

WIJAYA BARU GLOBAL BERHAD (8184-W)
(Incorporated in Malaysia)

Notes to the Interim Financial Statements
For the quarter ended 30 September 2011

Explanatory Notes Pursuant to the Financial Reporting Standard (“FRS”) 134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of leasehold land and building.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

2. Changes in Accounting Policies

The significant accounting policies and presentation adopted by the Group in this interim financial statement are consistent with those adopted in the audited financial statements for the year ended 31 December 2010 except for the following new and revised Malaysia Financial Reporting Standards (FRSs), amendments and other interpretations that are effective and applicable for financial year beginning on or after 1 January 2011.

Revised FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instruments : Recognition and Measurement

IC Interpretation

IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

Amendments to Interpretation

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction)

The adoption of the other FRSs, IC Interpretation and Amendments to FRS do not have significant impact on the financial statements of the Group other than the additional disclosures as required by the relevant FRS.

The Group has not adopted the following FRSs, IC Interpretation and Amendments to FRSs that are effective for financial statements commencing on 1 January 2012. The directors anticipate that the Standards and Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

FRS 124	Related Party Disclosures (revised)
IC Interpretation 15	Agreements for the Construction of Real Estate

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the annual financial statements of the Group for the financial year ended 31 December 2010 was not subject to any qualification.

4. Seasonal or Cyclical Factors

The business of the Group was not affected by any significant seasonal or cyclical factors during the quarter under review.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial quarter under review.

6. Changes in Estimates

There were no changes in the estimates that have had a material effect in the current quarter results under review.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review, except for total 4,248,650 of RM1.00 nominal value of ICULS have been converted to 3,398,920 new Ordinary Shares of RM1.00 each at conversion price of RM1.25.

8. Dividends Paid

There was no dividend paid or declared during the current quarter ended 30 September 2011 (30 September 2010: Nil).

9. Segmental Reporting

Segmental information is presented in respect of the Group's business segment.

Business Activity	3rd Quarter 3 months ended				Cumulative 9 months ended			
	30/09/2011		30/09/2010		30/09/2011		30/09/2010	
	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Revenue RM'000	Profit/(Loss) Before Taxation RM'000
Timber	-	(401)	-	(472)	-	(820)	24,091	(8)
Investment holding	-	(728)	-	(975)	-	(2,148)	-	(2,708)
Property development	-	(38)	-	(125)	-	(45)	-	(125)
Others	124	(267)	148	181	372	(369)	440	322
	124	(1,434)	148	(1,391)	372	(3,382)	24,531	(2,519)
Share of net results of an associated company	-	(1,872)	-	8,126	-	4,594	-	12,806
From continuing operations	124	(3,306)	148	6,735	372	1,212	24,531	10,287
From Discontinued operation								
Results from discontinued operation	-	-	-	(2,546)	-	-	-	(7,281)
Impairment loss for disposal group classified as held for sale	-	-	-	(30,112)	-	-	-	(30,112)
	124	(3,306)	148	(25,923)	372	1,212	24,531	(27,106)

No geographical segment information is presented as the Group operates principally in Malaysia.

10. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 December 2010.

11. Subsequent Material Events

There were no material events subsequent to the end of the current financial quarter under review to the date of announcement which were likely to substantially affect the results and the operations of the Group.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

13. Changes in Contingent Liabilities and Contingent Assets

There were no additional contingent liabilities or contingent assets since 31 December 2010 till the date of announcement of this quarterly report.

14. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2011 are as follows:

	RM'000
Approved and contracted for:	
Automatic Instant Rice Cooking and Packaging Plant	
- Plant and equipment (USD9,799,600)*	<u>32,388</u>

* The foreign exchange rate used as at 30 September 2011 is as follows:
USD 1.00 : RM3.3050

Additional Explanatory Notes in compliance with Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of Performance

Revenue

The Group recorded lower revenue of RM0.372 million for cumulative quarter ended 30 September 2011, a decrease of RM 24.159 million or 98.48% as compared to the corresponding cumulative quarter ended 30 September 2010.

This was mainly due to loss of revenue from the timber division in current cumulative quarter ended 30 September 2011, which resulted in a substantial decrease in revenue during cumulative quarter ended 30 September 2011.

For the current quarter ended 30 September 2011, the Group recorded a revenue of RM0.124 million compared to RM0.148 million in the corresponding quarter ended 30 September 2010, representing a decrease of RM0.024 million, brought about by a fall in interest income from the Licensed Money Lending business.

Profit / (Loss) before taxation from continuing operations

The Group recorded a pre-tax profit from continuing operations of RM1.212 million for the cumulative quarter ended 30 September 2011, a decrease by RM9.075 million as compared to a pre-tax profit from continuing operations of RM10.287 million recorded in the corresponding cumulative quarter ended 30 September 2010.

For the current quarter ended 30 September 2011, the Group recorded a pre-tax loss from continuing operations of RM3.306 million as compared to a pre-tax profit from continuing operations of RM6.735 million for the corresponding quarter ended 30 September 2010. This decrease represents a drop in result by RM10.041 million.

The main reason for the decrease was the lower share of profit from associated company, Wijaya Baru Sdn Bhd (“WBSB”).

Profit / (Loss) after taxation

The Group recorded profit after tax of RM0.033 million for the cumulative quarter ended 30 September 2011, an improvement of RM28.370 million as compared to a loss after tax of RM28.337 million recorded in the corresponding cumulative quarter ended 30 September 2010.

For the current quarter ended 30 September 2011, the Group recorded loss after tax of RM3.704 million as compared to a loss after tax of RM26.232 million for the corresponding quarter ended 30 September 2010, which represents a decrease in loss after tax by RM22.528 million.

This was mainly due to the discontinued operations of the medical centre in year 2010.

16. Variation of Results against Preceding Quarter

Group's pre-tax loss for current quarter ended 30 September 2011 was RM3.306 million as compared to Group's pre-tax profit of RM0.907 million for the preceding quarter ended 30 June 2011.

The decrease of RM4.213 million was mainly due to a lower share of profit from WBSB.

17. Current Year Prospects

With the disposal of the medical centre on 1 November 2010 and expiry of timber concession licence on 9 July 2010, the Group is aggressively looking for new business ventures both locally and overseas which can contribute positively to the Group's future performance. This includes the proposed acquisitions mentioned in Note 22.

Meanwhile, we anticipate that our associated company will continue to contribute positively to the overall performance of the Group in the next quarter.

With the disposal of its losing concern in way of the medical centre and the positive contribution of its associated company, the prospects of the Group for the year 2011, is expected to improve.

18. Profit Forecast and Profit Guarantee

There is no profit forecast and profit guarantee that is applicable to the Group.

19. Taxation

Taxation comprises the following:

	Current Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30/09/2011 RM'000	30/09/2010 RM'000	30/09/2011 RM'000	30/09/2010 RM'000
Current tax:				
Malaysian income tax	-	(42)	3	1,523
	<u>-</u>	<u>(42)</u>	<u>3</u>	<u>1,523</u>
Under/ (Over) provision of Malaysian income tax in prior years	-	-	-	-
	<u>-</u>	<u>(42)</u>	<u>3</u>	<u>1,523</u>
Deferred tax	398	370	1,176	(235)
Total income tax expense	<u>398</u>	<u>328</u>	<u>1,179</u>	<u>1,288</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to the absence of the Group's tax relief in respect of losses suffered by certain companies and certain expenses which are not deductible for tax purpose.

Included in the income tax figure for the quarter ended 30 September 2011 are the net adjustment for deferred tax charges in respect of ICULS liability component and revaluation of leasehold land.

20. Sale of Unquoted Investments and / or Properties

There was no sale of unquoted investments or properties during the quarter under review.

21. Purchase or Disposal of Quoted Securities

There was no purchase or sale of quoted securities during the quarter under review.

22. Corporate ProposalsStatus of Corporate Proposals Announced but Not Completed*1) Proposed Acquisitions*

On 3 October 2011, AmInvestment Bank had, on behalf of our Board, announced that the Company had entered into the following agreements:-

- (i) Share sale agreement with Adwir Boy (“SPL Vendor”) and Suffolk Pte Ltd (“SPL”) for the acquisition of 10 ordinary shares in SPL representing 100% of its issued and paid-up share capital for a cash consideration of United States Dollar (“USD”) 40.0 million (“SPL Principal Agreement”); and
- (ii) Share sale agreement with Hafiz Arief (“WPL Vendor”) and Wealth Gate Pte Ltd (“WPL”) for the acquisition of 10 ordinary shares in WPL representing 100% of its issued and paid-up share capital for a cash consideration of USD40.0 million (“WPL Principal Agreement”).

(Collectively referred to as “Proposed Acquisitions”)

In relation to the above, AmInvestment Bank had on 24 October 2011, on behalf of our Board, announced the followings:-

- (a) The Company had on 21 October 2011 entered into a supplemental agreement with Adwir Boy and SPL to vary certain terms and conditions of the SPL Principal Agreement; and
- (b) The Company had on 21 October 2011 entered into a supplemental agreement with Hafiz Arief and WPL to vary certain terms and conditions of the WPL Principal Agreement.

Our Board will seek shareholders’ approval for the ordinary resolutions which will be tabled at the forthcoming Extraordinary General Meeting to be held on 6 December 2011.

2) Memorandum of Understanding (“MoU”) in the Socialist Republic of Vietnam

<u>Proposed Projects</u>	<u>Status</u>
a) Nhieu Loc-Thi Nghe Canal Waste water Treatment plant at District 2	No major development since last announcement.
b) Environmental hygiene project for the catchment of Son bridge, Bong bridge, Lang and Van Thanh canal at Binh Thanh District	No major development since last announcement.

23. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 30/09/2011 RM'000	As at 31/12/2010 RM'000
(a) Current borrowing – secured		
Hire purchase payable	-	44
(b) Non-current borrowing – secured		
Hire purchase payable	-	-

(c) There were no borrowings or debt securities denominated in foreign currencies.

24. Financial Instruments**(a) Derivatives**

There were no outstanding derivatives as at 30 September 2011 except for the Company has provided various financial guarantees to suppliers for the guarantee of credit facilities granted to its former subsidiary. As at 30 September 2011, the amount of financial guarantee granted to its former subsidiary amounted to RM600,000/-.

As per Share Sale Agreement (disposal of the Medical Centre) dated 1 November 2010, the purchaser undertakes and covenants with the Company to discharge the Company as guarantor for the credit facilities within three months from the date of the Agreement. However, the purchaser is still preparing the documents to discharge the corporate guarantee. Pending the discharge, the purchaser indemnifies and keeps the Company indemnified of any claims, liabilities, damages, costs and expenses which may arise under the credit facilities.

As at today, it was not probably that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantee is RM Nil.

(b) Gain / (losses) arising from fair value changes in financial liabilities

The Group policy is to recognize the followings financial assets and liabilities at amortised cost.

The changes in accounting policies in line with the adoption of FRS139, have the effect of net profit / (loss) as stated below:

	Current Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30/09/2011 RM'000	30/09/2010 RM'000	30/09/2011 RM'000	30/09/2010 RM'000
Gain arising from staff loan	58	-	67	-
Loss arising from other payables	(150)	-	(450)	-
Net loss from fair value adjustment	(92)	-	(383)	-

The above gain/(loss) were arising from the re-measurement of fair value of staff loan and other payables.

25. Material Litigation

Other than the cases shown below, there was no other material litigation pending as at 22 November 2011 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

(A) Usama Industries Sdn. Bhd. Cases

(1) **Civil Suit No: 22-98-2006-II at the High Court of Kuching, and Appeal to the Court of Appeal by the Plaintiff, Suit No. Q-02-1307-09 Usama Industries Sdn. Bhd.(“UISB”) vs Jati Bahagia Sdn. Bhd.(“JBSB”)**

This case is about the Usama Industries Sdn. Bhd.(“UISB”) claiming against Jati Bahagia Sdn. Bhd. for the sum of RM21,814,790.48 with interest as at June 2006 for premium underpaid.(However, due to the time barred of the earlier period, the claim had been reduced to RM17,820,140.00)

This case was originally filed under Civil Suit No: 22-164-2004. The Writ of Summons was not served and had expired. The previous solicitors’ firm Messrs Victor Wong & Co. had filed a new writ under Civil Suit No: 22-98-2006 and updated the claim to June 2006 for RM21,814,790.48. Judgment in default of Appearance was obtained on 10 October 2006. The Defendant had filed an Application to set aside the Judgment and the Judgment was set aside.

The Defendant’s solicitors had also filed their Defence and Counter-claim for a sum of RM6,688,300.18.

The case really turns to the interpretation of the Variation Agreement no. 2, on whether the payment of the premium to be paid by the Defendant to the Plaintiff is based on the market price of Meranti as published in the International Tropical Timber Organisation (“ITTO”) journal or the sale price of the Meranti as alleged by the Defendant. The Plaintiff’s solicitor contention is that the price should be based on the market price of Meranti as published by ITTO in the Asia Pacific region.

As to the counterclaim of the Defendant, the Plaintiff is pleading estoppel in that all payments paid by the Defendant to the Plaintiff were based on the volume of timber calculated and tabulated by the Defendant to the Plaintiff. The case was heard on 27 and 28 April 2009 and the Court had on 15 June 2009 dismissed the Plaintiff’s case. The Plaintiff had filed the Notice of Appeal on 16 June 2009. At the same time the Court had also dismissed the Defendant’s counter-claim and the Defendant had also filed a Cross-Appealed on 11 August 2009.

Both parties are now waiting for the Court of Appeal to fix the date of hearing.

UISB’s solicitors are of the view that the appeal is purely on point of law and UISB has a fair chance of getting through the appeals.

The outcome of the above legal case has no adverse financial impact to the Group.

25. Material Litigation (cont'd)**(A) Usama Industries Sdn. Bhd. Cases (cont'd)**

- (2) **Civil Suit No: 22-11-2009 at the High Court in Sabah and Sarawak at Miri (Formerly under Civil Suit No:S22-32-2007 at the High Court in Sabah and Sarawak at Sibul) Usama Industries Sdn. Bhd.(“UISB”) vs Victor L.F. Wong trading as Victor Wong & Chiew Advocates and Solicitors and Victor Wong & Chiew Advocates and Solicitors (a firm) (“Defendants”)**

Usama Industries Sdn. Bhd. filed a suit against Victor L.F. Wong trading as Victor Wong & Chiew (1st Defendant) and Victor Wong & Chiew Advocates and Solicitors (2nd Defendant) for professional negligence and claiming Special Damages in the sum of RM27,440,000.00, General Damages, interest at such and for such period as the Court shall think fit and costs. This is due to the fact that Victor L.F. Wong had failed to take active steps or sufficient actions to prosecute our claims nor serve the summons of the three cases after the same had been filed, sealed and issued by the High Court in Kuching i.e. Kuching High Court Suit No.22-164-2004-II, 22-165-2004-II and 22-166-2004-I resulting in UISB's claim for damages against Jati Bahagia Sdn. Bhd. to become statute barred by virtue of Section 2 of the Limitation Act Ordinance. Victor Wong & Chiew, as Usama's solicitors had misinformed the Company on 14 November 2007 that the Writ Of Summons together with the Statement of Claim had been served on both the 1st and 2nd Defendants when that was not so.

In the meantime, as the defence of the Defendants has yet to be filed, our solicitors had filed in a Judgment in Default of Defence. Thereafter the High Court allowed the application of the Defendants to set aside the judgement in default and ordered the defendants to file the defence within two weeks from 5 May 2010.

The Defendants had filed their defence and counter-claim. Our solicitors have to file its Reply and Defence to the counter-claim by 21 May 2010.

The hearing of the case was fixed on 7 July 2010 and later adjourned to 22 September 2010.

On a video conference held on 11 February 2011, the Court granted an adjournment and the Court would also wish to know if there is any possibility of settlement out of the court. The Chief Justice had earlier attempted to mediate for a settlement but aborted the effort.

The hearing of the full trial which was fixed on 15 to 18 February 2011 had been postponed. The Court has fixed the next hearing date on 22 August 2011 for three days.

After the many adjournments requested by us, the case had finally been fixed for hearing on the 7 February 2012 to 10 February 2012.

The solicitors of UISB are of the view that UISB, based on evidence available, will be able to prove negligence of the Defendants but is of the opinion that the quantum of the matter is very contentious. UISB solicitors are of the opinion that even if UISB can prove the damages. UISB may face difficulties in recovering the damages.

The outcome of the above legal case has no adverse financial impact to the Group.

25. Material Litigation (cont'd)**(A) Usama Industries Sdn. Bhd. Cases (cont'd)****(3) Civil Suit No: 22-42-2009 at the High Court in Sabah and Sarawak at Sibul Usama Industries Sdn. Bhd.(“UISB”) vs Jati Bahagia Sdn. Bhd.(“JBSB”)**

UISB filed a Writ of Summons and Statement of Claim ("Writs") on 17 August 2009 which has been served on the advocates of Jati Bahagia Sdn Bhd on 2 September 2009.

This suit arose due to the breach of the Deed of Variation No. 2 dated 15 October 1998 by the Defendant. Despite repeated protests and demands, the Defendant refused to pay the Plaintiff premium for the logs purchased based on market price of Meranti timber of standard quality and above but continued to pay the Plaintiff premium based on the arbitrary price set up by the Defendant on Meranti timber which has no reference to the market price of Meranti in open market at all.

The Plaintiff claims against the Defendant for:-

1. The sum of RM15,570,644.00 being the amount of underpaid premium due and owing from the sale of logs under the Deed of Variation No. 2 from August 2006 to July 2009.
2. Interest at the rate of 8% per annum from the date of the Writs until Judgment and thereafter interests at the rate of 8% per annum from the date of the Judgment until full payment.
3. Such further and other relief as the Court deems fit and proper.
4. Costs.

Summons had been served and the case came up for case management on 19 April 2010. The case was originally fixed for hearing on 27 September 2010 and our lawyer had applied for an adjournment.

The case came up former mention on 22 November 2010 and during which time the court ordered the party to come out with agreed facts and issues.

The court adjourned the case until the hearing and the disposal of the Appeal in Case 1 above (Civil Suit No:22-98-2006-II and Civil Appeal No: Q-02-1307-09).

The outcome of the above legal case has no adverse financial impact to the Group.

(4) Suit No: KCH-22-240-2010-III at the High Court in Sabah and Sarawak at Kuching. - Government of Malaysia vs Usama Industries Sdn. Bhd.(“UISB”)

On 10 January 2011, Usama Industries Sdn. Bhd. (“UISB”), a wholly-owned subsidiary of Wijaya Baru Global Bhd. had received a writ of summons dated 30 November 2010 and statement of claim dated 29 November 2010, which was filed by The Government of Malaysia (Lembaga Hasil Dalam Negeri Malaysia).

The Plaintiff claims against UISB to recover tax payable for the Year of Assessment 2003 for an amount of RM 5,314,772.91 (inclusive penalties), together with interest at the rate of 8% per annum from the date of judgment to realization and costs.

The case has been fixed for Mention on 31 March 2011 and UISB is required to file the Defence on that date.

25. Material Litigation (cont'd)

(4) **Suit No: KCH-22-240-2010-III at the High Court in Sabah and Sarawak at Kuching. - Government of Malaysia vs Usama Industries Sdn. Bhd.("UISB")- cont'd**

The case has been fixed for further Mention on 25 May 2011 and UISB is required to file its Defence on that date.

On 25 May 2011, as parties are engaged in negotiation for settlement, the court has adjourned this case for further Mention to 24 August 2011.

The legal suit has been withdrawn by the Government of Malaysia with liberty to file afresh.

(5) **Civil Suit No. SB-22-17 of 2011 at the High Court in Sabah and Sarawak at Sibü - Usama Industries Sdn Bhd vs Jati Bahagia Sdn. Bhd.**

Usama Industries Sdn Bhd ("UISB"), a wholly-owned subsidiary of the Company had filed a Writ of Summons and Statement of Claim both dated 9 May 2011 against Jati Bahagia Sdn Bhd ("JBSB") which were duly served on JBSB's solicitors on 23 May 2011.

The suit arose due to the breach of the Deed of Variation No.2 dated 15 October 1998 by JBSB. Despite repeated protests and demands, JBSB refused to pay UISB premium for the logs felled, extracted and purchased based on market price of Meranti timber of SQ grade and above but continued to pay UISB premium based on the arbitrary price set up by JBSB on Meranti timber based on the individual private sale or by private treaties between the two private individuals.

UISB claims against JBSB for:-

1. The sum of RM4,322,627.13 being the amount of underpaid premium due and owing from the sale of logs under the Deed of Variation No.2 from August 2009 to June 2010.
2. Interest at the rate of 8% per annum from the date of the Writs until Judgement and thereafter interests at the rate 8% per annum from the date of the Judgement until full payment.
3. Such further and other relief as the Court deems fit and proper.
4. Costs.

The High Court has adjourned this case until the hearing and the disposal of the Court of Appeal Civil Appeal No.Q-02-1307-09 as the facts of this case are similar to the Civil Appeal.

In UISB's solicitor opinion that the outcome of this case will largely depend on the result of the Appeal in case 1 above (Civil Appeal No.: Q-02-1307-09).

No date of hearing has been fixed.

The outcome of the above legal case has no adverse financial impact to the Group.

25. Material Litigation (cont'd)

(B) Guangxia Chongqiang No. 1 Construction (Group) Co., Ltd (“GCCG”) vs Chongqing Liangshan Wijaya Food Limited (“CLWFL”)

On 16 March 2010, GCCG (hereinafter referred as Plaintiff) instituted a case of requiring the payment for the additional construction sum of Rmb3,340,119/- (out of original contract sum of Rmb6,968,793/-) and refund of the bid security of Rmb200,000/- and the liquidated damages of overdue payment at the Chongqing Second Intermediate People’s Court (“the Court”). Meanwhile, the plaintiff applied to the Court for the preservative measures. The plaintiff provided a Letter of Guarantee of Rmb3,900,000/- as collateral offered by Chongqing Chengquan Credit Guarantee Company to the Court.

The Court had on 26 May 2010, pursuant to the Plaintiff’s application for security of costs ordered for the seal and seizures of various properties of the Defendant and had frozen the bank accounts of CLWFL in Agricultural Bank of China, Yuzhong District Branch (Account No.: 31010101040007043), and the account in Industrial Bank, Chongqing Branch Service Hall (Account No.: 346011400100035621 and 346010100211902).

On 6 July 2010, the Court held a hearing for the case. The Court had given time to both parties to agree on a settlement.

On 26 August 2010, both parties confirmed the single settlement of the construction cost (original contract sum plus additional construction cost) of Rmb8,274,805/- (after deducting the fine and remitting the utility bills) with the exception of the dispute in material and installation expenses.

On 27 October 2010, presided by the Court, both parties selected Chongqing Tongcheng Tianxing Engineering Cost Consultation Co. (“valuer”), Ltd as the evaluation agency for evaluating the material and the unfinished part of the installation construction cost.

On 22 March 2011, the valuer drew a conclusion that the engineering material difference was Rmb340,000/-, installation expenses was Rmb160,000 and the unfinished part of the installation construction cost was Rmb35,957/-.

The Court recorded and confirmed the findings of the Valuer and heard the parties’ submission on whether there was a breach of contract and the liability for liquidated damages.

The Court on 28 October 2011 recorded and confirmed the date on the Plaintiff paid the tender bid security to the Defendant as 17 August 2007.

The Defendant’s solicitors are of the opinion that the exposure for the Defendant are as follows:-

- (i) The claim sum to be paid to the Plaintiff is Rmb1,694,590.67;
- (ii) The Defendant will need to refund the tender bid security of Rmb200,000 to the Plaintiff;
- (iii) There is a dispute in the calculation of the liquidated damages and if the Court rules that the Defendant is liable for the liquidated damages, the estimate exposure for the Defendant is Rmb350,000 to Rmb400,000.

It is estimated that the Court will make the first instance judgement on the case before 30 November 2011.

The legal suit is not expected to have any material financial and operational impact to CLWFL as the company has adequate resources to meet the commitment of the alleged claim.

26. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 September 2011 (30 September 2010: Nil).

27. Earnings / (Loss) Per Share**(a) Basic Earning / (Loss) Per Share**

The basic earnings / (loss) per share for the current quarter and cumulative quarter ended 30 September 2011 are calculated by dividing the Group's net earnings /(loss) attributable to ordinary equity holders of the owners by the weighted average number of ordinary shares on issue during the current quarter and cumulative quarter ended 30 September 2011.

	Current Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
Net earnings / (loss) from continuing operation attributable to ordinary equity holders of the owners (RM'000)	(3,704)	6,407	33	8,999
Net earnings / (loss) from discontinued operation attributable to ordinary equity holders of the owners (RM'000)	-	(32,639)	-	(37,336)
Net earnings / (loss) attributable to ordinary equity holders of the owners (RM'000)	<u>(3,704)</u>	<u>(26,232)</u>	<u>33</u>	<u>(28,337)</u>
Weighted average number of ordinary shares on issue ('000)	<u>277,711</u>	<u>276,371</u>	<u>277,137</u>	<u>276,323</u>
<u>Basic earnings / (loss) per share (sen)</u>				
Net earning / (loss) from continuing operation	(1.33)	2.32	0.01	3.25
Net earning / (loss) from discontinued operation	-	(11.81)	-	(13.51)
Net earning / (loss) for the financial period	<u>(1.33)</u>	<u>(9.49)</u>	<u>0.01</u>	<u>(10.26)</u>

27. Earnings / (Loss) Per Share**(b) Diluted Earnings / (Loss) Per Share**

For the purpose of calculating diluted earnings / (loss) per share, the net earnings / (loss) for the current quarter and cumulative quarter ended 30 September 2011 attributable to ordinary equity holders of the owners and the weighted average number of ordinary shares on issue during the current quarter and cumulative quarter ended 30 September 2011 have been adjusted for the dilutive effects of all potential ordinary shares, i.e. ICULS and Warrants during the current quarter and cumulative quarter ended 30 September 2011.

	Current Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
Net earnings / (loss) from continuing operation attributable to ordinary equity holders of the owners (RM'000)	(3,704)	6,407	33	8,999
Net earnings / (loss) from discontinued operation attributable to ordinary equity holders of the owners (RM'000)	-	(32,639)	-	(37,336)
After tax effect of interest on ICULS (RM'000)	-	-	-	-
	<u>(3,704)</u>	<u>(26,232)</u>	<u>33</u>	<u>(28,337)</u>
Weighted average number of ordinary shares on issue ('000)	277,711	276,371	277,137	276,323
Effect of dilution: ICULS ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares on issue and issuable ('000)	<u>277,711</u>	<u>276,371</u>	<u>277,137</u>	<u>276,323</u>
<u>Diluted earnings / (loss) per share (sen) for :</u>				
Net earning / (loss) from continuing operation	(1.33)	2.32	0.01	3.25
Net earning / (loss) from discontinued operation	-	(11.81)	-	(13.51)
Net earning / (loss) for the period	<u>(1.33)</u>	<u>(9.49)</u>	<u>0.01</u>	<u>(10.26)</u>

The effects on basic loss per share for cumulative quarter and current quarter ended 30 September 2011 arising from the assumed conversion of ICULS and Warrants are anti-dilutive.

28. Realised and Unrealised Retained Earnings / (Accumulated Loss)

	As at 30/9/2011	As at 31/12/2010
	RM'000	RM'000
Total retained earnings/(Accumulated loss) of Company and its subsidiaries:		
- Realised profit / (loss)	(140,581)	(136,986)
- Unrealised profit / (loss)	1,611	2,577
Total shares of retained earnings/(Accumulated loss) from associated company :		
- Realised profit / (loss)	42,562	37,968
- Unrealised profit / (loss)	(6,702)	(6,702)
Total Group Accumulated Loss	<u>(103,110)</u>	<u>(103,143)</u>

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 November 2011.