



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2014

27 November 2014



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the second quarter ended 30 September 2014
(The figures have not been audited)

	Individual Quarter 3 months ended 30 Sept		Cumulative Quarter 6 months ended 30 Sept	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	14,594	10,235	26,342	20,787
Other operating income	79	54	156	61
Operating expenses	(13,340)	(10,098)	(24,861)	(19,332)
Depreciation & amortisation	(890)	(861)	(1,766)	(1,728)
Finance costs	(351)	(288)	(640)	(575)
Profit/(loss) before taxation	92	(958)	(769)	(787)
Taxation	(237)	(14)	(328)	(133)
Loss for the period & Total comprehensive loss	<u>(145)</u>	<u>(972)</u>	<u>(1,097)</u>	<u>(920)</u>
Income/(loss) attribute to:				
Equity holders of the Company	(421)	(992)	(1,441)	(1,114)
Non-controlling interest	276	20	344	194
	<u>(145)</u>	<u>(972)</u>	<u>(1,097)</u>	<u>(920)</u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	(421)	(992)	(1,441)	(1,114)
Non-controlling interest	276	20	344	194
	<u>(145)</u>	<u>(972)</u>	<u>(1,097)</u>	<u>(920)</u>
Earnings per share attributable to equity holder of the Company:				
Loss per per share (sen)	<u>(0.56)</u>	<u>(1.32)</u>	<u>(0.56)</u>	<u>(1.32)</u>

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 2014 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 Sept 2014
(The figures have not been audited)

	As at 30 Sept 2014 RM'000	(Audited) As at 31 March 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	23,653	24,116
Land held for property development	14,629	15,179
Trade receivables	2,533	2,087
Total non-current assets	40,815	41,382
Current assets		
Inventories	9,611	8,349
Trade and other receivables	15,107	16,807
Property development projects	17,441	16,939
Current tax assets	53	42
Cash and bank balances	2,740	3,655
Total current assets	44,952	45,792
TOTAL ASSETS	85,767	87,174
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Treasury shares	(1,831)	(1,831)
Reserves	779	2,220
	38,948	40,389
Non-controlling interest	1,202	858
Total Equity	40,150	41,247
Non-current liabilities		
Hire-purchase payables	1,410	1,166
Borrowings	10,120	7,822
Deferred tax liabilities	3,372	3,372
Total non-current liabilities	14,902	12,360
Current liabilities		
Trade and other payables	14,300	18,037
Hire-purchase payables	728	465
Progress billings	2,420	2,637
Current tax liabilities	637	441
Borrowings	12,630	11,987
Total current liabilities	30,715	33,567
Total liabilities	45,617	45,927
TOTAL EQUITY AND LIABILITIES	85,767	87,174
Net Assets per share (RM)	0.52	0.54

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 2014 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 2014
 (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 2014	40,000	(19,524)	2,035	3,020	(1,831)	16,689	858	41,247
Total comprehensive income	-	-	-	-	-	(1,020)	68	(952)
As at 30 June 2014	40,000	(19,524)	2,035	3,020	(1,831)	15,669	926	40,295
Total comprehensive income	-	-	-	-	-	(421)	276	(145)
As at 30 September 2014	40,000	(19,524)	2,035	3,020	(1,831)	15,248	1,202	40,150

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 2014 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 2014
(The figures have not been audited)

Note	Cumulative 6 months ended 30 Sept	
	2014 RM'000	2013 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before taxation	(769)	(787)
Adjustments for:		
Depreciation of property, plant and equipment	1,766	1,728
Interest income	(6)	-
Gain on disposal of property, plant and equipment	(57)	(49)
Finance costs	640	575
	<u>1,574</u>	<u>1,467</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(1,261)	462
Trade & other receivables	1,438	1,335
Property development costs	(137)	(3,318)
Increase/(Decrease) in:		
Trade and other payables	(3,737)	2,631
Progress billings	(217)	(176)
	<u>(2,340)</u>	<u>2,401</u>
Cash (used in)/generated from operations	(2,340)	2,401
Income tax refunded	-	241
Income tax paid	(145)	(128)
	<u>(145)</u>	<u>(128)</u>
Net Cash (Used In)/Generated From Operating Activities	<u>(2,485)</u>	<u>2,514</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	57	49
Proceeds from issuance shares to non-controlling interest	-	245
Purchase of property, plant and equipment	(1,303)	(372)
	<u>(1,303)</u>	<u>(372)</u>
Net Cash (Used In) Investing Activities	<u>(1,246)</u>	<u>(78)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from bankers' acceptances	(272)	(1,888)
Repurchase of own shares	-	(3)
Proceeds from term loans	4,500	-
Repayment of term loan	(1,468)	(122)
Finance costs paid	(640)	(575)
Proceeds from hire purchase payables	960	-
Repayment of hire-purchase payables	(454)	(188)
	<u>(272)</u>	<u>(1,888)</u>
Net Cash Generated From/(Used In) Financing Activities	<u>2,626</u>	<u>(2,776)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,105)</u>	<u>(340)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING	2,111	3,596
CASH AND CASH EQUIVALENTS AT END	<u><u>A14 1,006</u></u>	<u><u>3,256</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 2014 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 2014
(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 2014. 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 2014.

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 2014 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 2014:

IC Interpretation 21 Levies

Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities

Amendments to FRS 132 Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)

Amendments to FRS 136 Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)

Amendments to FRS 139 Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)

The Group has not early adopted the following FRSS and amendments to FRSS that have been issued but not yet effective:

	Effective Date for financial periods beginning on or after
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be decided later
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be decided later
FRS 9 Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)	To be decided later
Amendments to FRS 119 Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)	1 July 2014
Amendments to FRSS contained in the document entitled Annual Improvements to FRSS 2010 - 2012 Cycle3	1 July 2014
Amendments to FRSS contained in the document entitled Annual Improvements to FRSS 2011 - 2013 Cycle3	1 July 2014
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
These new and amended standards will have no material impact on the financial statements of the Group upon their initial application.	

Adoption of the Malaysian Financial Reporting Standards Framework ("MFRS Framework")

On November 19, 2011, the MASB has issued a new MASB approved accounting framework, the MFRS Framework, a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after January 1, 2012, with the exception of Transitioning Entities ("TEs"). TEs, being entities with the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on August 7, 2013, the transitional period for TEs has been extended for an additional year. The Group and the Company being TEs have availed themselves of this transitional arrangement and will continue to apply FRSS in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare their first set of MFRS financial statements when the MFRS Framework is mandated by MASB.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the second quarter ended 30 September 2014
(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 2014 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 Sept 2014, the number of treasury shares held is 4,654,100 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:

	6 Months ended 30 Sept 2014 RM'000	6 Months ended 30 Sept 2013 RM'000
Business Segment		
<u>Revenue</u>		
Manufacturing	16,042	14,513
Property development	10,300	6,274
	<u>26,342</u>	<u>20,787</u>
<u>Segment Results</u>		
Manufacturing	(1,690)	(648)
Property development	921	(139)
Loss from operations	<u>(769)</u>	<u>(787)</u>
Geographical Segments		
<u>Revenue</u>		
Export Market:		
Asia	5,025	5,529
Middle East	691	805
Africa	161	233
Oceania	662	711
Others	48	80
	<u>6,587</u>	<u>7,358</u>
Malaysia	19,755	13,429
	<u>26,342</u>	<u>20,787</u>

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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

Save as disclosed in Part B: 12, 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 21 November 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 21 November 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results), there is no commitment for capital expenditure by the Group which might have a material impact on the financial position or business of the Group.

14. Cash and cash equivalents

	As at 30 Sept 2014 RM'000	As at 30 Sept 2013 RM'000
Cash & bank balances	2,071	2,656
Fixed deposits	669	600
	<hr/> 2,740	<hr/> 3,256
Bank overdrafts	(1,065)	-
Fixed deposits pledged	(669)	-
	<hr/> <hr/> 1,006	<hr/> <hr/> 3,256

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 Sept 2014	Corresponding quarter ended 30 Sept 2013	6 Months 30 Sept 2014 RM'000	6 Months 30 Sept 2013 RM'000	Variation %
Revenue	14,594	10,235	26,342	20,787	26.7%
Profit/(Loss) before taxation	<hr/> 92	<hr/> (958)	<hr/> (769)	<hr/> (787)	-2.3%

Current Quarter

For the second quarter ended 30 Sept 2014, the Group registered a revenue of RM14.6 million, an increase by 43% or RM4.4 million as compared to the preceding year's corresponding quarter.

The increase in revenue is attributed from both Property and Manufacturing Division by RM3.8 million and RM0.6 million respectively.

Manufacturing Division

For the quarter under review, revenue increased by RM0.6 million or 8% as compared to previous financial year corresponding quarter. However, a loss of RM0.9 million is recorded as compared to RM0.6 million loss in the previous corresponding quarter. This increase in loss is mainly due to low gross margin recorded during the current quarter under review.

Property Division

For the quarter under review, revenue increased by RM3.8 million or 114% as compared to previous financial year corresponding quarter. Profit before tax of RM1.1 million is recorded as compared to loss of before tax of RM0.3 million in the previous corresponding quarter. The profit is recorded is due to higher revenue recorded during the quarter under review.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the second quarter ended 30 September 2014
(The figures have not been audited)

Year To Date

For the 6 months period ended 30 September 2014, the Group registered a revenue of RM26.3 million which was higher by RM5.5 million or 26.7% as compared to the preceding year corresponding quarter.

The increase in revenue is mainly due to increase in sales of property. However, the Group recorded a loss before tax of RM0.7 million in current six months and preceding year six months. The loss is mainly due to lower selling price in Manufacturing's products.

2. Variation of results against preceding quarter

	Current quarter ended 30 Sept 2014 RM'000	Preceding quarter ended 30 June 2014 RM'000	Variation %
Revenue	14,594	11,748	24.2%
Profit/(Loss) before taxation	<u>92</u>	<u>(861)</u>	-110.7%

The Group's recorded a minor profit before tax for the quarter under review as compare to a loss before tax of RM0.9 million in the immediate preceding quarter ended 30 June 2014.

The higher revenue and profit before tax are contributed from steady construction progress from all on-going projects throughout Malaysia.

3. Current year prospects

In Manufacturing, the Group is continuing its cost-saving efforts to enhance its process efficiencies and productivity in the face of rising operating costs due to the effects of government subsidy reduction which lead to higher electricity, transportation. The Group is continues to seek opportunities for machine and product innovation and implement strategies to achieve higher export sales. While in Property, tighter lending conditions by banks expected to continue to impact transactions volumes. The Group anticipates the market to remain challenging in financial year ending 31 March 2015.

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 Sept 2014 RM'000	31 March 2014 RM'000
Secured:		
Bankers' acceptances	9,265	9,538
Term loans	12,420	9,389
Bank overdraft	1,065	882
	<u>22,750</u>	<u>19,809</u>

7. Realised and unrealised profits or losses

	30 Sept 2014 RM'000	31 March 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	17,619	19,227
- Unrealised	<u>(3,372)</u>	<u>(3,194)</u>
	14,247	16,033
Consolidation adjustments	1,001	656
	<u>15,248</u>	<u>16,689</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the second quarter ended 30 September 2014
(The figures have not been audited)

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 30 Sept 2014	Year to Date 30 Sept 2014
Loss attributable to shareholders (RM'000)	(421)	(1,441)
Weighted average number of ordinary shares ('000)	75,394	75,392
Loss per share (sen)	<u>(0.56)</u>	<u>(0.56)</u>

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 30 Sept 2014 RM'000	Year to Date 30 Sept 2014 RM'000
The loss has been arrived at after accounting for the following items		
(a) Interest income	7	13
(b) Other income including investment income	-	-
(c) Interest expense	351	640
(d) Depreciation and amortization	890	1,766
(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)	43	106
(j) Gain or (loss) on derivatives	-	-
(k) Exceptional item	-	-

12. Corporate proposals

Proposed Private Placement of up to 7,534,000 new ordinary shares of RM0.50 each in Scanwolf Corporation Berhad ("SCB"), representing up to ten percent (10%) of the issued and paid-up share capital of SCB shares.

Reference is made to the announcement dated 17, 20 & 28 October 2014 and 6 & 14 November 2014 in relation to the Proposed Private Placement.

On 17 October 2014, the Board of Directors of SCB approved the proposal to undertake a private placement of up to 10% of the issued and paid-up share capital in SCB comprising of 7,534,000 new ordinary shares to investors. The Private Placement of 7,534,000 new ordinary shares was fully subscribed and completed on 14 November 2014.

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

27 November 2014