



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2011

25 February 2012



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 December 2011
(The figures have not been audited)

	Individual Quarter 3 months ended 31 Dec		Cumulative Quarter 9 months ended 31 Dec	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	8,955	11,110	28,849	32,352
Other operating income	23	164	339	208
Operating expenses	(8,521)	(9,301)	(26,825)	(27,375)
Depreciation & amortisation	-	-	-	-
Finance costs	(611)	(850)	(2,373)	(2,582)
	(84)	(16)	(174)	(33)
(Loss)/Profit before taxation	(238)	1,107	(184)	2,570
Taxation	-	(33)	-	(159)
(Loss)/Profit for the period	(238)	1,074	(184)	2,411
Other comprehensive income				
Fair value gain/(loss) on available-for-sale investments	13	10	(21)	10
Total comprehensive income	(225)	1,084	(205)	2,421
(Loss)/Profit attribute to:				
Equity holders of the Company	(216)	1,074	(134)	2,411
Non-controlling interest	(22)	-	(50)	-
	(238)	1,074	(184)	2,411
Total comprehensive income attributable to :				
Equity holders of the Company	(203)	1,084	(155)	2,421
Non-controlling interest	(22)	-	(50)	-
	(225)	1,084	(205)	2,421
Earnings per share attributable to equity holder of the Company:				
Basic (loss)/earning per pershare (sen)	(0.28)	1.36	(0.17)	3.03

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 31 December 2011
(The figures have not been audited)

	As at 31 Dec 2011 RM'000	(Audited) As at 31 March 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,459	27,052
Other investment	124	145
Total non-current assets	27,583	27,197
Current assets		
Inventories	10,311	9,986
Trade receivables	12,120	12,204
Other receivables, deposit and prepayment	6,246	940
Property development costs	373	-
Current tax assets	816	677
Cash and bank balances	2,425	3,406
Total current assets	32,291	27,213
TOTAL ASSETS	59,874	54,410
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Reserves	3,575	5,838
	43,575	45,838
Non-controlling interest	(1)	-
Total Equity	43,574	45,838
Non-current liabilities		
Hire purchase payables	1,190	69
Deferred taxation	3,475	3,475
Total non-current liabilities	4,665	3,544
Current liabilities		
Trade payables	1,470	2,751
Other payables	2,486	1,591
Hire purchase payables	382	236
Borrowings	7,297	450
Total current liabilities	11,635	5,028
Total liabilities	16,300	8,572
TOTAL EQUITY AND LIABILITIES	59,874	54,410
Net Assets per share (RM)	0.56	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 third quarter ended 31 December 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 1 April 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)	-	-	98	(16)	48
As at 30 September 2011	40,000	(19,524)	2,035	10	1,483	(1,609)	21,390	21	43,806
Purchase of treasury shares	-	-	-	-	-	(7)	-	-	(7)
Total comprehensive income	-	-	-	13	-	-	(216)	(22)	(225)
As at 31 December 2011	40,000	(19,524)	2,035	23	1,483	(1,616)	21,174	(1)	43,574

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 third quarter ended 31 December 2011
(The figures have not been audited)

	Note	Cumulative	
		9 months ended 31 Dec 2011	2010
		RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before taxation		(184)	2,570
Adjustments for:			
Depreciation of property, plant and equipment		2,373	2,582
Gain in disposal of property, plant and equipment		(279)	(147)
Property, plant and equipment written off		-	19
Tax penalty		-	2
Finance costs		174	33
		<u>2,084</u>	<u>5,059</u>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(324)	(1,579)
Trade receivables & other receivables		(5,223)	(2,072)
Property development costs		(373)	-
Trade payables and other payables		(387)	1
		<u>(4,223)</u>	<u>1,409</u>
Cash Generated From Operations		(4,223)	1,409
Income tax refunded		-	89
Income tax paid		(139)	(228)
		<u>(4,362)</u>	<u>1,270</u>
Net Cash (Used In)/Generated From Operating Activities		<u>(4,362)</u>	<u>1,270</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Net cash inflow on acquisition of a subsidiary		49	-
Payment to acquire available-for-sale investments		-	(101)
Proceeds from disposal of property, plant and equipment		279	147
Purchase of property, plant and equipment		(1,230)	(1,261)
		<u>(902)</u>	<u>(1,215)</u>
Net Cash Used In Investing Activities		<u>(902)</u>	<u>(1,215)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from bankers' acceptances		6,847	108
Repurchase of own shares		(586)	(356)
Finance costs paid		(174)	(33)
Dividend paid		(1,521)	(1,191)
Repayment of hire-purchase payables		(283)	(206)
		<u>4,283</u>	<u>(1,678)</u>
Net Cash Generated From/(Used In) Financing Activities		<u>4,283</u>	<u>(1,678)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(981)</u>	<u>(1,623)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING		<u>3,406</u>	<u>3,671</u>
CASH AND CASH EQUIVALENTS AT END	A14	<u><u>2,425</u></u>	<u><u>2,048</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 third quarter ended 31 December 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.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2011 save for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations that are mandatory for the Group for the financial year commencing 1 April 2011:

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 Distributions of Non-Cash Assets to Owner
Amendments to FRS 132 Classification of Rights Issues
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 FRS 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
TRi - 3 Guidance on Disclosure of Translation to IFRSs
TRi - 4 Shariah Compliant Sale Contracts
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement
FRS 112 Income Taxes - Deferred Tax: Recovery of Underlying Assets
FRS 7 Financial Instruments Disclosures - Transfers of Financial Assets
FRS 9 Financial Instruments
Amendments to FRS 101 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of Interest in Other Entities
FRS 13 Fair Value Measurement
Amendments to FRS 119 Employee Benefits
Amendments to FRS 127 Separate Financial Statements
Amendments to FRS 128 Investment in Associates and Joint Ventures

The adoption of these new FRSs, amendments and IC Interpretation will have no material impact on the financial statements 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 Cyclicalities 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 31 December 2011, the number of treasury shares held is 3,983,000 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 third quarter ended 31 December 2011
(The figures have not been audited)

8. Segmental information

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

	9 Months ended 31 Dec 2011 RM'000	9 Months ended 31 Dec 2010 RM'000
Business Segment		
Revenue		
Manufacturing	26,569	29,558
Trading	2,280	2,794
Property development	-	-
	<u>28,849</u>	<u>32,352</u>
Segment Results		
Manufacturing	(205)	2,275
Trading	246	328
Property development	(51)	-
	<u>(10)</u>	2,603
Finance cost	(174)	(33)
	<u>(184)</u>	2,570
Income tax expense	-	(159)
Profit from operations	<u>(184)</u>	<u>2,411</u>
Geographical Segments		
Revenue		
<i>Export Market</i>		
Asia	11,158	11,260
Middle East	4,898	8,138
Africa	282	279
Oceania	584	558
Others	301	208
	<u>17,223</u>	<u>20,443</u>
Malaysia	11,626	11,909
	<u>28,849</u>	<u>32,352</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.

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 23 February 2012, (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 23 February 2012 (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.

Approved but not contracted for:

Acquisition of lease industrial land in Vietnam

RM'000

1,296

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 2011
(The figures have not been audited)

14. Cash and cash equivalents

	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
Cash & bank balances	<u>2,425</u>	<u>2,048</u>

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

1. Review of performance

	Current quarter ended 31 Dec 2011	Preceding quarter ended 31 Dec 2010	9 Months 31 Dec 2011 RM'000	9 Months 31 Dec 2010 RM'000	Variation %
Revenue	8,955	11,110	28,849	32,352	10.8%
Profit before taxation	<u>(238)</u>	<u>1,107</u>	<u>(184)</u>	<u>2,570</u>	-107.2%

For the third quarter ended 31 December 2011, the Group registered a revenue of RM8.9 million which was lower by RM2.2 million (20%) as compared to the preceding year corresponding quarter.

The decrease is mainly due to decrease in sales volume in both the Manufacturing and Trading Divisions to its overseas customers.

With the drop of revenue by RM2.2 million, the Group recorded a loss before tax of RM238,000 as compared to a profit before tax of RM1.1 million in the preceding year corresponding quarter.

The Group registered a lower revenue for the current period ended 31 December 2011 as compared to the corresponding period of the last financial year due to decrease in sales volume in both the Manufacturing and Trading Divisions to its overseas customers by approximately RM3.5 million or a drop of approximately 10%.

In both the Manufacturing and Trading Divisions, the Group was able to sustain its revenue in the Malaysian market. The drop in the export revenue was mainly attributable from the Middle East market which was caused by the "Arab spring" turmoil.

The Group did not record any revenue from the Property Division as the project is still in its preliminary development stage.

The Group recorded a loss before taxation of RM184,000 as compared to a profit before taxation of RM2.6 million achieved in the corresponding period of the last financial year.

In the Trading Division, the Group recorded a profit before tax of RM246,000 during the period as compared to profit before tax of RM328,000 in previous year corresponding period. The lower profit recorded during the current period was mainly due to lower revenue as compared to the corresponding period of the last financial year.

In the Manufacturing Division, the Group recorded a loss before taxation of RM0.2 million in the current period as compared to a profit before taxation of RM2.3 million achieved in the corresponding period of the last financial year mainly due to lower revenue recorded as explained above. Furthermore material and chemical cost was higher than the increase in selling price and this has reduced the gross profit margin.

In the Property Division, the Group recorded a loss of RM51,000 because the project is still in its preliminary development stage.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 2011
(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 31 Dec 2011 RM'000	Preceding quarter ended 30 Sept 2011 RM'000	Variation %
Revenue	8,955	9,824	-8.8%
(Loss)/Profit before taxation	<u>(238)</u>	<u>82</u>	-390.2%

The Group revenue in the Manufacturing Division decreased by 8% during the current quarter as compared to the preceding quarter was mainly due to lower sales order from the overseas market especially from the Middle East countries, caused by the "Arab spring" turmoil.

The Group did not record any revenue yet from its Property Division in both the current and preceding quarter as the project was still in its preliminary development stage.

The current quarter of the Group under review recorded a loss before tax of RM238,000 compared to a profit before tax of RM82,000 in the preceding quarter.

In the Manufacturing Division, the Group recorded a loss before tax of RM205,000 as compared to a profit before tax of RM25,000 was mainly due to decrease in revenue as explained above. The gross profit margin remains unchanged in both the current and preceding quarter.

In the Trading Division, the Group recorded a profit before tax of RM68,000 during the current quarter as compared to a profit before tax of RM131,000 in the preceding quarter due to decrease in revenue, which is in line with decrease in revenue in the Manufacturing Division. The gross profit margin remains unchanged in both the current and preceding quarter.

In the Property Division, the Group recorded a breakeven in the current quarter while a loss of RM59,000 was recorded in preceding quarter.

3. Prospects

For the final quarter ending 31 March 2012, the Group will continue to improve operating efficiency and contain cost which will help to alleviate the negative impact of external forces and volatility of input costs. The Group does not expect any operating profit from the Property Division as the development of the project is still in its preliminary stage. All said, the operating results of the Group are expected to be much lower than that of the last 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. Group's borrowings and debt securities

	31 Dec 2011 RM'000	31 March 2011 RM'000
Secured:		
Bankers' acceptances	<u>7,297</u>	<u>450</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 2011
(The figures have not been audited)

7. Realised and unrealised profits or losses

	31 Dec 2011 RM'000	31 March 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	23,934	25,589
- Unrealised	(2,760)	(2,760)
	<u>21,174</u>	<u>22,829</u>

8. 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.

9. Dividends

No dividend is proposed in this quarter.

10. 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 31 Dec 2011	Year to Date 31 Dec 2011
Loss attributable to shareholders (RM'000)	(216)	(134)
Weighted average number of ordinary shares ('000)	77,743	77,996
Basic loss per share (sen)	<u>(0.28)</u>	<u>(0.17)</u>

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Dec 2011 RM'000	Year to Date 31 Dec 2011 RM'000
The (Loss)/Profit has been arrived at after accounting for the following items		
(a) Interest income	-	2
(b) Other income including investment income	23	339
(c) Interest expense	86	174
(d) Depreciation and amortization	611	2,373
(e) Provision for and write off of receivable	-	1
(f) Provision for and write off of inventories	-	-
(g) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of asset	-	-
(i) Foreign exchange gain/(loss)	55	80
(j) Gain or loss on derivatives	-	-
(k) Exceptional item	-	-

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 2011
(The figures have not been audited)

12. Corporate proposals

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

13. 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

25 February 2012