



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013

22 February 2014



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 December 2013
(The figures have not been audited)

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 9 months ended 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	11,149	9,731	31,936	27,102
Other operating income	26	8	87	36
Operating expenses	(10,847)	(8,008)	(30,179)	(25,278)
Depreciation & amortisation	(872)	(998)	(2,600)	(2,719)
Finance costs	(310)	(266)	(885)	(668)
(Loss)/profit before taxation	(854)	467	(1,641)	(1,527)
Taxation	(9)	18	(142)	18
(Loss)/profit for the period	(863)	485	(1,783)	(1,509)
Other comprehensive loss				
Fair value loss on available-for-sale investments	-	-	-	(23)
Total comprehensive (loss)/income	(863)	485	(1,783)	(1,532)
(Loss)/income attribute to:				
Equity holders of the Company	(979)	244	(2,093)	(1,789)
Non-controlling interest	116	241	310	280
	(863)	485	(1,783)	(1,509)
Total comprehensive (loss)/income attributable to :				
Equity holders of the Company	(979)	244	(2,093)	(1,812)
Non-controlling interest	116	241	310	280
	(863)	485	(1,783)	(1,532)
Earnings per share attributable to equity holder of the Company:				
(Loss)/earning per share (sen)	(1.30)	0.32	(2.78)	(2.31)

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 31 December 2013
(The figures have not been audited)

	As at 31 December 2013 RM'000	(Audited) As at 31 March 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,723	26,261
Land held for property development	13,285	13,277
Trade receivables		1,741
Total non-current assets	38,008	41,279
Current assets		
Inventories	7,990	8,828
Trade and other receivables	10,703	15,643
Property development projects	21,788	12,900
Current tax assets	330	444
Cash and bank balances	3,878	3,886
Total current assets	44,689	41,701
TOTAL ASSETS	82,697	82,980
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Treasury shares	(1,827)	(1,814)
Reserves	1,627	3,720
	39,800	41,906
Non-controlling interest	713	158
Total Equity	40,513	42,064
Non-current liabilities		
Hire purchase payables	1,119	957
Borrowings	5,992	5,771
Deferred taxation	3,797	3,797
Total non-current liabilities	10,908	10,525
Current liabilities		
Trade and other payables	16,004	10,363
Hire purchase payables	425	352
Progress billings	1,973	4,665
Current tax liability	193	274
Borrowings	12,681	14,737
Total current liabilities	31,276	30,391
Total liabilities	42,184	40,916
TOTAL EQUITY AND LIABILITIES	82,697	82,980
Net Assets per share (RM)	0.53	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 third quarter ended 31 December 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
Additional non-controlling interest arising acquisition of the SDSB	-	-	-	-	-	-	245	245
Purchase of treasury shares	-	-	-	-	(2)	-	-	(2)
Total comprehensive income	-	-	-	-	-	(992)	20	(972)
As at 30 September 2013	40,000	(19,524)	2,035	3,020	(1,816)	17,075	597	41,387
Purchase of treasury shares	-	-	-	-	(11)	-	-	(11)
Total comprehensive income	-	-	-	-	-	(979)	116	(863)
	<u>40,000</u>	<u>(19,524)</u>	<u>2,035</u>	<u>3,020</u>	<u>(1,827)</u>	<u>16,096</u>	<u>713</u>	<u>40,513</u>

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 third quarter ended 31 December 2013
(The figures have not been audited)

Note	Cumulative 9 months ended 31 December	
	2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before taxation	(1,641)	(1,971)
Adjustments for:		
Depreciation of property, plant and equipment	2,600	1,721
Gain in disposal of property, plant and equipment	(49)	(46)
Finance costs	885	402
	<u>1,795</u>	<u>106</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	840	971
Trade & other receivables	6,681	8,086
Property development costs	(8,896)	(6,183)
Increase/(Decrease) in:		
Trade and other payables	5,642	(1,405)
Progress billings	(2,694)	4,857
	<u>3,368</u>	<u>6,432</u>
Cash generated from operations	3,368	6,432
Income tax refunded	241	14
Income tax paid	(350)	(113)
	<u>3,259</u>	<u>6,333</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of quoted shares	-	147
Proceeds from disposal of property, plant and equipment	49	-
Placement of fixed deposit	-	(420)
Proceeds from issuance shares to non-controlling interest	245	74
Purchase of land held for property development	-	(13,000)
Purchase of property, plant and equipment	(1,063)	(85)
	<u>(769)</u>	<u>(13,284)</u>
Net Cash Used In Investing Activities	(769)	(13,284)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
(Repayment)/proceeds from bankers' acceptances	(2,140)	3,613
Repurchase of own shares	(13)	(168)
Proceed from term loan	1,000	7,800
Repayment of term loan	(404)	(227)
Finance costs paid	(885)	(402)
Proceed from hire-purchase payables	606	-
Repayment of hire-purchase payables	(372)	(191)
	<u>(2,208)</u>	<u>10,425</u>
Net Cash (Used In)/Generated From Financing Activities	(2,208)	10,425
NET INCREASE IN CASH AND CASH EQUIVALENTS	282	3,474
CASH AND CASH EQUIVALENTS AT BEGINNING	3,596	(310)
CASH AND CASH EQUIVALENTS AT END	A14 <u>3,878</u>	<u>3,164</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 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 third quarter ended 31 December 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
Amendments to FRS 132 Financial Instruments: Presentation
Amendments to FRS 10 Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11 Joint Arrangements: Transition Guidance
Amendments to FRS 12 Disclosure of Interests in Other Entities: Transition Guidance

	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
Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to FRS 136 Recoverable Amount Disclosures for Non-Financial Assets	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. The Malaysian Accounting Standards Board ("MASB") has, on 7 August 2013, announced to allow entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities"), to defer the adoption of the Malaysian Financial Reporting Standards ("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 2015 in light of the latest status of the International Accounting Standards Board's ("IASB") work plan on the two transitional issues that have yet to be resolved.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 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 31 December 2013, the number of treasury shares held is 4,644,100 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:

	9 Months ended 31 Dec 2013 RM'000	9 Months ended 31 Dec 2012 RM'000
Business Segment		
Revenue		
Manufacturing	21,634	22,242
Property development	10,302	4,860
	<u>31,936</u>	<u>27,102</u>
Segment Results		
Manufacturing	(1,297)	(1,173)
Property development	(486)	(336)
Loss from operations	<u>(1,783)</u>	<u>(1,509)</u>
Geographical Segments		
Revenue		
Export Market:		
- Asia	7,806	8,082
- Middle East	1,087	1,406
- Africa	352	148
- Oceania	927	837
- Others	130	422
	<u>10,302</u>	<u>10,895</u>
Malaysia	21,634	16,207
	<u>31,936</u>	<u>27,102</u>

9. Valuation of property, plant and equipment

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

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 2013
(The figures have not been audited)

10. Material events subsequent to the end of the quarter

There were no material events subsequent to the balance sheet date up to 20 February 2014, being the latest practicable date from the date of issuance of this financial results.

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 February 2014, (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 February 2014 (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 and contracted for:
 4 Storey Shop Office

RM'000

2,116

14. Cash and cash equivalents

	As at 31 Dec 2013 RM'000	As at 31 Dec 2012 RM'000
Cash & bank balances	3,011	3,164
Fixed deposits	867	-
	<u>3,878</u>	<u>3,164</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 2013	Corresponding quarter ended 31 Dec 2012	9 Months 31 Dec 2013 RM'000	9 Months 31 Dec 2012 RM'000	Variation %
Revenue	11,149	9,731	31,936	27,102	17.8%
Loss before taxation	<u>(854)</u>	<u>467</u>	<u>(1,641)</u>	<u>(1,527)</u>	-7.5%

Current Quarter

For the third quarter ended 31 December 2013, the Group registered a revenue of RM11.1 million, an increase of RM1.1 million or 15% as compared to the preceding year's corresponding quarter.

The increase is due to the additional contribution from the Property Division.

Manufacturing Division:

For the quarter under review, revenue decrease by RM0.3 million or 5% as compared to previous financial year corresponding quarter. Loss recorded in current quarter of RM0.6 million as compared to previous financial year corresponding quarter profit of RM0.3 million. The loss is mainly due to lower gross margin recorded in current quarter, which is attributed from sales of lower margin products as compared to a higher gross margin recorded in previous financial year corresponding quarter.

Property Division:

For the quarter under review, revenue increased by RM1.7 million or 178% but was recorded a loss of RM0.3 million as compared to previous financial year corresponding quarter profit of RM0.1 million. The increase in revenue is Even though there is an increase in revenue, the profitability is affected by higher operating expenses such as marketing expense and finance costs during this current quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 2013
(The figures have not been audited)

Year To Date

For the 9 months period ended 31 December 2013, the Group registered a revenue of RM31.9 million which was higher by RM4.8 million or 18% as compared to the preceding year corresponding quarter.

The increase in revenue is mainly due to increase in sales of property.

The Group recorded a loss before tax of RM1.6 million as compared to a loss before tax of RM1.5 million in the preceding year nine months.

2. Variation of results against preceding quarter

	Current quarter ended 31 Dec 2013 RM'000	Preceding quarter ended 31 Sept 2013 RM'000	Variation %
Revenue	11,149	10,235	8.9%
Loss before taxation	<u>(854)</u>	<u>(958)</u>	-10.9%

The Group revenue increased by 9% as compared to preceding quarter mainly from Property division.

The Group recorded a loss before tax of RM0.8 million and RM0.9 million in current quarter and preceding quarter respectively, mainly due to sales of lower margin products and higher operating expenses.

Manufacturing Division

In the Manufacturing Division, the Group recorded a loss of RM0.65 million in both current and preceding quarter. The loss is due to lower gross margin recorded in this current quarter.

Property Division

In the Property Division, the Group recorded a loss before tax of RM0.35 million in the current quarter as compared to a loss before tax RM0.30 million in preceding quarter mainly due to higher marketing expense and finance costs during this current quarter.

3. Current year prospects

For the last quarter, the Group is cautious on its performance in the light of the sluggish global economic and the property cooling measures introduced by the government.

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

	31 Dec 2013 RM'000	31 March 2013 RM'000
Secured:		
Bankers' acceptances	10,465	12,605
Term loans	8,208	7,613
Bank overdraft	-	290
	<u>18,673</u>	<u>20,508</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 2013
(The figures have not been audited)

7. Realised and unrealised profits or losses

	31 Dec 2013	31 March 2013
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	19,324	21,417
- Unrealised	<u>(3,027)</u>	<u>(3,027)</u>
	16,297	18,390
Consolidation adjustments	<u>(201)</u>	<u>(201)</u>
	<u>16,096</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:

	Quarter ended	Year to Date
	31 Dec 2013	31 Dec 2013
Loss attributable to shareholders (RM'000)	(979)	(2,093)
Weighted average number of ordinary shares ('000)	75,378	75,390
Loss per share (sen)	<u>(1.30)</u>	<u>(2.78)</u>

11. Notes to the Condensed Consolidated Income Statement

	3 months ended	Year to Date
	31 Dec 2013	31 Dec 2013
	RM'000	RM'000
The loss has been arrived at after accounting for the following items		
(a) Interest income	17	18
(b) Other income including investment income	-	7
(c) Interest expense	310	885
(d) Depreciation and amortization	872	2,600
(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)	(51)	50
(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

22 February 2014