



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 30 JUNE 2013

24 August 2013



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 June 2013
(The figures have not been audited)

| | Individual Quarter 3 months ended 30 June | | Cumulative Quarter 3 months ended 30 June | |
|-------------------------------------------------------------------------|-------------------------------------------------|----------------|-------------------------------------------------|----------------|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Revenue | 10,552 | 9,257 | 10,552 | 9,257 |
| Other operating income | 7 | 16 | 7 | 16 |
| Operating expenses | (9,234) | (9,586) | (9,234) | (9,586) |
| Depreciation & amortisation | (867) | (935) | (867) | (935) |
| Finance costs | (287) | (129) | (287) | (129) |
| Profit/(loss) before taxation | 171 | (1,377) | 171 | (1,377) |
| Taxation | (119) | | (119) | - |
| Profit/(loss) for the period | 52 | (1,377) | 52 | (1,377) |
| Other comprehensive loss | | | | |
| Fair value loss on available-for-sale investments | - | (23) | - | (23) |
| Total comprehensive income/(loss) | 52 | (1,400) | 52 | (1,400) |
| Income/(loss) attribute to: | | | | |
| Equity holders of the Company | (122) | (1,473) | (122) | (1,473) |
| Non-controlling interest | 174 | 96 | 174 | 96 |
| | 52 | (1,377) | 52 | (1,377) |
| Total comprehensive income/(loss) attributable to : | | | | |
| Equity holders of the Company | (122) | (1,496) | (122) | (1,496) |
| Non-controlling interest | 174 | 96 | 174 | 96 |
| | 52 | (1,400) | 52 | (1,400) |
| Earnings per share attributable to equity holder of the Company: | | | | |
| Loss per per share (sen) | (0.16) | (1.93) | (0.16) | (1.93) |

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 2013 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 2013
(The figures have not been audited)

| | As at 30 June 2013 RM'000 | (Audited) As at 31 March 2013 RM'000 |
|--------------------------------------|------------------------------------------|---------------------------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 25,446 | 26,261 |
| Land held for property development | 13,277 | 13,277 |
| Trade receivables | 1,466 | 1,741 |
| Total non-current assets | 40,189 | 41,279 |
| Current assets | | |
| Inventories | 9,788 | 8,828 |
| Trade and other receivables | 16,982 | 15,643 |
| Property development projects | 14,207 | 12,900 |
| Current tax assets | 271 | 444 |
| Cash and bank balances | 2,018 | 3,886 |
| Total current assets | 43,266 | 41,701 |
| TOTAL ASSETS | 83,455 | 82,980 |
| EQUITY AND LIABILITIES | | |
| Share capital | 40,000 | 40,000 |
| Reserves | 1,784 | 1,906 |
| | 41,784 | 41,906 |
| Non-controlling interest | 332 | 158 |
| Total Equity | 42,116 | 42,064 |
| Non-current liabilities | | |
| Hire purchase payables | 870 | 957 |
| Borrowings | 5,869 | 5,771 |
| Deferred taxation | 3,797 | 3,797 |
| Total non-current liabilities | 10,536 | 10,525 |
| Current liabilities | | |
| Trade and other payables | 12,390 | 10,363 |
| Hire purchase payables | 352 | 352 |
| Progress billings | 4,908 | 4,665 |
| Current tax liability | 389 | 274 |
| Borrowings | 12,764 | 14,737 |
| Total current liabilities | 30,803 | 30,391 |
| Total liabilities | 41,339 | 40,916 |
| TOTAL EQUITY AND LIABILITIES | 83,455 | 82,980 |
| Net Assets per share (RM) | 0.55 | 0.56 |

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 2013 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 2013
 (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 | Revaluation Reserve RM'000 | Treasury Shares RM'000 | Retained Profits RM'000 | | |
| As at 1 April 2013 | 40,000 | (19,524) | 2,035 | 3,020 | (1,814) | 18,189 | 158 | 42,064 |
| Total comprehensive income | - | - | - | - | - | (122) | 174 | 52 |
| As at 30 June 2013 | 40,000 | (19,524) | 2,035 | 3,020 | (1,814) | 18,067 | 332 | 42,116 |

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 2013 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 2013
(The figures have not been audited)

| Note | Cumulative 3 months ended 30 June | |
|-------------------------------------------------------------|--------------------------------------|---------------------|
| | 2013 RM'000 | 2012 RM'000 |
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| | 171 | (1,377) |
| Profit/(loss) before taxation | | |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 867 | 935 |
| Gain in disposal of quoted shares | - | (46) |
| Finance costs | 287 | 129 |
| | <u>1,325</u> | <u>(359)</u> |
| Movements in working capital: | | |
| (Increase)/Decrease in: | | |
| Inventories | (960) | 1,688 |
| Trade & other receivables | (1,069) | (1,110) |
| Property development costs | (1,307) | (1,181) |
| Increase/(Decrease) in: | | |
| Trade and other payables | 2,029 | (1,253) |
| Progress billings | 242 | 1,726 |
| | <u>260</u> | <u>(489)</u> |
| Cash generated from/(used in) operations | 241 | 14 |
| Income tax refunded | (68) | (47) |
| Income tax paid | <u>433</u> | <u>(522)</u> |
| Net Cash Generated From/(Used In) Operating Activities | | |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | |
| | - | 147 |
| Proceeds from disposal of quoted shares | (52) | (113) |
| Purchase of property, plant and equipment | <u>(52)</u> | <u>34</u> |
| Net Cash (Used In)/Generated From Investing Activities | | |
| | (1,536) | 3,556 |
| Proceeds from bankers' acceptances | (48) | - |
| Repayment of term loan | (287) | (129) |
| Finance costs paid | (88) | (105) |
| Repayment of hire-purchase payables | <u>(1,959)</u> | <u>3,322</u> |
| Net Cash (Used In)/Generated From Financing Activities | | |
| | (1,578) | 2,834 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | 3,596 | (310) |
| CASH AND CASH EQUIVALENTS AT BEGINNING | | |
| CASH AND CASH EQUIVALENTS AT END | <u><u>2,018</u></u> | <u><u>2,524</u></u> |
| A14 | | |

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 2013 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 2013
(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 Standard ("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 2013. 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 2013.

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 2013 save for the adoption of the following new and revised FRS, Issues Committee("IC") Interpretations and amendments to FRSs and IC Interpretations that are mandatory for the Group for the financial year commencing 1 April 2013:

FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of Interest in Other Entities
FRS 13 Fair Value Measurement
FRS 119 Employee Benefits
FRS 127 Separate Financial Statements
FRS 128 Investment in Associates and Joint Ventures
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities

The adoption of these new FRSs, amendments and IC Interpretation will have no material impact on the financial statements of the Group. The Group have not early adopted the following FRSs, IC Interpretations and amendments to FRSs, which have been issued and will be effective for the financial periods as stated below:-

| | Effective Date for financial periods beginning on or after |
|-----------------------------------------------------------------------------|------------------------------------------------------------|
| Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities | 1 January 2014 |
| FRS 9 Financial Instruments | 1 January 2015 |

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Framework

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2015. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2015.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 June 2013
(The figures have not been audited)

2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

3. Comments about Seasonality or Cyclicity of Operations

The principal business operations of the Group were not affected by any seasonal and cyclical factors.

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 2013, the number of treasury shares held is 4,603,000 ordinary shares.

7. Dividend paid

No dividend was paid during this quarter.

8. Segmental information

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

| | 3 Months ended 30 June 2013 RM'000 | 3 Months ended 30 June 2012 RM'000 |
|-------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Business Segment | | |
| <u>Revenue</u> | | |
| Manufacturing | 7,620 | 7,921 |
| Property development | 2,932 | 1,336 |
| | <u>10,552</u> | <u>9,257</u> |
| <u>Segment Results</u> | | |
| Manufacturing | 6 | (1,202) |
| Property development | 165 | (175) |
| Profit/(Loss) from operations | <u>171</u> | <u>(1,377)</u> |
| Geographical Segments | | |
| <u>Revenue</u> | | |
| Export Market: | | |
| Asia | 2,772 | 2,726 |
| Middle East | 510 | 673 |
| Africa | 74 | 84 |
| Oceania | 290 | 214 |
| Others | 69 | 119 |
| | <u>3,715</u> | <u>3,816</u> |
| Malaysia | <u>6,837</u> | <u>5,441</u> |
| | <u>10,552</u> | <u>9,257</u> |

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 June 2013
(The figures have not been audited)

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 20 August 2013, (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 20 August 2013 (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

482

14. Cash and cash equivalents

| | As at 30 June 2013 RM'000 | As at 30 June 2012 RM'000 |
|----------------------|---------------------------------|---------------------------------|
| Cash & bank balances | 2,018 | 2,524 |

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

1. Review of performance

| | Current quarter ended 30 June 2013 | Corresponding quarter ended 30 June 2012 | 3 Months 30 June 2013 RM'000 | 3 Months 30 June 2012 RM'000 | Variation % |
|-------------------------------|------------------------------------------|------------------------------------------------|------------------------------------|------------------------------------|----------------|
| Revenue | 10,552 | 9,257 | 10,552 | 9,257 | 14.0% |
| Profit/(Loss) before taxation | 171 | (1,377) | 171 | (1,377) | -112.4% |

Current Quarter & YTD

For the first quarter ended 30 June 2013, the Group registered a revenue of RM10.5 million, an increase of RM1.3 million or 14% as compared to the preceding year's corresponding quarter.

The increase is due to the additional contribution of RM1.6 million from the Property Division and partly offset by the decrease of RM0.3 million from the Manufacturing Division.

Manufacturing Division

For the quarter under review, revenue decrease by 4% but manage to make a marginal profit as compared to previous financial year corresponding quarter loss due to improved gross profit margin of products across Manufacturing Division.

Property Division

For the quarter under review, revenue increased by 119% and make a profit of RM165,000 as compared to previous financial year corresponding quarter loss of RM175,000 due to more progress billing in current quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 June 2013
(The figures have not been audited)

2. Variation of results against preceding quarter

| | Current quarter ended 30 June 2013 RM'000 | Preceding quarter ended 31 March 2013 RM'000 | Variation % |
|-------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|------------------------|
| Revenue | 10,552 | 9,653 | 9.3% |
| Profit/(loss) before taxation | 171 | (373) | -145.8% |

The Group revenue increased by 9% as compare to preceding quarter.

The Group recorded a profit before tax of RM171,000 as compared to loss before tax of RM373,000 in preceding quarter mainly due to improved profit performance recorded in both Manufacturing and Property Division.

Manufacturing Division

In the Manufacturing Division, the Group recorded breakeven as compared to a loss before tax of RM613,000 in the preceding quarter. The improved result is due to overall improved gross profit margin of all products.

Property Division

In the Property Division, the Group recorded a profit before tax of RM165,000 in the current quarter as compared to a profit before tax of RM773,00 in preceding quarter mainly due to delay in launching of new projects.

3. Current year prospects

Based on the Group's on going projects in Property Division and improved gross profit margin in Manufacturing Division, the Board remains positive of posting improved results for the financial year ending 31 March 2014.

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

The taxation charge is for the property division as the manufacturing has unabsorbed tax losses and capital allowances brought forward from previous financial year.

6. Group's borrowings and debt securities

| | 30 June 2013 RM'000 | 31 March 2013 RM'000 |
|----------------------|--------------------------------|---------------------------------|
| Secured: | | |
| Bankers' acceptances | 11,069 | 12,605 |
| Term loans | 7,564 | 7,612 |
| Bank overdraft | - | 290 |
| | 18,633 | 20,507 |

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 June 2013
(The figures have not been audited)

7. Realised and unrealised profits or losses

| | 30 June 2013 | 31 March 2013 |
|-------------------------------------------------------------|---------------------|----------------------|
| | RM'000 | RM'000 |
| Total retained earnings of the Company and its subsidiaries | | |
| - Realised | 21,295 | 21,417 |
| - Unrealised | <u>(3,027)</u> | <u>(3,027)</u> |
| | 18,268 | 18,390 |
| Consolidation adjustments | <u>(201)</u> | <u>(201)</u> |
| | <u>18,067</u> | <u>18,189</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 | Year to Date |
|---------------------------------------------------|-----------------------|---------------------|
| | 30 June 2013 | 30 June 2013 |
| Loss attributable to shareholders (RM'000) | (122) | (122) |
| Weighted average number of ordinary shares ('000) | 75,595 | 75,595 |
| Loss per share (sen) | <u>(0.16)</u> | <u>(0.16)</u> |

11. Notes to the Condensed Consolidated Income Statement

| | 3 months ended | Year to Date |
|-----------------------------------------------------------------------------|-----------------------|---------------------|
| | 30 June 2013 | 30 June 2013 |
| | RM'000 | RM'000 |
| The loss has been arrived at after accounting for the following items | | |
| (a) Interest income | - | - |
| (b) Other income including investment income | 7 | 7 |
| (c) Interest expense | 287 | 287 |
| (d) Depreciation and amortization | 867 | 867 |
| (e) Provision for and write off of receivable | - | - |
| (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) | 49 | 49 |
| (j) Gain or (loss) on derivatives | - | - |
| (k) Exceptional item | - | - |

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

24 August 2013