

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Sep-09 RM'000	Preceding Year Corresponding Quarter 30-Sep-08 RM'000	Current Year To date 30-Sep-09 RM'000	Preceding Year Corresponding Period 30-Sep-08 RM'000
<u>Continuing Operations</u>					
Revenue		18,617	23,454	63,658	68,723
Cost of sales		(20,438)	(25,393)	(67,387)	(78,421)
Gross loss		(1,821)	(1,939)	(3,729)	(9,698)
Other income		47	(43)	552	204
Distribution expenses		(478)	(143)	(1,610)	(463)
Administrative expenses		(1,087)	(2,288)	(3,531)	(5,469)
Other expenses		(419)	329	(401)	(160)
Finance costs		(1,324)	(1,931)	(3,920)	(5,366)
Loss before taxation		(5,082)	(6,015)	(12,639)	(20,952)
Income tax expense	B5	31	-	94	88
Loss for the period from continuing operations		(5,051)	(6,015)	(12,545)	(20,864)
<u>Discontinued operations</u>					
Loss from discontinued operations		-	-	-	(1,939)
Gain on disposal of discontinued operations		-	-	-	8,202
Profit after tax from discontinued operations		-	-	-	6,263
Loss for the period		(5,051)	(6,015)	(12,545)	(14,601)
Attributable to :					
Shareholders of the Company		(5,051)	(6,015)	(12,545)	(14,601)
Minority Interest		-	-	-	-
		(5,051)	(6,015)	(12,545)	(14,601)
(Loss)/Earnings per share					
Basic (sen)	B13				
from continuing operations		(1.75)	(2.99)	(4.35)	(12.87)
from discontinued operations		-	-	-	3.86
		(1.75)	(2.99)	(4.35)	(9.01)
Diluted (sen)					
from continuing operations		-	(2.59)	-	(12.06)
from discontinued operations		-	-	-	3.63
		-	(2.59)	-	(8.43)

The condensed consolidated income statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008 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 2009

	UNAUDITED AS AT 30-Sep-09 RM'000	AUDITED AS AT 31-Dec-08 RM'000
	Note	
NON-CURRENT ASSETS		
Property, plant and equipment	81,065	86,529
Intangible assets	23,961	23,956
Prepaid lease payments	10,852	11,140
Receivables, deposits and prepayments	129	516
CURRENT ASSETS		
Receivable, deposits and prepayments	9,681	13,242
Inventories	10,718	11,234
Current tax assets	1,061	1,055
Cash and cash equivalents	2,655	3,092
	24,115	28,623
CURRENT LIABILITIES		
Payables and accruals	11,278	15,191
Short term borrowings	B9 19,470	19,319
Provision for taxation	21	21
	30,769	34,531
NET CURRENT LIABILITIES	(6,654)	(5,908)
NON CURRENT LIABILITIES		
Payables and accruals	B9 34,151	22,714
Long term borrowings	B9 34,938	40,616
Deferred taxation	2,433	2,527
	71,522	65,857
	37,831	50,376
FINANCED BY:-		
Share capital	57,688	57,688
Capital reserve	8,693	8,693
Other reserves	16,875	17,142
Accumulated losses	(45,425)	(33,147)
Total equity attributable to shareholders of the Company	37,831	50,376
Minority interest	-	-
Total equity	37,831	50,376
Net Assets Per Share (RM)	0.13	0.17

The condensed consolidated balance sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008 accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	Non-distributable					Distributable	
	Attributable to shareholders of the Company		Attributable to shareholders of the Company				
	Ordinary Share Capital	Share premium	Irredeemable Convertible Unsecured Loan Stocks (Equity Component)	Capital Reserve	Other Reserves	Accumulated Losses	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>For the 9 months ended 30 September 2009</u>							
Balance as at 1 January 2009	57,688	-	-	8,693	17,142	(33,147)	50,376
Transfer to revaluation reserve	-	-	-	-	(267)	267	-
Net loss for the period	-	-	-	-	-	(12,545)	(12,545)
Balance as at 30 September 2009	57,688	-	-	8,693	16,875	(45,425)	37,831

For the 9 months 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 ICULS 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)
Net loss for the period	-	-	-	-	-	(14,601)	(14,601)
Balance as at 30 September 2008	57,486	1,437	747	37,740	9,490	(45,383)	61,517

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 2008 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 THIRD QUARTER ENDED 30 SEPTEMBER 2009

	9 months Ended 30-Sep-09 RM'000	9 months Ended 30-Sep-08 RM'000
Net cash flow from/(used in) operating activities	292	(19,008)
Net cash flow used in investing activities	(1,538)	(438)
Net cash flow from financing activities	442	26,149
Net (decrease)/increase in cash and cash equivalents	(804)	6,703
Cash and cash equivalents at beginning of the period	(605)	(6,104)
Cash and cash equivalents at end of the period	<u>(1,409)</u>	<u>599</u>

Cash and cash equivalents at the end of the financial period comprise the following:

Deposits placed with licensed banks	500	2,284
Cash and bank balances	2,155	2,337
Bank Overdrafts (included within short term borrowings in Note B9)	(3,564)	(3,538)
less: deposits pledged with licensed banks	<u>(500)</u>	<u>(484)</u>
	<u>(1,409)</u>	<u>599</u>

Effect on divestment on the financial position of the Group as at 30 September 2008:

Group's share of net identifiable assets and liabilities	(8,202)
Goodwill on acquisition (net of impairment)	3,900
Gain on disposal	<u>8,202</u>
Consideration received (set off against advances from substantial shareholder)	3,900
Cash & cash equivalents disposed of	<u>5,756</u>
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 2008 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 2008.

The same accounting policies and methods of computation as disclosed in the audited accounts for the year ended 31 December 2008 have been adopted in the preparation of the second quarter ended 30 September 2009 condensed financial statements.

A2. Audit report

The audited financial statements for the Group and the Company for the financial year ended 31 December 2008 were subject to an 'except for' qualified opinion on the necessity for any impairment of goodwill amounting to RM12,926,411 and carrying amount of investment of RM48,571,000 in the disposable foodwares unit as the key assumptions used in cash flow forecast and projections by their very nature are difficult to determine and not able to be ascertained whether they would reasonably reflect future events and the sets of economic condition that would exist.

A3. Seasonal and cyclical factors

The businesses of the Group are affected by both seasonal and cyclical factors.

A4. Unusual and extraordinary items

There were no unusual items affecting the assets, liabilities, equity, net income or cash for the current quarter and financial period ended 30 September 2009.

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 third quarter ended 30 September 2009.

A7. Dividends paid

There was no dividend paid during the current quarter/ financial period ended 30 September 2009.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
Notes to the interim financial report for the third quarter ended 30 September 2009
The figures have not been audited

A8. Segmental reporting

<i>Business segment</i>	9 months ended/ Year-to-date ended 30 September 2009	
	Revenue RM'000	Loss before tax RM'000
1 Manufacturing		
- Disposable food wares	53,475	(10,880)
- Mining of refined kaolin	10,183	(486)
2 Investment holding	-	(32)
Unallocated corporate expenses		(1,241)
Total	<u>63,658</u>	<u>(12,639)</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 2008.

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 for the current quarter and financial year-to-date.

A12. Contingent liabilities

Contingent liabilities of the Company as at 9 November 2009 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	56,053
- Discontinued operations*	5,655

* 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 lower pretax loss of RM5.1 million for the current quarter against pretax loss of RM6.0 million in the preceding year corresponding third quarter, with a lower revenue of RM18.6 million recorded in the current quarter compared to RM23.5 million in the 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 volatile prices of petrochemical resin materials, increase in energy/fuel cost and intensified competition. Sales have dropped to RM15.1 million (23% decline) compared to third quarter last year, however, on going cost rationalization exercise have been fruitful in countering against the higher fuel cum energy costs and depreciation charges for the new manufacturing facility, resulting in lower pretax loss (by 4%) at RM4.7 million for the current quarter vis-à-vis pretax loss of RM4.9 million in the same quarter last year. The completion of the rights issue at the end of August 2008 coupled with lower interest rates have also contributed to savings in finance cost. Meanwhile, the mining of refined kaolin business generated pretax profit of RM0.05 million compared to RM0.4 million pretax loss in the preceding year corresponding third quarter as measures are taken to mitigate the higher crude clay expenses and rising operational costs.

B2. Variation of results against preceding quarter

The Group registered a lower revenue of RM18.6 million for the current quarter compared to the preceding quarter's revenue of RM21.5 million, with a higher Group's pretax loss at RM5.1 million vis-à-vis pretax loss of RM4.1 million in the preceding quarter. The disposal foodwares business incurred a higher pretax loss at RM 4.7 million in the current quarter compared to a pretax loss of RM3.7 million in the preceding quarter largely attributable to lower turnover at RM15.1 million (decline by 16%) coupled with increase in petrochemical resin materials costs. As the products are highly price sensitive, the higher costs are gradually passed over to the customers. Meanwhile, the refined kaolin business generated a pretax profit of RM0.05 million compared to RM0.01 million in the preceding quarter as profit margins improved in the current quarter.

B3. Current year prospects

The remaining period of the year will continue to be challenging largely attributable to the volatile raw materials prices and overheads, particularly fuel and energy costs. Notwithstanding this, the Group will persevere on stringent costs management and operating efficiency strategies to enhance its competitive edge. The disposable foodwares business is expected to 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 30/9/09 RM`000	Preceding year quarter ended 30/9/08 RM`000	Current year to date 30/9/09 RM`000	Preceding year corresponding period 30/9/08 RM`000
Current tax :				
Malaysian Tax				
Overprovision	-	-	-	-
Deferred tax	(31)	-	(94)	(88)
	<u>(31)</u>	<u>-</u>	<u>(94)</u>	<u>(88)</u>

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 30 September 2009.

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 September 2009.

WAWASAN TKH HOLDINGS BERHAD (540218-A)

Notes to the interim financial report for the third quarter ended 30 September 2009

The figures have not been audited

B8. Status of corporate proposals

As at 9 November 2009, the proceeds raised from the Rights Issue with warrants have been fully utilized as follows (RM'000) :

Purpose	Proposed utilization	Actual utilization	Intended timeframe for utilisation	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	5,026	By 4 th quarter of 2009	246	Fully utilized.
Corporate exercise expenses	1,600	1,354	By 4 th quarter of 2008	(246)	Expenses finalised and fully settled. Unutilised amount are transferred to working capital.
Total	30,180	30,180		-	

B9. Group borrowings

The Group's borrowings as at 30 September 2009 are as follows:

	RM'000
Short –term borrowings:-	
Unsecured	4,878
Secured	14,592
	(a) <u>19,470</u>
Long term borrowings :	
Secured	34,938
Total Borrowings	<u>54,408</u>
<u>Payables and accruals</u>	
Amount due to substantial shareholder	
–Wawasan TKH Sdn Bhd	(b) <u>34,151</u>
Total group's borrowings	<u>88,559</u>

(a) Included in the short term borrowings are bank overdrafts outstanding at RM3.564 million.

(b) These advances from Wawasan TKH Sdn Bhd bear interest at 7.05% - 8.25% per annum.

B10. Off balance sheet financial instrument

The Group does not have any outstanding financial instruments with off balance sheet risk as at 30 September 2009.

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 9 November 2009.

B12. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 30 September 2009.

B13. Loss per share

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

	3 months ended	Year-to-date Ended
	30/9/09	30/9/09
Continuing Operations		
Net loss attributed to shareholders (RM'000)	(5,051)	(12,545)
Weighted average number of shares ('000)	288,438	288,438
Basic loss per share (sen)	(1.75)	(4.35)

The diluted loss per share is not presented as the effect of the assumed conversion of warrants outstanding would be anti dilutive.

B14. Comparative figures

The comparative figures in the condensed consolidated cash flow statement have been re-presented to conform to the current quarter's presentation.