

WAWASAN TKH HOLDINGS BERHAD (540218-A)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2012**

	UNAUDITED AS AT 30-Sep-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	84,667	88,623	104,365
Intangible assets	11,062	11,062	11,062
Trade and other receivables	1,440	1,501	583
	97,169	101,186	116,010
Current assets			
Inventories	8,747	9,563	8,414
Trade and other receivables	7,376	12,942	10,520
Derivative assets	11	14	44
Current tax assets	17	918	1,170
Cash and cash equivalents	1,220	2,151	1,862
	17,371	25,588	22,010
TOTAL ASSETS	114,540	126,774	138,020
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	45,344	44,844	57,688
Share premium	1,085	-	-
Other reserves	7,117	7,646	7,594
Accumulated losses	B13 (39,963)	(30,255)	(44,313)
TOTAL EQUITY	13,583	22,235	20,969
LIABILITIES			
Non-current liabilities			
Trade and other payables	B8 38,357	39,735	33,552
Long term borrowings	B8 24,646	22,835	27,903
Deferred tax liabilities	6,844	7,063	7,355
	69,847	69,633	68,810
Current liabilities			
Trade and other payables	16,797	17,776	29,792
Derivative liabilities	2	46	1
Short term borrowings	B8 14,299	17,071	18,434
Current tax liabilities	12	13	14
	31,110	34,906	48,241
TOTAL LIABILITIES	100,957	104,539	117,051
TOTAL EQUITY AND LIABILITIES	114,540	126,774	138,020
Net Assets Per Share (RM)	0.0300	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 THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Sep-12 RM'000	Preceding Year Corresponding Quarter 30-Sep-11 RM'000 (Restated)	Current Year To date 30-Sep-12 RM'000	Preceding Year Corresponding Period 30-Sep-11 RM'000 (Restated)
Revenue		12,445	19,828	40,423	54,818
Cost of sales		(12,895)	(21,123)	(44,436)	(58,442)
Gross loss		<u>(450)</u>	<u>(1,295)</u>	<u>(4,013)</u>	<u>(3,624)</u>
Other operating income		411	459	936	3,408
Marketing expenses		(450)	(515)	(1,328)	(1,861)
Administrative expenses		(431)	(1,277)	(3,071)	(4,091)
Other operating expenses		(136)	(305)	(359)	(804)
Finance costs		<u>(725)</u>	<u>(1,348)</u>	<u>(2,092)</u>	<u>(4,195)</u>
Loss before tax		(1,781)	(4,281)	(9,927)	(11,167)
Taxation	B5	73	73	219	272
Loss for the period		<u><u>(1,708)</u></u>	<u><u>(4,208)</u></u>	<u><u>(9,708)</u></u>	<u><u>(10,895)</u></u>
Loss attributable to :					
Owners of the parent		(1,708)	(4,208)	(9,708)	(10,895)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>(1,708)</u></u>	<u><u>(4,208)</u></u>	<u><u>(9,708)</u></u>	<u><u>(10,895)</u></u>
Loss per share	B12				
Basic (sen)		<u><u>(0.38)</u></u>	<u><u>(0.94)</u></u>	<u><u>(2.15)</u></u>	<u><u>(2.70)</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 THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30-Sep-12 RM'000	Preceding Year Corresponding Quarter 30-Sep-11 RM'000 (Restated)	Current Year To date 30-Sep-12 RM'000	Preceding Year Corresponding Period 30-Sep-11 RM'000 (Restated)
Loss for the period		(1,708)	(4,208)	(9,708)	(10,895)
Other comprehensive income:					
Foreign currency translations		(1)	1	6	54
Total comprehensive loss for the period	B6	<u>(1,709)</u>	<u>(4,207)</u>	<u>(9,702)</u>	<u>(10,841)</u>
Total comprehensive loss attributable to :					
Owners of the parent		(1,709)	(4,207)	(9,702)	(10,841)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(1,709)</u>	<u>(4,207)</u>	<u>(9,702)</u>	<u>(10,841)</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 THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Share capital RM'000	Non-distributable			Accumulated losses RM'000	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Other reserves RM'000		
<u>For the 9 months ended 30 September 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	-	-	-	(20,732)	20,885	153
Balance as at 1 January 2012, as restated	44,844	-	-	7,646	(30,255)	22,235
Loss for the period	-	-	-	-	(9,708)	(9,708)
Foreign currency translations	-	-	-	6	-	6
Total comprehensive loss for the period	-	-	-	6	(9,708)	(9,702)
Transactions with owners						
Exercise of warrants	500	1,085	-	(535)	-	1,050
Total transactions with owners	500	1,085	-	(535)	-	1,050
Balance as at 30 September 2012	45,344	1,085	-	7,117	(39,963)	13,583
<u>For the 9 months ended 30 September 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	-	-	-	-	(10,895)	(10,895)
Foreign currency translations	-	-	-	54	-	54
Total comprehensive loss for the period	-	-	-	54	(10,895)	(10,841)
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 30 September 2011, as restated	44,844	-	28,844	7,648	(55,208)	26,128

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 THIRD QUARTER ENDED 30 SEPTEMBER 2012

	9 months ended 30-Sep-12 RM'000	9 months ended 30-Sep-11 RM'000 (Restated)
Cash flows from operating activities		
Loss before tax	(9,927)	(11,167)
Adjustments for:		
Non-cash items	6,096	5,740
Finance costs	2,092	4,195
Interest income	(14)	(12)
Operating loss before working capital changes	<u>(1,753)</u>	<u>(1,244)</u>
Changes in working capital:		
Net change in current assets	6,374	(1,140)
Net change in current liabilities	<u>(6,044)</u>	<u>1,467</u>
Cash generated from operations	(1,423)	(917)
Interest paid	(284)	(275)
Tax paid	(5)	(5)
Tax refunded	905	312
Net cash from operating activities	<u>(807)</u>	<u>(885)</u>
Cash flows from investing activities		
Advances from a related party	3,612	3,670
Interest received	14	12
Purchase of property, plant and equipment	(2,156)	(1,662)
Proceeds from disposal of property, plant and equipment	48	5,655
Rentals paid in advance	-	(1,000)
Net cash from investing activities	<u>1,518</u>	<u>6,675</u>
Cash flows from financing activities		
Fixed deposits	(12)	(10)
Interest paid	(1,736)	(2,002)
Proceeds from borrowings	3,700	234
Repayment of borrowings	(2,758)	(2,206)
Repayment of finance lease liabilities	(1,528)	(2,193)
Proceeds from exercise of warrants	1,050	-
Net cash used in financing activities	<u>(1,284)</u>	<u>(6,177)</u>
Net decrease in cash and cash equivalents	(573)	(387)
Effects of exchange rate changes on cash and cash equivalents	5	2
Cash and cash equivalents at beginning of the period	(1,881)	(2,319)
Cash and cash equivalents at end of the period	<u>(2,449)</u>	<u>(2,704)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	541	524
Cash and bank balances	679	623
Bank overdrafts (included in short term borrowings in Note B8)	(3,128)	(3,327)
less: Deposits pledged with licensed banks	(541)	(524)
	<u>(2,449)</u>	<u>(2,704)</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 third quarter ended 30 September 2012 condensed financial statements except for adoption of the new MFRS framework.

The condensed financial statements for the period ended 31 March 2012, was 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 third quarter ended 30 September 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 third quarter ended 30 September 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	(20,732)	7,646
Accumulated losses	<u>(51,140)</u>	20,885	<u>(30,255)</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><u>126,586</u></u>		<u><u>126,774</u></u>

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

Income Statement Third quarter ended 30 September 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Revenue	19,828		19,828
Cost of sales	<u>(21,119)</u>	(4)	<u>(21,123)</u>
Gross loss	(1,291)		(1,295)
Other operating income	459		459
Marketing expenses	(515)		(515)
Administrative expenses	(1,292)	15	(1,277)
Other operating expenses	(305)		(305)
Finance costs	<u>(1,348)</u>		<u>(1,348)</u>
Loss before tax	(4,292)		(4,281)
Taxation	<u>73</u>		<u>73</u>
Loss for the period	<u><u>(4,219)</u></u>		<u><u>(4,208)</u></u>

WAWASAN TKH HOLDINGS BERHAD (540218-A)

Notes to the interim financial report for the third quarter ended 30 September 2012

The figures have not been audited

Statement of Comprehensive Income Third quarter ended 30 September 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Loss for the period	(4,219)	11	(4,208)
Other comprehensive income:			
Foreign currency translations	1		1
Total comprehensive loss for the period	<u>(4,218)</u>		<u>(4,207)</u>

Income Statement 9 months ended 30 September 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Revenue	54,818		54,818
Cost of sales	<u>(58,432)</u>	(10)	<u>(58,442)</u>
Gross loss	(3,614)		(3,624)
Other operating income	3,408		3,408
Marketing expenses	(1,861)		(1,861)
Administrative expenses	(4,135)	44	(4,091)
Other operating expenses	(804)		(804)
Finance costs	<u>(4,195)</u>		<u>(4,195)</u>
Loss before tax	(11,201)		(11,167)
Taxation	<u>271</u>	1	<u>272</u>
Loss for the period	<u>(10,930)</u>		<u>(10,895)</u>

Statement of Comprehensive Income 9 months ended 30 September 2011	As previously reported RM'000	Effects of transition to MFRSs RM'000	As Restated RM'000
Loss for the period	(10,930)	35	(10,895)
Other comprehensive income:			
Foreign currency translations	54		54
Total comprehensive loss for the period	<u>(10,876)</u>		<u>(10,841)</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 affecting the assets, liabilities, equity, net income or cash for the current quarter and financial period ended 30 September 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 on the current interim period.

A6. Issuance and repayment of debt and equity securities

As disclosed in the second quarterly interim report, 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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter and financial period ended 30 September 2012.

A7. Dividends paid

There was no dividend paid during the current quarter and financial period ended 30 September 2012.

A8. Operating Segments

9 months ended/ Year-to-date ended 30 September 2012	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	281	30,829	9,594	40,704
Inter-segment revenue	(281)	-	-	(281)
Revenue from external customers	-	30,829	9,594	40,423
Segment loss before tax	(600)	(7,968)	(1,359)	(9,927)
9 months ended/ Year-to-date ended 30 September 2011 (Restated)	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)	(6,321)	(1,596)	(11,167)
Total assets				
As at 30 September 2012	48	89,508	24,967	114,523
As at 31 December 2011	39	100,806	25,011	125,856

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

	As at 30 September 2012 RM'000	Audited as at 31 December 2011 RM'000
Total assets per reportable segments	114,523	125,856
Tax recoverable	17	918
Total assets per statement of financial position	114,540	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

There were no material events subsequent to the end of the quarter and up to 29 October 2012.

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 30 September 2012.

A12. Contingent liabilities

Contingent liabilities of the Company as at 29 October 2012 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	41,735

A13. Commitments

The capital commitments incurred by the Group as at 30 September 2012 include the following amount approved and contracted for:

	RM'000
Plant and equipment	1,813

A14. Related party transactions

Significant related party transactions entered into by the Group during the financial period are as follows:

	9 months ended/ Year-to-date ended 30/9/2012 RM'000	9 months ended/ Year-to-date ended 30/9/2011 RM'000
Insurance brokerage commission	78	64
Flight tickets paid or payable	48	36
Sale of raw materials	-	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 RM1.8 million for the current quarter vis-a-vis pretax loss of RM4.3 million in the preceding year corresponding third quarter, with lower revenue at RM12.4 million (by 37%) in the current quarter compared to RM19.8 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 coupled with rising energy/fuel cost and interest rate. Sales decreased to RM9.1 million (by 44%) compared to RM16.2 million in the third quarter last year, with lower pretax loss of RM1.9 million vis-a-vis RM2.7 million pretax loss in preceding year corresponding third quarter. Market demand remains strong despite the global economic slowdown and ongoing Euro zone debt crisis. The lower sales was attributable to a constraint in production capacity. The continuous effort in rationalization exercise and renewal program for its machinery and moulds had resulted in lower operating costs and is expected to produce a higher productivity for the plant.

The kaolin mining business recorded lower sales of RM3.3 million (by 8%) compared to RM3.6 million in the preceding year corresponding third quarter, with lower pretax loss of RM0.1 million in the third quarter vis-a-vis pretax loss of RM0.7 million in the third quarter last year. The lower sales was mainly due to a new product mix which carry a higher margin despite a lower selling price. The productivity of kaolin mining business increased in tandem with the operation of the new plant in the third quarter.

The investment holding company achieved pretax profit of RM0.2 million compared to pretax loss of RM0.9 million in the preceding year corresponding third quarter as a result of the positive effects of the cost rationalization exercise and reduced finance cost.

B2. Variation of results against preceding quarter

The Group registered revenue of RM12.4 million and pretax loss of RM1.8 million for the current quarter compared to the revenue of RM12.4 million and pretax loss of RM3.8 million in the preceding quarter.

The disposable foodwares business recorded lower sales at RM9.1 million (by 4%) in the current quarter compared to RM9.5 million in the preceding quarter, with lower pretax loss at RM1.9 million in the current quarter compared to a pretax loss of RM3.3 million in the preceding quarter. Sales were constrained by production capacity despite the booming market demand. The continuous rationalization exercise and renewal program implemented has resulted in a lower operating cost and pretax loss in the current quarter and is expected to enhance productivity in the future.

Meanwhile, the kaolin mining business achieved higher sales at RM3.3 million (by 14%) and pretax loss of RM 0.1 million, compared to the sales of RM2.9 million and pretax loss at RM0.2 million in last quarter. The increase in productivity of the new plant had contributed to a higher sales in the current quarter. The continuous cost rationalization effort had resulted in cost savings and a lower pretax loss in the quarter.

The investment holding company achieved pretax profit of RM0.2 million compared to pretax loss of RM0.4 million in the preceding quarter as a result of the positive effects of the cost rationalization exercise.

B3. Current year prospects

The continued uncertainties of the global economic environment and prevalent volatile raw materials prices and energy costs are significant factors that may impact the performance of the Group moving forward. Notwithstanding these adversities, the Group will continue its effort in costs rationalization and efficiency improvement besides enhancing strategic marketing effort to increase its market share and product margin.

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 30/9/2012 RM`000	Preceding year corresponding quarter 30/9/2011 RM`000	Current year to date 30/9/2012 RM`000	Preceding year corresponding period 30/9/2011 RM`000
Current Tax	-	-	-	(53)
Deferred tax	(73)	(73)	(219)	(219)
	<u>(73)</u>	<u>(73)</u>	<u>(219)</u>	<u>(272)</u>

B6. Total comprehensive loss

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended 30/9/2012 RM'000	Preceding year corresponding quarter 30/9/2011 RM'000	Current year to date 30/9/2012 RM'000	Preceding year corresponding period 30/9/2011 RM'000
Other income including investment income				
- gain on derivatives	(41)	-	(41)	-
- insurance compensation	-	-	-	(1,305)
- interest income	(6)	(4)	(14)	(12)
- net foreign exchange gain	(168)	(203)	(548)	(540)
- gain on disposal of properties	-	-	-	(1,215)
- others	(196)	(252)	(333)	(336)
Depreciation of property, plant and equipment	2,012	2,088	6,089	6,718
Impairment losses on:				
- receivables	30	22	90	82
Interest expense	725	1,348	2,092	4,195
Inventories written down	15	15	45	(30)
Inventories written off	-	80	-	80
Loss on derivatives	(5)	258	-	332

Other than the above items which have been included in the total comprehensive loss, there were no write off of receivables, gain/loss on disposal of quoted or unquoted investments, impairment of assets and exceptional items for the current and financial period ended 30 September 2012.

B7. Status of corporate proposals

There is no corporate proposal announced which is pending completion as at 29 October 2012.

B8. Group borrowings

The Group's borrowings as at 30 September 2012 are as follows:

Short –term borrowings:-	RM'000	RM'000	
Unsecured		4,091	
Secured		10,208	
	(a)	<u>14,299</u>	
Long term borrowings :			
Secured		24,646	
Total Borrowings		<u>38,945</u>	
<u>Payables and accruals</u>			
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd	(b)		
- current	5,083		
- non-current	<u>38,357</u>	43,440	
Total group's borrowings		<u>82,385</u>	

- (a) Included in the short term borrowings are bank overdrafts outstanding at RM3.128 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. Except for an advance amounting to RM4.1 million which bears interest at 8.10% per annum, there were no interest charged on the advances of RM30.01 million for the current quarter and financial period ended 30 September 2012 as Wawasan TKH Sdn Bhd has consented to waiver of interest.

B9. Derivative financial instruments

- (a) As at 30 September 2012, the Group entered into forward currency contracts to hedge trade receivables. The forward currency contracts entered into by the Group are as follows:

Currency	Contract/ Notional Amount (RM'000)	Derivative Assets/ (Liabilities) (RM'000)	Maturing
United States Dollar	<u>1,166</u>	<u>9</u>	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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The figures have not been audited

(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 30 September 2012 are as follows:

Type	Current quarter ended 30/9/2012 (RM'000)	Current year-to-date ended 30/9/2012 (RM'000)	Basis of fair value measurement	Reasons for Gains/(Losses)
Forward currency contracts	46	41	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 29 October 2012.

B11. Dividend

No dividend was proposed or declared during the current quarter and the financial period ended 30 September 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 30 September 2012	Year-to-date ended 30 September 2012
Loss attributable to equity holders (RM'000)	(1,708)	(9,708)
Weighted average number of ordinary shares in issue ('000)	453,438	451,102
Basic loss per share (sen)	(0.38)	(2.15)

The diluted loss per ordinary share is not presented as the effect of the assumed conversion of warrants outstanding will be anti dilutive and the Company has no other dilutive potential ordinary share in issue as at end of the reporting period.

B13. 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 2012 RM'000	As at 31 December 2011 RM'000 (Restated)
Total accumulated losses of the Company and its subsidiaries		
- Realised	(45,897)	(36,239)
- Unrealised	52	102
	<hr/>	<hr/>
	(45,845)	(36,137)
Less: Consolidation adjustments	5,882	5,882
Total group accumulated losses as per consolidated accounts	<hr/>	<hr/>
	(39,963)	(30,255)