



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2014

27 November 2014



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 December 2014
(The figures have not been audited)

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 9 months ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	12,610	11,149	38,952	31,936
Other operating income	103	26	259	87
Operating expenses	(11,826)	(10,847)	(36,687)	(30,179)
Depreciation & amortisation	(880)	(872)	(2,646)	(2,600)
Finance costs	(364)	(310)	(1,004)	(885)
Profit/(loss) before taxation	(357)	(854)	(1,126)	(1,641)
Taxation	108	(9)	(220)	(142)
Loss for the period & Total comprehensive loss	<u>(249)</u>	<u>(863)</u>	<u>(1,346)</u>	<u>(1,783)</u>
Income/(loss) attribute to:				
Equity holders of the Company	(362)	(979)	(1,803)	(2,093)
Non-controlling interest	113	116	457	310
	<u>(249)</u>	<u>(863)</u>	<u>(1,346)</u>	<u>(1,783)</u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	(362)	(979)	(1,803)	(2,093)
Non-controlling interest	113	116	457	310
	<u>(249)</u>	<u>(863)</u>	<u>(1,346)</u>	<u>(1,783)</u>
Earnings per share attributable to equity holder of the Company:				
Loss per per share (sen)	<u>(0.46)</u>	<u>(1.30)</u>	<u>(0.46)</u>	<u>(2.78)</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 31 December 2014
(The figures have not been audited)

	As at 31 Dec 2014 RM'000	(Audited) As at 31 March 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,991	24,116
Land held for property development	14,774	15,179
Trade receivables	1,478	2,087
Total non-current assets	39,243	41,382
Current assets		
Inventories	8,275	8,349
Trade and other receivables	17,360	16,807
Property development projects	15,590	16,939
Current tax assets	62	42
Cash and bank balances	4,756	3,655
Total current assets	46,043	45,792
TOTAL ASSETS	85,286	87,174
EQUITY AND LIABILITIES		
Share capital	43,767	40,000
Treasury shares	(1,831)	(1,831)
Reserves	350	2,220
	42,286	40,389
Non-controlling interest	1,315	858
Total Equity	43,601	41,247
Non-current liabilities		
Hire-purchase payables	1,196	1,166
Borrowings	9,997	7,822
Deferred tax liabilities	3,372	3,372
Total non-current liabilities	14,565	12,360
Current liabilities		
Trade and other payables	12,961	18,037
Hire-purchase payables	760	465
Progress billings	2,021	2,637
Current tax liabilities	188	441
Borrowings	11,190	11,987
Total current liabilities	27,120	33,567
Total liabilities	41,685	45,927
TOTAL EQUITY AND LIABILITIES	85,286	87,174
Net Assets per share (RM)	0.55	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 third quarter ended 31 December 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
Share issuance on private placement	3,767	-	-	-	-	-	-	3,767
Share issue expenses	-	-	(67)	-	-	-	-	(67)
Total comprehensive income	-	-	-	-	-	(362)	113	(249)
As at 31 December 2014	43,767	(19,524)	1,968	3,020	(1,831)	14,886	1,315	43,601

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 third quarter ended 31 December 2014
(The figures have not been audited)

	Note	Cumulative 9 months ended 31 Dec	
		2014 RM'000	2013 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss before taxation		(1,126)	(1,641)
Adjustments for:			
Depreciation of property, plant and equipment		2,646	2,600
Interest income		(10)	-
Gain on disposal of property, plant and equipment		(122)	(49)
Finance costs		1,004	885
		<u>2,392</u>	<u>1,795</u>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		75	840
Trade & other receivables		239	6,681
Property development costs		1,569	(8,896)
Increase/(Decrease) in:			
Trade and other payables		(5,075)	5,642
Progress billings		(615)	(2,694)
		<u>(1,415)</u>	<u>3,368</u>
Cash (used in)/generated from operations		(1,415)	3,368
Income tax refunded		-	241
Income tax paid		(494)	(350)
		<u>(1,909)</u>	<u>3,259</u>
Net Cash (Used In)/Generated From Operating Activities		<u>(1,909)</u>	<u>3,259</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		372	49
Proceeds from issuance shares to non-controlling interest		-	245
Purchase of property, plant and equipment		(1,771)	(1,063)
		<u>(1,399)</u>	<u>(769)</u>
Net Cash (Used In) Investing Activities		<u>(1,399)</u>	<u>(769)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Repayments from bankers' acceptances		(1,180)	(2,140)
Proceeds from issuance shares on private placement		3,767	-
Payment of share issue expenses		(67)	-
Repurchase of own shares		-	(13)
Proceeds from term loans		4,500	1,000
Repayment of term loan		(1,593)	(404)
Finance costs paid		(1,004)	(885)
Proceeds from hire purchase payables		1,098	606
Repayment of hire-purchase payables		(774)	(372)
		<u>4,747</u>	<u>(2,208)</u>
Net Cash Generated From/(Used In) Financing Activities		<u>4,747</u>	<u>(2,208)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>1,439</u>	<u>282</u>
CASH AND CASH EQUIVALENTS AT BEGINNING		<u>2,111</u>	<u>3,596</u>
CASH AND CASH EQUIVALENTS AT END	A14	<u><u>3,550</u></u>	<u><u>3,878</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 third quarter ended 31 December 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
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
Amendments to FRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
FRS 9 Financial Instruments	1 January 2018

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 third quarter ended 31 December 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 except for the private placement of new ordinary shares of RM0.50 each representing up to 10% of the issued and paid up share capital of the Company followed by the listing of and quotation for the 7,534,000 new ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad on 17 November 2014.

As at 31 December 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:

	9 Months ended 31 Dec 2014 RM'000	9 Months ended 31 Dec 2013 RM'000
Business Segment		
<u>Revenue</u>		
Manufacturing	24,462	21,634
Property development	14,490	10,302
	<u>38,952</u>	<u>31,936</u>
<u>Segment Results</u>		
Manufacturing	(1,901)	(1,297)
Property development	775	(344)
Loss from operations	<u>(1,126)</u>	<u>(1,641)</u>
Geographical Segments		
<u>Revenue</u>		
Export Market:		
Asia	8,048	7,806
Middle East	1,435	1,087
Africa	213	352
Oceania	837	927
Others	163	130
	<u>10,696</u>	<u>10,302</u>
Malaysia	28,256	21,634
	<u>38,952</u>	<u>31,936</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
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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

As announced on 9 February 2015, that its wholly-owned subsidiary, Scanwolf Properties Sdn Bhd (SPSB) has on 9 February 2015 acquired the remaining 49% equity interest comprising 367,500 ordinary shares of RM1.00 each in Scanwolf Development Sdn. Bhd. (SDSB) from Extra Modulation Sdn. Bhd. for a total consideration of RM367,500.00. Following the acquisition, SDSB becomes a wholly-owned subsidiary of SPSB.

Save for the above, there were no material events subsequent to the statement of financial position date up to 23 February 2015, being the latest practicable date which is not earlier than 7 days from the date of issue 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 23 February 2015, (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 2015 (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 31 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
Cash & bank balances	2,084	3,011
Fixed deposits	2,672	867
	<hr/> 4,756	<hr/> 3,878
Bank overdrafts	(534)	-
Fixed deposits pledged	(672)	-
	<hr/> <hr/> 3,550	<hr/> <hr/> 3,878

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 2014	Corresponding quarter ended 31 Dec 2013	9 Months 31 Dec 2014 RM'000	9 Months 31 Dec 2013 RM'000	Variation %
Revenue	12,610	11,149	38,952	31,936	22.0%
Profit/(Loss) before taxation	<u>(357)</u>	<u>(854)</u>	<u>(1,126)</u>	<u>(1,641)</u>	-31.4%

Current Quarter

The third quarter ended 31 December 2014, the Group registered a revenue of RM12.6 million, an increase by 12% or RM154 million as compared to the preceding year's corresponding quarter. This was mainly due to increased sales volume in Manufacturing Division.

As a result, the Group's gross margin improved in Manufacturing Division. The Group is recorded a lower loss before tax during this current quarter.

Manufacturing Division

For the quarter under review, revenue increased by RM1.3 million as compared to previous financial year corresponding quarter. A lower loss before tax RM0.2 million is recorded as compared to loss before tax of RM0.6 million in the previous corresponding quarter as a result of higher revenue is achieved during the current quarter.

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Notes To The Interim Report
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(The figures have not been audited)

Property Division

For the quarter under review, revenue increased by RM0.2 million as compared to previous financial year corresponding quarter. A loss before tax of RM0.14 million is recorded as compared to loss of before tax of RM0.20 million in the previous corresponding quarter.

Year To Date

Group revenue for the nine months period under review rose 22% to RM38.9 million when compared to RM31.9 million a year ago, mainly due to sales volume in Manufacturing Division and higher sales of property in Property Division. As a result, the Group recorded a lower loss before tax for the nine months period under review.

2. Variation of results against preceding quarter

	Current quarter ended 31 Dec 2014 RM'000	Preceding quarter ended 31 Sept 2014 RM'000	Variation %
Revenue	12,610	14,594	-13.6%
Profit/(Loss) before taxation	<u>(357)</u>	<u>92</u>	-488.0%

The Group's recorded a loss before tax of RM0.35 million for the quarter under review as compare to a minor profit before tax in the immediate preceding quarter.

The Group's recorded lower revenue with loss before tax in current quarter is due to lower sales of property from Property Division, mainly due to less buyers.

3. Current year prospects

In Manufacturing, the Group is continuing its cost-saving efforts and improving productivity. While in Property, tighter lending conditions by banks expected to continue to impact transactions volumes. The Group is also continually looking to grow our property development segment via joint venture developments or acquisition of strategic land bank. Due to uncertain global growth and expected moderation of domestic GDP growth, the Group hopes to maintain its growth momentum for the 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

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 2014 RM'000	31 March 2014 RM'000
Secured:		
Bankers' acceptances	8,358	9,538
Term loans	12,295	9,389
Bank overdraft	534	882
	<u>21,187</u>	<u>19,809</u>

7. Realised and unrealised profits or losses

	31 Dec 2014 RM'000	31 March 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	17,145	19,227
- Unrealised	<u>(3,372)</u>	<u>(3,194)</u>
	13,773	16,033
Consolidation adjustments	1,113	656
	<u>14,886</u>	<u>16,689</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 December 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 31 Dec 2014	Year to Date 31 Dec 2014
Loss attributable to shareholders (RM'000)	(362)	(1,803)
Weighted average number of ordinary shares ('000)	79,237	76,634
Loss per share (sen)	<u>(0.46)</u>	<u>(0.46)</u>

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Dec 2014 RM'000	Year to Date 31 Dec 2014 RM'000
The loss has been arrived at after accounting for the following items		
(a) Interest income	10	23
(b) Other income including investment income	-	-
(c) Interest expense	364	1,004
(d) Depreciation and amortization	880	2,646
(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)	(58)	48
(j) Gain or (loss) on derivatives	-	-
(k) Exceptional item	-	-

12. Corporate proposals

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.

The status of utilisation of the proceeds from the Private Placement as at 31 December 2014 are as follows:

Purpose	Proceeds Raised (RM'000)	Amount Utilised (RM'000)	Amount Unutilised (RM'000)
Purchase of raw materials	2,000	(1,500)	500
Payment for development expenses	1,677	-	1,677
Share issue expenses	90	(67)	# 23
Total	3,767	(1,567)	2,200

The actual share issue expenses are lower than budgeted, the excess will be used for working capital purposes.

13. Authorisation for issue

The unaudited interim financial reports were authorised for issue by the Board of Directors.

By order of the Board
Dato' Ch'ng Kong San
Group Managing Director

25 February 2015