

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

		UNAUDITED AS AT 31-Mar-11 RM'000	AUDITED AS AT 31-Dec-10 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		98,194	104,224
Intangible assets		11,062	11,062
Trade and other receivables		1,064	583
CURRENT ASSETS			
Trade and other receivables		10,640	10,520
Derivative assets		11	44
Inventories		8,753	8,414
Current tax assets		915	1,170
Cash and cash equivalents		1,491	1,862
		<u>21,810</u>	<u>22,010</u>
Non-current asset classified as held for sale at net book value	B6	4,210	-
		<u>26,020</u>	<u>22,010</u>
CURRENT LIABILITIES			
Trade and other payables		17,036	29,792
Derivative liabilities		2	1
Short term borrowings	B9	18,284	18,434
Current tax liabilities		14	14
		<u>35,336</u>	<u>48,241</u>
NET CURRENT LIABILITIES		(9,316)	(26,231)
NON CURRENT LIABILITIES			
Trade and other payables	B9	33,552	33,552
Long term borrowings	B9	26,515	27,903
Deferred tax liabilities		7,246	7,319
		<u>67,313</u>	<u>68,774</u>
		<u>33,691</u>	<u>20,864</u>
EQUITY			
Share capital		44,844	57,688
Capital reserve		28,844	-
Other reserves		30,263	32,331
Reserve of non-current asset classified as held for sale		1,864	-
Accumulated losses	B14	(72,124)	(69,155)
Total equity attributable to owners of the parent		<u>33,691</u>	<u>20,864</u>
Minority interest		-	-
Total equity		<u>33,691</u>	<u>20,864</u>
Net Assets Per Share (RM)		0.08	0.07

The condensed consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the 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 2011

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Mar-11 RM'000	Preceding Year Corresponding Quarter 31-Mar-10 RM'000	Current Year ToDate 31-Mar-11 RM'000	Preceding Year Corresponding Period 31-Mar-10 RM'000
Revenue		17,300	17,004	17,300	17,004
Cost of sales		(18,129)	(16,787)	(18,129)	(16,787)
Gross loss		<u>(829)</u>	<u>217</u>	<u>(829)</u>	<u>217</u>
Other income		1,391	425	1,391	425
Marketing expenses		(689)	(423)	(689)	(423)
Administrative expenses		(1,416)	(1,512)	(1,416)	(1,512)
Other expenses		(246)	(30)	(246)	(30)
Finance costs		<u>(1,522)</u>	<u>(1,365)</u>	<u>(1,522)</u>	<u>(1,365)</u>
Loss before taxation		(3,311)	(2,688)	(3,311)	(2,688)
Income tax expense	B5	127	24	127	24
Loss for the period		<u><u>(3,184)</u></u>	<u><u>(2,664)</u></u>	<u><u>(3,184)</u></u>	<u><u>(2,664)</u></u>
Loss attributable to :					
Owners of the parent		(3,184)	(2,664)	(3,184)	(2,664)
Minority interest		-	-	-	-
		<u><u>(3,184)</u></u>	<u><u>(2,664)</u></u>	<u><u>(3,184)</u></u>	<u><u>(2,664)</u></u>
Loss per share	B13				
Basic (sen)		<u><u>(1.02)</u></u>	<u><u>(0.92)</u></u>	<u><u>(1.02)</u></u>	<u><u>(0.92)</u></u>
Diluted (sen)		<u><u>-</u></u>	<u><u>-</u></u>	<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 2010 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 2011

	Individual Quarter		Cumulative Quarter	
		Preceding Year		Preceding Year
	Current Year Quarter	Corresponding Quarter	Current Year ToDate	Corresponding Period
Note	31-Mar-11 RM'000	31-Mar-10 RM'000	31-Mar-11 RM'000	31-Mar-10 RM'000
Loss for the period	(3,184)	(2,664)	(3,184)	(2,664)
Other comprehensive income/(loss):				
Foreign currency translations	11	(51)	11	(51)
Total comprehensive loss for the period	<u>(3,173)</u>	<u>(2,715)</u>	<u>(3,173)</u>	<u>(2,715)</u>
Total comprehensive loss attributable to :				
Owners of the parent	(3,173)	(2,715)	(3,173)	(2,715)
Minority interest	-	-	-	-
	<u>(3,173)</u>	<u>(2,715)</u>	<u>(3,173)</u>	<u>(2,715)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 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 2011

	← Non-distributable →					
	Ordinary Share Capital RM'000	Capital Reserve RM'000	Other Reserves RM'000	Reserve of non- current asset classified as held for sale RM'000	Accumulated Losses RM'000	Total Equity RM'000
<u>For the 3 months ended 31 March 2011</u>						
Balance as at 1 January 2011	57,688	-	32,331	-	(69,155)	20,864
Total comprehensive loss for the period	-	-	11	-	(3,184)	(3,173)
Crystallisation of revaluation reserve	-	-	(215)	-	215	-
Par value reduction	(28,844)	28,844	-	-	-	-
Issuance during the period	16,000	-	-	-	-	16,000
Reserve attributable to non-current asset classified as held for sale	-	-	(1,864)	1,864	-	-
Balance as at 31 March 2011	44,844	28,844	30,263	1,864	(72,124)	33,691
<u>For the 3 months ended 31 March 2010</u>						
Balance as at 1 January 2010	57,688	1,515	16,841	-	(41,354)	34,690
Effects of the adoption of FRS 139	-	-	-	-	1	1
Balance as at 1 January 2010, as restated	57,688	1,515	16,841	-	(41,353)	34,691
Total comprehensive loss for the period	-	-	(51)	-	(2,664)	(2,715)
Crystallisation of revaluation reserve	-	-	(67)	-	67	-
Balance as at 31 March 2010	57,688	1,515	16,723	-	(43,950)	31,976

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 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 2011

	3 months Ended 31-Mar-11 RM'000	3 months Ended 31-Mar-10 RM'000
Net cash flow from operating activities	312	114
Net cash flow from investing activities	1,542	2,828
Net cash flow used in financing activities	(2,204)	(1,957)
Net (decrease)/increase in cash and cash equivalents	(350)	985
Effect of exchange differences in translation	1	(9)
Cash and cash equivalents at beginning of the period	(2,319)	(1,795)
Cash and cash equivalents at end of the period	<u>(2,668)</u>	<u>(819)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	516	504
Cash and bank balances	975	1,748
Bank Overdrafts (included within short term borrowings in Note B9)	(3,643)	(2,567)
less: deposits pledged with licensed banks	(516)	(504)
	<u>(2,668)</u>	<u>(819)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 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 Malaysia") Listing Requirements and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2010.

The same accounting policies and methods of computation as disclosed in the audited accounts for the year ended 31 December 2010 have been adopted in the preparation of the first quarter ended 31 March 2011 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 2011:

- FRS 1	First-time Adoption of Financial Reporting Standards
- FRS 3	Business Combinations
- FRS 127	Consolidated and Separate Financial Statements
- IC Interpretation 4	Determining whether an Arrangements contains a Lease
- IC Interpretation 12	Service Concession Arrangements
- IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17	Distributions of Non-cash Assets to Owners
- IC Interpretation 18	Transfers of Assets from Customers
- Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1	Additional Exemptions for First-time Adopters
- Amendments to FRS 2	Share-based Payments
- Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7	Improving Disclosures about Financial Instruments
- Amendments to FRS 132	Financial Instruments: Presentation
- Amendments to FRS 138	Intangible Assets
- Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
- Improvements to FRSs (2010)	

Adoption of the above new and revised FRSs, IC Interpretations and Amendments did not have any effect on the financial performance, position or presentation of the Group's consolidated financial statements, other than the disclosures under Amendments to FRS 7 which will result in additional disclosures in the annual financial statements.

A2. Audit report

The audited financial statements for the Group and the Company for the financial year ended 31 December 2010 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

There were no unusual items affecting the assets, liabilities, equity, net income or cash for the current quarter and financial period ended 31 March 2011, except for an amount of RM1.3 million fire insurance claims received by wholly owned subsidiary, Greatpac Sdn. Bhd., which is included in other income.

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

On 21 March 2011, the Company completed the conversion of a debt amounting to RM16 million owing to its major shareholders, namely Wawasan TKH Sdn. Bhd. (“WTKHSB”), involving issuance of 160 million new ordinary shares of RM0.10 each in the Company to WTKHSB or its assignee(s)/ renounee(s) via a private placement (“Debt Conversion”). Upon completion of the Debt Conversion, the issued and paid-up share capital of the Company has increased to RM44,843,788 comprising 448,437,879 ordinary shares of RM0.10 each (see Note B8).

Except for the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the first quarter ended 31 March 2011.

A7. Dividends paid

There was no dividend paid during the current quarter/ financial period ended 31 March 2011.

A8. Operating Segments

	3 months ended/ Year- to-date ended 31/3/2011		3 months ended/ Year- to-date ended 31/3/2010	
	Revenue RM'000	Loss before tax RM'000	Revenue RM'000	(Loss)/Profit before tax RM'000 (Restated)
Manufacturing:				
- Disposable foodwares	14,184	(1,773)	13,624	(1,898)
- Mining of refined kaolin	3,116	(220)	3,380	181
Investment holding	-	(1,318)	-	(971)
	<u>17,300</u>	<u>(3,311)</u>	<u>17,004</u>	<u>(2,688)</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 2010.

A10. Material events subsequent to the balance sheet date

There were no 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 20 May 2011 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	47,375
- Discontinued operations*	4,344

* The corporate guarantees are currently awaiting approval for release from a financial institution. The Company has obtained an indemnity from Wawasan TKH Sdn Bhd in respect of these banking facilities.

A13. Commitments

i) Capital commitments

There were no significant capital commitments incurred by the Group as at 31 March 2011.

ii) Operating lease commitments

As at 31 March 2011, the Group has the following obligations on operating lease payments:

	RM'000
Not later than one year	500

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 incurred higher pretax loss of RM3.3 million (which include RM0.2 million Corporate Exercise expenditure) for the current quarter vis-a-vis pretax loss of RM2.7 million in the preceding year corresponding first quarter, with marginally higher revenue at RM17.3 million in the current quarter compared to RM17.0 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 and rising energy/fuel cost as well as interest rate. Higher sales at RM14.2 million was achieved compared to RM13.6 million in the first quarter last year, with pretax loss of RM1.8 million vis-à-vis RM1.9 million pretax loss in preceding year corresponding first quarter. Meanwhile, the kaolin mining business incurred pretax loss of RM0.2 million compared to pretax profit of RM0.2 million in the preceding year corresponding first quarter as margins were affected by the lower turnover and escalating operational costs arising due to increase in fuel and energy costs.

B2. Variation of results against preceding quarter

The Group registered marginally lower revenue of RM17.3 million and pretax loss of RM3.3 million for the current quarter compared to the revenue of RM17.6 million and pretax loss of RM4.6 million in the preceding quarter. The disposable foodwares business incurred a lower pretax loss at RM1.8 million in the current quarter compared to a pretax loss of RM3.1 million in the preceding quarter. Ongoing focus on product mix and cost rationalisation exercises have in turn driven improved processes and efficiency, while mitigating escalation in petrochemical resin materials costs and other operating costs. The kaolin mining business incurred a lower pretax loss of RM0.2 million compared to pretax loss of RM0.3 million in the preceding quarter as higher turnover and production volume were achieved in the current quarter.

B3. Current year prospects

The period ahead will remain challenging with the prevalent volatile raw materials prices and overheads (particularly fuel and energy costs) together with higher interest cost. Notwithstanding these adversities, the Group will persist to focus on costs rationalization and management, besides operating efficiency strategies to enhance its competitive edge. With the completion of the Corporate Exercise at end of first quarter, the Group is set on a stronger footing towards achieving a turnaround. A progressive increase in the revenue of the Group is expected from initiatives taken to extend products range and market reach, thus contributing to the recovery of the group.

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 31/3/2011 RM'000	Preceding year corresponding quarter 31/3/2010 RM'000	Current year to date 31/3/2011 RM'000	Preceding year corresponding period 31/3/2010 RM'000
Current tax :				
Malaysian Tax	(54)	-	(54)	-
Deferred tax	(73)	(24)	(73)	(24)
	<hr/>	<hr/>	<hr/>	<hr/>
	(127)	(24)	(127)	(24)

B6. Profits/(losses) on sales of unquoted investments and/or properties

On 14 February 2011, Greatpac Sdn Bhd entered into a Sale and Purchase Agreement with Divine Lotus Sdn. Bhd. for the disposal of a freehold landed property for a total cash consideration of RM5.563 million. The completion of the proposed disposal is pending on the full receipt of the remaining purchase consideration of RM5.007 million. Hence, there was no recognition of profit on disposal on the proposed disposal for the current quarter and financial period ended 31 March 2011. Therefore, the asset is classified as held for sale at net book value.

Save as disclosed, there were no other sales of unquoted investments and/ or properties for the current quarter and financial period ended 31 March 2011.

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 2011.

B8. Status of corporate proposals

Par Value Reduction; Debt Conversion via a Private Placement & Amendments to Memorandum and Articles of Association (collectively referred to as “Corporate Exercise”)

On 2 March 2011, the issued and paid-up share capital of the Company has been reduced to RM28,843,788 comprising 288,437,879 ordinary shares of RM0.10 each arising from the Par Value Reduction. On 21 March 2011, the Company completed the Corporate Exercise following the listing of and quotation for 160 million new ordinary shares of RM0.10 each (“Placement Shares”) on the Main Market of Bursa Malaysia arising from Debt Conversion via private placement (as disclosed in note A6). Upon completion of the corporate exercise, the issued and paid-up share capital is at RM44,843,788 comprising 448,437,879 ordinary shares of RM0.10 each.

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Notes to the interim financial report for the first quarter ended 31 March 2011
The figures have not been audited

There were no cash proceeds raised from the issuance of the Placement Shares in view that the Debt has been fully offset against the subscription cost for the Placement Shares pursuant to the Debt Conversion.

B9. Group borrowings

The Group's borrowings as at 31 March 2011 are as follows:

	RM'000	RM'000
Short –term borrowings:-		
Unsecured		4,469
Secured		13,815
	(a)	<u>18,284</u>
Long term borrowings :		
Secured		26,515
Total Borrowings		<u>44,799</u>
 <u>Payables and accruals</u>		
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd	(b)	
- current	2,859	
- non-current	<u>33,552</u>	<u>36,411</u>
Total group's borrowings		<u>81,210</u>

(a) Included in the short term borrowings are bank overdrafts outstanding at RM3.643 million.

(b) These advances from Wawasan TKH Sdn Bhd bear interest at 7.80% per annum.

B10. Derivative financial instruments

(a) As at 31 March 2011, the Group entered into forward foreign exchange contracts to hedge trade receivables. The forward foreign exchange contracts entered into by the Group are as follows:

Currency	Contract/ Notional value (RM'000)	Fair value (RM'000)	Maturing
Euro	195	1	less than 1 year
United States Dollar	2,619	8	less than 1 year

Credit risk

There is minimal credit risk as the contracts were entered into 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.

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Notes to the interim financial report for the first quarter ended 31 March 2011
The figures have not been audited

(b) Fair value changes of derivative instruments

The losses arising from fair value changes of derivative instruments for current quarter and financial year-to-date ended 31 March 2011 are as follows:

Type	Current quarter ended 31/3/2011 (RM'000)	Current year-to-date ended 31/3/2011 (RM'000)	Basis of fair value measurement	Reasons for Losses
Forward foreign exchange contracts	(34)	(34)	The difference between the contracted rates and the market forward rates.	The exchange rates have moved unfavourably from the last measurement date.

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 2011.

B12. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 31 March 2011.

B13. Loss per ordinary share

The basic loss per ordinary 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 31/3/2011	3 months ended/ Year-to-date ended 31/3/2010
Continuing Operations		
Net loss attributed to equity holders (RM'000)	(3,184)	(2,664)
Weighted average number of shares ('000)	313,327	288,438
Basic loss per share (sen)	(1.02)	(0.92)

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

B14. Realised and unrealised profits/ losses disclosure

The accumulated losses as at the end of the reporting period are analysed as follows:

	As at end of current quarter 31/3/2011 RM'000	As at end of preceding quarter 31/12/2010 RM'000
Total accumulated losses of the Company and its subsidiaries		
Realised	(77,088)	(74,293)
Unrealised	13	155
	<hr/>	<hr/>
	(77,075)	(74,138)
Less: Consolidation adjustments	4,951	4,983
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Total group accumulated losses per consolidated accounts	(72,124)	(69,155)