

**WAWASAN TKH HOLDINGS BERHAD (540218-A)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

	UNAUDITED AS AT 30-Jun-11 RM'000	AUDITED AS AT 31-Dec-10 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	96,453	104,224
Intangible assets	11,062	11,062
Trade and other receivables	1,544	583
<b>CURRENT ASSETS</b>		
Trade and other receivables	10,805	10,520
Derivative assets	1	44
Inventories	7,949	8,414
Current tax assets	915	1,170
Cash and cash equivalents	1,577	1,862
	<u>21,247</u>	<u>22,010</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	16,020	29,792
Derivative liabilities	32	1
Short term borrowings	B9 17,879	18,434
Current tax liabilities	14	14
	<u>33,945</u>	<u>48,241</u>
<b>NET CURRENT LIABILITIES</b>	(12,698)	(26,231)
<b>NON CURRENT LIABILITIES</b>		
Trade and other payables	B9 33,552	33,552
Long term borrowings	B9 25,430	27,903
Deferred tax liabilities	7,173	7,319
	<u>66,155</u>	<u>68,774</u>
	<u>30,206</u>	<u>20,864</u>
<b>EQUITY</b>		
Share capital	44,844	57,688
Capital reserve	28,844	-
Other reserves	30,091	32,331
Accumulated losses	B14 (73,573)	(69,155)
<b>Total equity attributable to owners of the parent</b>	<u>30,206</u>	<u>20,864</u>
Minority interest	-	-
<b>Total equity</b>	<u>30,206</u>	<u>20,864</u>
Net Assets Per Share (RM)	0.0674	0.0723

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 SECOND QUARTER ENDED 30 JUNE 2011**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Jun-11 RM'000	Preceding Year Corresponding Quarter 30-Jun-10 RM'000	Current Year To date 30-Jun-11 RM'000	Preceding Year Corresponding Period 30-Jun-10 RM'000
Revenue		17,690	17,665	34,990	34,669
Cost of sales		(19,184)	(19,357)	(37,313)	(36,144)
Gross loss		<u>(1,494)</u>	<u>(1,692)</u>	<u>(2,323)</u>	<u>(1,475)</u>
Other income		1,558	51	2,949	476
Marketing expenses		(657)	(678)	(1,346)	(1,101)
Administrative expenses		(1,427)	(1,751)	(2,843)	(3,263)
Other expenses		(253)	(253)	(499)	(283)
Finance costs		<u>(1,325)</u>	<u>(1,470)</u>	<u>(2,847)</u>	<u>(2,835)</u>
Loss before taxation		(3,598)	(5,793)	(6,909)	(8,481)
Income tax expense	B5	71	23	198	47
<b>Loss for the period</b>		<u><b>(3,527)</b></u>	<u><b>(5,770)</b></u>	<u><b>(6,711)</b></u>	<u><b>(8,434)</b></u>
<b>Loss attributable to :</b>					
Owners of the parent		(3,527)	(5,770)	(6,711)	(8,434)
Minority interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><b>(3,527)</b></u>	<u><b>(5,770)</b></u>	<u><b>(6,711)</b></u>	<u><b>(8,434)</b></u>
<b>Loss per share</b>	B13				
Basic (sen)		<u>(0.79)</u>	<u>(2.00)</u>	<u>(1.76)</u>	<u>(2.92)</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 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 SECOND QUARTER ENDED 30 JUNE 2011**

	Individual Quarter		Cumulative Quarter	
		Preceding Year		Preceding Year
	Current Year Quarter	Corresponding Quarter	Current Year ToDate	Corresponding Period
	30-Jun-11 RM'000	30-Jun-10 RM'000	30-Jun-11 RM'000	30-Jun-10 RM'000
<b>Loss for the period</b>	(3,527)	(5,770)	(6,711)	(8,434)
<b>Other comprehensive income/(loss):</b>				
Foreign currency translations	42	(7)	53	(58)
<b>Total comprehensive loss for the period</b>	<u>(3,485)</u>	<u>(5,777)</u>	<u>(6,658)</u>	<u>(8,492)</u>
<b>Total comprehensive loss attributable to :</b>				
Owners of the parent	(3,485)	(5,777)	(6,658)	(8,492)
Minority interest	-	-	-	-
	<u>(3,485)</u>	<u>(5,777)</u>	<u>(6,658)</u>	<u>(8,492)</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 SECOND QUARTER ENDED 30 JUNE 2011**

	← Non-distributable →					Total Equity RM'000
	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	
<b><u>For the 6 months ended 30 June 2011</u></b>						
Balance as at 1 January 2011	57,688	-	32,331	-	(69,155)	20,864
Total comprehensive loss for the period	-	-	53	-	(6,711)	(6,658)
Crystallisation of revaluation reserve	-	-	(429)	-	429	-
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	-	-
Transfer to accumulated loss upon disposal of property	-	-	-	(1,864)	1,864	-
Balance as at 30 June 2011	<u>44,844</u>	<u>28,844</u>	<u>30,091</u>	<u>-</u>	<u>(73,573)</u>	<u>30,206</u>
<b><u>For the 6 months ended 30 June 2010</u></b>						
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	<u>57,688</u>	<u>1,515</u>	<u>16,841</u>	<u>-</u>	<u>(41,353)</u>	<u>34,691</u>
Total comprehensive loss for the period	-	-	(58)	-	(8,434)	(8,492)
Crystallisation of revaluation reserve	-	-	(135)	-	135	-
Balance as at 30 June 2010	<u>57,688</u>	<u>1,515</u>	<u>16,648</u>	<u>-</u>	<u>(49,652)</u>	<u>26,199</u>

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 SECOND QUARTER ENDED 30 JUNE 2011**

	<b>6 months Ended 30-Jun-11 RM'000</b>	<b>6 months Ended 30-Jun-10 RM'000</b>
Net cash flow used in operating activities	(2,902)	(1,531)
Net cash flow from investing activities	7,067	4,607
Net cash flow used in financing activities	(3,786)	(3,632)
Net increase/(decrease) in cash and cash equivalents	379	(556)
Effect of exchange differences in translation	2	(8)
Cash and cash equivalents at beginning of the period	(2,319)	(1,795)
Cash and cash equivalents at end of the period	<u>(1,938)</u>	<u>(2,359)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	521	509
Cash and bank balances	1,056	1,417
Bank Overdrafts (included in short term borrowings in Note B9)	(2,994)	(3,776)
less: deposits pledged with licensed banks	(521)	(509)
	<u>(1,938)</u>	<u>(2,359)</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 second quarter ended 30 June 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 30 June 2011.

**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**

As disclosed in the first quarterly interim report, 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)/ renouncee(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 .

Except for the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter and financial period ended 30 June 2011.

**A7. Dividends paid**

There was no dividend paid during the current quarter and financial period ended 30 June 2011.

**A8. Operating Segments**

6 months ended/ Year-to-date ended 30 June 2011	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	307	28,614	6,376	35,297
Inter-segment revenue	(307)	-	-	(307)
Revenue from external customers	-	28,614	6,376	34,990
Segment loss before tax	(2,350)	(3,692)	(867)	(6,909)

**WAWASAN TKH HOLDINGS BERHAD (540218-A)****Notes to the interim financial report for the second quarter ended 30 June 2011****The figures have not been audited**

6 months ended/ Year-to-date ended 30 June 2010 (Restated)	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	307	28,073	6,596	34,976
Inter-segment revenue	(307)	-	-	(307)
Revenue from external customers	-	28,073	6,596	34,669
Segment loss before tax	(2,088)	(6,154)	(239)	(8,481)
Total assets				
As at 30 June 2011	42	104,788	24,561	129,391
As at 31 December 2010	146	114,101	22,462	136,709

Reportable segments' assets are reconciled to total assets as follows:

	As at 30 June 2011 RM'000	Audited as at 31 December 2010 RM'000
Total assets per reportable segments	129,391	136,709
Tax assets	915	1,170
Total assets per statement of financial position	130,306	137,879

**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 16 August 2011 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	
- Continuing operations	45,284
- Discontinued operations*	4,231



- \* 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**

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 incurred lower pretax loss of RM3.6 million (included RM1.2 million from gain on property disposal) for the current quarter vis-a-vis pretax loss of RM5.8 million in the preceding year corresponding second quarter, with revenue maintained at RM17.7 million against the second 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. Although marginally lower sales at RM14.4 million was achieved compared to RM14.5 million in the second quarter last year, pretax loss declined to RM1.9 million (included RM1.2 million other income) vis-à-vis RM4.3 million pretax loss in preceding year corresponding second quarter. The ongoing product mix and cost rationalization exercises have encouraging effects in mitigating escalation in petrochemical resin materials costs and other operating costs. Meanwhile, the kaolin mining business incurred higher pretax loss of RM0.6 million compared to pretax loss of RM0.4 million in the preceding year corresponding second quarter as margins were affected by the escalating operational costs arising due to increase in fuel and energy costs.

**B2. Variation of results against preceding quarter**

The Group registered marginally higher revenue of RM17.7 million and pretax loss of RM3.6 million for the current quarter compared to the revenue of RM17.3 million and pretax loss of RM3.3 million in the preceding quarter. The disposable foodwares business incurred slightly higher pretax loss at RM1.9 million in the current quarter compared to a pretax loss of RM1.8million in the preceding quarter. Meanwhile, higher pretax loss of RM0.6 million (vis-à-vis pretax loss RM0.2 million in previous quarter) incurred by the kaolin business was attributable to margins affected by the escalating operational costs caused by increase in fuel and energy costs.

**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. Due to the lingering uncertainties in the global economy and cautious domestic market sentiments, the pace of recovery may be weakened. Nevertheless, with the initiatives taken to extend product range and market reach, the Group expects to increase its revenue progressively towards recovery.

**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 30/6/2011 RM`000	Preceding year corresponding quarter 30/6/2010 RM`000	Current year to date 30/6/2011 RM`000	Preceding year corresponding period 30/6/2010 RM`000
Current tax :				
Malaysian Tax	1	-	(53)	-
Deferred tax	(72)	(23)	(145)	(47)
	<u>(71)</u>	<u>(23)</u>	<u>(198)</u>	<u>(47)</u>

**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. On 23 June 2011, the property disposal was completed upon receipt of the balance sales proceeds amounting to RM5.007 million and resulted in net gain of RM1.214 million.

Save as disclosed, there were no other sales of unquoted investments and/ or properties for the current quarter and financial period ended 30 June 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 30 June 2011.

**B8. Status of corporate proposals**

Saved for the Corporate Exercise announced and completed that was disclosed in the first quarterly interim report, there is no other corporate proposal announced which is pending completion as at 22 August 2011.

**B9. Group borrowings**

The Group's borrowings as at 30 June 2011 are as follows:

	RM'000	RM'000
Short –term borrowings:-		
Unsecured		4,858
Secured		<u>13,021</u>
	(a)	<u>17,879</u>
Long term borrowings :		
Secured		<u>25,430</u>
Total Borrowings		<u>43,309</u>
<u>Payables and accruals</u>		
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd	(b)	
- current	3,925	
- non-current	<u>33,552</u>	<u>37,477</u>
Total group's borrowings		<u>80,786</u>

- (a) Included in the short term borrowings are bank overdrafts outstanding at RM2.994 million.  
(b) These advances from Wawasan TKH Sdn Bhd bear interest at 7.80% - 8.10% per annum.

**B10. Derivative financial instruments**

- (a) As at 30 June 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	291	(1)	less than 1 year
United States Dollar	4,652	(30)	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.

**WAWASAN TKH HOLDINGS BERHAD (540218-A)**  
**Notes to the interim financial report for the second quarter ended 30 June 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 30 June 2011 are as follows:

Type	Current quarter ended 30/6/2011 (RM'000)	Current year-to-date ended 30/6/2011 (RM'000)	Basis of fair value measurement	Reasons for Losses
Forward foreign exchange contracts	(40)	(74)	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 22 August 2011.

**B12. Dividend**

No dividend was proposed or declared during the current quarter and the financial period ended 30 June 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 30 June 2011	Year-to-date ended 30 June 2011
Continuing Operations		
Net loss attributed to equity holders (RM'000)	(3,527)	(6,711)
Weighted average number of shares ('000)	448,438	381,256
Basic loss per share (sen)	(0.79)	(1.76)

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 30 June 2011 RM'000	Audited as at 31 December 2010 RM'000
Total accumulated losses of the Company and its subsidiaries		
Realised	(78,791)	(74,293)
Unrealised	266	155
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	(78,525)	(74,138)
Less: Consolidation adjustments	4,952	4,983
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Total group accumulated losses per consolidated accounts	(73,573)	(69,155)