

WAWASAN TKH HOLDINGS BERHAD (540218-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	UNAUDITED AS AT 31-Mar-14 Note RM'000	AUDITED AS AT 31-Dec-12 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	77,743	84,524
Intangible assets	11,062	11,062
Trade and other receivables	1,378	1,419
	<u>90,183</u>	<u>97,005</u>
Current assets		
Inventories	7,253	9,039
Trade and other receivables	5,268	7,716
Current tax assets	1	18
Cash and cash equivalents	1,152	750
	<u>13,674</u>	<u>17,523</u>
TOTAL ASSETS	<u>103,857</u>	<u>114,528</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	46,445	46,444
Share premium	3,475	3,472
Other reserves	(33)	5,939
Accumulated losses	B13 (37,497)	(40,499)
TOTAL EQUITY	<u>12,390</u>	<u>15,356</u>
LIABILITIES		
Non-current liabilities		
Trade and other payables	B8 36,108	38,996
Long term borrowings	B8 23,324	25,644
Deferred tax liabilities	6,404	6,770
	<u>65,836</u>	<u>71,410</u>
Current liabilities		
Trade and other payables	12,510	13,917
Derivative liabilities	-	23
Short term borrowings	B8 13,108	13,810
Current tax liabilities	13	12
	<u>25,631</u>	<u>27,762</u>
TOTAL LIABILITIES	<u>91,467</u>	<u>99,172</u>
TOTAL EQUITY AND LIABILITIES	<u>103,857</u>	<u>114,528</u>
Net Assets Per Share (RM)	0.0267	0.0331

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements 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 5TH QUARTER AND 15 MONTHS ENDED 31 MARCH 2014

	Note	Individual Quarter		Cumulative Quarter	
		5th Quarter Ended 31-Mar-14 RM'000	Preceding Year 1st Quarter Ended 31-Mar-13 RM'000	15 Months Ended 31-Mar-14 RM'000	Preceding Year 12 Months Ended 31-Dec-12 RM'000
Revenue		8,715	13,274	58,367	54,407
Cost of sales		(10,598)	(13,408)	(66,528)	(59,467)
Gross loss		<u>(1,883)</u>	<u>(134)</u>	<u>(8,161)</u>	<u>(5,060)</u>
Other operating income		4,420	533	15,914	3,570
Marketing expenses		(271)	(392)	(1,691)	(1,818)
Administrative expenses		(795)	(877)	(4,342)	(3,959)
Other operating expenses		(97)	(51)	(833)	(403)
Finance costs		<u>(1,019)</u>	<u>(825)</u>	<u>(4,230)</u>	<u>(2,868)</u>
Profit/(loss) before tax		355	(1,746)	(3,343)	(10,538)
Taxation	B5	73	73	365	293
Profit/(loss) for the period		<u>428</u>	<u>(1,673)</u>	<u>(2,978)</u>	<u>(10,245)</u>
Profit/(loss) attributable to :					
Owners of the parent		428	(1,673)	(2,978)	(10,245)
Non-controlling interests		-	-	-	-
		<u>428</u>	<u>(1,673)</u>	<u>(2,978)</u>	<u>(10,245)</u>
Earning/(loss) per share	B12				
Basic (sen)		<u>0.09</u>	<u>(0.36)</u>	<u>(0.64)</u>	<u>(2.27)</u>
Diluted (sen)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The financial year end of the Company has been changed from 31 December to 30 June to cover the 18-month period from 1 January 2013 to 30 June 2014 and thereafter, to end on 30 June each year.

The condensed consolidated income statement should be read in conjunction with the audited financial statements 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 5TH QUARTER AND 15 MONTHS ENDED 31 MARCH 2014

	Note	Individual Quarter		Cumulative Quarter	
		Preceding Year		Preceding Year	
		5th Quarter Ended 31-Mar-14 RM'000	1st Quarter Ended 31-Mar-13 RM'000	15 Months Ended 31-Mar-14 RM'000	12 Months Ended 31-Dec-12 RM'000
Profit/(loss) for the period		428	(1,673)	(2,978)	(10,245)
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		-	(1)	8	5
Total comprehensive income/(loss) for the period	B6	<u>428</u>	<u>(1,674)</u>	<u>(2,970)</u>	<u>(10,240)</u>
Total comprehensive income/(loss) attributable to :					
Owners of the parent		428	(1,674)	(2,970)	(10,240)
Non-controlling interests		-	-	-	-
		<u>428</u>	<u>(1,674)</u>	<u>(2,970)</u>	<u>(10,240)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements 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 15 MONTHS ENDED 31 MARCH 2014

	← Non-distributable →			Accumulated losses RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Other reserves RM'000		
<u>For the 15 months ended 31 March 2014</u>					
Balance as at 1 January 2013	46,444	3,472	5,939	(40,499)	15,356
Loss for the period	-	-	-	(2,978)	(2,978)
Foreign currency translations	-	-	8	-	8
Total comprehensive loss for the period	-	-	8	(2,978)	(2,970)
Transactions with owners					
Exercise of warrants	1	3	-	-	4
Reclassification of warrants reserve to accumulated losses	-	-	(5,980)	5,980	-
Total transactions with owners	1	3	(5,980)	5,980	4
Balance as at 31 March 2014	46,445	3,475	(33)	(37,497)	12,390
<u>For the 12 months ended 31 December 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)	20,886	154
Balance as at 1 January 2012, as restated	44,844	-	7,646	(30,254)	22,236
Loss for the period	-	-	-	(10,245)	(10,245)
Foreign currency translations	-	-	5	-	5
Total comprehensive loss for the period	-	-	5	(10,245)	(10,240)
Transactions with owners					
Exercise of warrants	1,600	3,472	(1,712)	-	3,360
Total transactions with owners	1,600	3,472	(1,712)	-	3,360
Balance as at 31 December 2012, as restated	46,444	3,472	5,939	(40,499)	15,356

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements 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 15 MONTHS ENDED 31 MARCH 2014

	15 months ended 31-Mar-14 RM'000	12 months ended 31-Dec-12 RM'000
Cash flows from operating activities		
Loss before tax	(3,343)	(10,538)
Adjustments for:		
Non-cash items	(360)	5,789
Finance costs	4,230	2,868
Interest income	(24)	(17)
Operating profit/(loss) before working capital changes	<u>503</u>	<u>(1,898)</u>
Changes in working capital:		
Net change in current assets	1,972	6,143
Net change in current liabilities	(1,466)	(4,095)
Cash generated from operations	<u>1,009</u>	<u>150</u>
Interest paid	(487)	(386)
Tax paid	(1)	(5)
Tax refunded	<u>18</u>	<u>904</u>
Net cash from operating activities	<u>539</u>	<u>663</u>
Cash flows from investing activities		
Advances from a related party	8,576	1,104
Interest received	24	17
Purchase of property, plant and equipment	(1,604)	(2,065)
Proceeds from disposal of property, plant and equipment	<u>572</u>	<u>208</u>
Net cash from/(used in) investing activities	<u>7,568</u>	<u>(736)</u>
Cash flows from financing activities		
Fixed deposits	(24)	(15)
Interest paid	(3,177)	(2,324)
Repayments of borrowings	(3,284)	(846)
Repayments of finance lease liabilities	(839)	(1,619)
Proceeds from exercise of warrants	<u>3</u>	<u>3,360</u>
Net cash used in financing activities	<u>(7,321)</u>	<u>(1,444)</u>
Net increase/(decrease) in cash and cash equivalents	786	(1,517)
Effects of exchange rate changes on cash and cash equivalents	-	6
Cash and cash equivalents at beginning of the period	(3,392)	(1,881)
Cash and cash equivalents at end of the period	<u>(2,606)</u>	<u>(3,392)</u>
	2,014	2,012
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	569	544
Cash and bank balances	583	206
Bank overdrafts (included in short term borrowings in Note B8)	(3,189)	(3,598)
less: Deposits pledged with licensed banks	<u>(569)</u>	<u>(544)</u>
	<u>(2,606)</u>	<u>(3,392)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements 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 financial statements for the financial year ended 31 December 2012 have been adopted in the preparation of the current quarter ended 31 March 2014 condensed financial statements except for adoption of the following new and revised IC Interpretations and Amendments to MFRS and IC Interpretations which are effective for financial periods beginning on or after 1 January 2014:-

- Amendments to MFRS 10 Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12 Disclosure of Interest in Other Entities: Investment Entities
- Amendments to MFRS 127 Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 Recoverable Amount Disclosures for Non Financial Assets
- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies
- Defined Benefit Plans Employee Contributions (Amendments to MFRS 119)
- Amendments to MFRSs Annual Improvements 2010 – 2012 Cycle
- Amendments to MFRSs Annual Improvements 2011 – 2013 Cycle

The figures have not been audited

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 quarter and financial period ended 31 March 2014.

A5. Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial period or prior financial year that have a material effect on the current financial 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 quarter ended 31 March 2014.

A7. Dividends paid

There was no dividend paid during the current quarter and financial period ended 31 March 2014.

The figures have not been audited

A8. Operating Segments

3 months ended 31 March 2014	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	94	6,447	2,268	8,809
Inter-segment revenue	(94)	-	-	(94)
Revenue from external customers	-	6,447	2,268	8,715
Segment profit/(loss) before tax	3,056	(2,066)	(635)	355

15 months ended 31 March 2014	Investment holding RM'000	Manufacturing disposable foodwares RM'000	Mining RM'000	Total RM'000
Total revenue	468	47,308	11,059	58,835
Inter-segment revenue	(468)	-	-	(468)
Revenue from external customers	-	47,308	11,059	58,367
Segment loss before tax	11,223	(10,403)	(4,163)	(3,343)

Total assets				
As at 31 March 2014	40	78,794	25,023	103,857
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-Mar-2014 RM'000	As at 31-Dec-2012 RM'000
Total assets per reportable segments	103,856	114,510
Tax recoverable	1	18
Total assets per statement of financial position	103,857	114,528

The figures have not been audited

A9. Valuation of properties, plant and equipment

The Group did not revalue its property, plant & equipment for the current quarter.

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 1 May 2014.

A11. Changes in composition of the Group

Other than those disclosed in the fourth quarter report, there were no changes in the composition of the Group for the current quarter and 15 months financial period ended 31 March 2014.

A12. Contingent liabilities

Contingent liabilities of the Company as at 1 May 2014 include the following:-

	RM'000
Corporate guarantees for credit facilities of subsidiaries	36,198

A13. Commitments

There were no major capital commitments as at 31 March 2014. -

A14. Related party transactions

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

	3 months ended 31/03/2014 RM'000	15 months ended 31/03/2014 RM'000
Insurance brokerage commission	24	89
Flight tickets paid or payable	5	53
Rental Income	353	1,730

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

A15. Change of Financial Year End

The Group had changed its financial year end from 31 December 2013 to 30 June 2014.

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

B1. Review of performance

Group

The Group registered revenue of RM8.715 million and pretax profit of RM0.355 million for the current quarter ended 31 March 2014 as compared to the revenue of RM13.274 million and pretax loss of RM1.747 million recorded in the first quarter ended 31 March 2013. For the 15 months ended 31 March 2014, the Group registered revenue of RM58.367 million and pretax loss of RM3.343 million.

Disposable Foodwares Manufacturing

Disposable foodwares manufacturing division recorded sales and pretax loss of RM6.447 million and RM2.309 million respectively for the current quarter ended 31 March 2014 as compared to sales and pretax loss of RM10.739 million and RM1.422 million respectively for the first quarter ended 31 March 2013. Higher pretax loss in the current quarter is mainly attributable to a lower sales achieved in the current quarter ended 31 March 2014. For the 15 months ended 31 March 2014, sales and pretax loss were RM47.309 million and RM10.749 million respectively.

Kaolin Mining

The kaolin mining business recorded sales of RM2.268 million and pretax loss of RM0.748 million for the current quarter ended 31 March 2014 as compared to sales of RM2.535 million and pretax loss of RM0.225 million for the first quarter ended 31 March 2013. Higher pretax loss in the current quarter is mainly attributable to lower sales achieved, lower foreign exchange gain, higher mining and financial cost in the current quarter ended 31 March 2014. For the 15 months ended 31 March 2014, sales and pretax loss were RM11.058 million and RM4.381 million respectively.

Holding Company

The investment holding company recorded pretax profit of RM3.412 million in the current quarter ended 31 March 2014 as compared to pretax loss of RM0.1 million in the first quarter ended 31 March 2013 mainly due to a waiver by Wawasan TKH Sdn. Bhd., a major shareholder of the Company, of the principal amount due by RM3.5 million in the current quarter ended 31 March 2014. For the 15 months ended 31 March 2014, the waiver by Wawasan TKH Sdn. Bhd. of the principal amount due amounted to RM12.238 million.

B2. Variation of results against preceding quarter

Group

The Group registered revenue of RM8.715 million and pretax profit of RM0.355 million for the current quarter ended 31 March 2014 compared to the revenue of RM10.855 million and pretax loss of RM0.397 million in the preceding quarter.

The figures have not been audited

Disposable Foodwares Manufacturing

The disposable foodwares business generated lower sales of RM6.447 million (by 27%) in the current quarter ended 31 March 2014 compared to RM8.877 million in the preceding quarter, with pretax loss of RM2.309 million in the current quarter ended 31 March 2014 compared to a pretax loss of RM3.663 million in the preceding quarter. The lower pretax loss was mainly attributable to no stock written off and impairment of trade receivable in the current quarter ended 31 March 2014 as compared to stock written off of RM1.095 million and impairment loss of RM0.214 million in the preceding quarter.

Kaolin Mining

On the other hand, the kaolin mining business recorded marginally higher sales of RM2.268 million (by 15%) in the current quarter ended 31 March 2014 compared to revenue of RM1.978 million in the preceding quarter, with a lower pretax loss of RM0.748 million compared to pretax loss at RM2.157 million in the preceding quarter. The lower pretax loss was mainly attributable to improvement in the operational efficiency of the mining division and also no stock written off during the current quarter as compared to stock written off of RM0.493 million in the preceding quarter.

Holding Company

The investment holding company recorded pretax profit of RM3.412 million compared to pretax profit of RM5.423 million in the preceding quarter due to a waiver by Wawasan TKH Sdn. Bhd., a major shareholder of the Company, of the principal amount due by RM3.5 million in the current quarter ended 31 March 2014 compared to RM5.5 million of principal amount waived in the preceding quarter.

B3. Current year prospects

The Group anticipates the future performance of the business would be adversely impacted by the global economic environment uncertainty and rising raw materials prices and energy costs.

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	
	5 th quarter ended 31/03/2014 RM`000	Preceding year 1st quarter ended 31/03/2013 RM`000	15 months ended 31/03/2014 RM`000	Preceding year 12 months ended 31/12/2012 RM`000
Current Tax	-	-	-	-
Deferred tax	(73)	(73)	(365)	(293)
	(73)	(73)	(365)	(293)

The figures have not been audited

B6. Total comprehensive income/(loss)

Included in the total comprehensive income/(loss) for the current year fifth quarter and preceding year first quarter are the following items:

	Individual Quarter		Cumulative Quarter	
	5 th quarter ended 31/03/2014 RM'000	Preceding year 1st quarter ended 31/03/2013 RM'000	15 months ended 31/03/2014 RM'000	Preceding year 12 months ended 31/12/2012 RM'000
Other income including				
- gain on derivatives	(37)	-	(25)	(9)
- interest income	(4)	(3)	(24)	(17)
- net foreign exchange gain	(425)	(132)	(1,134)	(723)
- waiver of debts	(3,500)	-	(12,238)	(2,000)
- reversal on impairment loss on receivables	-	-	(27)	(87)
- rental income	(353)	-	(1,730)	(449)
- gain on disposal of PPE	(22)	-	(346)	(62)
- Others	(79)	(38)	(378)	(304)
Depreciation of property, plant and equipment	1,937	2,101	9,847	8,156
Impairment losses on:				
- receivables	30	30	334	-
Interest expense	1,019	825	4,230	2,868
Inventories written down	-	15	40	-
Inventories written off	(49)	-	2,025	(167)
Bad debts written off	-	-	22	-
Loss on derivatives	-	9	-	-

B7. Status of corporate proposals

There is no corporate proposal announced which is pending completion as at 1 May 2014.

B8. Group borrowings

The Group's borrowings as at 31 March 2014 are as follows:

Short – term borrowings:-	RM'000	RM'000	
Unsecured		2,539	
Secured		10,569	
	(a)	<u>13,108</u>	
Long term borrowings :			
Secured		23,324	
Total Borrowings		<u>36,432</u>	
<u>Payables and accruals</u>			
Amount due to substantial shareholder, Wawasan TKH Sdn Bhd	(b)		
- current		21	
- non-current		36,108	
Total Group's borrowings		<u>72,561</u>	

- (a) Included in the short term borrowings are bank overdrafts outstanding at RM2.902 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 accumulated interest charged of RM5.864 million. Except for an advance amounting to RM14.494 million which bears interest, there was no interest charged on the advances of RM15.771 million for the current quarter ended 31 March 2014 as Wawasan TKH Sdn. Bhd. had waived the interest thereon.

B9. Derivative financial instruments

- (a) As at 31 March 2014, 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>716</u>	<u>2</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.

The figures have not been audited

(b) Fair value changes of derivative instruments

The gains arising from fair value changes of derivative instruments for current quarter and financial period ended 31 March 2014 are as follows:

Type	Current quarter ended 31/03/2014 (RM'000)	15 months ended 31/03/2014 (RM'000)	Basis of fair value measurement	Reasons for Gains/(Losses)
Forward currency contracts	37	25	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

Further to the disclosure in the fourth quarter report on the litigation suit by Commercial Plastic Industries Sdn Bhd, Greatpac Sdn Bhd had settled in full the outstanding amount owing to Commercial Plastic Industries Sdn Bhd in early March 2014. Consequently the suit had been withdrawn by Commercial Plastic Industries Sdn Bhd on 17 March 2014.

Other than above, the Group 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 1 May 2014.

B11. Dividend

No dividend was proposed or declared during the current quarter ended 31 March 2014.

The figures have not been audited

B12. Earnings/(loss) per share

The basic earnings/(loss) per ordinary share for the financial period has been calculated based on the consolidated profit/(loss) after tax divided by the weighted average number of ordinary shares outstanding during the period.

	3 months ended 31 March 2014	15 months ended 31 March 2014
Profit/(loss) attributable to equity holders (RM'000)	428	(2,978)
Weighted average number of ordinary shares in issue ('000)	464,453	464,445
Basic earnings/(loss) per share (sen)	0.09	(0.64)

The diluted earnings/(loss) per ordinary share is not presented as 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 2014 RM'000	As at 31 March 2013 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(48,118)	(52,719)
- Unrealised gain / (loss)	39	(35)
	<hr/> (48,079)	<hr/> (52,754)
Less: Consolidation adjustments	10,582	10,582
Total Group accumulated losses as per consolidated accounts	<hr/> (37,497)	<hr/> (42,172)