

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	UNAUDITED AS AT 31-Mar-10 RM'000	AUDITED AS AT 31-Dec-09 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	87,478	89,784
Intangible assets	23,976	23,971
CURRENT ASSETS		
Trade and other receivables	10,154	11,748
Derivative financial assets	37	-
Inventories	9,369	7,512
Current tax assets	1,317	1,315
Cash and cash equivalents	2,252	1,490
	<u>23,129</u>	<u>22,065</u>
CURRENT LIABILITIES		
Trade and other payables	13,559	10,619
Short term borrowings	B9 17,772	18,326
Provision for taxation	15	15
	<u>31,346</u>	<u>28,960</u>
NET CURRENT LIABILITIES	(8,217)	(6,895)
NON CURRENT LIABILITIES		
Payables and accruals	B9 36,821	36,821
Long term borrowings	B9 32,013	32,898
Deferred taxation	2,427	2,451
	<u>71,261</u>	<u>72,170</u>
	<u>31,976</u>	<u>34,690</u>
FINANCED BY:-		
Share capital	57,688	57,688
Capital reserve	1,515	1,515
Other reserves	16,723	16,841
Accumulated losses	(43,950)	(41,354)
Total equity attributable to shareholders of the Company	<u>31,976</u>	<u>34,690</u>
Minority interest	-	-
Total equity	<u>31,976</u>	<u>34,690</u>
Net Assets Per Share (RM)	0.11	0.12

The condensed consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2010

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Mar-10 RM'000	Preceding Year Corresponding Quarter 31-Mar-09 RM'000 (Restated)	Current Year ToDate 31-Mar-10 RM'000	Preceding Year Corresponding Period 31-Mar-09 RM'000 (Restated)
Revenue		17,004	23,500	17,004	23,500
Cost of sales		(16,787)	(23,817)	(16,787)	(23,817)
Gross profit / (loss)		<u>217</u>	<u>(317)</u>	<u>217</u>	<u>(317)</u>
Other income		425	442	425	442
Distribution expenses		(423)	(612)	(423)	(612)
Administrative expenses		(1,512)	(1,541)	(1,512)	(1,541)
Other expenses		(30)	(76)	(30)	(76)
Finance costs		<u>(1,365)</u>	<u>(1,336)</u>	<u>(1,365)</u>	<u>(1,336)</u>
Loss before taxation		(2,688)	(3,440)	(2,688)	(3,440)
Income tax expense	B5	24	1	24	1
Loss for the period		<u>(2,664)</u>	<u>(3,439)</u>	<u>(2,664)</u>	<u>(3,439)</u>
Loss attributable to :					
Shareholders of the Company		(2,664)	(3,439)	(2,664)	(3,439)
Minority interest		-	-	-	-
		<u>(2,664)</u>	<u>(3,439)</u>	<u>(2,664)</u>	<u>(3,439)</u>
Loss per share	B13				
Basic (sen)		<u>(0.92)</u>	<u>(1.19)</u>	<u>(0.92)</u>	<u>(1.19)</u>
Diluted (sen)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated income statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Mar-10 RM'000	Preceding Year Corresponding Quarter 31-Mar-09 RM'000	Current Year To date 31-Mar-10 RM'000	Preceding Year Corresponding Period 31-Mar-09 RM'000
Loss for the period	(2,664)	(3,439)	(2,664)	(3,439)
Other comprehensive income				
Exchange differences on translation of foreign operations	(51)	-	(51)	-
Total comprehensive income for the period	<u>(2,715)</u>	<u>(3,439)</u>	<u>(2,715)</u>	<u>(3,439)</u>
Total comprehensive income attributable to :				
Shareholders of the Company	(2,715)	(3,439)	(2,715)	(3,439)
Minority interest	-	-	-	-
	<u>(2,715)</u>	<u>(3,439)</u>	<u>(2,715)</u>	<u>(3,439)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the 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 FIRST QUARTER ENDED 31 MARCH 2010

	Non-distributable			Distributable	Total Equity RM'000
	Attributable to shareholders of the Company				
<u>For the 3 months ended 31 March 2010</u>	Ordinary Share Capital RM'000	Capital Reserve RM'000	Other Reserves RM'000	Accumulated Losses RM'000	
Balance as at 1 January 2010	57,688	1,515	16,841	(41,354)	34,690
Effect of adopting FRS 139	-	-	-	1	1
Balance as at 1 January 2010, as restated	57,688	1,515	16,841	(41,353)	34,691
Crystallisation of revaluation reserve	-	-	(67)	67	-
Total comprehensive income for the period	-	-	(51)	(2,664)	(2,715)
Balance as at 31 March 2010	57,688	1,515	16,723	(43,950)	31,976

For the 3 months ended 31 March 2009

Balance as at 1 January 2009	57,688	8,693	17,142	(33,147)	50,376
Crystallisation of revaluation reserve	-	-	(3)	3	-
Total comprehensive income for the period	-	-	-	(3,439)	(3,439)
Balance as at 31 March 2009	57,688	8,693	17,139	(36,583)	46,937

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2010

	3 months Ended 31-Mar-10 RM'000	3 months Ended 31-Mar-09 RM'000 (Restated)
Net cash flow from operating activities	114	3,624
Net cash flow from/ (used in) investing activities	2,828	(532)
Net cash flow used in financing activities	(1,957)	(3,012)
Net increase in cash and cash equivalents	985	80
Effect of exchange differences in translation	(9)	-
Cash and cash equivalents at beginning of the period	(1,795)	(605)
Cash and cash equivalents at end of the period	<u>(819)</u>	<u>(525)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	504	738
Cash and bank balances	1,748	1,484
Bank Overdrafts (included within short term borrowings in Note B9)	(2,567)	(2,258)
less: deposits pledged with licensed banks	<u>(504)</u>	<u>(489)</u>
	<u>(819)</u>	<u>(525)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009 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 2009.

The same accounting policies and methods of computation as disclosed in the audited accounts for the year ended 31 December 2009 have been adopted in the preparation of the first quarter ended 31 March 2010 condensed financial statements except for adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are effective for financial periods beginning on or after 1 January 2010:

- FRS 7	Financial Instruments: Disclosures
- FRS 8	Operating segments
- FRS 101	Presentation of Financial Statements (Revised 2009)
- FRS 123	Borrowing Costs
- FRS 132	Financial Instruments: Presentation
- FRS 139	Financial Instruments: Recognition and Measurement
- IC Interpretation 9	Reassessment of Embedded Derivatives
- IC Interpretation 10	Interim Financial Reporting and Impairment
- IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13	Customer Loyalty Programmes
- IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
- Amendment to FRS 2	Share-based Payment – Vesting Condition and Cancellation
- Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
- Amendment to FRS 7	Financial Instruments: Disclosures
- Amendment to FRS 8	Operating Segments
- Amendment to FRS 107	Statement of Cash Flows
- Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
- Amendment to FRS 110	Events after the Reporting Period
- Amendment to FRS 116	Property, plant and Equipment
- Amendment to FRS 118	Revenue
- Amendment to FRS 119	Employee Benefits
- Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
- Amendment to FRS 123	Borrowing Costs
- Amendment to FRS 127	Consolidated and Separate Financial Statements
- Amendment to FRS 128	Investments in Associates
- Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies

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Notes to the interim financial report for the first quarter ended 31 March 2010

The figures have not been audited

- Amendment to FRS 131	Interest in Joint Ventures
- Amendment to FRS 132	Financial Instruments: Presentation
- Amendment to FRS 134	Interim Financial Reporting
- Amendment to FRS 136	Impairment of Assets
- Amendment to FRS 138	Intangible Assets
- Amendment to FRS 139	Financial Instruments: Recognition and Measurement
- Amendment to FRS 140	Investment Property

The principal effects of changes in presentation and accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are as follows:

i) FRS 101 Presentation of Financial Statements (FRS 101)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the change in presentation are as follows:

The gains and losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interest. The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

This Standard does not have any impact on the financial position and results of the Group.

ii) FRS 139 Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives are recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

The measurement bases applied to the financial assets and financial liabilities in the prior financial year were changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and liabilities are measured as follows:

WAWASAN TKH HOLDINGS BERHAD (540218-A)
Notes to the interim financial report for the first quarter ended 31 March 2010
The figures have not been audited

	Category	Measurement basis
1	Financial instruments at fair value through profit or loss	At fair value through profit or loss
2	Loan and other financial liabilities	At amortised cost using effective interest method

All financial assets other than those classified as fair value through profit or loss are subject to impairment test of FRS 139.

Impact on opening balances

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of remeasurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening accumulated losses as follows:

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
Assets			
Derivative financial assets	-	1	1
Equity			
Accumulated losses	(41,354)	1	(41,353)

iii) FRS 4 Insurance Contracts

The Group has adopted FRS 4 in relation to financial guarantee contracts.

The adoption of the other new and revised FRSs, IC Interpretations and Amendments has no effect to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

A2. Audit report

The audited financial statements for the Group and the Company for the financial year ended 31 December 2009 were subject to an 'except for' qualified opinion on the necessity for any impairment of property, plant and equipment of the disposable foodwares unit with a carrying amount of RM83,200,645 and impairment of goodwill amounting to RM12,926,411 and carrying amount of investment of RM96,991,000 in the disposable foodwares unit as the key assumptions used in cash flow forecast and projections by their very nature are difficult to substantiate given the past actual outcomes and are regarded as significant areas of uncertainty.

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 March 2010.

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 first quarter ended 31 March 2010.

A7. Dividends paid

There was no dividend paid during the current quarter/ financial period ended 31 March 2010.

A8. Segmental reporting

<i>Business segment</i>	3 months ended/ Year-to-date ended 31 March 2010		3 months ended/ Year-to-date ended 31 March 2009	
	Revenue RM'000	(Loss)/Profit before tax RM'000	Revenue RM'000	(Loss)/Profit before tax RM'000
1 Manufacturing				
-Disposable foodwares	13,624	(1,954)	20,439	(2,486)
-Mining of refined kaolin	3,380	181	3,061	(544)
2 Investment holding	-	(505)	-	(9)
Unallocated corporate expenses	-	(410)	-	(401)
Total	<u>17,004</u>	<u>(2,688)</u>	<u>23,500</u>	<u>(3,440)</u>

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 2009.

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 26 May 2010 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	52,141
- Discontinued operations*	4,738

* 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 RM2.7 million for the current quarter against pretax loss of RM3.4 million in the preceding year corresponding first quarter, notwithstanding a lower revenue of RM17.0 million in the current quarter as compared to RM23.5 million in the first 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 interest rate as well as intense competition. Although sales have decreased to RM13.6 million (33% decline) compared to first quarter last year, the ongoing product mix and cost rationalisation were the main factors which countered against the higher fuel cum energy costs and depreciation charges for the new manufacturing facility – resulting in a lower pretax loss (by 20%) at RM2.0 million for the current quarter, vis-à-vis pretax loss of RM2.5 million in the same quarter last year. Meanwhile, the mining refined kaolin business generated pretax profit of RM0.2 million compared to RM0.5 million pretax loss in the preceding year corresponding first quarter as higher sales margins were achieved for the current quarter.

B2. Variation of results against preceding quarter

The Group registered a lower revenue of RM17.0 million for the current quarter compared to the preceding quarter's revenue of RM19.1 million, with a marginally lower Group's pretax loss at RM2.7 million vis-à-vis pretax loss of RM3.1 million in the preceding quarter. The disposal food wares business incurred a lower pretax loss at RM2.0 million in the current quarter compared to a pretax loss of RM2.9 million in the preceding quarter, benefiting from cost rationalisation exercises implemented to mitigate escalation in petrochemical resin materials costs and other operating costs. Meanwhile, the refined kaolin business maintained a pretax profit of RM0.2 million for 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) together with rising interest cost. Nevertheless, the Group will persevere on stringent costs management and operating efficiency strategies to enhance its competitive edge. The disposable food wares business is expected to further extend its Jasa Eco products range and reach, besides increasing 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 31/3/2010 RM'000	Preceding year corresponding quarter 31/3/2009 RM'000	Current year to date 31/3/2010 RM'000	Preceding year corresponding period 31/3/2009 RM'000
Current tax :				
Malaysian Tax	-	-	-	-
Deferred tax	(24)	(1)	(24)	(1)
	<u>(24)</u>	<u>(1)</u>	<u>(24)</u>	<u>(1)</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 March 2010.

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 March 2010.

B8. Status of corporate proposals

There is no corporate proposal announced which is pending completion as at 26 May 2010.

B9. Group borrowings

The Group's borrowings as at 31 March 2010 are as follows:

	RM'000
Short –term borrowings:-	
Unsecured	4,817
Secured	<u>12,955</u>
(a)	17,772
Long term borrowings :	
Secured	<u>32,013</u>
Total Borrowings	<u>49,785</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>86,606</u>

(a) Included in the short term borrowings are bank overdrafts outstanding at RM2.567 million.

(b) These advances from Wawasan TKH Sdn Bhd bear interest at 7.05% - 7.30% per annum.

B10. Off balance sheet financial instrument

With the adoption of FRS 139 Financial Instruments: Recognition and Measurement, previously off balance sheet financial instruments are now recognised on the condensed consolidated statement of financial position.

As at 31 March 2010, the Group entered into forward foreign exchange sales contracts to hedge trade receivables. The foreign currency contracts entered into by the Group are as follows:

Currency	Notional value (RM'000)	Fair value (RM'000)	Maturing
United States Dollar	1,450	37	less than 1 year

Credit risk

There is minimal credit risk as the contracts were entered with reputable financial institutions.

Cash requirements

The Group will fund the cash requirements of the derivative from its net cash flow from operating activities when the payments fall due.

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 26 May 2010.

B12. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 31 March 2010.

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.

Continuing Operations	3 months ended/ Year-to-date ended 31/3/2010	3 months ended/ Year-to-date ended 31/3/2009
Net loss attributed to shareholders (RM'000)	(2,664)	(3,439)
Weighted average number of shares ('000)	288,438	288,438
Basic loss per share (sen)	(0.92)	(1.19)

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 of the following items in the condensed consolidated income statement have been re-presented to conform to the current quarter's presentation.

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Other income	34	408	442
Administrative expenses	(1,133)	(408)	(1,541)

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