

SYARIKAT KAYU WANGI BERHAD (64915-T)
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
3RD QUARTER ENDED 30 SEPTEMBER 2009 (LIMITED REVIEW)

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

A1 Basis of Preparation

The Company's external auditors have reviewed the interim financial statements under a limited review scope.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9.22 of the Main Market 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 period ended 31 December 2008. 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 financial period ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the year ended 31 December 2008.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

A3 Seasonal or cyclical factors

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

A4 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.

A5 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.

A6 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.

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A7 Dividends paid

There was no dividend paid during the current quarter ended 30 September 2009.

A8 Segment information

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

Year-To-Date Ended 30 September 2009	Property Development RM'000	Construction RM'000	Timber RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External Sales	1,529	-	9,847	-	11,376
Inter-segment sales	-	932	44	(976)	-
Total Revenue	<u>1,529</u>	<u>932</u>	<u>9,891</u>	<u>(976)</u>	<u>11,376</u>
Result					
Segment results	(559)	1,662	435	(2,445)	(907)
Finance costs	<u>(2,628)</u>	<u>(2,305)</u>	<u>(434)</u>	<u>2,123</u>	<u>(3,244)</u>
	<u>(3,187)</u>	<u>(643)</u>	<u>1</u>	<u>(322)</u>	<u>(4,151)</u>
Taxation					-
Loss after taxation					<u>(4,151)</u>
Minority interests					-
Net loss for the period					<u><u>(4,151)</u></u>
Assets					
Segment assets	47,179	57,511	61,384	(77,622)	88,452
Unallocated corporate assets					40
Consolidated total assets					<u><u>88,492</u></u>
Liabilities					
Segment liabilities	7,195	19,657	3,422	(4,225)	26,049
Unallocated corporate liabilities					52,761
Consolidated total liabilities					<u><u>78,810</u></u>
Other Information					
Capital expenditure	-	-	13	-	13
Depreciation	1	1	502	-	504

A9 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.

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A10 Subsequent events

There were no material events not reflected in the financial statements subsequent to the quarter ended 30 September 2009 up to 20 November 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A11 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.

A12 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 RM6.754 million as at 20 November 2009 (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 a subsidiary company, 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 crystallised as at 20 November 2009. An amount of RM1 million has been advanced as at balance sheet date and included under Other Receivable in the Balance Sheet.

A13 Change of Financial Year

In prior year, the financial year-end of the Group has been changed from 30 November to 31 December commencing from financial period ended 31 December 2008 and thereafter to end on 31 December of every subsequent year.

Accordingly, there are no comparative figures for the current period ended 30 September 2009 against preceding year corresponding quarter and period.

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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

The Group has changed its accounting period from 30 November to 31 December. As such, there are no comparative figures for the current quarter and period to date ended 30 September 2009 against the preceding year corresponding quarter and period.

For the current quarter ended 30 September 2009, the Group recorded a net loss of RM1.238 million from the revenue of RM4.263 million. For the 9 months ended 30 September 2009, the Group recorded a loss of RM4.151 million from the revenue of RM11.376 million.

The Group's turnover was mainly generated from its timber division involved in timber saw milling, kiln drying and roof truss fabrication. The timber division contributed 87% of the total revenue with the remaining 13% was contributed by the property division.

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

The Group posted a loss before taxation of RM1.238 million for the current quarter under review as compared to a loss before taxation of RM1.137 million in the immediate preceding quarter. The higher loss was mainly due to higher administrative expenses in the current quarter as compared to the preceding quarter.

B3 Prospects

The Group is in 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 recognises the fact that the current economic situation is full of uncertainties and expects a challenging year ahead with anticipation of a slowdown in its performance. However, the Group's revised corporate restructuring plan is expected to be able to provide improvement to the Group's performance.

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 the 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.

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.

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B8 Status of corporate proposals

The corporate proposal i.e. regularisation plan announced on 26 March 2007 was submitted to Securities Commission (“SC”) on 29 March 2007. SC had rejected the Group’s regularisation plan and its appeal on 9 August 2007 and 6 November 2007 respectively. Subsequently, the Company applied to the High Court in Shah Alam for a judicial review against the decision of Bursa Securities to de-list the securities of the Company. The application for judicial review was dismissed on 14 September 2009 by the High Court in Shah Alam. The Company had filed a notice of appeal at the Court of Appeal against the decision of High Court in Shah Alam that had dismissed the Company's application for judicial review.

As at 20 November 2009 (the latest practicable date which is not earlier than 7 days from the-date of issue of this quarterly report) the Company, pending the outcome of 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:-

	30/09/09	31/12/08
	RM'000	RM'000
<u>Short Term Borrowings</u>		
Secured:		
Term Loan	44,409	42,036
Bankers Acceptances and Bill Discounted	988	2,138
Bank Overdraft	1,492	1,756
Leasing Creditor	-	3
	<u>46,889</u>	<u>45,933</u>
Unsecured:		
Bankers Acceptances and Bill Discounted	3,395	3,295
Bank Overdraft	1,678	1,728
	<u>5,073</u>	<u>5,023</u>
Total	51,962	50,956

Included in the term loan is an amount of RM41,919,213 attributable to the Construction Division of the Company. This term loan is repayable over 5 years with quarterly interest servicing commencing from year 1 and quarterly principal repayment commencing from year 3 after the implementation of the restructuring of the debts in 2005. The Company is currently negotiating with the financial institution on the repayment terms. In previous years, the Company applied to this financial institution concerned for partial waiver of the term loan.

In previous financial period, there was a difference of RM35,484,505 between the amount of term loan recorded in the accounting records of RM40,153,114 compared to the amount confirmed by the financial institution concerned of RM4,668,609. The difference has not been recognised in the accounts since there is no written confirmation has been obtained from the financial institution of any waiver.

In the current quarter under review, there is a difference of RM37,267,744 between the amount of term loan recorded in the accounting records of RM41,919,213 compared to the amount confirmed by the

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financial institution concerned of RM4,651,469. The difference has not been recognised in the current quarter since no written confirmation has been obtained from the financial institution of any waiver.

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 20 November 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B11 Material litigation

There were no material litigations as at 20 November 2009 (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 period ended 30 September 2009.

B13 Loss per share

(i) Basic loss per share

The calculation of basic earnings/ (loss) 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.

	Current Quarter Ended 30/09/09	9 Months Cumulative To Date 30/09/09
Net loss for the period (RM '000)	(1,238)	(4,151)
Weighted average number of ordinary shares in issue ('000)	42,553	42,553
Basic loss per share (sen)	(2.91)	(9.75)

(ii) Diluted loss per share

The diluted loss 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 20 November 2009.