

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Dec-09 RM'000	Preceding Year Corresponding Quarter 31-Dec-08 RM'000	Current Year To date 31-Dec-09 RM'000	Preceding Year Corresponding Period 31-Dec-08 RM'000
<u>Continuing Operations</u>					
Revenue		19,138	22,863	82,796	91,586
Cost of sales		(19,692)	(22,899)	(87,079)	(101,320)
Gross loss		(554)	(36)	(4,283)	(9,734)
Other income		1,000	322	1,234	526
Distribution expenses		(522)	(971)	(2,132)	(1,434)
Administrative expenses		(1,837)	(2,151)	(5,368)	(7,620)
Other expenses		(25)	(5,455)	(108)	(5,615)
Finance costs		(1,357)	(1,481)	(5,277)	(6,847)
Loss before taxation		(3,295)	(9,772)	(15,934)	(30,724)
Income tax expense	B5	239	1	333	89
Loss for the period from continuing operations		(3,056)	(9,771)	(15,601)	(30,635)
<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		(3,056)	(9,771)	(15,601)	(24,372)
Attributable to :					
Shareholders of the Company		(3,056)	(9,771)	(15,601)	(24,372)
Minority Interest		-	-	-	-
(Loss)/Earnings per share	B13				
Basic (sen)					
from continuing operations		(1.06)	(3.40)	(5.41)	(15.44)
from discontinued operations		-	-	-	3.16
		(1.06)	(3.40)	(5.41)	(12.28)
Diluted (sen)					
from continuing operations		-	-	-	-
from discontinued operations		-	-	-	-
		-	-	-	-

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 31 DECEMBER 2009

	UNAUDITED AS AT 31-Dec-09 RM'000	AUDITED AS AT 31-Dec-08 RM'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	89,603	97,669
Intangible assets	23,971	23,956
Receivables, deposits and prepayments	-	516
CURRENT ASSETS		
Receivable, deposits and prepayments	11,480	13,242
Inventories	7,512	11,234
Current tax assets	1,315	1,055
Cash and cash equivalents	1,489	3,092
	<u>21,796</u>	<u>28,623</u>
CURRENT LIABILITIES		
Payables and accruals	10,084	15,191
Short term borrowings	B9 18,326	19,319
Provision for taxation	15	21
	<u>28,425</u>	<u>34,531</u>
NET CURRENT LIABILITIES	(6,629)	(5,908)
NON CURRENT LIABILITIES		
Payables and accruals	B9 36,821	22,714
Long term borrowings	B9 32,898	40,616
Deferred taxation	2,451	2,527
	<u>72,170</u>	<u>65,857</u>
	<u>34,775</u>	<u>50,376</u>
FINANCED BY:-		
Share capital	57,688	57,688
Capital reserve	8,693	8,693
Other reserves	16,926	17,142
Accumulated losses	(48,532)	(33,147)
Total equity attributable to shareholders of the Company	<u>34,775</u>	<u>50,376</u>
Minority interest	-	-
Total equity	<u>34,775</u>	<u>50,376</u>
Net Assets Per Share (RM)	0.12	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 FOURTH QUARTER ENDED 31 DECEMBER 2009

	Non-distributable Attributable to shareholders of the Company					Distributable	
	Ordinary Share Capital RM'000	Share premium RM'000	Irredeemable Convertible Unsecured Loan Stocks (Equity Component) RM'000	Capital Reserve RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total Equity RM'000
<u>For the 12 months ended 31 December 2009</u>							
Balance as at 1 January 2009	57,688	-	-	8,693	17,142	(33,147)	50,376
Transfer to revaluation reserve	-	-	-	-	(216)	216	-
Net loss for the period	-	-	-	-	-	(15,601)	(15,601)
Balance as at 31 December 2009	<u>57,688</u>	<u>-</u>	<u>-</u>	<u>8,693</u>	<u>16,926</u>	<u>(48,532)</u>	<u>34,775</u>
<u>For the 12 months ended 31 December 2008</u>							
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	875	566	(1,420)	-	-	-	21
Share issue expenses	-	(1,354)	-	-	-	-	(1,354)
Allocation to Warrant reserve	-	(649)	-	(7,043)	7,692	-	-
Revaluation reserve	-	-	-	-	3,078	255	3,333
Foreign currency translation	-	-	-	-	(57)	-	(57)
Net loss for the period	-	-	-	-	-	(24,372)	(24,372)
Elimination of accumulated losses	-	-	-	(99,235)	-	99,235	-
Balance as at 31 December 2008	<u>57,688</u>	<u>-</u>	<u>-</u>	<u>8,693</u>	<u>17,142</u>	<u>(33,147)</u>	<u>50,376</u>

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 FOURTH QUARTER ENDED 31 DECEMBER 2009

	12 months Ended 31-Dec-09 RM'000	12 months Ended 31-Dec-08 RM'000
Net cash flow from/(used in) operating activities	1,432	(9,610)
Net cash flow (used in)/from investing activities	(1,316)	2,078
Net cash (used in)/flow from financing activities	(1,306)	13,033
Net (decrease)/increase in cash and cash equivalents	(1,190)	5,501
Effect of exchange differences in translation	-	(2)
Cash and cash equivalents at beginning of the period	(605)	(6,104)
Cash and cash equivalents at end of the period	<u>(1,795)</u>	<u>(605)</u>

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

Deposits placed with licensed banks	501	836
Cash and bank balances	988	2,256
Bank Overdrafts (included within short term borrowings in Note B9)	(2,783)	(3,211)
less: deposits pledged with licensed banks	<u>(501)</u>	<u>(486)</u>
	<u>(1,795)</u>	<u>(605)</u>

Effect on divestment on the financial position of the Group as at 31 December 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. 134: 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 fourth quarter ended 31 December 2009 condensed financial statements except for early adoption of the following new and revised FRSs which are effective for financial periods beginning on or after 1 January 2010:

- FRS 4 Insurance Contracts
- Amendment to FRS 117 Leases

The principal effects of changes in accounting policies resulting from early adoption of the two new and revised FRSs are as follows:

i) FRS 4 Insurance Contracts

In accordance to the transitional provisions in paragraphs 41 to 45 of FRS 4, the pronouncement for simultaneous adoption of *Financial Guarantee Contracts* (Amendments to IAS 39 and IRFS 4) issued by the International Accounting Standards Board ('IASB') permits choice of scoping financial guarantee contracts in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*, or as insurance contracts in accordance with FRS 4; whilst the disclosure requirements in FRS 4 need not apply to comparative information that relates to annual periods beginning before 1 January 2010.

Consequently, the Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4. The Group recognizes these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At every reporting date, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognized in profit or loss. Recognised insurance liabilities shall only be removed from the balance sheet when, and only when, it is extinguished via a discharge, cancellation or expiration.

The early adoption of FRS 4 does not result in any adjustment to recognized items of assets, liabilities, income and expenses of the Group in both, the current year and prior years.

ii) Amendment to FRS 117 Leases

Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made prospectively in accordance with FRS 108.

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments on the balance sheet. With the early adoption of FRS117, the Group has changed the classification of long leasehold land with carrying amount of RM10,727,960 as at 31 December 2009 from operating leases to finance leases in the current quarter because the present value of the minimum lease payments is substantially equal to the fair value of the lands. This change in classification has no effect to the profit or loss of the current period ended 31 December 2009 or the comparative prior period. The effect of the reclassification to the comparative of the prior year's balance sheet is disclosed in Note B14.

A2. Audit report

The audited financial statements for the Group and the Company for the financial year ended 31 December 2008 were qualified with an 'except for' 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 31 December 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.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
Notes to the interim financial report for the fourth quarter ended 31 December 2009
The figures have not been audited

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 fourth quarter ended 31 December 2009.

A7. Dividends paid

There was no dividend paid during the current quarter/ financial period ended 31 December 2009.

A8. Segmental reporting

<i>Business segment</i>	12 months ended/ Year-to-date ended 31 December 2009	
	Revenue	Loss before tax
	RM'000	RM'000
1 Manufacturing		
- Disposable food wares	68,304	(13,808)
- Mining of refined kaolin	14,492	(270)
2 Investment holding	-	(219)
Unallocated corporate expenses	-	(1,637)
Total	<u>82,796</u>	<u>(15,934)</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 25 February 2010 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	54,420
- Discontinued operations*	4,810

* 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 RM3.3 million for the current quarter against pretax loss of RM9.8 million in the preceding year corresponding fourth quarter, with a lower revenue of RM19.1 million in the current quarter as compared to RM22.9 million in the fourth quarter last year. For the cumulative year to date, the Group's revenue is lower at RM82.8 million compared to the preceding year of RM91.6 million, while the pretax loss has reduced to RM15.9 million vis-à-vis the preceding year's pretax loss of RM30.7 million from the continuing operations.

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. Although sales have declined to RM14.8 million (24% decline) compared to fourth quarter last year, the on going product mix and cost rationalization exercises have played a role in countering against the higher fuel cum energy costs and depreciation charges for the new manufacturing facility – resulting in a lower pretax loss (by 51%) at RM2.9 million for the current quarter vis-à-vis pretax loss of RM5.9 million in the same quarter last year. Meanwhile, the mining of refined kaolin business generated pretax profit of RM0.2 million compared to RM0.1 million pretax loss in the preceding year corresponding fourth quarter as higher sales were achieved for the current quarter.

B2. Variation of results against preceding quarter

The Group registered a higher revenue of RM19.1 million for the current quarter compared to the preceding quarter's revenue of RM18.6 million, with a lower Group's pretax loss at RM3.3 million vis-à-vis pretax loss of RM5.1 million in the preceding quarter. The disposal foodwares business incurred a lower pretax loss at RM 2.9 million in the current quarter compared to a pretax loss of RM4.7 million in the preceding quarter, benefiting from cost rationalization exercises implemented to mitigate escalation in petrochemical resin materials costs and other operating costs. Meanwhile, the refined kaolin business generated a pretax profit of RM0.2 million compared to RM0.05 million in the preceding quarter as profit margins improved in the current quarter.

B3. Current year prospects

The year ahead 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 extend its products range and reach, as well as increase its export market sales. 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 31/12/09 RM'000	Preceding year quarter ended 31/12/08 RM'000	Current year to date 31/12/09 RM'000	Preceding year corresponding period 31/12/08 RM'000
Current tax :				
Malaysian Tax Overprovision	(257)	-	(257)	-
Deferred tax	18	(1)	(76)	(89)
	<u>(239)</u>	<u>(1)</u>	<u>(333)</u>	<u>(89)</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 31 December 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 31 December 2009.

B8. Status of corporate proposals

There is no corporate proposal announced which is pending completion as at 25 February 2010.

B9. Group borrowings

The Group's borrowings as at 31 December 2009 are as follows:

	RM'000
Short –term borrowings:-	
Unsecured	4,720
Secured	<u>13,606</u>
	(a) <u>18,326</u>
Long term borrowings :	
Secured	<u>32,898</u>
Total Borrowings	<u>51,224</u>
 <u>Payables and accruals</u>	
Amount due to substantial shareholder	
–Wawasan TKH Sdn Bhd	(b) <u>36,821</u>
Total group's borrowings	<u>88,045</u>

(a) Included in the short term borrowings are bank overdrafts outstanding at RM2.783 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 financial instruments with off balance sheet risk as at 25 February 2010 apart from outstanding forward foreign exchange contracts amounting to USD630,000 in foreign currency (i.e. equivalent amount of RM2,152,240) maturing from 27 April to 23 August 2010 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 respectively hedged exchange rates. Hedging costs are recognised 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 25 February 2010.

B12. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 31 December 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 31/12/09	Year-to-date Ended 31/12/09
Continuing Operations		
Net loss attributed to shareholders (RM'000)	(3,056)	(15,601)
Weighted average number of shares ('000)	288,438	288,438
Basic loss per share (sen)	(1.06)	(5.41)

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

14. Comparative figures

Pursuant to the early adoption of Amendment to FRS 117 Leases (as per Note A1) , the following comparative figures have been re-presented to show the effect of the change in accounting policy.

31 December 2008	As previously reported RM'000	Reclassification RM'000	As restated RM'000
<i>Condensed consolidated balance sheet</i>			
Prepaid lease payments	11,140	(11,140)	-
Property, plant and equipment	86,529	11,140	97,669
<i>Condensed consolidated income statement</i>			
Amortisation of prepaid lease payments for land	442	(442)	-
Depreciation of property, plant and equipment	9,119	442	9,561

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