

**SYARIKAT KAYU WANGI BERHAD (64915-T)**  
**UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE**  
**FOURTH QUARTER ENDED 31 DECEMBER 2008 (LIMITED REVIEW)**

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**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 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 2007. 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 2007.

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 financial year ended 30 November 2007.

**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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 December 2007: -

FRS 107	Cash Flow Statement
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

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IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sup>2004</sup>
IC Interpretation 8	Scope of FRS 2

The above FRSs, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application.

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

The auditors' report on the financial statements for the year ended 30 November 2007 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 period ended 31 December 2008.

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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</b>	<b>Property</b>				
<b>Ended 31 December 2008</b>	<b>Development</b>	<b>Construction</b>	<b>Timber</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External Sales	3,131	17	18,282	-	21,430
Inter-segment sales	-	870	-	(870)	-
<b>Total Revenue</b>	<b>3,131</b>	<b>887</b>	<b>18,282</b>	<b>(870)</b>	<b>21,430</b>
<b>Result</b>					
Segment results	(888)	2,717	1,840	(3,432)	237
Finance costs	(2,588)	(3,875)	(736)	3,019	(4,180)
	(3,476)	(1,158)	1,104	(413)	(3,943)
Taxation					(218)
Loss after taxation					(4,161)
Minority interests					-
<b>Net loss for the period</b>					<b>(4,161)</b>
<b>Assets</b>					
Segment assets	46,429	54,501	61,139	(72,695)	89,374
Unallocated corporate assets					40
<b>Consolidated total assets</b>					<b>89,414</b>
<b>Liabilities</b>					
Segment liabilities	6,244	18,802	3,436	(4,478)	24,004
Unallocated corporate liabilities					51,454
<b>Consolidated total liabilities</b>					<b>75,458</b>
<b>Other Information</b>					
Capital expenditure	7	6	20	-	33
Depreciation	3	4	639	-	646
Impairment loss	187	-	-	-	187

**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 assets of land and buildings in the timber division were revalued on 16 May 2008 by an independent professional valuer. The resultant revaluation surplus has been incorporated in the unaudited quarterly report for the period ended 31 December 2008.

**A11 Subsequent events**

There were no material events not reflected in the financial statements subsequent to the quarter ended 31 December 2008 up to 20 February 2009 (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 RM6.071 million as at 20 February 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 February 2009. An amount of RM1 million has been advanced as at balance sheet date and included under Other Receivable in the Balance Sheet.

**A14 Change of Financial Year**

On 28 November 2008, the financial year-end of the Group has been changed from 30 November to 31 December commencing from financial year 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 31 December 2008 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 via an announcement on 28 November 2008. As such, the current 4<sup>th</sup> quarter ended 31 December 2008 under review consists of 4 months.

Due to change in the financial year-end from 30 November to 31 December, there are no comparative figures for the current quarter and current year to date ended 31 December 2008 against the preceding year corresponding 3-month quarter and 12-month period.

For the current quarter ended 31 December 2008, the Group recorded a net loss of RM1.366 million from the revenue of RM5.568 million. For the current year to date, the Group recorded a net loss of RM4.161 million from the total revenue of RM21.43 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 85% of the total revenue with the remaining 15% 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 RM1.148 million for the 4 months period under review as compared to a loss before taxation of RM0.668 million in the immediate preceding 3 months quarter. The higher loss was mainly due to lower revenue and higher expenses in the current period comprising 4 months expenses compared to 3 months in 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.

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**B5 Taxation**

The taxation for the quarter and financial year-to-date comprises of the following:-

	<b>Current Quarter Ended 31/12/2008</b>	<b>13 Months Cumulative To Date 31/12/2008</b>
	RM `000	RM `000
Deferred taxation	218	218
Under/(Over) provision in prior years	-	-
	<u>218</u>	<u>218</u>

The Group's effective tax rate was higher than the statutory tax rate as certain expenses were not allowable for tax purposes. Losses incurred by certain subsidiaries were also not available for set-off against profits in other companies within the Group.

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

The disposals of unquoted investment held by a subsidiary company for the current quarter and financial period under review were as follows:

	<b>Current Quarter Ended 31/12/2008</b>	<b>13 Months Cumulative To Date 31/12/2008</b>
	RM `000	RM `000
<u>Disposal of unquoted investment:</u>		
Sales proceeds	-	10
Less: Carrying value	-	(5)
Gain on disposal	<u>-</u>	<u>5</u>

There were no disposals of 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 Groups’s regularisation plan and its appeal on 9 August 2007 and 6 November 2007 respectively. Subsequently, the Group has obtained a judicial review against the decision of Bursa Securities to de-list the securities of the Company. The hearing of the judicial review, which was fixed on 16 February 2009, has been postponed to 3 March 2009.

As at 20 February 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:-

	<b>31/12/08</b>	<b>30/11/07</b>
	<b>RM '000</b>	<b>RM '000</b>
<b><u>Short Term Borrowings</u></b>		
<u>Secured</u>		
Term Loan	42,036	53,588
Bankers Acceptances and Bill Discounted	2,138	2,136
Bank Overdraft	1,599	1,737
Leasing Creditor	3	35
	<u>45,776</u>	<u>57,496</u>
<u>Unsecured</u>		
Bankers Acceptances and Bill Discounted	3,295	3,395
Bank Overdraft	1,728	1,872
	<u>5,023</u>	<u>5,267</u>
 Sub-total	 <b>50,799</b>	 <b>62,763</b>
 <b><u>Long Term Borrowings</u></b>		
<u>Secured</u>		
Term Loan	-	-
Leasing Creditor	-	9
	<u>-</u>	<u>9</u>
 <b>Total Borrowings</b>	 <b><u>50,799</u></b>	 <b><u>62,772</u></b>

**B10 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at 20 February 2009 (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 20 February 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 31 December 2008.

**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.

	<b>Current Quarter Ended 31/12/08</b>	<b>13 Months Cumulative To Date 31/12/08</b>
Net loss for the period (RM '000)	(1,366)	(4,161)
Weighted average number of ordinary shares in issue ('000)	42,553	42,553
Basic loss per share (sen)	(3.21)	(9.78)

**(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 25 February 2009.