

**WAWASAN TKH HOLDINGS BERHAD (540218-A)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2013**

	UNAUDITED AS AT 31-Mar-13 RM'000	AUDITED AS AT 31-Dec-12 RM'000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	83,691	84,524
Intangible assets	11,062	11,062
Trade and other receivables	1,399	1,419
	<u>96,152</u>	<u>97,005</u>
<b>Current assets</b>		
Inventories	11,438	9,039
Trade and other receivables	6,968	7,716
Derivative assets	-	-
Current tax assets	18	18
Cash and cash equivalents	1,268	750
	<u>19,692</u>	<u>17,523</u>
<b>TOTAL ASSETS</b>	<u><u>115,844</u></u>	<u><u>114,528</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	46,444	46,444
Share premium	3,472	3,472
Other reserves	5,938	5,939
Accumulated losses	B13 (42,172)	(40,499)
<b>TOTAL EQUITY</b>	<u>13,682</u>	<u>15,356</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Trade and other payables	B8 39,232	38,996
Long term borrowings	B8 25,016	25,644
Deferred tax liabilities	6,697	6,770
	<u>70,945</u>	<u>71,410</u>
<b>Current liabilities</b>		
Trade and other payables	16,338	13,917
Derivative liabilities	32	23
Short term borrowings	B8 14,835	13,810
Current tax liabilities	12	12
	<u>31,217</u>	<u>27,762</u>
<b>TOTAL LIABILITIES</b>	<u>102,162</u>	<u>99,172</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>115,844</u></u>	<u><u>114,528</u></u>
Net Assets Per Share (RM)	0.0295	0.0331

The condensed consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2013**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Mar-13 RM'000	Preceding Year Corresponding Quarter 31-Mar-12 RM'000	Current Year To date 31-Mar-13 RM'000	Preceding Year Corresponding Period 31-Mar-12 RM'000
Revenue		13,274	15,584	13,274	15,584
Cost of sales		(13,408)	(17,672)	(13,408)	(17,672)
Gross loss		<u>(134)</u>	<u>(2,088)</u>	<u>(134)</u>	<u>(2,088)</u>
Other operating income		533	252	533	252
Marketing expenses		(392)	(437)	(392)	(437)
Administrative expenses		(877)	(1,365)	(877)	(1,365)
Other operating expenses		(51)	(34)	(51)	(34)
Finance costs		<u>(825)</u>	<u>(685)</u>	<u>(825)</u>	<u>(685)</u>
Loss before tax		(1,746)	(4,357)	(1,746)	(4,357)
Taxation	B5	73	74	73	74
<b>Loss for the period</b>		<u><u>(1,673)</u></u>	<u><u>(4,283)</u></u>	<u><u>(1,673)</u></u>	<u><u>(4,283)</u></u>
<b>Loss attributable to :</b>					
Owners of the parent		(1,673)	(4,283)	(1,673)	(4,283)
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>(1,673)</u></u>	<u><u>(4,283)</u></u>	<u><u>(1,673)</u></u>	<u><u>(4,283)</u></u>
<b>Loss per share</b>	B12				
Basic (sen)		<u><u>(0.36)</u></u>	<u><u>(0.96)</u></u>	<u><u>(0.36)</u></u>	<u><u>(0.96)</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 2012 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 2013**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding	Current Year	Preceding
		Quarter	Year	Todate	Year
		31-Mar-13	Corresponding	31-Mar-13	Corresponding
		Quarter	Quarter	Quarter	Period
		31-Mar-12	31-Mar-12	31-Mar-13	31-Mar-12
		RM'000	RM'000	RM'000	RM'000
<b>Loss for the period</b>		(1,673)	(4,283)	(1,673)	(4,283)
<b>Other comprehensive loss:</b>					
Foreign currency translations		(1)	-	(1)	-
<b>Total comprehensive loss for the period</b>	B6	<u>(1,674)</u>	<u>(4,283)</u>	<u>(1,674)</u>	<u>(4,283)</u>
<b>Total comprehensive loss attributable to :</b>					
Owners of the parent		(1,674)	(4,283)	(1,674)	(4,283)
Non-controlling interests		-	-	-	-
		<u>(1,674)</u>	<u>(4,283)</u>	<u>(1,674)</u>	<u>(4,283)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2013**

	← Non-distributable →				Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	
<b><u>For the 3 months ended 31 March 2013</u></b>					
Balance as at 1 January 2013					
- as previously stated	46,444	3,472	5,939	(40,499)	15,356
- effects of the adoption of MFRSs	-	-	-	-	-
Balance as at 1 January 2013	46,444	3,472	5,939	(40,499)	15,356
Loss for the period	-	-	-	(1,673)	(1,673)
Foreign currency translations	-	-	(1)	-	(1)
Total comprehensive loss for the period	-	-	(1)	(1,673)	(1,674)
Balance as at 31 March 2013	46,444	3,472	5,938	(42,172)	13,682
<b><u>For the 3 months ended 31 March 2012</u></b>					
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)
Foreign currency translations	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(4,283)	(4,283)
Balance as at 31 March 2012, as restated	44,844	-	7,647	(34,539)	17,952

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2013**

	<b>3 months ended</b> <b>31-Mar-13</b> <b>RM'000</b>	<b>3 months ended</b> <b>31-Mar-12</b> <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(1,746)	(4,357)
Adjustments for:		
Non-cash items	2,117	2,085
Finance costs	825	685
Interest income	(3)	(3)
Operating profit/(loss) before working capital changes	<u>1,193</u>	<u>(1,590)</u>
Changes in working capital:		
Net change in current assets	(1,677)	5,494
Net change in current liabilities	<u>2,653</u>	<u>(3,659)</u>
Cash generated from operations	2,169	245
Interest paid	(118)	(89)
Tax paid	(1)	(2)
Tax refunded	0	905
<b>Net cash from operating activities</b>	<u>2,050</u>	<u>1,059</u>
<b>Cash flows from investing activities</b>		
Advances from/(to) a related party	(144)	1,040
Interest received	3	3
Purchase of property, plant and equipment	(1,142)	(350)
Proceeds from disposal of property, plant and equipment	<u>61</u>	<u>-</u>
<b>Net cash from investing activities</b>	<u>(1,222)</u>	<u>693</u>
<b>Cash flows from financing activities</b>		
Fixed deposits	(3)	(3)
Interest paid	(707)	(595)
(Repayment)/drawdown of borrowings	595	(1,227)
Repayment of finance lease liabilities	<u>(150)</u>	<u>(772)</u>
<b>Net cash used in financing activities</b>	<u>(265)</u>	<u>(2,597)</u>
<b>Net decrease in cash and cash equivalents</b>	563	(845)
Effects of exchange rate changes on cash and cash equivalents	-	(2)
<b>Cash and cash equivalents at beginning of the period</b>	(3,392)	(1,881)
<b>Cash and cash equivalents at end of the period</b>	<u>(2,829)</u>	<u>(2,728)</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	547	532
Cash and bank balances	721	561
Bank overdrafts (included in short term borrowings in Note B8)	(3,550)	(3,289)
less: Deposits pledged with licensed banks	<u>(547)</u>	<u>(532)</u>
	<u>(2,829)</u>	<u>(2,728)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2012.

The same accounting policies and methods of computation as disclosed in the audited accounts for the year ended 31 December 2012 have been adopted in the preparation of the first quarter ended 31 March 2013 condensed financial statements except for adoption of the following new and revised MFRS, IC Interpretations and Amendments to MFRS and IC Interpretations which are effective for financial periods beginning on or after 1 January 2013 :-

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits (revised)
- MFRS 127 Separate Financial Statements
- MFRS 128 Investment in Associates and Joint Ventures
- Amendments to MFRS 1 Government Loans
- Amendments to MFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities
- Amendments to MRFS 10 Consolidated Financial Statements
- Amendments to MFRS 11 Joint Arrangements
- Amendments to MFRS 12 Disclosure of Interest in Other Entities
- Amendments to MRFS 101 Presentation of Items of Other Comprehensive Income
- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRSs Annual Improvements 2009 – 2011 Cycle
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Mandatory Effective date of MFRS 9 and Transition Disclosures MFRS 9 Financial Instruments

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

**A2. Audit report**

The audited financial statements for the Group and the Company for the financial year ended 31 December 2012 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 year first quarter ended 31 March 2013.

**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**

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current year first quarter ended 31 March 2013.

**A7. Dividends paid**

There was no dividend paid during the current year first quarter ended 31 March 2013.

**A8. Operating Segments**

3 months ended/Year-to-date ended 31 March 2013	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	94	10,739	2,535	13,368
Inter-segment revenue	(94)	-	-	(94)
Revenue from external customers	-	10,739	2,535	13,274
Segment loss before tax	(99)	(1,421)	(226)	(1,746)

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)

Total assets				
As at 31 March 2013	43	90,343	25,440	115,826
As at 31 December 2012	41	89,816	24,653	114,510

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

	As at 31 March 2013 RM'000	Audited as at 31 December 2012 RM'000
Total assets per reportable segments	115,826	114,510
Tax recoverable	18	18
Total assets per statement of financial position	115,844	114,528

**A9. Valuation of property, plant and equipment**

This is not applicable as the Group did not revalue its property, plant and equipment for the current year first quarter ended 31 March 2013.

**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 6 May 2013.

**A11. Changes in composition of the Group**

There were no changes in the composition of the Group for the current year first quarter ended 31 March 2013.

**A12. Contingent liabilities**

Contingent liabilities of the Company as at 6 May 2013 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	41,063

**A13. Commitments**

The capital commitments incurred by the Group as at 31 March 2013 include the following amount approved and contracted for:

	RM'000
Plant and equipment	1,269

**A14. Related party transactions**

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

	3 months ended/ Year-to-date ended 31/3/2013 RM'000	3 months ended/ Year-to-date ended 31/3/2012 RM'000
Insurance brokerage commission	22	2
Flight tickets paid or payable	18	13

The above transactions were with Clear Expertise Sdn. Bhd. and PST Travel Services 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 RM1.7 million for the current year first quarter compared to pretax loss of RM4.3 million in the preceding year corresponding first quarter, with lower revenue at RM13.2 million (by 15%) in the current year first quarter compared to RM15.6 million in the first quarter last year.

The performance of the Group is still mainly depending on the disposable foodwares manufacturing division. The business continues to operate in a challenging environment with adverse effects of the escalated prices of petrochemical resin materials, rising energy/fuel cost and man power cost. Sales decreased to RM10.7 million (by 12%) compared to RM12.2 million in the first quarter last year, with lower pretax loss of RM1.4 million vis-a-vis RM2.8 million pretax loss in preceding year corresponding first quarter. Market demand generally still remains robust notwithstanding the ongoing Euro zone debt crisis and global economic slowdown. The lower sales were constraint by production capacity. Nonetheless, the continuous effort in cost rationalization exercise and renewal program for its machinery and moulds resulted in lower operating costs and higher productivity for the business in the current year first quarter.

The kaolin mining business recorded lower sales of RM2.5 million (by 26%) compared to RM3.4 million in the preceding year corresponding first quarter, with lower pretax loss of RM0.2 million in the current year first quarter compared to pretax loss of RM1.1 million in the first quarter last year. The improvement in results was mainly attributable to an increase in product pricing coupled with a new product mix which carries a higher margin despite a lower selling price. The productivity of kaolin mining business increased subsequent to a recent upgrade of its production facilities.

The investment holding company recorded pretax loss of RM0.1 million compared to pretax loss of RM0.4 million in the preceding year corresponding first quarter mainly due to the positive effects of the cost rationalization exercise and reduced finance cost.

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

The Group registered revenue of RM13.2 million and pretax loss of RM1.7 million for the current year first quarter compared to the revenue of RM14.0 million and pretax loss of RM0.6 million in the preceding quarter.

The disposable foodwares business generated slightly lower sales of RM10.7 million (by 2%) in the current year first quarter compared to RM10.9 million in the preceding quarter, with pretax loss of RM1.4 million in the current year first quarter compared to a pretax loss of RM1.9 million in the preceding quarter. Despite the robust demand sales were constrained by production capacity. The lower pretax loss is mainly attributable to the ongoing cost rationalization exercise and machinery and mould renewal program.

Meanwhile, the kaolin mining business recorded lower sales of RM2.5 million (by 19%) and a lower pretax loss of RM 0.2 million, compared to the sales of RM3.1 million and pretax loss at RM0.6 million in the preceding quarter. The lower sales are attributable to disruption of production process arising from frequent breakdown of production equipment. To improvise the production process, new production equipment were being

purchased and put into use. The lower pretax loss is mainly due to the continuous effort of cost rationalization exercise and machinery renewal program.

The investment holding company recorded pretax loss of RM0.1 million compared to pretax loss of RM2.8 million in the preceding quarter mainly due to effect of impairment losses of RM4.7 million on investment in subsidiaries which was partially offset by a waiver of RM2 million of the principal amount due to Wawasan TKH Sdn. Bhd., a major shareholder of the Company in the preceding quarter.

**B3. Current year prospects**

The extended uncertainties of the global economic environment and prevalent volatile raw materials prices and energy costs are main factors that will affect the future performance of the Group. Notwithstanding the above, the directors are confident that the continuous effort of costs rationalization and efficiency improvement in addition to enhancement of strategic marketing effort to increase its market share and product margin will ultimately result in profitable business operations.

**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 quarter ended 31/3/2013 RM'000	Preceding year corresponding quarter ended 31/3/2012 RM'000	Current year-to- date ended 31/3/2013 RM'000	Preceding year corresponding period ended 31/3/2012 RM'000
Current Tax	-	-	-	-
Deferred tax	(73)	(74)	(73)	(74)
	(73)	(74)	(73)	(74)

**B6. Total comprehensive loss**

Included in the total comprehensive loss for the current year first quarter and preceding year corresponding quarter are the following items:

	3 months ended/ Year-to-date ended 31/3/2013 RM'000	3 months ended/ Year-to-date ended 31/3/2012 RM'000
Other income including investment income		
- gain on derivatives	-	(5)
- interest income	(3)	(3)
- net foreign exchange gain	(132)	(174)
- Others	(38)	(70)
Depreciation of property, plant and equipment	2,101	2,048
Impairment losses on:		
- receivables	30	30
- PPE	-	-
Interest expense	825	685
Inventories written down	15	15
Inventories written off	-	-
Loss on derivatives	9	-

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 quarter and period ended 31 March 2013.

**B7. Status of corporate proposals**

There is no corporate proposal announced which is pending completion as at 6 May 2013.

**B8. Group borrowings**

The Group's borrowings as at 31 March 2013 are as follows:

Short –term borrowings:-	RM'000	RM'000
Unsecured		4,634
Secured		10,201
	(a)	<u>14,835</u>
Long term borrowings :		
Secured		25,016
Total Borrowings		<u>39,851</u>
<u>Payables and accruals</u>		
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd	(b)	
- current	12	
- non-current	39,232	39,244
Total Group's borrowings		<u>79,095</u>

- (a) Included in the short term borrowings are bank overdrafts outstanding at RM3.55 million which are secured.
- (b) The advances from Wawasan TKH Sdn. Bhd. bore interest at 8.10% per annum. Included in the outstanding amount is the cumulated interest charged of RM6.58 million. Except for an advance amounting to RM4.61 million which bears interest, there was no interest charged on the advances of RM28.05 million for the current year first quarter ended 31 March 2013 as Wawasan TKH Sdn. Bhd. had waived the interest thereon.

**B9. Derivative financial instruments**

- (a) As at 31 March 2013, 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>1,785</u>	(32)	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 gains/(losses) arising from fair value changes of derivative instruments for current year first quarter and financial period ended 31 March 2013 are as follows:

Type	Current quarter ended 31/3/2013 (RM'000)	Current year-to-date ended 31/3/2013 (RM'000)	Basis of fair value measurement	Reasons for Gains/(Losses)
Forward currency contracts	(9)	(9)	The difference between the contracted rates and the market forward rates.	The exchange rates have moved favorably 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 6 May 2013.

**B11. Dividend**

No dividend was proposed or declared during the current year first quarter ended 31 March 2013.

**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 2013	3 months ended / Year-to-date ended 31 March 2012
Loss attributable to equity holders (RM'000)	(1,673)	(4,283)
Weighted average number of ordinary shares in issue ('000)	464,438	448,438
Basic loss per share (sen)	(0.36)	(0.96)

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 31 March 2013 RM'000	As at 31 March 2012 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(52,719)	(40,442)
- Unrealised gain/(loss)	(35)	21
	<hr/>	<hr/>
	(52,754)	(40,421)
Less: Consolidation adjustments	10,582	5,882
Total Group accumulated losses as per consolidated accounts	<hr/>	<hr/>
	(42,172)	(34,539)