



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2011

26 November 2011



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

	Individual Quarter 3 months ended 30 Sept		Cumulative Quarter 6 months ended 30 Sept	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	9,824	10,363	19,894	21,242
Other operating income	288	22	316	44
Operating expenses	(8,791)	(8,598)	(18,304)	(18,074)
Depreciation & amortisation	(1,170)	(840)	(1,762)	(1,732)
Finance costs	(69)	(9)	(90)	(17)
Profit before taxation	82	938	54	1,463
Taxation	-	(87)	-	(126)
Profit for the period	82	851	54	1,337
Comprehensive income				
Profit for the period	82	851	54	1,337
Fair value loss on available-for-sale investments	(34)	-	(34)	-
Total comprehensive income	48	851	20	1,337
Total comprehensive income				
Attributable to :				
Equity holders of the Company	64	851	48	1,337
Non-controlling interest	(16)	-	(28)	-
	48	851	20	1,337
Earnings per share attributable to equity holder of the Company:				
Basic (sen)	0.11	1.07	0.07	1.68

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 September 2011
(The figures have not been audited)

	As at 30 Sept 2011 RM'000	(Audited) As at 31 March 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,777	27,052
Other investment	111	145
Total non-current assets	<u>27,888</u>	<u>27,197</u>
Current assets		
Inventories	10,606	9,986
Property development costs	95	-
Trade receivables	11,869	12,204
Other receivables, deposit and prepayment	4,166	940
Current tax assets	807	677
Cash and bank balances	2,749	3,406
Total current assets	<u>30,292</u>	<u>27,213</u>
TOTAL ASSETS	<u>58,180</u>	<u>54,410</u>
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Reserves	3,757	5,838
Non-controlling interest	21	-
Total Equity	<u>43,778</u>	<u>45,838</u>
Non-current liabilities		
Hire purchase payables	1,099	69
Deferred taxation	3,475	3,475
Total non-current liabilities	<u>4,574</u>	<u>3,544</u>
Current liabilities		
Trade payables	1,916	2,751
Other payables	1,105	1,591
Hire purchase payables	336	236
Borrowings	6,471	450
Total current liabilities	<u>9,828</u>	<u>5,028</u>
Total liabilities	14,402	8,572
TOTAL EQUITY AND LIABILITIES	<u>58,180</u>	<u>54,410</u>
Net Assets per share (RM)	<u>0.56</u>	<u>0.58</u>

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 second quarter ended 30 September 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
Purchase of treasury shares	-	-	-	-	-	(76)	-	-	(76)
Dividend paid	-	-	-	-	-	-	(1,521)	-	(1,521)
Total comprehensive income	-	-	-	(34)	-	-	70	(16)	20
As at 30 Sept 2011	40,000	(19,524)	2,035	10	1,483	(1,609)	21,362	21	43,778

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 second quarter ended 30 September 2011
(The figures have not been audited)

	Note	Cumulative 6 months ended 30 Sept	
		2011 RM'000	2010 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before taxation		54	1,463
Adjustments for:			
Depreciation of property, plant and equipment		1,762	1,732
Gain in disposal of property, plant and equipment		(279)	-
Finance costs		90	17
		<u>1,627</u>	<u>3,212</u>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(619)	(2,053)
Property development costs		(95)	-
Trade receivables & other receivables		(2,892)	(1,182)
(Decrease)/Increase in:			
Trade payables and other payables		(1,350)	(678)
		<u>(3,329)</u>	<u>(701)</u>
Cash Generated From Operations		(3,329)	(701)
Income tax refunded		-	82
Income tax paid		(130)	(143)
		<u>(130)</u>	<u>(143)</u>
Net Cash Used In Operating Activities		<u>(3,459)</u>	<u>(762)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Net cash inflow on acquisition of a subsidiary		49	-
Proceeds from disposal of property, plant and equipment		279	-
Purchase of property, plant and equipment		(1,186)	(506)
		<u>(1,186)</u>	<u>(506)</u>
Net Cash Used In Investing Activities		<u>(858)</u>	<u>(506)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from/(Repayment of) bankers' acceptances		6,021	868
Repurchase of own shares		(580)	(147)
Finance costs paid		(90)	(17)
Dividend paid		(1,521)	(1,191)
Repayment of hire-purchase payables		(170)	(182)
		<u>(170)</u>	<u>(182)</u>
Net Cash Generated From/(Used In) Financing Activities		<u>3,660</u>	<u>(669)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(657)</u>	<u>(1,937)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING		3,406	3,671
CASH AND CASH EQUIVALENTS AT END	A14	<u><u>2,749</u></u>	<u><u>1,734</u></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 second quarter ended 30 September 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 Malaysia 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
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(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

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.

New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Framework

To converge with International Financial Reporting Standards (IFRSs) in 2012, the Malaysian Accounting Standards Board (MASB) had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group will be considering the implications of the new MFRS Framework on its financial statements in due course.

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 September 2011, the number of treasury shares held is 3,964,000 ordinary shares.

7. Dividend paid

A final tax exempt dividend of 4% or 2.0 sen per share for financial year ended 31 March 2011 amounting to RM1,520,720 was paid on 22 September 2011.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
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(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	6 Months ended 30 Sept 2011 RM'000	6 Months ended 30 Sept 2010 RM'000
<u>Revenue</u>		
Manufacturing	19,894	19,208
Trading	1,587	2,034
Property development	-	-
	<u>19,894</u>	<u>21,242</u>
<u>Segment Results</u>		
Manufacturing	25	1,284
Trading	178	196
Property development	(59)	-
	<u>144</u>	<u>1,480</u>
Finance cost	(90)	(17)
	<u>54</u>	<u>1,463</u>
Income tax expense	-	(126)
Profit from operations	<u>54</u>	<u>1,337</u>
<u>Geographical Segments</u>		
<u>Revenue</u>		
<u>Export Market</u>		
Asia	7,428	7,809
Middle East	3,815	4,772
Africa	308	204
Oceania	379	433
Others	86	105
	<u>12,016</u>	<u>13,323</u>
Malaysia	<u>7,878</u>	<u>7,919</u>
	<u>19,894</u>	<u>21,242</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

There were no changes in the composition of the Group since the last quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the second quarter ended 30 September 2011
(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 24 November 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 24 November 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	<u>1,330</u>

14. Cash and cash equivalents

	As at 30 Sept 2011 RM'000	As at 30 Sept 2010 RM'000
Cash & bank balances	<u>2,749</u>	<u>1,734</u>

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

1. Review of performance

	6 Months 30 Sept 2011 RM'000	6 Months 30 Sept 2010 RM'000	Variation %
Revenue	19,894	21,242	-6.3%
Profit before taxation	<u>54</u>	<u>1,463</u>	-96.3%

The Group registered a lower revenue for the two quarters ended 30 September 2011 as compared to the corresponding period of the last financial year due to lower demand from the overseas customers.

The Group recorded a profit before taxation of RM54,000 as compared to a profit before taxation of RM1.4 million achieved in the corresponding period of the last financial year mainly due to higher material and chemicals cost in Manufacturing division and a loss of RM59,000 recorded in the Property division.

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Notes To The Interim Report
For the second quarter ended 30 September 2011
(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 30 Sept 2011 RM'000	Preceding quarter ended 31 March 2011 RM'000	Variation %
Revenue	9,824	10,070	-2.4%
Profit/(loss) before taxation	<u>82</u>	<u>(28)</u>	-392.9%

The Group revenue decreased by 2% during the current quarter as compared to the immediate preceding quarter was mainly due to lower contribution from the overseas market. The current quarter under review recorded a profit before tax despite recognising RM59,000 loss incurred by the Property division which is in its pre-millinery stage of development.

3. Prospects

In the light of the uncertainties brought about by the ongoing European Union sovereign debt crisis, the Group will continue to focus on expanding its customer base and enhancing operating efficiencies so as to remain profitable for the rest of the financial year.

To diversify its revenue stream, 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 next financial year.

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 due to utilisation of capital allowances.

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 Sept 2011 RM'000	31 March 2011 RM'000
Shares quoted in Malaysia		
- Cost	101	101
- Carrying value/market value	<u>111</u>	<u>145</u>

8. Group's borrowings and debt securities

	30 Sept 2011 RM'000	31 March 2011 RM'000
Secured:		
Bankers' acceptances	<u>6,471</u>	<u>450</u>

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

9. Realised and unrealised profits or losses

	30 Sept 2011	31 March 2011
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	24,122	25,589
- Unrealised	<u>(2,760)</u>	<u>(2,760)</u>
	<u>21,362</u>	<u>22,829</u>

10. Off balance sheet financial instruments

As at 24 November 2011, the Group has entered into a forward foreign currency contracts to sell USD

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	2,000,000	3.08	6,160,000

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

No dividend is proposed in this quarter.

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

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

	3 months ended	Year to Date
	30 Sept 2011	30 Sept 2011
Net profit attributable to shareholders (RM'000)	82	54
Weighted average number of ordinary shares ('000)	77,796	78,122
Basic earning per share (sen)	<u>0.11</u>	<u>0.07</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

26 November 2011