



SCANWOLF CORPORATION BERHAD (740909-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 30 JUNE 2011

20 August 2011



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 June 2011
(The figures have not been audited)

	Individual Quarter 3 months ended 30-Jun		Cumulative Quarter 3 months ended 30-Jun	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	10,070	10,879	10,070	10,879
Other operating income	28	22	28	22
Operating expenses	(9,513)	(9,476)	(9,513)	(9,476)
Depreciation & amortisation	(592)	(892)	(592)	(892)
Finance costs	(21)	(8)	(21)	(8)
(Loss)/profit before taxation	(28)	525	(28)	525
Taxation	-	(39)	-	(39)
(Loss)/profit for the period/ Total comprehensive income for the period	(28)	486	(28)	486
Total comprehensive income				
Attributable to :				
Equity holders of the Company	(16)	486	(16)	486
Non-controlling interest	(12)	-	(12)	-
	(28)	486	(28)	486
(Loss)/earnings per share				
attributable to equity holder of the				
Basic (sen)	(0.02)	0.61	(0.02)	0.61

Note:

The unaudited condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the Interim Financial Report.



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Financial Position
As at 30 June 2011
(The figures have not been audited)

	As at 30 June 2011 RM'000	(Audited) As at 31 March 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,694	27,052
Other investment	145	145
Total non-current assets	26,839	27,197
Current assets		
Inventories	11,235	9,986
Trade receivables	12,303	12,204
Other receivables, deposit and prepayment	1,941	940
Current tax assets	755	677
Cash and bank balances	1,825	3,406
Total current assets	28,059	27,213
TOTAL ASSETS	54,898	54,410
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Reserves	5,318	5,838
Non-controlling interest	37	-
Total Equity	45,355	45,838
Non-current liabilities		
Hire purchase payables	35	69
Deferred taxation	3,475	3,475
Total non-current liabilities	3,510	3,544
Current liabilities		
Trade payables	1,855	2,751
Other payables	1,314	1,591
Hire purchase payables	199	236
Borrowings	2,665	450
Total current liabilities	6,033	5,028
Total liabilities	9,543	8,572
TOTAL EQUITY AND LIABILITIES	54,898	54,410
Net Assets per share (RM)	0.58	0.58

Note:

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the Interim Financial Report.



Scanwolf Corporation Berhad (Company no: 740909-T)
 Condensed Consolidated Statement of Changes in Equity
 For the first quarter ended 30 June 2011
 (The figures have not been audited)

	Non-distributable					Distributable		Non-controlling interest RM'000	Total RM'000
	Share Capital RM'000	Reverse Acquisition Reserve RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Revaluation Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000		
As at 31 March 2011	40,000	(19,524)	2,035	44	1,483	(1,029)	22,829	-	45,838
Additional non-controlling interest arising acquisition of the Scanwolf Development Sdn Bhd	-	-	-	-	-	-	-	49	49
Purchase of treasury shares	-	-	-	-	-	(504)	-	-	(504)
Total comprehensive income	-	-	-	-	-	-	(16)	(12)	(28)
As at 30 June 2011	40,000	(19,524)	2,035	44	1,483	(1,533)	22,813	37	45,355

Note:

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the Interim Financial Report.



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Cash Flows
For the first quarter ended 30 June 2011
(The figures have not been audited)

Note	Cumulative 3 months ended 30 June	
	2011 RM'000	2010 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	(28)	525
Adjustments for:		
Depreciation of property, plant and equipment	592	892
Finance costs	21	8
	<u>585</u>	<u>1,425</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(1,248)	(679)
Trade receivables & other receivables	(1,099)	(1,778)
(Decrease)/Increase in:		
Trade payables and other payables	(1,174)	347
	<u>(1,174)</u>	<u>347</u>
Cash Generated From Operations	(2,936)	(685)
Income tax refunded	-	82
Income tax paid	(78)	(57)
	<u>(78)</u>	<u>(57)</u>
Net Cash Used In Operating Activities	<u>(3,014)</u>	<u>(660)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Net cash inflow on acquisition of a subsidiary	49	-
Purchase of property, plant and equipment	(234)	(254)
	<u>(234)</u>	<u>(254)</u>
Net Cash Used In Investing Activities	<u>(185)</u>	<u>(254)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from/(Repayment of) bankers' acceptances	2,215	(224)
Repurchase of own shares	(504)	-
Finance costs paid	(21)	(8)
Repayment of hire-purchase payables	(72)	(110)
	<u>(72)</u>	<u>(110)</u>
Net Cash Used In Financing Activities	<u>1,618</u>	<u>(342)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,581)	(1,256)
CASH AND CASH EQUIVALENTS AT BEGINNING	3,406	3,671
CASH AND CASH EQUIVALENTS AT END	A14 <u>1,825</u>	<u>2,415</u>

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the Interim Financial Report.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 June 2011
(The figures have not been audited)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards ("FRS") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Listing Requirements of Bursa Malavsia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2011. These explanatory notes attached to the condensed consolidated interim financial report provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2011.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2011.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010.

FRS 1 First-time Adoption of Financial Reporting Standards (revised)
FRS 3 Business Combinations (revised)
FRS 127 Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2 Share-based Payment
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138 Intangible Assets
IC Interpretation 12 Service Concession Arrangements
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners

FRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Additional Exemptions for First-time Adopters
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7 Improving Disclosures about Financial Instruments
Improvements to FRSs (2010)
IC Interpretation 4 Determining whether an Arrangement contains a Lease
IC Interpretation 18 Transfers of Assets from Customers
Technical Release 3 Guidance on Disclosures of Transition to IFRSs

The application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

Scanwolf Corporation Berhad (Company no: 740909-T)

Notes To The Interim Report

For the first quarter ended 30 June 2011

(The figures have not been audited)

The Group has not applied the following accounting standards (including its consequential amendments) and Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

	Effective Date
FRS 124 Related Party Disclosures	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011

The initial application of the other FRSs, Amendments to FRSs and Interpretations is not expected to have any material impact on the financial statements of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 March 2011 was not subject to any qualification.

3. Comments about Seasonality or Cyclicity of Operations

Normally the Group experiences lower sales during the first half of the financial year.

4. 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 for the current quarter under review.

5. Changes in estimates

There were no changes in estimates of amounts which have a material effect in the current quarter under review.

6. Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter.

As at 30 June 2011, the number of treasury shares held is 3,793,700 ordinary shares.

7. Dividend paid

No dividend paid during this quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 June 2011
(The figures have not been audited)

8. Segmental information

Segmental information for the Group by primary format, business segment is presented as follows:

Business Segment	3 Months ended 30 June 2011 RM'000	3 Months ended 30 June 2010 RM'000
<u>Revenue</u>		
Manufacturing	9,345	9,760
Trading	725	1,119
	<u>10,070</u>	<u>10,879</u>
<u>Segment Results</u>		
Manufacturing	(54)	478
Trading	47	55
	<u>(7)</u>	<u>533</u>
Finance cost	(21)	(8)
	<u>(28)</u>	<u>525</u>
Income tax expense	-	(39)
(Loss)/Profit from operations	<u>(28)</u>	<u>486</u>
<u>Geographical Segments</u>		
<u>Revenue</u>		
<u>Export Market</u>		
Asia	4,110	4,387
Middle East	1,470	2,097
Africa	118	61
Oceania	245	131
Others	106	49
	<u>6,049</u>	<u>6,725</u>
Malaysia	4,021	4,154
	<u>10,070</u>	<u>10,879</u>

9. Valuation of property, plant and equipment

There were no valuation of the property, plant and equipment in the current quarter under review.

10. Material events subsequent to the end of the quarter

In the opinion of the Directors, there were no material events between the end of the current quarter and the date of this report, which is likely to substantially affect the current quarter results under review.

11. Changes in the composition of the Group

On 9 March 2011, the Company incorporated a wholly-owned subsidiary company, Scanwolf Properties Sdn. Bhd. ("SPSB") with authorised share capital of RM100,000 of RM1 each and issued and fully paid-up share capital of RM2. SPSB is principally involved in property development and as an investment holding company. However, the allotment of shares was only effected on 1 April 2011. On 4 May 2011, the Company subscribed additional 99,998 ordinary shares of RM1 each in SPSB. The effective equity interest of the Company remained at 100%.

On 1 April 2011, the wholly-owned subsidiary company, SPSB acquired 51,000 ordinary shares of RM1 each, representing 51% of the total issued and fully paid-up share capital of Scanwolf Development Sdn. Bhd ("SDSB") for a total consideration of RM51,000. SDSB is principally involved in property development.

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Notes To The Interim Report
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(The figures have not been audited)

12. Contingent liabilities

The Group has no contingent liabilities which upon crystallisation would have a material impact on the financial position and business of the Group as at 16 August 2011, (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

13. Capital commitments

As at 16 August 2011 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results), the commitment for capital expenditure by the Group which might have a material impact on the financial position or business of the Group.

	RM'000
Approved but not contracted for:	
Acquisition of lease industrial land in Vietnam	1,603
Approved and contracted for:	
Motor vehicles	1,151
	<u>2,754</u>

14. Cash and cash equivalents

	As at 30 June 2011 RM'000	As at 30 June 2010 RM'000
Cash & bank balances	<u>1,825</u>	<u>2,415</u>

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

	3 Months 30 June 2011 RM'000	3 Months 30 June 2010 RM'000	Variation %
Revenue	10,070	10,879	-7.4%
(Loss)/profit before taxation	<u>(28)</u>	<u>525</u>	-105.3%

The Group registered a lower revenue for this quarter as compared to the corresponding period of the last financial year due to lower demand from the overseas customers and the further weakening of the USD against the RM.

As a result the Group recorded a loss before taxation of RM28,000 as compared to a profit before taxation of RM525,000 achieved in the corresponding period of the last financial year due mainly to the weaker USD and higher material cost.

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Notes To The Interim Report
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(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 30 June 2011 RM'000	Preceding quarter ended 31 March 2011 RM'000	Variation %
Revenue	10,070	9,339	7.8%
Loss before taxation	<u>(28)</u>	<u>(681)</u>	95.9%

The Group revenue increased by 8% during the current quarter as compared to the immediate preceding quarter was mainly due to higher contribution from the local market, Malaysia. The current quarter under review recorded a lower loss before tax which is mainly due to higher revenue achieved in the current quarter.

3. Prospects

Even though the short term business conditions are expected to remain challenging, the Group believes its prospects going forward are good. The Group will continue to focus on expanding its customer base and enhancing operating efficiencies to sustain positive performance in this financial year.

To diversify its revenue stream over the longer term, the Group has ventured into property development business by entering into a joint venture with a third party to undertake a development project to develop 44 units of three storey shop office buildings in the district of Kampar, Perak. This joint venture project will contribute positively to the Group results in the future.

4. Profit forecast and profit guarantee

The Company did not issue any profit forecast or profit guarantee in this quarter and financial year to date.

5. Taxation

No provision for taxation provided as the Group incurred loss in the current quarter.

6. Unquoted investments and properties

There were no changes in the unquoted investments and properties of the Group during the current quarter under review.

7. Quoted securities

	30 June 2011 RM'000	31 March 2011 RM'000
Shares quoted in Malaysia		
- Cost	101	101
- Carrying value/market value	<u>145</u>	<u>145</u>

8. Group's borrowings and debt securities

	30 June 2011 RM'000	31 March 2011 RM'000
Secured:		
Bankers' acceptances	<u>2,665</u>	<u>450</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
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(The figures have not been audited)

9. Realised and unrealised profits or losses

	30 June 2011	31 March 2011
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	25,573	25,589
- Unrealised	(2,760)	(2,760)
	<u>22,813</u>	<u>22,829</u>

10. Off balance sheet financial instruments

As at 16 August 2011, the Group has entered into forward foreign currency contracts to sell USD for Ringgit in respect of the Group's sales.

The details of the foreign exchange forward contracts are as follows:

	Amount in original currency	Average Contract Rate	Contract Value
	USD		RM
Less than 1 year	750,000	3.06	2,295,000

11. Material litigation

Neither the Company nor its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

12. Dividends

The Directors recommend the payment of a final tax exempt dividend of 4% or 2 sen per share for financial year ended 31 March 2011, which was approved by the shareholders at the Fifth Annual General Meeting held on 20 August 2011.

The entitlement date is 9 September 2011 and is payable on 22 September 2011.

13. Earnings per share

Basic earnings per share is calculated by dividing net profit attributable to ordinary equity holders by the weighted average number of ordinary shares (excluding treasury shares) in issue during the period.

Weighted average number of ordinary shares for calculation of basic earnings per share:

	3 months ended	Year to Date
	30 June 2011	30 June 2011
	RM'000	RM'000
Net loss attributable to shareholders	(16)	(16)
Weighted average number of ordinary shares	78,451	78,451
Basic loss per share (sen)	<u>(0.02)</u>	<u>(0.02)</u>

13. Corporate proposals

There were no corporate proposals announced in this quarter and financial year to date.

14. Authorisation for issue

The unaudited interim financial reports were authorised for issue by the Board of Directors.

By order of the Board

Loo Bin Keong
Chief Executive Director
20 August 2011