

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

**A1 Basis of Preparation**

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 year ended 31 December 2010. 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 year ended 31 December 2010.

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 2010.

**A2 Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except for the adoption of the following new or revised Financial Reporting Standards (“FRS”), where applicable to the Group, effective for the financial periods as stated:-

**Effective for financial period beginning on or after 1 March 2010**

Amendments to FRS 132: Classification of Rights Issues

**Effective for financial period beginning on or after 1 July 2010**

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 127: Consolidated and Separate Financial Statements

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distribution of Non-cash Assets to Owners

**Effective for financial period beginning on or after 1 January 2011**

Amendments to FRS 1: Additional Exemptions for First-time Adopters

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

IC Interpretation 4: Determining whether an Arrangement contains a Lease

IC Interpretation 18: Transfer of Assets from Customers

TR 3: Guidance on Disclosures of Translation to IFRSs

TR i- 4: Shariah Compliant Sale Contracts

**Effective for financial period beginning on or after 1 July 2011**

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)

**Effective for financial period beginning on or after 1 January 2012**

IC Interpretation 15: Agreements for the Construction of Real Estates

FRS 124: Related Party Disclosures

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 31 December 2010 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 during the current quarter ended 30 June 2011.

**A9 Segment information**

The Group's segmental reports for the current quarter and corresponding quarter are as follows:

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<b>Year-To-Date Ended 30 June 2011</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	219	3,169	7,672	-	11,060
Inter-segment sales	-	437	-	(438)	(1)
Total Revenue	<u>219</u>	<u>3,606</u>	<u>7,672</u>	<u>(438)</u>	<u>11,059</u>
<b>Result</b>					
Gross profit/ (loss)	18	337	107	(83)	379
Foreseeable loss					-
Reversal of impairment loss					-
Other operating income					926
Administrative expenses					(2,209)
Selling and marketing expenses					(1)
Finance costs					<u>(1,476)</u>
					(2,381)
Taxation					-
Loss after taxation					<u>(2,381)</u>
Non-controlling interests					-
Net loss for the period					<u><u>(2,381)</u></u>
<b>Assets</b>					
Segment assets	43,207	54,527	64,691	(63,840)	98,585
Unallocated corporate assets					-
Consolidated total assets					<u><u>98,585</u></u>
<b>Liabilities</b>					
Segment liabilities	56,998	26,904	1,639	(57,610)	27,931
Unallocated corporate liabilities					54,358
Consolidated total liabilities					<u><u>82,289</u></u>
<b>Other Information</b>					
Capital expenditure	-	-	54	-	54
Depreciation	-	-	346	-	346

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<b>Year-To-Date Ended 30 June 2010</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	2,328	3,946	9,091	-	15,365
Inter-segment sales	-	345	-	(345)	-
Total Revenue	<u>2,328</u>	<u>4,291</u>	<u>9,091</u>	<u>(345)</u>	<u>15,365</u>
<b>Result</b>					
Gross profit/ (loss)	23	797	1,202	(265)	1,757
Foreseeable loss					(3,104)
Reversal of impairment loss					5,823
Other operating income					897
Administrative expenses					(1,309)
Selling and marketing expenses					(4)
Finance costs					(356)
					<u>3,704</u>
Taxation					-
Profit after taxation					<u>3,704</u>
Non-controlling interests					-
Net profit for the period					<u><u>3,704</u></u>
<b>Assets</b>					
Segment assets	45,486	48,479	67,645	(67,013)	94,597
Unallocated corporate assets					40
Consolidated total assets					<u><u>94,637</u></u>
<b>Liabilities</b>					
Segment liabilities	57,372	21,712	5,330	(59,359)	25,055
Unallocated corporate liabilities					52,571
Consolidated total liabilities					<u><u>77,626</u></u>
<b>Other Information</b>					
Capital expenditure	-	-	6	-	6
Depreciation	1	1	306	-	308

**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 carrying amount of the property and equipment where depreciation have been provided for in the current quarter and current financial year-to-date.

**A11 Subsequent events**

There were no material events not reflected in the financial statements subsequent to the quarter ended 30 June 2011 up to 18 August 2011 (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 year-to-date.

**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 statement of financial position date other than Corporate Guarantee issued by the Company to financial institutions for credit facilities utilised by subsidiaries amounting to RM6.087 million as at 18 August 2011 (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 18 August 2011. An amount of RM1.0 million has been advanced as at statement of financial position date and included under Other Receivable in the Statement of financial position.

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

**B1 Review of performance**

For the current 2<sup>nd</sup> quarter ended 30 June 2011, the Group recorded a revenue of RM7.208 million as compared to last year same quarter of RM7.827 million. The current year-to-date revenue of RM11.059 million was achieved as compared to RM15.365 million for the corresponding period of last year. The decrease in revenue for the current quarter and year-to-date was mainly due to decrease in sawn timber sales, construction activities and property development activities.

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 69% of the total revenue whilst the construction division and property division contributed 29% and 2% respectively.

For the current 2<sup>nd</sup> quarter ended 30 June 2011, the Group recorded a loss before tax of RM0.607 million as compared to last year same quarter profit of RM3.256 million. The current year-to-date loss before tax of RM2.381 million was recorded as compared to a profit of RM3.704 million for the corresponding period of last year. The loss was mainly due to decrease in timber sales, construction activities and property development activities as well as increase in administrative expenses and accrual of term loan interest.

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

The Group posted a loss before taxation of RM0.607 million for the current quarter under review as compared to a loss before taxation of RM1.774 million in the immediate preceding quarter. The decrease in loss was mainly due to improvement in timber sales, construction activities and property development activities in the 2<sup>nd</sup> quarter.

**B3 Prospects**

The prospects remain challenging for the Group.

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

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

**B5 Taxation**

The taxation for the current quarter and financial year-to-date are comprising of the following:-

	<b>Current Quarter Ended 30-Jun-11</b>	<b>6 Months Cumulative To Date 30-Jun-11</b>
	<u>RM `000</u>	<u>RM `000</u>
Current taxation	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**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 year-to-date 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 year-to-date.

**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 on 3 December 2007, Bursa Securities Malaysia Berhad (“Bursa Securities”) issued a letter notifying the Company on the de-listing of the Company from the Official List of Bursa Securities. In this respect, 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 however had, on 16 September 2009, filed a notice of appeal at the Court of Appeal against the decision of the High Court. The appeal has been dismissed with costs by the Court of Appeal on 28 April 2011.

On the other development, the Company (or “SKW”) via, TA Securities Holdings Berhad (“TA Securities”), had submitted the Regularisation Plan to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 19 January 2011. The Company proposes to undertake the following proposals:-

- (i) Proposed capital reduction involving the cancellation of RM0.30 of the par value of the existing ordinary shares of RM1.00 each in SKW shares (“SKW Share(s)” or “Share(s)”) pursuant to Section 64 of the Companies Act, 1965 (“Act”) (“Proposed Capital Reduction”);
- (ii) Proposed share split involving the subdivision of every one (1) ordinary share of RM0.70 each in SKW following the Proposed Capital Reduction into seven (7) ordinary shares of RM0.10 each in SKW (“Split Share(s)”) (Proposed Share Split”);
- (iii) Proposed renounceable rights issue of up to 99,290,119 new ordinary shares of RM0.10 each in SKW (“Rights Shares”) together with up to 99,290,119 free detachable warrants (“New Warrants”) on the basis of one (1) Right Share together with one (1) free Warrant for every three (3) existing SKW Shares held after the Proposed Capital Reduction and Proposed Share Split on an entitlement date to be determined later (“Proposed Rights Issue with Warrants”); and
- (iv) Proposed debt settlement owing to lender of approximately RM42.52 million and write-back of the remaining debts owing to the lender (“Proposed Debt Settlement”)

(collectively referred to as the “Proposals”) (“Application”).

In conjunction with the Proposals, the Company proposes to change the Company's name to Sentosa Club Holding Berhad.

The Proposals are undertaken with the intention to regularise the Company’s financial condition under the requirements of Paragraph 3.1 of Practice Note 17 of the Main Market Listing Requirements of Bursa Securities.

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On 28 January 2011, the Company, via TA Securities announced that Bursa Securities has vide its letter dated 27 January 2011 informed that Bursa Securities were unable to consider the Application submitted on 19 January 2011. Bursa Securities had in 2007 decided to delist SKW from the Official List of Bursa Securities (“Delisting Decision”). However, the Delisting Decision has not been implemented and delisting of SKW had been put on hold to-date in view of the injunction procured by certain shareholders of the Company at the High Court. The Delisting Decision and the injunction are currently pending the decision of the Court of Appeal. Due to the foregoing, Bursa Securities has stated that it was unable to consider the Application.

On 24 March 2011, the Company had obtained a Judicial Review (Ex-Parte Order) from High Court in Georgetown, Penang that:

- i) the Company is allowed to apply for a Mandamus Order for Bursa Securities to grant extension of time for the Company to submit its Regularisation Plan dated 19 January 2011.
- ii) the Company is allowed to apply for Certiorari and Mandamus Order to cancel the decision of Bursa Securities on 27 January 2011 returning the Regularisation Plan and order Bursa Securities to consider the Regularisation Plan of the Company dated 19 January 2011.

On 11 May 2011, the Company had also obtained an ex-parte Injunction to protect the Company from being de-listed.

On 11 August 2011, the High Court in Penang had dismissed the Judicial Review. However, the Company had filed an appeal on the same day.

As at 18 August 2011 (the latest practicable date which is not earlier than 7 days from the-date of issue of this quarterly report) the Company is in the process of formulating other courses of action.

**B9 Borrowings and debt securities**

The Group’s borrowings are as follows:-

	<b>30-Jun-11</b>	<b>31-Dec-10</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Short Term Borrowings</u></b>		
Secured:		
Term Loan	46,852	45,723
Bankers Acceptances and Bill Discounted	988	938
Bank Overdraft	1,208	1,368
Bank loan	224	219
	<u>49,272</u>	<u>48,248</u>
Unsecured:		
Bankers Acceptances and Bill Discounted	3,103	3,345
Bank Overdraft	1,499	1,362
	<u>4,602</u>	<u>4,707</u>
Sub-total	53,874	52,955
<b><u>Long Term Borrowings</u></b>		
Secured:		
Bank loan	394	-
<b>Total Borrowings</b>	<b>54,268</b>	<b>52,955</b>



Included in the term loan is an amount of RM44.561 million 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 year, there was a difference of RM39.612 million between the amount of term loan recorded in the accounting records of RM44.007 million compared to the loan statement of RM4.395 million via its loan statement. 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 RM40.664 million between the amount of term loan recorded in the accounting records of RM45.059 million compared to the amount as confirmed by the financial institution concerned of RM4.395 million via its latest loan statement as at 31 December 2010. 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 statement of financial position financial instruments**

There were no financial instruments with off statement of financial position risk as at 18 August 2011 (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 18 August 2011 (the latest practicable date which is not earlier than 7 days from the-date of issue of this quarterly report) except the following:

On 11 January 2011, the Company announced that the Company and its 70% owned subsidiary, Wangi KMB Bhd (“WKMB”) had been ordered by the High Court to pay a sum of approximately RM1.609 million with interest to CIMB Bank Berhad (“CIMB”) on 3 January 2011.

On 19 December 2008, CIMB issued a notice of demand to the Company and WKMB for the amount outstanding of approximately RM1.706 million which is secured by the development land in Malacca project. However, the Company and WKMB have been negotiating with CIMB for the best settlement scheme. Despite the negotiation has been on-going, a writ of summon was filed to Malacca High Court by CIMB on 28 April 2009 via its lawyer for the amount outstanding of approximately RM1.706 million with interest of 7.55% per annum.

On 3 January 2011, the lawyer representing SKW and WKMB had informed via its letter that Court had ordered the Company and WKMB to pay approximately RM1.609 million calculated as at 30 June 2010 together with interest and costs.

On 13 July 2011, CIMB issued a Letter of Offer on the proposed settlement as follows:-

- (i) a payment of RM370,000 payable within 14 days from the acceptance of the Letter of Offer; and
- (ii) The balance outstanding payable within 30 months by installments of RM55,000 or redemption of properties.

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**B12 Dividends**

The Board of Directors has not recommended any interim dividend for the year ended 30 June 2011.

**B13 Earnings/ (Loss) per share**

**(i) Basic earnings/ (loss) per share**

The calculation of basic earnings/ (loss) per share for the current quarter and financial year-to-date 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 year-to-date.

	<b>Current Quarter Ended 30-Jun-11</b>	<b>Comparative Quarter Ended 30-Jun-10</b>	<b>6 Months Cumulative To Date 30-Jun-11</b>	<b>Comparative Cumulative To Date 30-Jun-10</b>
Net (loss)/profit for the period (RM '000)	(607)	3,256	(2,381)	3,704
Weighted average number of ordinary shares in issue ('000)	42,553	42,553	42,553	42,553
Basic (loss)/earnings per share (sen)	(1.43)	7.65	(5.60)	8.70

**(ii) Diluted profit / (loss) per share**

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

**B14 Breakdown of realized and unrealized profits/ (losses)**

The breakdown of the Group's realised and unrealised accumulated losses are as follows:-

	<b>30-Jun-11 RM'000</b>	<b>31-Dec-10 RM'000</b>
Total retained profits/ (accumulated losses) of the Group		
- Realised	(57,899)	(55,681)
- Unrealised	90	90
Less: Consolidation adjustments	6,035	6,198
Total Group retained profits/ (accumulated losses)	<u><u>(51,774)</u></u>	<u><u>(49,393)</u></u>

**B15 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 18 August 2011.