

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

		UNAUDITED AS AT 30-Sep-11 RM'000	AUDITED AS AT 31-Dec-10 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		91,730	104,224
Intangible assets		11,062	11,062
Trade and other receivables		1,523	583
CURRENT ASSETS			
Trade and other receivables		12,124	10,520
Derivative assets		-	44
Inventories		7,894	8,414
Current tax assets		916	1,170
Cash and cash equivalents		1,147	1,862
		<u>22,081</u>	<u>22,010</u>
Non-current asset classified as held for sale at net book value	B6	<u>3,345</u>	<u>-</u>
		<u>25,426</u>	<u>22,010</u>
CURRENT LIABILITIES			
Trade and other payables		20,876	29,792
Derivative liabilities		289	1
Short term borrowings	B9	17,288	18,434
Current tax liabilities		14	14
		<u>38,467</u>	<u>48,241</u>
Liabilities of non-current asset classified as held for sale		976	-
		<u>39,443</u>	<u>48,241</u>
NET CURRENT LIABILITIES		(14,017)	(26,231)
NON CURRENT LIABILITIES			
Trade and other payables	B9	33,552	33,552
Long term borrowings	B9	23,657	27,903
Deferred tax liabilities		7,101	7,319
		<u>64,310</u>	<u>68,774</u>
		<u>25,988</u>	<u>20,864</u>
EQUITY			
Share capital		44,844	57,688
Capital reserve		28,844	-
Other reserves		28,595	32,331
Reserve of non-current asset classified as held for sale		1,282	-
Accumulated losses	B14	<u>(77,577)</u>	<u>(69,155)</u>
Total equity attributable to owners of the parent		<u>25,988</u>	<u>20,864</u>
Minority interest		-	-
Total equity		<u>25,988</u>	<u>20,864</u>
Net Assets Per Share (RM)		0.0580	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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Sep-11 RM'000	Preceding Year Corresponding Quarter 30-Sep-10 RM'000 (Restated)	Current Year Todate 30-Sep-11 RM'000	Preceding Year Corresponding Period 30-Sep-10 RM'000 (Restated)
Revenue		19,828	17,262	54,818	51,931
Cost of sales		(21,119)	(17,807)	(58,432)	(53,951)
Gross loss		<u>(1,291)</u>	<u>(545)</u>	<u>(3,614)</u>	<u>(2,020)</u>
Other income		459	91	3,408	567
Marketing expenses		(515)	(709)	(1,861)	(1,810)
Administrative expenses		(1,292)	(1,164)	(4,135)	(4,427)
Other expenses		(305)	(649)	(804)	(932)
Finance costs		<u>(1,348)</u>	<u>(1,539)</u>	<u>(4,195)</u>	<u>(4,374)</u>
Loss before taxation		(4,292)	(4,515)	(11,201)	(12,996)
Income tax expense	B5	73	24	271	71
Loss for the period		<u>(4,219)</u>	<u>(4,491)</u>	<u>(10,930)</u>	<u>(12,925)</u>
Loss attributable to :					
Owners of the parent		(4,219)	(4,491)	(10,930)	(12,925)
Minority interest		-	-	-	-
		<u>(4,219)</u>	<u>(4,491)</u>	<u>(10,930)</u>	<u>(12,925)</u>
Loss per share	B13				
Basic (sen)		<u>(0.94)</u>	<u>(1.56)</u>	<u>(2.71)</u>	<u>(4.48)</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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Sep-11 RM'000	Preceding Year Corresponding Quarter 30-Sep-10 RM'000	Current Year Todate 30-Sep-11 RM'000	Preceding Year Corresponding Period 30-Sep-10 RM'000
Loss for the period	(4,219)	(4,491)	(10,930)	(12,925)
Other comprehensive income/(loss):				
Foreign currency translations	1	10	54	(48)
Total comprehensive loss for the period	<u>(4,218)</u>	<u>(4,481)</u>	<u>(10,876)</u>	<u>(12,973)</u>
Total comprehensive loss attributable to :				
Owners of the parent	(4,218)	(4,481)	(10,876)	(12,973)
Minority interest	-	-	-	-
	<u>(4,218)</u>	<u>(4,481)</u>	<u>(10,876)</u>	<u>(12,973)</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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

	← Non-distributable →				Accumulated Losses RM'000	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		
<u>For the 9 months ended 30 September 2011</u>						
Balance as at 1 January 2011	57,688	-	32,331	-	(69,155)	20,864
Total comprehensive loss for the period	-	-	54	-	(10,930)	(10,876)
Crystallisation of revaluation reserve	-	-	(644)	-	644	-
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	-	-	(3,146)	3,146	-	-
Transfer to accumulated losses upon disposal of property	-	-	-	(1,864)	1,864	-
Balance as at 30 September 2011	<u>44,844</u>	<u>28,844</u>	<u>28,595</u>	<u>1,282</u>	<u>(77,577)</u>	<u>25,988</u>
<u>For the 9 months ended 30 September 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	<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	-	-	(48)	-	(12,925)	(12,973)
Crystallisation of revaluation reserve	-	-	(202)	-	202	-
Balance as at 30 September 2010	<u>57,688</u>	<u>1,515</u>	<u>16,591</u>	<u>-</u>	<u>(54,076)</u>	<u>21,718</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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

	9 months Ended 30-Sep-11 RM'000	9 months Ended 30-Sep-10 RM'000 (Restated)
Net cash flow (used in)/ from operating activities	(885)	1,062
Net cash flow from investing activities	6,675	7,058
Net cash flow used in financing activities	(6,177)	(8,269)
Net increase/(decrease) in cash and cash equivalents	(387)	(149)
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>(2,704)</u>	<u>(1,952)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	524	510
Cash and bank balances	623	1,174
Bank Overdrafts (included in short term borrowings in Note B9)	(3,327)	(3,126)
less: deposits pledged with licensed banks	(524)	(510)
	<u>(2,704)</u>	<u>(1,952)</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 third quarter ended 30 September 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 September 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)/ 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 .

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 September 2011.

A7. Dividends paid

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

A8. Operating Segments

9 months ended/ Year-to-date ended 30 September 2011	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	461	44,803	10,015	55,279
Inter-segment revenue	(461)	-	-	(461)
Revenue from external customers	-	44,803	10,015	54,818
Segment loss before tax	(3,250)	(6,355)	(1,596)	(11,201)

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

9 months ended/ Year-to-date ended 30 September 2010 (Restated)	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	461	41,817	10,114	52,392
Inter-segment revenue	(461)	-	-	(461)
Revenue from external customers	-	41,817	10,114	51,931
Segment loss before tax	(3,201)	(9,376)	(419)	(12,996)
Total assets				
As at 30 September 2011	40	103,415	25,370	128,825
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 September 2011 RM'000	Audited as at 31 December 2010 RM'000
Total assets per reportable segments	128,825	136,709
Tax assets	916	1,170
Total assets per statement of financial position	129,741	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

On 1 November 2011, a fire had occurred at one of the factories of a wholly-owned subsidiary, namely Greatpac Sdn Bhd ('GPSB'). The estimated loss on the inventories and certain assets caused by the fire amounting to approximately RM3 million and is subject to insurance claims.

Except for the above and as disclosed in B6, 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 17 November 2011 include the following:-
RM'000

Corporate guarantees for credit facilities of subsidiaries	42,175
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* The Company has been released and discharged from all obligations as guarantor by a financial institution for its discontinued operations on 21 September 2011.

A13. Commitments

There were no significant capital commitments incurred by the Group during the financial quarter under review.

A14. Related party transactions

Significant related party transactions entered into by the Group during the current quarter and financial year-to-date are as follows:

	3 months ended 30/9/2011 RM'000	Year-to-date ended 30/9/2011 RM'000
Insurance brokerage commission	45	64
Flight tickets paid or payable	9	32
Sale of materials	105	217

The above transactions were with Clear Expertise Sdn Bhd, PST Travel Services Sdn Bhd and TKH Manufacturing Sdn Bhd respectively i.e. companies in which certain Directors of the Company have substantial financial interests.

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Review of performance

The Group incurred a lower pretax loss of RM4.3 million for the current quarter vis-a-vis pretax loss of RM4.5 million in the preceding year corresponding third quarter, with higher revenue at RM19.8 million in the current quarter compared to RM17.3 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 and rising energy/fuel cost as well as interest rate. Higher sales at RM16.2 million was achieved compared to RM13.7 million in the third quarter last year, with lower pretax loss of RM2.7 million vis-à-vis RM3.2 million pretax loss in preceding year corresponding third quarter. The on-going product mix and cost rationalization exercises have played a role in

mitigating escalation in petrochemical resin materials costs and other operating costs. Meanwhile, the kaolin mining business incurred higher pretax loss of RM0.7 million in the current quarter compared to pretax loss of RM0.2 million in the preceding year corresponding third quarter as margins were affected by aggressive penetration pricing for both local and export customers, the escalating operational costs arising due to inevitable temporary disruptions in plant production (caused by shortage of water supply during the dry season) together with increase in fuel and energy costs.

B2. Variation of results against preceding quarter

The Group registered higher revenue of RM19.8 million and pretax loss of RM4.3 million for the current quarter compared to the revenue of RM17.7 million and pretax loss of RM3.6 million (included RM1.2 million from gain on property disposal) in the preceding quarter. The disposable foodwares business incurred higher pretax loss at RM2.7 million in the current quarter compared to a pretax loss of RM1.9 million (included RM1.2 million from gain on property disposal) in the preceding quarter. Meanwhile, slightly higher pretax loss of RM0.7 million (vis-à-vis pretax loss RM0.6 million in previous quarter) incurred by the kaolin business was attributable to margins being affected by aggressive pricing launched for new customers coupled with the escalation in operational costs caused by inevitable temporary disruptions in plant production during the period under review.

B3. Current year prospects

The remaining period of the year will remain challenging with the prevalent volatile raw materials prices and overheads (particularly fuel and energy costs), amidst the lingering uncertainties in the global economy and cautious domestic market sentiments. Notwithstanding these adversities, the Group will persist to focus on costs rationalization and management, besides operating efficiency strategies to enhance its competitive edge. Further initiatives to extend its product range and market reach are being taken 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 30/9/2011 RM'000	Preceding year corresponding quarter 30/9/2010 RM'000	Current year to date 30/9/2011 RM'000	Preceding year corresponding period 30/9/2010 RM'000
Current tax :				
Malaysian Tax	-	-	(53)	-
Deferred tax	(73)	(24)	(218)	(71)
	(73)	(24)	(271)	(71)

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

As disclosed in the previous quarterly interim reports, on 14 February 2011, Greatpac Sdn Bhd (“GPSB”) 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.

On 25 August 2011, Greatpac (S) Pte Ltd, a wholly owned subsidiary of GPSB in Singapore, which in turn is a wholly owned subsidiary of the Company, entered into an Option to Purchase Agreement with Industmarine Engineers Pte Ltd for the disposal of a two storey intermediate terrace factory for a total cash consideration of SGD1.78 million. As at 30 September 2011, the completion of the proposed disposal is pending on the full receipt of the remaining purchase consideration of SGD1.691 million. Hence, there was no recognition of profit on disposal for the current quarter and financial period ended 30 September 2011 and the asset is classified as held for sale at net book value.

On 3 November 2011, the property disposal was completed upon receipt of the balance sales proceeds and resulted in net gain of SGD0.42 million.

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

B8. Status of corporate proposals

Save 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 23 November 2011.

B9. Group borrowings

The Group’s borrowings as at 30 September 2011 are as follows:

	RM’000	RM’000
Short –term borrowings:-		
Unsecured		4,819
Secured		12,469
	(a)	<u>17,288</u>
Long term borrowings :		
Secured		23,657
Total Borrowings		<u>40,945</u>

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

	RM'000	RM'000
<u>Payables and accruals</u>		
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd (b)		
- current	5,609	
- non-current	33,552	39,161
Total group's borrowings	<u>33,552</u>	<u>80,106</u>

(a) Included in the short term borrowings are bank overdrafts outstanding at RM3.327 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 September 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
United States Dollar	4,995	(289)	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.

(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 September 2011 are as follows:

Type	Current quarter ended 30/9/2011 (RM'000)	Current year-to-date ended 30/9/2011 (RM'000)	Basis of fair value measurement	Reasons for Losses
Forward foreign exchange contracts	(258)	(332)	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 23 November 2011.

B12. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 30 September 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 September 2011	Year-to-date ended 30 September 2011
Net loss attributed to equity holders (RM'000)	(4,219)	(10,930)
Weighted average number of shares (‘000)	448,438	403,896
Basic loss per share (sen)	(0.94)	(2.71)

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 September 2011 RM'000	Audited as at 31 December 2010 RM'000
Total accumulated losses of the Company and its subsidiaries		
Realised	(82,990)	(74,293)
Unrealised	461	155
	<hr/> (82,529)	<hr/> (74,138)
Less: Consolidation adjustments	4,952	4,983
Total group accumulated losses per consolidated accounts	<hr/> (77,577)	<hr/> (69,155)

B15. 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
Cost of sales	(53,906)	(45)	(53,951)
Administrative expenses	(4,472)	45	(4,427)

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