

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Dec-08 RM'000	Preceding Year Corresponding Quarter 31-Dec-07 RM'000	Current Year To date 31-Dec-08 RM'000	Preceding Year Corresponding Period 31-Dec-07 RM'000
<u>Continuing Operations</u>					
Revenue		22,863	21,032	91,586	86,803
Cost of sales		(23,464)	(24,378)	(101,885)	(94,478)
Gross loss		(601)	(3,346)	(10,299)	(7,675)
Other income		38	2,767	242	6,128
Distribution expenses		(971)	(455)	(1,434)	(1,237)
Administrative expenses		(2,151)	(1,891)	(7,620)	(7,877)
Other expenses		(4,606)	(5,512)	(4,766)	(5,879)
Finance costs		(1,481)	(1,797)	(6,847)	(3,058)
Loss before taxation		(9,772)	(10,234)	(30,724)	(19,598)
Income tax expense	B5	1	79	89	78
Loss for the period from continuing operations		(9,771)	(10,155)	(30,635)	(19,520)
<u>Discontinued operations</u>					
Loss from discontinued operations		-	(930)	(1,939)	(8,015)
Gain on disposal of discontinued operations		-	3,084	8,202	3,084
Profit/(loss) after tax from discontinued operations		-	2,154	6,263	(4,931)
Loss for the period		(9,771)	(8,001)	(24,372)	(24,451)
Attributable to :					
Shareholders of the Company		(9,771)	(8,001)	(24,372)	(24,451)
Minority Interest		-	-	-	-
		(9,771)	(8,001)	(24,372)	(24,451)
(Loss)/Earnings per share					
Basic (sen)					
from continuing operations		(3.40)	(7.10)	(15.81)	(13.65)
from discontinued operations		-	1.51	3.23	(3.45)
		(3.40)	(5.59)	(12.58)	(17.10)
Diluted (sen)					
from continuing operations		(2.70)	(7.08)	(13.94)	(13.50)
from discontinued operations		-	1.50	2.86	(3.41)
		(2.70)	(5.58)	(11.08)	(16.91)

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 BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	UNAUDITED AS AT 31-Dec-08 RM'000	AUDITED AS AT 31-Dec-07 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		86,529	87,143
Intangible assets		23,958	31,348
Prepaid lease payments		11,140	11,582
Receivables, deposits and prepayments		516	2,098
CURRENT ASSETS			
Receivable, deposits and prepayments		14,592	19,549
Inventories		11,234	19,662
Current tax assets		1,055	1,045
Cash and cash equivalents		3,092	1,610
		29,973	41,866
CURRENT LIABILITIES			
Payables and accruals		15,191	26,874
Short term borrowings	B9	19,319	28,798
Provision for taxation		21	21
		34,531	55,693
NET CURRENT LIABILITIES		(4,558)	(13,827)
NON CURRENT LIABILITIES			
Payables and accruals	B9	22,714	27,646
Long term borrowings		40,616	46,607
Deferred taxation		2,526	1,445
Irredeemable Convertible Unsecured Loan Stocks (Liability Component)		-	21
		65,856	75,719
		51,729	42,625
FINANCED BY:-			
Share capital		57,688	143,041
Share Premium		2,003	-
Capital Reserve		37,740	-
Other reserves		9,452	6,429
Accumulated losses		(55,154)	(108,265)
Irredeemable Convertible Unsecured Loan Stocks (Equity Component)		-	1,420
Total equity attributable to shareholders of the Company		51,729	42,625
Minority interest		-	-
Total equity		51,729	42,625
		-	
Net Assets Per Share (RM)		0.18	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 STATEMENT OF CHANGES OF EQUITY
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

	Attributable to shareholders of the Company				Non-distributable		Distributable		
	Ordinary Share Capital RM'000	Share Premium RM'000	Irredeemable Convertible Unsecured Loan Stocks (Equity Component) RM'000	Capital Reserves RM'000	Other Reserves RM'000	(Accumulated Losses)/ Retained Profit RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
For the 12 months ended 31 December 2008									
Balance as at 1 January 2008	143,041		1,420		6,429	(108,265)	42,625	-	42,625
Par value reduction	(114,971)			114,971					
Issuance of rights shares during the period	28,743	1,437					30,180		30,180
Issuance of new ordinary shares pursuant to Conversion/adjustment of ICULS during the period	875	566	(1,420)				21		21
Elimination of accumulated losses				(77,231)		77,231			
Revaluation reserve					3,082	252	3,334		3,334
Foreign currency translation					(59)		(59)		(59)
Net loss for the period						(24,372)	(24,372)		(24,372)
Balance as at 31 December 2008	57,688	2,003		37,740	9,452	(55,154)	51,729		51,729
For the 12 months ended 31 December 2007									
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	22		4				26		26
Revaluation reserve					6,337	154	6,511		6,511
Foreign currency translation					28		28		28
Net loss for the period						(24,451)	(24,451)		(24,451)
Balance as at 31 December 2007	143,041		1,420		6,429	(108,265)	42,625		42,625

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 CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	12 months Ended 31-Dec-08	12 Months Ended 31-Dec-07
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(24,462)	(24,530)
Adjustments for:		
Non-cash items	6,160	10,586
Operating profit before working capital changes	(18,302)	(13,944)
Net change in current assets	(680)	(8,782)
Net change in current liabilities	1,954	6,290
	<u>1,274</u>	<u>(2,492)</u>
Net cash flow generated from/(used in) operating activities	<u>(17,028)</u>	<u>(16,436)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	175	181
Purchase of property, plant and equipment	(7,638)	(33,604)
Bank overdrafts net of cash & balances of subsidiaries disposed of	5,756	1,545
Payment for intangible asset	(129)	(1,043)
Net cash flow used in investing activities	<u>(1,836)</u>	<u>(32,921)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net advance from substantial shareholder	11,814	21,300
Proceeds from rights issue	12,960	-
Bank borrowings drawdown	37,539	32,518
Repayment of borrowings	(36,760)	(6,921)
Rights Issue expenses	(1,150)	-
Fixed deposit pledged	(41)	108
Net cash flow generated from/(used in) financing activities	<u>24,362</u>	<u>47,005</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,498	(2,352)
Effect of exchange differences in translation	1	27
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,104)	(3,779)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(605)</u>	<u>(6,104)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	486	445
Cash and bank balances	2,606	1,165
Bank Overdrafts (included within short term borrowings in Note B9)	(3,211)	(7,269)
less: deposits pledged with licensed banks	(486)	(445)
	<u>(605)</u>	<u>(6,104)</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 businesses of the Group are affected by both seasonal and cyclical factors.

A4. Unusual and extraordinary items

The following unusual items affected the assets, liabilities, equity, net income or cash for the current quarter and financial period ended 31 December 2008. Included in the cost of sales is a write down of certain inventories of RM3.095 million.

Furthermore, included in the operating expenses for the financial year to date are the following items :

	Current quarter RM'000	Financial Year Ended 31 December 2008 RM'000
Impairment loss of goodwill in Associated Kaolin Industries Sdn Bhd, a wholly owned subsidiary	3,000	3,000
Relocation expenses	-	160

The other income for the cumulative financial period ended 31 December 2008 include the gain on disposal of investment in Automotive Subsidiaries of RM8.202 million (as disclosed in note B6 below).

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

Pursuant to the Trust Deed dated 3 December 2003 for the ICULS and as amended in a Supplemental Trust Deed dated 11 July 2008 an additional 1,010,819 new ordinary shares of RM0.20 each were issued on 12 December 2008 arising from the automatic conversion upon maturity on 11 December 2008 of RM768,700 outstanding Irredeemable Convertible Unsecured Loan Stock 2003/2008 ("ICULS") at the conversion price of RM0.76 for each new share and thereby increasing the issued and paid-up share capital to RM288,437,879.

Except for the notes disclosed in the third quarter ended 30 September 2008, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the fourth quarter ended 31 December 2008.

A7. Dividends paid

There was no dividend paid during the current quarter/ financial period ended 31 December 2008.

A8. Segmental reporting

<i>Business segment</i>	12 months ended 31 December 2008	
	Revenue RM'000	Profit/(loss) before tax RM'000
<i>Continuing Operations</i>		
1 Manufacturing		
- Disposable food wares	77,614	(23,066)
2 -Mining of refined kaolin	13,972	(2,023)
3 Investment holding		(962)
Unallocated corporate expenses		(1,674)
Total	91,586	(27,725)
<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
Consolidation adjustment		(3,000)
	95,647	(24,462)

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

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 25 February 2009 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	60,007
- Discontinued operations*	7,555

* 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 RM9.8 million (after impairment loss in goodwill for the refined kaolin business) for the current quarter against pretax loss of RM8.0 million in the preceding year corresponding fourth quarter. Lower revenue of RM22.9 million was recorded for the current quarter vis-à-vis RM25.7 million (which included the sales of the divested medical compounds business and Automotive Subsidiaries) in the fourth quarter last year. For the cumulative year to date, the Group’s revenue is lower at RM95.6 million compared the preceding year of RM104.7 million while the pretax loss stood at RM24.4 million compared to the preceding year of RM24.5 million.

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 volatile prices of petrochemical resin materials, increase in energy and fuel costs and intensified competition. Sales have increased to RM19.5 million (by 15%) compared to fourth quarter last year, while cost rationalization exercise have seen improvement in countering against the higher fuel cum energy costs and depreciation charges for the new manufacturing facility, resulting in lower pretax loss at RM5.8million for the current quarter vis-à-vis pretax loss of RM7.7 million in the same quarter last year. Meanwhile, the mining of refined kaolin business incurred lower pretax loss of RM0.1 million compared to RM0.2 million pretax loss in the preceding year corresponding fourth quarter as 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

A marginally lower revenue of RM22.9 million recorded for the current quarter as compared to the last preceding quarter's revenue of RM23.4 million. The higher Group's pretax loss at RM9.8 million (vis-à-vis pretax loss of RM6.0 million in the third quarter of the year) was largely attributable to the write down of RM3million as impairment loss in goodwill of the refined kaolin business. The disposal foodwares business incurred higher pretax loss at RM 5.8 million (after provision for RM1.1 million doubtful debts made) in the current quarter compared to RM4.9 million in the preceding quarter. Meanwhile, the refined kaolin business incurred a lower loss at RM0.1 million (compared to RM0.4 million in the preceding quarter). 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 has reduced to RM1.4 million for the current quarter (compared to RM1.9 million in the preceding quarter).

B3. Current year prospects

The year ahead 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 achieve a turnaround.

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 31/12/08 RM'000	Preceding year quarter ended 31/12/07 RM'000	Current year to date 31/12/08 RM'000	Preceding year corresponding period 31/12/07 RM'000
Current tax :				
Malaysian Tax		(25)		(24)
Overprovision	-	-	-	-
Deferred tax	(1)	(54)	(89)	(54)
	<u>(1)</u>	<u>(79)</u>	<u>(89)</u>	<u>(78)</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 31 December 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 31 December 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 following the 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.

WAWASAN TKH HOLDINGS BERHAD (540218-A)

Notes to the interim financial report for the fourth quarter ended 31 December 2008

The figures have not been audited

- (b) As of 25 February 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	3,715	By 4 th quarter of 2009	(1,065)	Yet to be fully utilized
Corporate exercise expenses	1,600	1,153	By 4 th quarter of 2008	(447)	Pending finalization of expenses
Total	30,180	28,668		(1,512)	

B9. Group borrowings

The Group's borrowings as at 31 December 2008 are as follows:

	RM'000
Short –term borrowings:-	
Unsecured	4,601
Secured	14,718
	(a) <u>19,319</u>
Long term borrowings :	
Secured	40,616
Total Borrowings	<u>59,935</u>
<u>Other Borrowings</u>	
Amount due to substantial shareholder (b)	
- current	64
- non current	22,714
Total group's borrowings	<u>82,713</u>

- (a) Included in the short term borrowings are bank overdrafts outstanding at RM3.211 million.
 (b) Included in the payables and accruals are the advances from Wawasan TKH Sdn Bhd which bear interest at 8 - 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 31 December 2008 from outstanding forward foreign exchange contracts used for hedging purposes on the Group's sales and purchases.

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 25 February 2009.

B12. Dividend

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

	<u>3 months ended 31 December 2008</u>		
	Continuing Operations	Discontinued operations	Total
Net (loss) attributed to shareholders (RM'000)	(9,771)	-	(9,771)
Weighted average number of shares (‘000)	287,647	287,647	287,647
Basic loss per share (sen)	3.40	-	3.40
	<u>Year to-date ended 31 December 2008</u>		
	Continuing Operations	Discontinued operations	Total
Net (loss) / profit attributed to shareholders (RM'000)	(30,635)	6,263	(24,372)
Weighted average number of shares (‘000)	193,806	193,806	193,806
Basic (loss) / profit per share (sen)	(15.81)	3.23	(12.58)

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 31 December	Quarter 2007	Cumulative 31 December	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	21,032	25,662	86,803	104,666
Cost of sales	(24,378)	(28,024)	(94,478)	(109,703)
Gross loss	(3,346)	(2,362)	(7,675)	(5,037)
Other income	2,767	3,751	6,128	7,407
Distribution expenses	(455)	(2,197)	(1,237)	(7,583)
Administrative expenses	(1,891)	(1,720)	(7,877)	(10,617)
Other expenses	(5,512)	(3,774)	(5,879)	(4,140)
Finance costs	(1,797)	(1,779)	(3,058)	(4,560)
Loss before taxation	(10,234)	(8,081)	(19,598)	(24,530)
Income tax expense	79	80	78	79
Loss after tax from continuing operations	(10,155)		(19,520)	
Loss from discontinued operations	(930)		(8,015)	