

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	UNAUDITED AS AT 31-Mar-12 RM'000	AUDITED AS AT 31-Dec-11 RM'000 (Restated)	AUDITED AS AT 1-Jan-11 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	86,924	88,623	104,365
Intangible assets	11,062	11,062	11,062
Trade and other receivables	1,481	1,501	583
	99,467	101,186	116,010
Current assets			
Inventories	7,543	9,563	8,414
Trade and other receivables	9,446	12,942	10,520
Derivative assets	-	14	44
Current tax assets	15	918	1,170
Cash and cash equivalents	1,093	2,151	1,862
	18,097	25,588	22,010
TOTAL ASSETS	117,564	126,774	138,020
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	44,844	44,844	57,688
Other reserves	7,647	7,647	7,594
Accumulated losses	B13 (34,539)	(30,256)	(44,313)
TOTAL EQUITY	17,952	22,235	20,969
LIABILITIES			
Non-current liabilities			
Trade and other payables	B8 39,735	39,735	33,552
Long term borrowings	B8 22,221	22,835	27,903
Deferred tax liabilities	6,989	7,063	7,355
	68,945	69,633	68,810
Current liabilities			
Trade and other payables	15,155	17,776	29,792
Derivative liabilities	27	46	1
Short term borrowings	B8 15,472	17,071	18,434
Current tax liabilities	13	13	14
	30,667	34,906	48,241
TOTAL LIABILITIES	99,612	104,539	117,051
TOTAL EQUITY AND LIABILITIES	117,564	126,774	138,020
Net Assets Per Share (RM)	0.0400	0.0496	0.0727

The condensed consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 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 2012

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Mar-12 RM'000	Preceding Year Corresponding Quarter 31-Mar-11 RM'000 (Restated)	Current Year To date 31-Mar-12 RM'000	Preceding Year Corresponding Period 31-Mar-11 RM'000 (Restated)
Revenue		15,584	17,300	15,584	17,300
Cost of sales		(17,672)	(18,133)	(17,672)	(18,133)
Gross loss		<u>(2,088)</u>	<u>(833)</u>	<u>(2,088)</u>	<u>(833)</u>
Other operating income		252	1,391	252	1,391
Marketing expenses		(437)	(689)	(437)	(689)
Administrative expenses		(1,365)	(1,401)	(1,365)	(1,401)
Other operating expenses		(34)	(246)	(34)	(246)
Finance costs		<u>(685)</u>	<u>(1,522)</u>	<u>(685)</u>	<u>(1,522)</u>
Loss before tax		(4,357)	(3,300)	(4,357)	(3,300)
Taxation	B5	74	128	74	128
Loss for the period		<u><u>(4,283)</u></u>	<u><u>(3,172)</u></u>	<u><u>(4,283)</u></u>	<u><u>(3,172)</u></u>
Loss attributable to :					
Owners of the parent		(4,283)	(3,172)	(4,283)	(3,172)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>(4,283)</u></u>	<u><u>(3,172)</u></u>	<u><u>(4,283)</u></u>	<u><u>(3,172)</u></u>
Loss per share	B12				
Basic (sen)		<u><u>(0.96)</u></u>	<u><u>(1.01)</u></u>	<u><u>(0.96)</u></u>	<u><u>(1.01)</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 2011 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 2012

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Mar-12 RM'000	Preceding Year Corresponding Quarter 31-Mar-11 RM'000 (Restated)	Current Year ToDate 31-Mar-12 RM'000	Preceding Year Corresponding Period 31-Mar-11 RM'000 (Restated)
Loss for the period		(4,283)	(3,172)	(4,283)	(3,172)
Other comprehensive income:					
Foreign currency translations		-	11	-	11
Total comprehensive loss for the period	B6	<u>(4,283)</u>	<u>(3,161)</u>	<u>(4,283)</u>	<u>(3,161)</u>
Total comprehensive loss attributable to :					
Owners of the parent		(4,283)	(3,161)	(4,283)	(3,161)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(4,283)</u>	<u>(3,161)</u>	<u>(4,283)</u>	<u>(3,161)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 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 2012

	← Non-distributable →					
	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 2012</u>						
Balance as at 1 January 2012						
- as previously stated	44,844	-	28,378	-	(51,140)	22,082
- effects of the adoption of MFRSs	-	-	(20,731)	-	20,884	153
Balance as at 1 January 2012, as restated	44,844	-	7,647	-	(30,256)	22,235
Loss for the period	-	-	-	-	(4,283)	(4,283)
Total comprehensive loss for the period	-	-	-	-	(4,283)	(4,283)
Balance as at 31 March 2012	44,844	-	7,647	-	(34,539)	17,952
<u>For the 3 months ended 31 March 2011</u>						
Balance as at 1 January 2011						
- as previously stated	57,688	-	32,331	-	(69,155)	20,864
- effects of the adoption of MFRSs	-	-	(24,737)	-	24,842	105
Balance as at 1 January 2011, as restated	57,688	-	7,594	-	(44,313)	20,969
Loss for the period	-	-	-	-	(3,172)	(3,172)
Foreign currency translation	-	-	11	-	-	11
Total comprehensive loss for the period	-	-	11	-	(3,172)	(3,161)
Transactions with owners						
Par value reduction	(28,844)	28,844	-	-	-	-
Issuance of ordinary shares	16,000	-	-	-	-	16,000
Total transactions with owners	(12,844)	28,844	-	-	-	16,000
Balance as at 31 March 2011, as restated	44,844	28,844	7,605	-	(47,485)	33,808

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 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 2012

	3 months ended 31-Mar-12 RM'000	3 months ended 31-Mar-11 RM'000 (Restated)
Cash flows from operating activities		
Loss before tax	(4,357)	(3,300)
Adjustments for:		
Non-cash items	2,085	2,449
Finance costs	685	1,522
Interest income	(3)	(3)
Operating (loss)/profit before working capital changes	<u>(1,590)</u>	<u>668</u>
Changes in working capital:		
Net change in current assets	5,494	(982)
Net change in current liabilities	<u>(3,659)</u>	<u>399</u>
Cash generated from operations	245	85
Interest paid	(89)	(83)
Tax paid	(2)	(2)
Tax refunded	<u>905</u>	<u>312</u>
Net cash from operating activities	<u>1,059</u>	<u>312</u>
Cash flows from investing activities		
Advance from a related party	1,040	2,080
Interest received	3	3
Purchase of property, plant and equipment	<u>(350)</u>	<u>(541)</u>
Net cash from investing activities	<u>693</u>	<u>1,542</u>
Cash flows from financing activities		
Fixed deposits pledged	(3)	(3)
Interest paid	(595)	(681)
Proceeds from borrowings	-	123
Repayment of borrowings	(1,227)	(922)
Repayment of finance lease liabilities	<u>(772)</u>	<u>(721)</u>
Net cash used in financing activities	<u>(2,597)</u>	<u>(2,204)</u>
Net decrease in cash and cash equivalents	(845)	(350)
Effects of exchange rate changes on cash and cash equivalents	(2)	1
Cash and cash equivalents at beginning of the period	(1,881)	(2,319)
Cash and cash equivalents at end of the period	<u>(2,728)</u>	<u>(2,668)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	532	516
Cash and bank balances	561	975
Bank Overdrafts (included in short term borrowings in Note B8)	(3,289)	(3,643)
less: Deposits pledged with licensed banks	<u>(532)</u>	<u>(516)</u>
	<u>(2,728)</u>	<u>(2,668)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

PART A: EXPLANATORY NOTES IN COMPLIANCE WITH MFRS 134

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 Malaysian Financial Reporting Standards ('MFRS') No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2011.

The same accounting policies and methods of computation as disclosed in the audited accounts for the year ended 31 December 2011 have been adopted in the preparation of the first quarter ended 31 March 2012 condensed financial statements except for adoption of the new MFRS framework.

These condensed financial statements for the period ended 31 March 2012, is the first interim financial report that the Group has prepared in accordance with MFRSs. The audited financial statements for the year ended 31 December 2011 were prepared under Financial Reporting Standards ("FRS").

The Group has applied MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in preparing the first MFRS framework interim financial report. In preparing this interim financial report, the Group's opening statement of financial position was prepared as at 1 January 2011 which is the Group's date of transition to MFRSs. Upon transition to MFRSs, the Group elected to apply the optional exemption to use the fair value of properties as deemed cost under MFRSs. The revaluation reserve as at 1 January 2011 was reclassified to retained earnings. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are set out as follows:

(a) Reconciliation of statement of financial position

As at 1 January 2011	As previously reported RM'000	Effects of Transition to MFRSs RM'000	As Restated RM'000
Non-current assets			
Property, plant and equipment	104,224	141	104,365
Intangible assets	11,062		11,062
Trade and other receivables	583		583
	<u>115,869</u>		<u>116,010</u>
Current assets			
Inventories	8,414		8,414
Trade and other receivables	10,520		10,520
Derivative assets	44		44
Current tax assets	1,170		1,170
Cash and cash equivalents	1,862		1,862
	<u>22,010</u>		<u>22,010</u>
Total assets	<u>137,879</u>		<u>138,020</u>

WAWASAN TKH HOLDINGS BERHAD (540218-A)

Notes to the interim financial report for the first quarter ended 31 March 2012

The figures have not been audited

As at 1 January 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	57,688		57,688
Reserves	32,331	(24,737)	7,594
Accumulated losses	<u>(69,155)</u>	24,842	<u>(44,313)</u>
Total equity	<u>20,864</u>		<u>20,969</u>
Liabilities			
Non-current liabilities			
Trade and other payables	33,552		33,552
Borrowings	27,903		27,903
Deferred tax liabilities	<u>7,319</u>	36	<u>7,355</u>
	<u>68,774</u>		<u>68,810</u>
Current liabilities			
Trade and other payables	29,792		29,792
Derivative liabilities	1		1
Borrowings	18,434		18,434
Current tax liabilities	<u>14</u>		<u>14</u>
	<u>48,241</u>		<u>48,241</u>
Total liabilities	<u>117,015</u>		<u>117,051</u>
Total equity and liabilities	<u><u>137,879</u></u>		<u><u>138,020</u></u>
As at 31 December 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Non-current assets			
Property, plant and equipment	88,435	188	88,623
Intangible assets	11,062		11,062
Trade and other receivables	<u>1,501</u>		<u>1,501</u>
	<u>100,998</u>		<u>101,186</u>
Current assets			
Inventories	9,563		9,563
Trade and other receivables	12,942		12,942
Derivative assets	14		14
Current tax assets	918		918
Cash and cash equivalents	<u>2,151</u>		<u>2,151</u>
	<u>25,588</u>		<u>25,588</u>
Total assets	<u><u>126,586</u></u>		<u><u>126,774</u></u>

WAWASAN TKH HOLDINGS BERHAD (540218-A)

Notes to the interim financial report for the first quarter ended 31 March 2012

The figures have not been audited

As at 31 December 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	44,844		44,844
Reserves	28,378	(20,731)	7,647
Accumulated losses	<u>(51,140)</u>	20,884	<u>(30,256)</u>
Total equity	<u>22,082</u>		<u>22,235</u>
Liabilities			
Non-current liabilities			
Trade and other payables	39,735		39,735
Borrowings	22,835		22,835
Deferred tax liabilities	<u>7,028</u>	35	<u>7,063</u>
	<u>69,598</u>		<u>69,633</u>
Current liabilities			
Trade and other payables	17,776		17,776
Derivative liabilities	46		46
Borrowings	17,071		17,071
Current tax liabilities	<u>13</u>		<u>13</u>
	<u>34,906</u>		<u>34,906</u>
Total liabilities	<u>104,504</u>		<u>104,539</u>
Total equity and liabilities	<u>126,586</u>		<u>126,774</u>

(b) Reconciliation of income statement and statement of comprehensive income

Income Statement First quarter ended 31 March 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Revenue	17,300		17,300
Cost of sales	<u>(18,129)</u>	(4)	<u>(18,133)</u>
Gross loss	(829)		(833)
Other operating income	1,391		1,391
Marketing expenses	(689)		(689)
Administrative expenses	(1,416)	15	(1,401)
Other operating expenses	(246)		(246)
Finance costs	<u>(1,522)</u>		<u>(1,522)</u>
Loss before tax	(3,311)		(3,300)
Taxation	<u>127</u>	1	<u>128</u>
Loss for the period	<u>(3,184)</u>		<u>(3,172)</u>

WAWASAN TKH HOLDINGS BERHAD (540218-A)
Notes to the interim financial report for the first quarter ended 31 March 2012
The figures have not been audited

Statement of Comprehensive Income First quarter ended 31 March 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Loss for the period	(3,184)	12	(3,172)
Other comprehensive income:			
Foreign currency translations	11		11
Total comprehensive loss for the period	<u>(3,173)</u>		<u>(3,161)</u>

(c) There are no material differences between the statement of cash flows presented under MFRS framework and the statement of cash flows presented under FRS framework.

A2. Audit report

The audited financial statements for the Group and the Company for the financial year ended 31 December 2011 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 affected the assets, liabilities, equity, net income or cash for the current quarter and financial period ended 31 March 2012.

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 2012.

A7. Dividends paid

There was no dividend paid during the current quarter and financial period ended 31 March 2012.

WAWASAN TKH HOLDINGS BERHAD (540218-A)
Notes to the interim financial report for the first quarter ended 31 March 2012
The figures have not been audited

A8. Operating Segments

3 months ended/ Year-to-date ended 31 March 2012	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	154	12,157	3,427	15,738
Inter-segment revenue	(154)	-	-	(154)
Revenue from external customers	-	12,157	3,427	15,584
Segment loss before tax	(411)	(2,828)	(1,118)	(4,357)
3 months ended/ Year-to-date ended 31 March 2011 (Restated)	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	154	14,184	3,116	17,454
Inter-segment revenue	(154)	-	-	(154)
Revenue from external customers	-	14,184	3,116	17,300
Segment loss before tax	(1,318)	(1,761)	(221)	(3,300)
Total assets				
As at 31 March 2012	94	93,083	24,372	117,549
As at 31 December 2011	39	100,806	25,011	125,856

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

	As at 31 March 2012 RM'000	Audited as at 31 December 2011 RM'000
Total assets per reportable segments	117,549	125,856
Tax assets	15	918
Total assets per statement of financial position	117,564	126,774

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 2011.

A10. Material events subsequent to the end of the reporting period

On 24 April 2012, a major shareholder of the Company, namely Wawasan TKH Sdn. Bhd. (“WTKHSB”), exercised 5 million detachable warrants 2008/2013 (“Warrants”) at exercise price of RM0.21 per Warrant on the basis of one (1) new ordinary share for every one (1) Warrant exercised pursuant to the Deed Poll dated 24 July 2008.

Except for the above, 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 ended 31 March 2012 .

A12. Contingent liabilities

Contingent liabilities of the Company as at 30 April 2012 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	39,399

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/ Year-to-date ended 31/3/2012 RM'000	3 months ended/ Year-to-date ended 31/3/2011 RM'000
Insurance brokerage commission	2	16
Flight tickets paid or payable	13	12
Sale of raw materials	-	54

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 higher pretax loss of RM4.4 million for the current quarter vis-a-vis pretax loss of RM3.3 million in the preceding year corresponding first quarter, with lower revenue at RM15.6 million (by 10%) in the current quarter compared to RM17.3 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 coupled with rising energy/fuel cost and interest rate. Sales decreased to RM12.2 million (by 14%) compared to RM14.2 million in the first quarter last year, with higher pretax loss of RM2.8 million vis-a-vis RM1.8 million pretax loss in preceding year corresponding first quarter (which included RM1.3 million insurance compensation in other income). Despite strong market demand in the current quarter, sales were constrained by reduced production output (after the fire incidence in November 2011), thus affecting the gross margins. Nevertheless, ongoing production mix, cost and productivity rationalisation exercises have encouraging effects in mitigating escalation in petrochemical resin materials costs and other operating costs.

The kaolin mining business recorded higher sales of RM3.4 million (by 10%) compared to RM3.1 million in the preceding year corresponding first quarter, with higher pretax loss of RM1.1 million in the current quarter vis-a-vis pretax loss of RM0.2 million in the first quarter last year. Generally, market demand has strengthened in the current quarter compared to the similar period last year. Margins were mainly affected by penetrative pricing for local and export customers, shift in quality requirements from customers, production constraint due to low recovery of raw material from existing depleting mine, besides higher operational costs arising from increase in fuel and energy costs. As part of rationalization exercise, the production has also shifted its mining of raw material and initial processing to a new location in March 2012, hence incurring increased costs for start-up and relocation.

Meanwhile, the investment holding company incurred pretax loss of RM0.4 million in the current quarter compared to pretax loss of RM1.3 million in the preceding year corresponding first quarter. The decrease in finance cost by RM0.8 million incurred during the current quarter compared to the same period last year was largely attributable to reduced interest charges to WTKHSB after the completion of RM16 million debt conversion exercise into ordinary shares in March 2011.

B2. Variation of results against preceding quarter

The Group registered higher revenue of RM15.6 million and pretax loss of RM4.4 million for the current quarter compared to the revenue of RM15.5 million and pretax loss of RM4.0 million in the preceding quarter.

The disposable foodwares business recorded lower sales at RM12.2 million (by 4%) in the current quarter compared to RM12.7 million in the preceding quarter, with higher pretax loss at RM2.8 million in the current quarter compared to a pretax loss of RM2.0 million (included RM1.0 million gain on property disposal, RM2.6 million insurance compensation in other income and RM3.4 million fire loss) in the preceding quarter. The market demand remained strong in the current quarter. Sales were constrained by reduced production output (after the fire incidence occurred in the last quarter), hence affecting the gross margins. Nevertheless, the production supply and sales mix were further rationalized on account of production constraint, increase in raw materials cost and price sensitivity of products during the current quarter.

Meanwhile, the kaolin mining business achieved higher sales at RM3.4 million (by 21%) and pretax loss of RM 1.1 million, compared to the sales of RM2.8 million and pretax loss at RM1.0 million in last quarter. The stronger market demand in the current quarter coupled with higher quality products (from the new mine) has contributed to the improved sales. Gross margins, however, were affected by production constraint arising due to lower recovery of raw material from existing depleting mine, coupled with higher mining operational cost attributable to increase in fuel and energy cost, start up and relocation costs (incurred in March 2012) for the shifting of mining and initial production processing to the new location.

The investment holding company incurred lower pretax loss of RM0.4 million with reduced finance cost for the current quarter compared to pretax loss of RM2.4 million (included impairment loss on investment in a subsidiary of RM1.5 million) in the preceding 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) coupled with anticipated adjustment to labour cost (new minimum wage policy), amidst the lingering uncertainties in the global economy and cautious domestic market sentiments. Notwithstanding these adversities, the Group will continue to focus on costs rationalization and manpower management, besides operating efficiency strategies to enhance its competitive edge.

The disposable foodwares division will further rationalize its product mix and operational costs, besides extending its product range and market reach towards improving gross margin. Meanwhile, the refined kaolin business is expected to enhance its sales mix, while increasing production volume and containing its operational cost. The Group will persist in pursuing initiatives to increase revenue and margins progressively towards recovery.

B4. Variance of actual and forecast profit

This is not applicable as there is no profit forecast or guarantee issued.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended 31/3/2012 RM'000	Preceding year corresponding quarter 31/3/2011 RM'000	Current year to date 31/3/2012 RM'000	Preceding year corresponding period 31/3/2011 RM'000
Current tax :				
Malaysian Tax	-	(54)	-	(54)
Deferred tax	(74)	(74)	(74)	(74)
	(74)	(128)	(74)	(128)

B6. Total comprehensive loss

Included in the total comprehensive loss for the current quarter and year to date are the following items:

	3 months ended/ Year-to-date ended 31 March 2012 RM'000	3 months ended/ Year-to-date ended 31 March 2011 RM'000
Other income including investment income		
- gain on derivatives	(5)	-
- insurance compensation	-	(1,305)
- interest income	(3)	(3)
- net foreign exchange gain	(174)	(47)
- others	(70)	(36)
Depreciation of property, plant and equipment	2,048	2,369
Impairment losses on:		
- receivables	30	30
Interest expense	685	1,522
Inventories written down	15	15
Loss on derivatives	-	34

Other than the above items which have been included in the total comprehensive loss, there were no write off of receivables or inventories, gain/loss on disposal of quoted or unquoted investments or properties, impairment of assets and exceptional items for the current and financial period ended 31 March 2012.

B7. Status of corporate proposals

There is no corporate proposal announced which is pending completion as at 7 May 2012.

B8. Group borrowings

The Group's borrowings as at 31 March 2012 are as follows:

Short –term borrowings:-	RM'000	RM'000
Unsecured		4,295
Secured		11,177
	(a)	<u>15,472</u>
Long term borrowings :		
Secured		22,221
Total Borrowings		<u>37,693</u>
<u>Payables and accruals</u>		
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd (b)		
- current	1,060	
- non-current	39,735	40,795
Total group's borrowings		<u>78,488</u>

- (a) Included in the short term borrowings are bank overdrafts outstanding at RM3.289 million.
- (b) These advances from Wawasan TKH Sdn Bhd bore interest at rates ranging from 7.80% to 8.10% per annum in the previous year. There was no interest charged for the current quarter ended 31 March 2012 as Wawasan TKH Sdn Bhd has consented to waiver of interest.

B9. Derivative financial instruments

- (a) As at 31 March 2012, 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	1,800	(24)	less than 1 year
Euro	171	(2)	less than 1 year
Singapore Dollar	34	(1)	less than 1 year

Credit risk

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

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The figures have not been audited

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 gains/(losses) arising from fair value changes of derivative instruments for current quarter and financial year-to-date ended 31 March 2012 are as follows:

Type	Current quarter ended 31/3/2012 (RM'000)	Current year-to-date ended 31/3/2012 (RM'000)	Basis of fair value measurement	Reasons for Gains/(Losses)
Forward foreign exchange contracts	5	5	The difference between the contracted rates and the market forward rates.	The exchange rates have moved favourably from the last measurement date.

B10. 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 7 May 2012.

B11. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 31 March 2012.

B12. Loss per 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 March 2012	3 months ended/ Year-to-date ended 31 March 2011 (Restated)
Net loss attributed to equity holders (RM'000)	(4,283)	(3,172)
Weighted average number of shares ('000)	448,438	313,327
Basic loss per share (sen)	(0.96)	(1.01)

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

B13. Realised and unrealised profits/ losses disclosure

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

	As at 31 March 2012 RM'000	As at 31 December 2011 RM'000 (Restated)
Total accumulated losses of the Company and its subsidiaries		
Realised	(40,442)	(36,240)
Unrealised	21	102
	<hr/>	<hr/>
	(40,421)	(36,138)
Less: Consolidation adjustments	5,882	5,882
Total group accumulated losses per consolidated accounts	<hr/>	<hr/>
	(34,539)	(30,256)