

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010

	UNAUDITED AS AT 30-Sep-10 RM'000	AUDITED AS AT 31-Dec-09 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	84,581	89,784
Intangible assets	23,988	23,971
Other receivables	168	-
CURRENT ASSETS		
Trade and other receivables	10,865	11,748
Derivative financial assets	16	-
Inventories	7,306	7,512
Current tax assets	1,321	1,315
Cash and cash equivalents	1,684	1,490
	<u>21,192</u>	<u>22,065</u>
CURRENT LIABILITIES		
Trade and other payables	23,332	10,619
Derivative financial liabilities	41	-
Short term borrowings	B9 16,528	18,326
Provision for taxation	14	15
	<u>39,915</u>	<u>28,960</u>
NET CURRENT LIABILITIES	(18,723)	(6,895)
NON CURRENT LIABILITIES		
Payables and accruals	B9 36,821	36,821
Long term borrowings	B9 29,095	32,898
Deferred taxation	2,380	2,451
	<u>68,296</u>	<u>72,170</u>
	<u>21,718</u>	<u>34,690</u>
FINANCED BY:-		
Share capital	57,688	57,688
Capital reserve	1,515	1,515
Other reserves	16,591	16,841
Accumulated losses	(54,076)	(41,354)
Total equity attributable to shareholders of the Company	<u>21,718</u>	<u>34,690</u>
Minority interest	-	-
Total equity	<u>21,718</u>	<u>34,690</u>
Net Assets Per Share (RM)	0.08	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 and the accompanying explanatory notes attached to the interim financial statements.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Sep-10 RM'000	Preceding Year Corresponding Quarter 30-Sep-09 RM'000 (Restated)	Current Year Todate 30-Sep-10 RM'000	Preceding Year Corresponding Period 30-Sep-09 RM'000 (Restated)
Revenue		17,262	18,617	51,931	63,658
Cost of sales		(17,762)	(20,438)	(53,906)	(67,387)
Gross loss		<u>(500)</u>	<u>(1,821)</u>	<u>(1,975)</u>	<u>(3,729)</u>
Other income		91	507	567	1,881
Marketing expenses		(709)	(478)	(1,810)	(1,610)
Administrative expenses		(1,209)	(1,864)	(4,472)	(4,996)
Other expenses		(649)	(102)	(932)	(265)
Finance costs		<u>(1,539)</u>	<u>(1,324)</u>	<u>(4,374)</u>	<u>(3,920)</u>
Loss before taxation		(4,515)	(5,082)	(12,996)	(12,639)
Income tax expense	B5	24	31	71	94
Loss for the period		<u>(4,491)</u>	<u>(5,051)</u>	<u>(12,925)</u>	<u>(12,545)</u>
Loss attributable to :					
Shareholders of the Company		(4,491)	(5,051)	(12,925)	(12,545)
Minority interest		-	-	-	-
		<u>(4,491)</u>	<u>(5,051)</u>	<u>(12,925)</u>	<u>(12,545)</u>
Loss per share	B13				
Basic (sen)		<u>(1.56)</u>	<u>(1.75)</u>	<u>(4.48)</u>	<u>(4.35)</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 THIRD QUARTER ENDED 30 SEPTEMBER 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Sep-10 RM'000	Preceding Year Corresponding Quarter 30-Sep-09 RM'000	Current Year To date 30-Sep-10 RM'000	Preceding Year Corresponding Period 30-Sep-09 RM'000
Loss for the period	(4,491)	(5,051)	(12,925)	(12,545)
Other comprehensive income				
Exchange differences on translation of foreign operations	10	-	(48)	-
Total comprehensive income for the period	<u>(4,481)</u>	<u>(5,051)</u>	<u>(12,973)</u>	<u>(12,545)</u>
Total comprehensive income attributable to :				
Shareholders of the Company	(4,481)	(5,051)	(12,973)	(12,545)
Minority interest	-	-	-	-
	<u>(4,481)</u>	<u>(5,051)</u>	<u>(12,973)</u>	<u>(12,545)</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 THIRD QUARTER ENDED 30 SEPTEMBER 2010

	Non-distributable			Distributable	Total Equity RM'000
	Attributable to shareholders of the Company				
<u>For the 9 months ended 30 September 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	-	-	(202)	202	-
Total comprehensive income for the period	-	-	(48)	(12,925)	(12,973)
Balance as at 30 September 2010	57,688	1,515	16,591	(54,076)	21,718
<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
Crystallisation of revaluation reserve	-	-	(267)	267	-
Total comprehensive income for the period	-	-	-	(12,545)	(12,545)
Balance as at 30 September 2009	57,688	8,693	16,875	(45,425)	37,831

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 THIRD QUARTER ENDED 30 SEPTEMBER 2010

	9 months Ended 30-Sep-10 RM'000	9 months Ended 30-Sep-09 RM'000 (Restated)
Net cash flow from/ (used in) operating activities	856	(889)
Net cash flow from investing activities	7,264	8,732
Net cash flow used in financing activities	(8,269)	(8,647)
Net decrease in cash and cash equivalents	(149)	(804)
Effect of exchange differences in translation	(8)	-
Cash and cash equivalents at beginning of the period	(1,795)	(605)
Cash and cash equivalents at end of the period	<u>(1,952)</u>	<u>(1,409)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	510	500
Cash and bank balances	1,174	2,155
Bank Overdrafts (included within short term borrowings in Note B9)	(3,126)	(3,564)
less: deposits pledged with licensed banks	(510)	(500)
	<u>(1,952)</u>	<u>(1,409)</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 third quarter ended 30 September 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 132	Financial Instruments: Presentation
- Amendment to FRS 139	Financial Instruments: Recognition and Measurement
- Improvements to FRSs (2009)	

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 minority 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:

	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:

WAWASAN TKH HOLDINGS BERHAD (540218-A)**Notes to the interim financial report for the third quarter ended 30 September 2010****The figures have not been audited**

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
<i>Assets</i>			
Derivative financial assets	-	1	1
<i>Equity</i>			
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 30 September 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 third quarter ended 30 September 2010.

A7. Dividends paid

There was no dividend paid during the current quarter/ financial period ended 30 September 2010.

A8. Segmental reporting

<i>Business segment</i>	9 months ended/ Year-to-date ended 30/9/2010		9 months ended/ Year-to-date ended 30/9/2009	
	Revenue RM'000	Loss before tax RM'000	Revenue RM'000	Loss before tax RM'000
1 Manufacturing				
-Disposable foodwares	41,817	(9,662)	53,475	(10,880)
-Mining of refined kaolin	10,114	(462)	10,183	(486)
2 Investment holding	-	(1,610)	-	(32)
Unallocated corporate expenses	-	(1,262)	-	(1,241)
Total	51,931	(12,996)	63,658	(12,639)

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 9 November 2010 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	47,634
- Discontinued operations*	4,538

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

A13. Capital commitments

The capital commitments incurred by the Group as at 30 September 2010 include the following amount approved and contracted for:

	RM'000
Plant and equipment	466

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 RM4.5 million for the current quarter vis-a-vis pretax loss of RM5.1 million in the preceding year corresponding third quarter, with lower revenue at RM17.3 million in the current quarter compared to RM18.6 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 interest rate as well as intensified competition. Notwithstanding sales have decreased to RM13.7 million (9% decline) compared to third quarter last year, the ongoing product mix and cost rationalization have positive effects in countering the higher fuel/energy costs and finance cost for the manufacturing facility – resulting in a lower pretax loss of RM3.4 million (by 28%) vis-à-vis RM4.7 million pretax loss in the preceding year corresponding third quarter. Meanwhile, the kaolin mining incurred pretax loss of RM0.2 million compared to pretax profit of RM0.05 million in the preceding year corresponding third quarter as margins were affected by the drop in production volume, higher crude clay expenses and rising operational costs arising due to hikes in fuel and energy costs.

B2. Variation of results against preceding quarter

The Group registered a lower revenue of RM17.3 million for the current quarter compared to the preceding quarter's revenue of RM17.7 million, with a lower Group's pretax loss at RM4.5 million vis-à-vis pretax loss of RM5.8 million in the preceding quarter. The disposal foodwares business incurred a lower pretax loss at RM3.7 million in the current quarter compared to a pretax loss of RM4.3 million in the preceding quarter benefiting further from cost rationalization exercises implemented to mitigate escalation in petrochemical resin materials costs and other operating costs. The kaolin mining incurred pretax loss of RM0.2 million compared to pretax loss of RM0.4 million in the preceding quarter as higher turnover was achieved in current quarter.

B3. Current year prospects

The remaining period of the year will continue to be challenging with the prevalent volatile raw materials prices and overheads (particularly fuel and energy costs) together with higher interest cost. Nevertheless, the Group will continue to focus on costs rationalization and management, besides operating efficiency strategies to enhance its competitive edge. The disposable foodwares business is expected to further extend its JASA Eco products range and reach, besides increasing export market sales. The kaolin mining is anticipated to turnaround, contributing profit by year end. The Group will persevere in 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 30/9/2010 RM'000	Preceding year corresponding quarter 30/9/2009 RM'000	Current year to date 30/9/2010 RM'000	Preceding year corresponding period 30/9/2009 RM'000
Current tax :				
Malaysian Tax	-	-	-	-
Deferred tax	(24)	(31)	(71)	(94)
	<u>(24)</u>	<u>(31)</u>	<u>(71)</u>	<u>(94)</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 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 30 September 2010.

B8. Status of corporate proposals

There is no corporate proposal announced which is pending completion as at 9 November 2010.

B9. Group borrowings

The Group's borrowings as at 30 September 2010 are as follows:

	RM'000	RM'000
Short –term borrowings:-		
Unsecured		4,565
Secured		<u>11,963</u>
	(a)	16,528
Long term borrowings :		
Secured		<u>29,095</u>
Total Borrowings		<u>45,623</u>
<u>Payables and accruals</u>		
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd	(b)	
- current	11,037	
- non-current	<u>36,821</u>	<u>47,858</u>
Total group's borrowings		<u>93,481</u>

(a) Included in the short term borrowings are bank overdrafts outstanding at RM3.126 million.

(b) These advances from Wawasan TKH Sdn Bhd bear interest at 7.05% - 7.80% 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 30 September 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)	Net fair value gain/(loss) (RM'000)	Maturing
Euro	626	(33)	less than 1 year
United States Dollar	3,896	8	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 9 November 2010.

B12. Dividend

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

	3 months ended 30/9/2010	Year-to-date ended 30/9/2010
Continuing Operations		
Net loss attributed to shareholders (RM'000)	(4,491)	(12,925)
Weighted average number of shares ('000)	288,438	288,438
Basic loss per share (sen)	(1.56)	(4.48)

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 for the cumulative quarter 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	552	1,329	1,881
Administrative expenses	(3,531)	(1,465)	(4,996)
Other expenses	(401)	136	(265)

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