

**SYARIKAT KAYU WANGI BERHAD (64915-T)**  
**UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE**  
**FOURTH QUARTER ENDED 30 NOVEMBER 2007**

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**A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - FRS 134**

**A1 Basis of Preparation**

The interim financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2006. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 November 2006.

**A2 Changes In Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 November 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 December 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRS does not have significant financial impact to the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:

**(a) FRS 101: Presentation of Financial Statement**

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amount attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statement is based on the revised requirements of FRS 101, with the comparatives restated to conform to the period's presentation.

**(b) FRS 117: Leases**

Prior to 1 December 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses, if any. Upon the adoption of the FRS 117 at 1 December 2006, the unamortized revalued amount of leasehold land is retained as surrogate carrying amount of prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparative amounts as at 30 November 2006 have been restated.

**(c) FRS 140: Investment Property**

FRS 140 defines an investment property as a property held for long-term rental yield and/or for capital appreciation and is not occupied by the companies in the Group. It is initially measured at cost, including direct transaction cost.

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any impairment losses. Investment properties previously have been classified under investment properties as a separate line item on the face of the consolidated balance sheet within non-current assets.

Previously, all investment properties were not depreciated. The change in accounting policy, which is accounted for retrospectively, has resulted in an increase of RM16,000 and RM7,000 in the Group's accumulated losses as at 1 December 2006 and 1 December 2005 respectively to adjust for accumulated depreciation on investment properties in prior years.

Depreciation of investment properties is provided for on a straight-line basis at rate of 2% per annum.

**(d) Comparative figures**

The following comparative amounts have been restated due to the adoption of the applicable new and revised FRSS:

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	<b>Previously Stated RM'000</b>	<b>Effects RM'000</b>	<b>Restated RM'000</b>
<b>At 30 November 2006</b>			
Property, plant and equipment	28,003	(1,475)	26,528
Prepaid lease payments	-	1,475	1,475
Investment properties	450	(16)	434
Reserves			
- Accumulated losses	<u>(49,278)</u>	<u>(16)</u>	<u>(49,294)</u>

**A3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 30 November 2006 was not qualified.

**A4 Seasonal or cyclical factors**

The principal business operations of the Group were not significantly affected by seasonal or cyclical factors.

**A5 Items of unusual nature and amount**

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

**A6 Changes in estimates of amounts reported in prior interim years of the current and prior financial years**

There were no significant changes in estimates of amounts reported in prior interim periods of the current or previous financial years that have a material effect in the current interim period.

**A7 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares as at the date of issue of the quarterly report.

**A8 Dividends paid**

There was no dividend paid for the financial year ended 30 November 2007.

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**A9 Segment information**

The Group's segmental report for the current and corresponding financial period is as follows:

<b>Year-To-Date Ended 30 November 2007</b>	<b>Property Development RM'000</b>	<b>Construction RM'000</b>	<b>Timber RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External Sales	1,223	4	20,502	-	21,729
Inter-segment sales	-	165	58	(223)	-
Total Revenue	<u>1,223</u>	<u>169</u>	<u>20,560</u>	<u>(223)</u>	<u>21,729</u>
<b>Result</b>					
Segment results	11,038	1,951	1,350	(3,111)	11,228
Finance costs	<u>(2,392)</u>	<u>(2,985)</u>	<u>(745)</u>	<u>2,725</u>	<u>(3,397)</u>
					7,831
Taxation					-
Loss after taxation					<u>7,831</u>
Minority interests					-
Net loss for the period					<u><u>7,831</u></u>
<b>Assets</b>					
Segment assets	51,347	52,089	55,892	(71,125)	88,203
Unallocated corporate assets					43
Consolidated total assets					<u><u>88,246</u></u>
<b>Liabilities</b>					
Segment liabilities	6,392	5,087	3,355	(3,797)	11,037
Unallocated corporate liabilities					63,483
Consolidated total liabilities					<u><u>74,520</u></u>
<b>Other Information</b>					
Capital expenditure	4	-	103	-	107
Depreciation	12	17	630	-	659

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<b>Year-To-Date Ended 30 November 2006</b>	<b>Property Development RM'000</b>	<b>Construction RM'000</b>	<b>Timber RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External Sales	2,557	488	18,681	-	21,726
Inter-segment sales	-	5,156	86	(5,242)	-
Total Revenue	<u>2,557</u>	<u>5,644</u>	<u>18,767</u>	<u>(5,242)</u>	<u>21,726</u>
<b>Result</b>					
Segment results	(1,104)	2,530	4,873	(5,611)	688
Finance costs	<u>(2,151)</u>	<u>(2,785)</u>	<u>(139)</u>	<u>2,154</u>	<u>(2,921)</u>
					(2,233)
Taxation					83
Loss after taxation					(2,150)
Minority interests					-
Net loss for the period					<u>(2,150)</u>
<b>Assets</b>					
Segment assets	39,950	41,007	51,283	(54,932)	77,308
Unallocated corporate assets					79
Consolidated total assets					<u>77,387</u>
<b>Liabilities</b>					
Segment liabilities	4,445	5,038	843	(1,644)	8,682
Unallocated corporate liabilities					63,864
Consolidated total liabilities					<u>72,546</u>
<b>Other Information</b>					
Capital expenditure	6	-	346	-	352
Depreciation	15	31	747	-	793

**A10 Valuation of property, plant and equipment**

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements except for the net book values of the property and equipment where depreciation have been provided for in the current quarter and current financial period.

**A11 Subsequent events**

There were no material events not reflected in the financial statements subsequent to the quarter ended 30 November 2006 up to 25 January 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**A12 The effect of changes in the composition of the Group during the interim year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations**

There were no changes in the composition of the Group during the current quarter and financial period.

**A13 Contingent liabilities and contingent assets**

As at the date of issue of this quarterly report, there were no contingent liabilities and contingent assets that had arisen since the last annual balance sheet date other than Corporate Guarantee issued by the Company to financial institutions for credit facilities utilised by subsidiaries amounting to RM5.97 million as at 25 January 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

By an agreement with the minority shareholder of Wangi KMB Bhd, the Company has given a guarantee that arising from the development project undertaken by that subsidiary company, pre-tax profit accruing to the minority shareholder of at least RM10 million will be generated, of which none has crystallized as at 25 January 2008. An amount of RM1 million has been advanced as at balance sheet date and included under Other Receivable in the Balance Sheet.

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**B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (PART A OF APPENDIX 9B)**

**B1 Review of performance**

Current quarter recorded a turnover of RM5.744 million as compared to last year same quarter of RM4.892 million. The current year-to-date turnover was RM21.729 million as compared to RM21.726 million in year 2006. There is no significant change in the year-to-date revenue recorded.

The Group's turnover was mainly generated from its timber division involved in timber saw milling, kiln drying and roof truss fabrication.

For the current quarter, the Group recorded a profit before tax of RM11.304 million as compared to a loss before tax of RM1.267 million for the corresponding quarter of previous year. The profit before tax recorded was mainly due to reversal of impairment loss of RM12.093 million arising from the revaluation of the property development land in Melaka to RM45.0 million.

As a result of the revaluation, the Group recorded a profit before tax for the 12 months period under review of RM7.831 million as compared to a loss of RM2.150 million in the corresponding period of previous year.

**B2 Material change in loss before taxation for the current quarter compared to the immediate preceding quarter**

The Group recorded a profit before tax of RM11.304 million for the current quarter as compared to a loss before tax of RM0.884 million in the immediate preceding quarter under review. The material change in profit before tax for the current quarter as compared to the immediate preceding quarter was mainly due to reversal of impairment loss of RM12.093 million.

**B3 Prospects**

The Group is the midst of formulating a revised restructuring plan for submission to the Securities Commission for approval. The details of the revised restructuring plan will be announced in due course.

The Group is optimistic that the revised corporate proposals will bring improvement to the Group's financial condition and results in the coming years.

**B4 Variances from profit forecast and profit guarantee**

Not applicable to the Group as no profit forecast or profit guarantee was published.

**B5 Taxation**

No provision for taxation is necessary, as the Group and Company has no chargeable income.

**B6 Profits/(losses) on sale of unquoted investments and/or properties**

There were no sales of unquoted investments and properties for the current quarter and financial period under review.

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**B7 Particulars of purchase or disposal of quoted securities**

There were no purchases or disposals of quoted securities for the current quarter and financial period.

**B8 Status of corporate proposals**

Corporate Exercise Completed on 5 August 2005

Utilisation of the proceeds of RM11,394,000 derived from the Rights Issue is as follows:-

	<b>Proposed Utilisation from Rights Issue</b>	<b>Amount Utilised As At 30/01/07</b>	<b>Unutilised Amount Transferred</b>	<b>Amount Not Utilised As At 30/11/07</b>
	RM '000	RM '000	RM '000	RM '000
Repayment of bank borrowings	2,400	(2,400)	-	-
Corporate Exercise expenses	1,000	(967)	(33)	-
Working capital for property development	7,994	(8,025)	33	2
	<u>11,394</u>	<u>(11,392)</u>	-	<u>2</u>

With the completion of the Corporate Exercises on 5 August 2005, the balance of the proceeds from Rights Issue has been utilized as working capital for the Group's property development. For the current quarter and period, the balance of the proceeds is as follows:-

	<b>Current Quarter Ended 30/11/07</b>	<b>12 Months Cumulative To Date Ended 30/11/07</b>
	RM '000	RM '000
Beginning balance	2	2
Amount utilised	-	-
Ending balance	<u>2</u>	<u>2</u>

Corporate Proposals Announced on 26 March 2007

The significant events of the corporate proposals i.e. regularisation plan announced on 26 March 2007 are as follows:-

<u>Date</u>	<u>Description</u>
29 March 2007	Regularisation plan submitted to Securities Commission ("SC").
09 August 2007	SC rejected SKW's regularisation plan.
07 September 2007	Appeal submitted to SC.
06 November 2007	Appeal rejected by SC.
12 November 2007	Bursa Securities resolved that SKW be de-listed on 22 November 2007.



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<u>Date</u>	<u>Description</u>
15 November 2007	Appeal submitted to Bursa Securities.
03 December 2007	Appeal rejected by Bursa Securities.
12 December 2007	Injunction order by a shareholder restraining Bursa Securities to de-list SKW. (The hearing date has been fixed on 4 February 2008).
12 December 2007	Judicial review against Bursa Securities' decision to de-list SKW. (The hearing date has yet to be fixed).

As at 25 January 2008 (the latest practicable date which is not earlier than 7 days from the-date of issue of this quarterly report) the Group, pending the judicial review, is in the midst of formulating a revised proposal for submission to SC.

**B9 Borrowings and debt securities**

The Group's borrowings (all denominated in Malaysian currency) are as follows:-

	<b>30/11/07</b>	<b>30/11/06</b>
	<b>RM '000</b>	<b>RM '000</b>
<b><u>Short Term Borrowings</u></b>		
<u>Secured</u>		
Term Loan	23,938	2,803
Bankers Acceptances and Bill Discounted	2,135	3,226
Bank Overdraft	1,738	2,438
Leasing Creditor	35	35
	<u>27,846</u>	<u>8,502</u>
<u>Unsecured</u>		
Bankers Acceptances and Bill Discounted	3,395	3,395
Bank Overdraft	1,871	1,805
	<u>5,266</u>	<u>5,200</u>
Sub-total	<b>33,112</b>	<b>13,702</b>
<b><u>Long Term Borrowings</u></b>		
<u>Secured</u>		
Term Loan	29,651	49,409
Leasing Creditor	9	42
	<u>29,660</u>	<u>49,451</u>
<b>Total Borrowings</b>	<b>62,772</b>	<b>63,153</b>

**B10 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at 25 January 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

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**B11 Material litigation**

There were no material litigations as at 25 January 2008 (the latest practicable date which is not earlier than 7 days from the-date of issue of this quarterly report).

**B12 Dividends**

The Board of Directors has not recommended any interim dividend for the year ended 30 November 2007.

**B13 Earnings per share**

**(i) Basic earnings per share**

The calculation of basic earnings per share for the current quarter and financial period is based on the net loss attributable to ordinary shareholders and divided by the weighted average number of ordinary shares outstanding during the current quarter and financial period.

	<b>Current Quarter Ended 30/11/07</b>	<b>12 Months Cumulative To Date 30/11/07</b>
Net profit for the period (RM '000)	11,304	7,831
Weighted average no. of ordinary shares in issue ('000)	42,553	42,553
Basic earnings per share (sen)	26.56	18.40

**(ii) Diluted earnings per share**

The diluted earning per share is not presented as the potential ordinary shares are anti-dilutive as their conversion to ordinary shares would decrease loss per share.

**B14 Authorisation for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 28 January 2008.