
Gain on disposal of discontinued operations		-	-	8,202	-
Profit/(loss) after tax from discontinued operations		<u>-</u>	<u>(2,060)</u>	<u>6,263</u>	<u>(4,331)</u>
Loss for the period		<u>(7,680)</u>	<u>(5,060)</u>	<u>(8,586)</u>	<u>(10,881)</u>
Attributable to :					
Shareholders of the Company		(7,680)	(5,060)	(8,586)	(10,881)
Minority Interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/Earnings per share					
Basic (sen)					
from continuing operations		(5.37)	(2.10)	(10.38)	(4.58)
from discontinued operations		-	(1.44)	4.38	(3.03)
		<u>(5.37)</u>	<u>(3.54)</u>	<u>(6.00)</u>	<u>(7.61)</u>
Diluted (sen)					
from continuing operations		(5.37)	(2.07)	(10.27)	(4.53)
from discontinued operations		-	(1.43)	4.33	(3.00)
		<u>(5.37)</u>	<u>(3.50)</u>	<u>(5.94)</u>	<u>(7.53)</u>

The condensed consolidated income statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007 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 SECOND QUARTER ENDED 30 JUNE 2008

	Non-distributable Attributable to shareholders of the Company				Distributable		
	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	Total Equity RM'000
<u>For the 6 months quarter ended 30 June 2008</u>							
Balance as at 1 January 2008	143,041	1,420	6,429	(108,265)	42,625	-	42,625
Issuance during the year	-	-	-	-	-	-	-
Conversion/adjustment during the period	-	-	-	-	-	-	-
Revaluation reserve			3,082	252	3,334	-	3,334
Foreign currency translation			(170)	-	(170)	-	(170)
Net loss for the period	-	-	-	(8,586)	(8,586)	-	(8,586)
Balance as at 30 June 2008	143,041	1,420	9,341	(116,599)	37,203	-	37,203
<u>For the 6 months quarter ended 30 June 2007</u>							
Balance as at 1 January 2007	143,019	1,416	44	(83,968)	60,511	-	60,511
Issuance during the year	-	-	-	-	-	-	-
Conversion during the period	10	4.00	-	-	-	-	-
Foreign currency translation			(181)	-	(181)	-	(181)
Net loss for the period				(10,881)	(10,881)	-	(10,881)
Balance as at 30 June 2007	143,029	1,420	(137)	(94,849)	49,449	-	49,449

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	UNAUDITED AS AT 30-Jun-08 RM'000	AUDITED AS AT 31-Dec-07 RM'000
	Note	
NON-CURRENT ASSETS		
Property, plant and equipment	89,373	87,143
Intangible assets	26,957	31,348
Prepaid lease payments	11,347	11,582
Receivables, deposits and prepayments	1,948	2,098
CURRENT ASSETS		
Receivable, deposits and prepayments	18,606	19,549
Inventories	14,022	19,662
Current tax assets	1,050	1,045
Cash and cash equivalents	910	1,610
	<u>34,588</u>	<u>41,866</u>
CURRENT LIABILITIES		
Payables and accruals	45,803	26,874
Short term borrowings	B9 30,780	28,798
Provision for taxation	-	21
	<u>76,583</u>	<u>55,693</u>
NET CURRENT ASSETS/ LIABILITIES	(41,995)	(13,827)
NON CURRENT LIABILITIES		
Payables and accruals	B9 17,268	27,646
Long term borrowings	30,610	46,607
Deferred taxation	2,528	1,445
Irredeemable Convertible Unsecured Loan Stocks (Liability Component)	21	21
	<u>50,427</u>	<u>75,719</u>
	<u>37,203</u>	<u>42,625</u>
FINANCED BY:-		
Share capital	143,041	143,041
Other reserves	9,341	6,429
Accumulated losses	(116,599)	(108,265)
Irredeemable Convertible Unsecured Loan Stocks (Equity Component)	1,420	1,420
Total equity attributable to shareholders of the Company	<u>37,203</u>	<u>42,625</u>
Minority interest	-	-
Total equity	<u>37,203</u>	<u>42,625</u>
Net Assets Per Share (RM)	0.26	0.30

The condensed consolidated balance sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007 accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2008

	6 months Ended 30-Jun-08 RM'000	6 Months Ended 30-Jun-07 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(8,674)	(10,881)
Adjustments for:		
Non-cash items	(2,392)	4,476
Non-operating items (net of income)	3,859	1,576
	<u>(7,207)</u>	<u>(4,829)</u>
Operating profit before working capital changes		
Net change in current assets	(8,259)	(159)
Net change in current liabilities	8,138	(545)
Payment for non-operating expenses (net of income)	(3,859)	(1,576)
	<u>(3,980)</u>	<u>(2,280)</u>
Net cash flow generated from/(used in) operating activities	<u>(11,187)</u>	<u>(7,109)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(7,664)	(19,625)
Bank overdrafts net of cash & balances of subsidiaries disposed of	5,756	-
Payment for intangible asset	(127)	(10)
Net cash flow used in investing activities	<u>(2,035)</u>	<u>(19,635)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advance from substantial shareholder	13,391	3,861
Bank borrowings drawdown	20,778	25,096
Repayment of borrowings	(16,940)	(3,709)
Fixed deposit pledged	(35)	127
Net cash flow generated from/(used in) financing activities	<u>17,194</u>	<u>25,375</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,972	(1,369)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,104)	(3,779)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(2,132)</u>	<u>(5,148)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Fixed deposits with licensed banks	480	519
Cash and bank balances	431	1,607
Bank Overdrafts (included within short term borrowings in Note B9)	(2,563)	(6,849)
less: fixed deposits pledged with licensed banks	(480)	(425)
	<u>(2,132)</u>	<u>(5,148)</u>
Effect on divestment on the financial position of the Group :		
Property, plant & equipment	7,887	
Intangible asset	619	
Inventories	6,224	
Cash & bank balances/deposit placed with licensed bank	189	
Bank overdrafts	(5,946)	
Trade & other receivables	8,741	
Loans and borrowings	(16,642)	
Trade & other payables	(9,274)	
Group's share of net identifiable assets and liabilities	(8,202)	
Goodwill on acquisition (net of impairment)	3,900	
Gain on disposal	8,202	
Consideration received (set off against advances from substantial shareholder)	3,900	
Cash & cash equivalents disposed of	5,756	
Net cash inflow to the Group	<u>9,656</u>	

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007 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 Securities") Listing Requirements and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2007.

The same accounting policies and methods of computation as disclosed in the audited accounts for the year ended 31 December 2007 have been adopted in the preparation of the first quarter ended 31 March 2008 condensed financial statements, except for the adoption of FRSs and Interpretations issued by Malaysian Standards Board ("MASB") that are effective for the Group for the financial period beginning after 1 January 2008 as stated in the Note 1 (a) of the notes to the audited financial statements for the year ended 31 December 2007.

The adoption of all FRSs mentioned above does not have significant financial impact on the Group.

A2. Audit report

The audited financial statements for the Group and the Company for the financial year ended 31 December 2007 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 other business segment in mining of refined kaolin is also affected by seasonal or cyclical factors.

A4. Unusual and extraordinary items

The other income for the cumulative financial period ended 30 June 2008 include the gain of disposal of investment in Automotive Subsidiaries of RM8.202 million (as disclosed in note B6 below).

Except for the above, there were no unusual items affecting assets, liabilities, equity, net income or cash for the current quarter and financial period ended 30 June 2008

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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the second quarter ended 30 June 2008.

A7. Dividends paid

There was no dividend paid during the current quarter/ financial period ended 30 June 2008.

A8. Segmental reporting

<i>Business segment</i>	6 months ended 30 June 2008	
	Revenue	Profit/(loss) before tax
	RM'000	RM'000
<i>Continuing Operations</i>		
1 Manufacturing		
- Disposable food wares	38,587	(12,238)
2 Mining of refined kaolin	6,682	(1,443)
3 Investment holding	-	(431)
Unallocated corporate expenses	-	(825)
Total	45,269	(14,937)
<i>Discontinued Operations</i>		
- Automotive parts	2,345	(1,731)
-Automotive sales and services	1,716	(208)
Gain on disposal of discontinued operations	-	8,202
	49,330	(8,674)

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 2007 with the exception of the following :

A detached factory with office building was revalued by an independent firm of surveyors on open market value basis. As a result of the update, the revaluation surplus of RM3,082,515 , net of deferred tax, has been transferred to the buildings revaluation reserve

A10. Material events subsequent to the balance sheet date

There were no 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

Except for the divestment of the entire equity interest in TKH Auto Parts Sdn Bhd, TKH Manufacturing Sdn Bhd, Automotive Design Services Sdn Bhd, Automotive Seat Assembly Sdn Bhd and Momentum Suria Sdn Bhd (“Automotive Subsidiaries”) as disclosed in the preceding quarter ended 31 March 2008 report, there were no other changes in the composition of the Group for the current quarter and financial year-to-date.

A12. Contingent liabilities

Contingent liabilities of the Company as at 19 August 2008 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	67,337
- Discontinued operations*	5,410

* The corporate guarantees are currently awaiting approval for release from the respective financial institutions

A13. Capital commitments

There were no significant capital commitments incurred by the Group during the financial quarter under review.

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 RM7.8 million for the current quarter against pretax loss of RM5.1 million in the preceding year corresponding second quarter. Lower revenue of RM24.6 mil was registered for the current quarter vis-à-vis RM26.4 million (which included the sales of the divested medical compounds business and Automotive Subsidiaries) in second quarter last year.

The Group's performance, mainly driven by the disposable foodwares manufacturing business, continued to be adversely affected by the difficult business environment resulting from the prevalent high prices of petrochemical resin materials, increase in energy and fuel costs and intensified competition. Although the disposal foodwares business registered higher revenue at RM21.3 million (vis-a-vis RM18.2 million in the corresponding second quarter last year), higher pretax loss at RM6.4million compared to RM2.5 pretax loss in the preceding year corresponding second quarter was incurred mainly attributable to further increase in resins materials and fuel costs, higher finance cost and depreciation charges for the new manufacturing facility. The mining of refined kaolin business incurred higher pretax loss of RM0.7 million vis-a-vis RM0.2 million pretax loss in the preceding year corresponding second quarter as the margins were affected by the higher crude clay expenses and rising operational costs arising due to hikes in fuel and energy costs.

B2. Variation of results against preceding quarter

The Group recorded revenue of RM24.6 million for the current quarter as compared to the last preceding quarter's revenue of RM24.7 million which included 3 months sales (for January to March 2008) of the divested Automotive Subsidiaries. A higher pretax loss of RM7.8 million was incurred for the continuing operations in the current quarter vis-a-vis pretax loss of RM0.9 million (comprised pretax loss of RM7.2 million and RM1.9million for the continuing operations and the discontinued operations respectively, net of RM8.2 million gain on divestment of Automotive Subsidiaries) in the preceding quarter. Meanwhile, the mining of refined kaolin business continued to incur pretax loss of RM0.7 million as it was adversely affected by the increase in crude clay expenses and higher fuel / energy cost.

B3. Current year prospects

The remaining period of the year will continue to be challenging due to uncertainties in the global economy as a result of the high crude oil prices coupled with cautious general domestic market sentiments. The Group will maintain strong focus on managing costs and improving operating efficiency to enhance competitive position. The Group will continue to implement its strategic pricing review and further pursue measures to mitigate the escalating fuel and energy costs. Following the divestment of the automotive parts and automotive sales and services businesses, the Group is in a better position to consolidate its financial resources and focus on turnaround of the core businesses. With the completion of rights issue exercise in the third quarter of the financial year, the Group is expected to reduce its losses and is set on a stronger footing for recovery and growth.

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 30/6/08 RM'000	Preceding year quarter ended 30/6/07 RM'000	Current year to date 30/6/08 RM'000	Preceding year corresponding period 30/6/07 RM'000
Current tax :				
Malaysian Tax				
Overprovision	-	-	-	-
Deferred tax	(88)	-	(88)	-
	<u>(88)</u>	<u>-</u>	<u>(88)</u>	<u>-</u>

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

Except for the gain on disposal of investment in the Automotive Subsidiaries of RM8.202 million disclosed in the first quarter ended 31 March 2008 report , there were no other sales or purchases of unquoted investment and/or property during the current quarter and financial period ended 30 June 2008.

B7. Quoted and marketable investments

There were no sales or purchases of quoted and marketable investments during the current quarter and financial period ended 30 June 2008.

B8. Status of corporate proposals

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

On 26 June 2008, the Company has obtained approval from the shareholders for the Corporate Exercises.

Approvals from the Securities Commission for the renounceable rights issue of up to 144,482,230 new ordinary shares ("Shares")("Rights Shares") of RM0.20 each together with up to 72,241,115 free new detachable warrants ("Warrants") on the basis of 2 Rights Shares together with one (1) free Warrant for every two (2) existing Shares held on the entitlement day at an issue price to be determined at a later date ("Rights Issue") were obtained on 23 April 2008 and 7 July 2008 respectively. On 4 April 2008, the Company obtained the approval from Bank Negara Malaysia for the issue of up to 72,241,115 Warrants to shareholders who may be non-residents.

WAWASAN TKH HOLDINGS BERHAD (540218-A)**Notes to the interim financial report for the second quarter ended 30 June 2008****The figures have not been audited**

Announcement was made on 16 July 2008 that the Entitlement Date for both the Par Value Reduction and Rights Issue has been fixed at 5.00 p.m. on 30 July 2008. On the same day, it was also announced that the issue price for the Rights Shares has been fixed at RM0.21 per share and the exercise price of the Warrants has been fixed at RM0.21 per warrant. On 16 July 2008, the issued and paid-up share capital of the Company has been reduced to RM28,608,126 comprising 143,040,630 ordinary shares of RM0.20 each arising from the Par Value Reduction.

On 17 July 2008, the Company obtained the approval-in-principle from Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities, and the listing of and quotation for the new WWTKH Shares and Warrants to be issued under the Rights Issue and new WWTKH Shares to be issued from the exercise of the Warrants on the Second Board of Bursa Securities.

On 7 August 2008, the Company obtained approval from Bursa Securities an extension of time to 31 August 2008 for the Company to meet the minimum issued and paid-up share capital of RM40.0 million for companies listed on the Second Board of Bursa Securities pending implementation of the Rights Issue.

The Abridged Prospectus for the Rights Issue has been dispatched to entitled shareholders on 4 August 2008 and the Board of Directors expects the Rights Issue to be completed by 29 August 2008.

B9. Group borrowings

The Group's borrowings as at 30 June 2008 are as follows:

	RM'000
Short –term borrowings:-	
Unsecured	4,767
Secured	26,013
	30,780
(a)	
Long term borrowings :	
Secured	30,610
	61,390
ICULS (liability component)	21
Total Borrowings	61,411

Other Borrowings

Amount due to substantial shareholder (a)

- current (b)	23,875	
- non current	17,218	41,093
Total group's borrowings	102,504	

(a) Included in the short term borrowings are bank overdrafts outstanding at RM2.564 million.

(b) Included in the payables and accruals are the advances from Wawasan TKH Sdn Bhd which bear interest at 8.25% per annum.

(c) RM23.8 million of the advances from Wawasan TKH Sdn Bhd is payable upon completion of the rights issue exercise.

B10. Off balance sheet financial instrument

The Group does not have any financial instruments with off balance sheet risk as at 30 June 2008 apart from outstanding forward foreign exchange contracts amounting to USD836,000 in foreign currency (i.e. equivalent amount of RM2,680,000) maturing on 12 August to 22 October 2008 used for hedging purposes on the Group's sales and purchases.

There is no credit risk to the financial instruments as these forward foreign exchange contracts are executed with creditworthy financial institutions and the possibility of non-performance by these financial institutions are remote. There is no market risk i.e. the value of the financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or issuer or factors affecting all securities traded in the market, as the value of the forward foreign exchange contracts are fixed. The cash requirement of these forward foreign exchange contracts will be financed by internal funds.

The related accounting policies are as follows:

“Financial derivatives hedging instruments are used in the Group's risk management of foreign currency with respect to its financial assets and liabilities. The underlying foreign currency assets and liabilities are translated at their respective hedged exchange rates. Hedging costs are recognized in the income statement as and when incurred.”

The Directors are of the opinion that the risks associated with the said forward foreign exchange contract will not have any material financial impact on the Group since the total amount of such contracts is small.

B11. Changes in material litigation

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 19 August 2008.

B12. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 30 June 2008.

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 30 June 2008		
	Continuing operations	Discontinued operations	Total
Net loss attributed to shareholders (RM'000)	(7,680)	-	(7,680)
Weighted average number of shares (‘000)	143,041	143,041	143,041
Basic loss per share (sen)	(5.37)	-	(5.37)
	Year to-date ended 30 June 2008		
	Continuing operations	Discontinued operations	Total
Net (loss) / profit attributed to shareholders (RM'000)	(14,849)	6,263	(8,586)
Weighted average number of shares (‘000)	143,041	143,041	143,041
Basic (loss) / profit per share (sen)	(10.38)	4.38	(6.00)

B14. Comparative figures

Pursuant to Note A11 and Note B6 above on discontinued operations, the following comparative figures in the consolidated income statement have been re-presented to show the results of discontinued operations separately from continuing operations and certain comparative amounts have been reclassified to conform to the current year's presentation

	Individual 30 June	Quarter 2007	Cumulative 30 June	Quarter 2007
	As Restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Income Statement				
Continuing Operations				
Revenue	21,916	26,373	41,602	49,866
Cost of sales	(22,086)	(25,955)	(44,939)	(52,155)
Gross loss	(170)	418	(3,337)	(2,289)
Other income	35	166	2,153	2,437
Distribution expenses	(271)	(1,642)	(413)	(3,200)
Administrative expenses	(1,860)	(2,752)	(4,033)	(5,938)
Other expenses	(305)	(305)	(312)	(312)
Finance costs	(429)	(945)	(608)	(1,579)
Loss before taxation	(3,000)	(5,060)	(6,550)	(10,881)
Loss after tax from continuing operations	(3,000)		-	
Loss from discontinued operations	(2,060)		(4,331)	