

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding	Current Year	Preceding
		Quarter	Year	Year	Year
		30-Sep-08	Corresponding	30-Sep-08	Corresponding
		RM'000	Quarter	RM'000	Period
			30-Sep-07	30-Sep-08	30-Sep-07
			RM'000	RM'000	RM'000
Continuing Operations					
Revenue		23,454	24,169	68,723	65,771
Cost of sales		(25,393)	(25,161)	(78,421)	(70,100)
Gross loss		(1,939)	(992)	(9,698)	(4,329)
Other income		(43)	1,207	204	3,361
Distribution expenses		(143)	(368)	(463)	(782)
Administrative expenses		(2,288)	(1,953)	(5,469)	(5,986)
Other expenses		329	(55)	(160)	(367)
Finance costs		(1,931)	(653)	(5,366)	(1,261)
Loss before taxation		(6,015)	(2,814)	(20,952)	(9,364)
Income tax expense	B5	-	(1)	88	(1)
Loss for the period from continuing operations		(6,015)	(2,815)	(20,864)	(9,365)
Discontinued operations					
Loss from discontinued operations		-	(2,754)	(1,939)	(7,085)
Gain on disposal of discontinued operations		-	-	8,202	-
Profit/(loss) after tax from discontinued operations		-	(2,754)	6,263	(7,085)
Loss for the period		(6,015)	(5,569)	(14,601)	(16,450)
Attributable to :					
Shareholders of the Company		(6,015)	(5,569)	(14,601)	(16,450)
Minority Interest		-	-	-	-
		(6,015)	(5,569)	(14,601)	(16,450)
(Loss)/Earnings per share					
Basic (sen)					
from continuing operations		(2.99)	(1.96)	(12.87)	(4.95)
from discontinued operations		-	(1.93)	3.86	(6.55)
		(2.99)	(3.89)	(9.01)	(11.50)
Diluted (sen)					
from continuing operations		(2.59)	(1.94)	(12.06)	(4.91)
from discontinued operations		-	(1.91)	3.63	(6.47)
		(2.59)	(3.85)	(8.43)	(11.38)

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 TIKH HOLDINGS BERHAD (540218-A)
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

	Attributable to shareholders of the Company				Distributable		Total Equity RM'000
	Ordinary Share Capital RM'000	Share Premium RM'000	Non-distributable Irredeemable Convertible Loan Stocks (Equity Component) RM'000	Capital Reserves RM'000	Other Reserves RM'000	(Accumulated Losses/ Retained Profit RM'000	
For the 9 months quarter ended 30 September 2008							
Balance as at 1 January 2008	143,041		1,420		6,429	(108,265)	42,625
Par value reduction	(114,971)			114,971			
Issuance of rights shares during the period	28,743	1,437					30,180
Issuance of new ordinary shares pursuant to Conversion/adjustment of FCULS during the period	673		(673)				
Elimination of accumulated losses				(77,231)		77,231	
Revaluation reserve					3,082	252	3,334
Foreign currency translation					(21)	(21)	(21)
Net loss for the period						(14,601)	(14,601)
Balance as at 30 September 2008	57,486	1,437	747	37,740	9,490	(45,363)	61,517
For the 9 months quarter ended 30 September 2007							
Balance as at 1 January 2007	143,019		1,416		44	(83,968)	60,511
Issuance during the year							
Conversion during the period	10		4				14
Foreign currency translation					(40)	(40)	(40)
Net loss for the period						(16,450)	(16,450)
Balance as at 30 September 2007	143,029		1,420		4	(100,418)	44,035

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 SEPTEMBER 2008

	Note	UNAUDITED AS AT 30-Sep-08 RM'000	AUDITED AS AT 31-Dec-07 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		87,610	87,143
Intangible assets		26,957	31,348
Prepaid lease payments		11,244	11,582
Receivables, deposits and prepayments		1,123	2,098
CURRENT ASSETS			
Receivable, deposits and prepayments		20,836	19,549
Inventories		14,051	19,662
Current tax assets		1,052	1,045
Cash and cash equivalents		4,621	1,610
		<u>40,560</u>	<u>41,866</u>
CURRENT LIABILITIES			
Payables and accruals		19,224	26,874
Short term borrowings	B9	19,921	28,798
Provision for taxation		-	21
		<u>39,145</u>	<u>55,693</u>
NET CURRENT ASSETS/ LIABILITIES		1,415	(13,827)
NON CURRENT LIABILITIES			
Payables and accruals	B9	21,785	27,646
Long term borrowings		42,498	46,607
Deferred taxation		2,528	1,445
Irredeemable Convertible Unsecured Loan Stocks (Liability Component)		21	21
		<u>66,832</u>	<u>75,719</u>
		<u>61,517</u>	<u>42,625</u>
FINANCED BY:-			
Share capital		57,486	143,041
Share Premium		1,437	-
Capital Reserve		37,740	-
Other reserves		9,490	6,429
Accumulated losses		(45,383)	(108,265)
Irredeemable Convertible Unsecured Loan Stocks (Equity Component)		747	1,420
Total equity attributable to shareholders of the Company		<u>61,517</u>	<u>42,625</u>
Minority interest		-	-
Total equity		<u>61,517</u>	<u>42,625</u>
Net Assets Per Share (RM)		0.21	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 THIRD QUARTER ENDED 30 SEPTEMBER 2008

	9 months Ended 30-Sep-08 RM'000	9 Months Ended 30-Sep-07 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(14,690)	(16,449)
Adjustments for:		
Non-cash items	(1,251)	7,084
Non-operating items (net of income)	5,772	2,758
Operating profit before working capital changes	(10,169)	(6,607)
Net change in current assets	(8,345)	(3615)
Net change in current liabilities	5,278	3,966
Payment for non-operating expenses (net of income)	(5,772)	(2,758)
	(8,839)	(2,407)
Net cash flow generated from/(used in) operating activities	(19,008)	(9,014)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	158	3
Purchase of property, plant and equipment	(6,225)	(31,425)
Bank overdrafts net of cash & balances of subsidiaries disposed of	5,756	-
Payment for intangible asset	(127)	(398)
Net cash flow used in investing activities	(438)	(31,820)
CASH FLOW FROM FINANCING ACTIVITIES		
Net advance from substantial shareholder	11,269	10,303
Proceeds from rights issue	12,960	-
Bank borrowings drawdown	21,954	33,420
Repayment of borrowings	(18,962)	(4,248)
Rights Issue expenses	(1,034)	-
Fixed deposit pledged	(38)	-
Net cash flow generated from/(used in) financing activities	26,149	39,475
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,703	(1,359)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,104)	(3,779)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	599	(5,138)
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	2,284	533
Cash and bank balances	2,337	2,244
Bank Overdrafts (included within short term borrowings in Note B9)	(3,538)	(7,470)
less: deposits pledged with licensed banks	(484)	(445)
	599	(5,138)
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	9,656	

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 core business of 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 September 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 September 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

On 15 July 2008, 672,900 new ordinary shares of RM0.20 each of the Company were issued arising from the conversion of RM672,900 nominal value Irredeemable Convertible Unsecured Loan Stocks ('ICULS').

On 29 August 2008, the Company completed the Rights Issue of 143,713,530 new shares together with 71,856,764 free new detachable warrants at an issue price of RM0.21 per rights share together with 1 free warrant for every 2 existing of the Company's shares held as at 30 July 2008. Upon completion of the Rights Issue, the issued and paid-up share capital of the Company has increased to RM57,485,412 comprising 287,427,060 ordinary shares of RM0.20 each.

Except for the foregoing, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the third quarter ended 30 September 2008.

A7. Dividends paid

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

A8. Segmental reporting

<i>Business segment</i>	9 months ended 30 September 2008	
	Revenue RM'000	Profit/(loss) before tax RM'000
<i>Continuing Operations</i>		
1 Manufacturing		
- Disposable food wares	58,130	(17,215)
2 Mining of refined kaolin	10,593	(1,874)
3 Investment holding	-	(613)
Unallocated corporate expenses	-	(1,251)
Total	68,723	(20,953)
<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
	<u>72,784</u>	<u>14,690</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 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 RM 3,082,515, net of deferred tax, has been transferred to the buildings revaluation reserve

A10. Material events subsequent to the balance sheet date

A payment amounting to RM 816,227 was made on 30 October 2008 for the release and discharge of the Company's corporate guarantee in relation to the banking facilities of its former subsidiary Medicompounds Sdn Bhd.

Except for the above, 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

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 first 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 13 November 2008 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	63,825
- Discontinued operations*	4,907

* The corporate guarantees are currently awaiting approval for release from a financial institution.

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 marginally higher pretax loss of RM6.0 million for the current quarter against pretax loss of RM5.6 million in the preceding year corresponding third quarter. Lower revenue of RM72.8 mil was registered for the current quarter vis-à-vis RM79.0 million (which included the sales of the divested medical compounds business and Automotive Subsidiaries) in third quarter last year.

The Group's performance, mainly driven by the disposable foodwares manufacturing business, continues to operate in a difficult business environment with adverse effects of the prevalent high prices of petrochemical resin materials, increase in energy and fuel costs and intensified competition. The escalation in prices of resins materials and increase in fuel cum energy costs, higher finance cost and depreciation charges for the new manufacturing facility have inevitably contributed to the higher pretax loss at RM4.9 million vis-a-vis RM2.6 million pretax loss in the preceding year corresponding third quarter. The mining of refined kaolin business incurred higher pretax loss of RM0.4 million compared to RM0.1 million pretax profit in the preceding year corresponding third quarter as the margins were affected by the higher crude clay expenses and rising operational costs resulting from hikes in fuel and energy costs.

B2. Variation of results against preceding quarter

In spite of a lower revenue of RM23.4 million recorded for the current quarter as compared to the last preceding quarter's revenue of RM24.6 million, the Group's pretax loss declined by 22% to RM6.0 million (vis-à-vis pretax loss of RM7.7 million in the second quarter of the year). Strategic pricing review and cost rationalization exercise have brought about improvement to the current quarter results, cutting pretax losses for the disposal foodwares and refined kaolin businesses to RM4.9 million and RM0.4 million (compared to RM6.4million and RM0.7million in the preceding quarter) respectively. The completion of the rights issue exercise with the proceeds received at the end of August 08 has also contributed to savings in finance cost, which was maintained at RM1.9 million for the current quarter.

B3. Current year prospects

The remaining period of the year will remain challenging as a result of the global economic crisis coupled with cautious general domestic market sentiments. Notwithstanding this, the Group will continue to strongly focus on enforcing tight costs management and operating efficiency strategies to enhance its competitive edge. The disposable foodwares business is expected to further increase its export market reach. The Group will continue striving to reduce its losses.

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 30/9/08 RM'000	Preceding year quarter ended 30/9/07 RM'000	Current year to date 30/9/08 RM'000	Preceding year corresponding period 30/9/07 RM'000
Current tax :				
Malaysian Tax				
Overprovision	-	1	-	1
Deferred tax	-	-	(88)	-
	-	1	(88)	1

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 September 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

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

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 29 August 2008, the Company has completed the Corporate Exercises (as disclosed in note A6) following the

WAWASAN TKH HOLDINGS BERHAD (540218-A)

Notes to the interim financial report for the third quarter ended 30 September 2008

The figures have not been audited

admission of 71,856,764 Warrants to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for 143,713,530 Rights Shares and 71,856,764 Warrants issued under the Rights Issue on the Second Board of Bursa Securities on 29 August 2008. Upon completion of the Rights Issue, the issued and paid up share capital is at RM57,485,412 comprising 287,427,060 ordinary shares of RM0.20 each.

- (b) As of 13 November 2008, the status of utilization of proceeds raised from the Rights Issue with warrants is as follows (RM'000) :

Purpose	Proposed utilization	Actual Utilization	Intended timeframe for utilization	Deviation Over / (under)	Explanations
Repayment of advances	23,800	23,800	By 4 th quarter of 2008	-	RM17.22 million of the advances was capitalized in the rights issue to Wawasan TKH Sdn Bhd and balance advances of RM6.58 million was fully repaid .
Working capital	4,780	3,221	By 4 th quarter of 2009	(1,559)	Yet to be fully utilized
Corporate exercise expenses	1,600	1,044	By 4 th quarter of 2008	(556)	Pending finalization of expenses
Total	30,180	28,065		(2,115)	

B9. Group borrowings

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

RM'000

Short-term borrowings:-

Unsecured 5,000

Secured 14,921

(a) 19,921

Long term borrowings :

Secured 42,498

62,419

ICULS (liability component) 21

Total Borrowings 62,440

Other Borrowings

Amount due to substantial shareholder (b)

- current 25

- non current 21,785

Total group's borrowings 84,250

(a) Included in the short term borrowings are bank overdrafts outstanding at RM3.538 million.

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

B10. Off balance sheet financial instrument

The Group does not have any financial instruments with off balance sheet risk as at 30 September 2008 apart from outstanding forward foreign exchange contracts amounting to USD113,000 in foreign currency (i.e. equivalent amount of RM368,000) maturing on 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:

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognized on the same basis as that arising from the related assets, liabilities or net positions.

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 13 November 2008.

B12. Dividend

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

WAWASAN TKH HOLDINGS BERHAD (540218-A)

Notes to the interim financial report for the third quarter ended 30 September 2008

The figures have not been audited

	3 months ended 30 September 2008		
	Continuing Operations	Discontinued operations	Total
Net (loss) / profit attributed to shareholders (RM'000)	(6,015)	-	(6,015)
Weighted average number of shares (‘000)	201,102	201,102	201,102
Basic (loss) / profit per share (sen)	2.99	-	2.99
	Year to-date ended 30 September 2008		
	Continuing Operations	Discontinued operations	Total
Net (loss) / profit attributed to shareholders (RM'000)	(20,864)	6,263	(14,601)
Weighted average number of shares (‘000)	162,112	162,112	162,112
Basic (loss) / profit per share (sen)	(12.87)	3.86	(9.01)

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 September	Quarter 2007	Cumulative 30 September	Quarter 2007
	As Restated	As previously stated	As restated	As previously stated
	RM'000	RM'000	RM'000	RM'000
Income Statement				
Continuing Operations				
Revenue	24,169	29,138	65,771	79,004
Cost of sales	(25,161)	(29,524)	(70,100)	(81,679)
Gross loss	(992)	(386)	(4,329)	(2,675)
Other income	1,207	1,219	3,361	3,656
Distribution expenses	(368)	(2,186)	(782)	(5,386)
Administrative expenses	(1,953)	(2,959)	(5,986)	(8,897)
Other expenses	(55)	(54)	(367)	(366)
Finance costs	(653)	(1,202)	(1,261)	(2,781)
Loss before taxation	(2,814)	(5,568)	(9,364)	(16,449)
Income tax expense	(1)	(1)	(1)	(1)
Loss after tax from continuing operations	(2,815)		(9,365)	
Loss from discontinued operations		(2,754)	(7,085)	