



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2015**

26 November 2015



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 September 2015
(The figures have not been audited)

| | Individual Quarter 3 months ended 30 Sept | | Cumulative Quarter 3 months ended 30 Sept | |
|---|---|----------------|---|----------------|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Revenue | 10,511 | 14,594 | 10,511 | 14,594 |
| Other operating income | - | 79 | - | 79 |
| Operating expenses | (9,460) | (13,340) | (9,460) | (13,340) |
| Depreciation & amortisation | (715) | (890) | (715) | (890) |
| Finance costs | (308) | (351) | (308) | (351) |
| Profit before taxation | 28 | 92 | 28 | 92 |
| Taxation | - | (237) | - | (237) |
| Profit/(loss) for the period & Total comprehensive loss | <u>28</u> | <u>(145)</u> | <u>28</u> | <u>(145)</u> |
| Income/(loss) attribute to: | | | | |
| Equity holders of the Company | 28 | (421) | 28 | (421) |
| Non-controlling interests | - | 276 | - | 276 |
| | <u>28</u> | <u>(145)</u> | <u>28</u> | <u>(145)</u> |
| Total comprehensive income/(loss) attributable to : | | | | |
| Equity holders of the Company | 28 | (421) | 28 | (421) |
| Non-controlling interests | - | 276 | - | 276 |
| | <u>28</u> | <u>(145)</u> | <u>28</u> | <u>(145)</u> |
| Earnings per share attributable to equity holder of the Company: | | | | |
| Profit/(loss) per per share (sen) | <u>0.03</u> | <u>(0.56)</u> | <u>0.03</u> | <u>(0.56)</u> |

Note:

The unaudited condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 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 September 2015
 (The figures have not been audited)

| | As at 30 Sept 2015 RM'000 | (Audited) As at 30 June 2015 RM'000 |
|---------------------------------------|---------------------------------|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 19,634 | 20,348 |
| Land held for property development | 11,879 | 11,946 |
| Total non-current assets | 31,513 | 32,294 |
| Current assets | | |
| Inventories | 14,967 | 13,921 |
| Trade and other receivables | 11,362 | 14,471 |
| Property development projects | 13,051 | 12,966 |
| Current tax assets | 231 | 155 |
| Fixed deposit, cash and bank balances | 1,956 | 4,227 |
| Total current assets | 41,567 | 45,740 |
| TOTAL ASSETS | 73,080 | 78,034 |
| EQUITY AND LIABILITIES | | |
| Issued capital | 43,767 | 43,767 |
| Treasury shares | (307) | (307) |
| Reserves | (390) | (418) |
| Total Equity | 43,070 | 43,042 |
| Non-current liabilities | | |
| Other payables | 4,246 | 4,521 |
| Hire-purchase payables | 436 | 503 |
| Borrowings | 4,466 | 5,050 |
| Deferred tax liabilities | 1,504 | 1,504 |
| Total non-current liabilities | 10,652 | 11,578 |
| Current liabilities | | |
| Trade and other payables | 8,813 | 12,149 |
| Hire-purchase payables | 260 | 256 |
| Progress billings | 1,967 | 1,438 |
| Current tax liabilities | 41 | 46 |
| Borrowings | 8,277 | 9,525 |
| Total current liabilities | 19,358 | 23,414 |
| Total Liabilities | 30,010 | 34,992 |
| TOTAL EQUITY AND LIABILITIES | 73,080 | 78,034 |
| Net Assets per share (RM) | 0.50 | 0.61 |

Note:

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 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 September 2015
 (The figures have not been audited)

| | Non-distributable | | | Distributable | | 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 30 June 2015 | 43,767 | (19,524) | 3,120 | 3,020 | (307) | 12,966 | 43,042 |
| Total comprehensive income | - | - | - | - | - | 28 | 28 |
| As at 30 September 2015 | <u>43,767</u> | <u>(19,524)</u> | <u>3,120</u> | <u>3,020</u> | <u>(307)</u> | <u>12,994</u> | <u>43,070</u> |

Note:

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 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 September 2015
(The figures have not been audited)

| | Cumulative | |
|---|--------------------------------|---------|
| | 3 months ended 30 Sept 2015 | 2014 |
| Note | RM'000 | RM'000 |
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Profit/(loss) before taxation | 28 | (769) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 715 | 1,766 |
| Gain in disposal of property, plant and equipment | - | (57) |
| Interest income | (7) | (6) |
| Finance costs | 308 | 640 |
| | 1,044 | 1,574 |
| Movements in working capital: | | |
| (Increase)/Decrease in: | | |
| Inventories | (1,044) | (1,261) |
| Trade & other receivables | 2,940 | 1,438 |
| Property development costs | (18) | (137) |
| Increase/(Decrease) in: | | |
| Trade and other payables | (3,444) | (3,737) |
| Progress billings | 529 | (217) |
| | 7 | (2,340) |
| Cash generated from/(used in) operations | 7 | (2,340) |
| Income tax paid | (80) | (145) |
| | (73) | (2,485) |
| Net Cash (Used In) Operating Activities | (73) | (2,485) |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | - | 57 |
| Purchase of property, plant and equipment | (1) | (1,303) |
| | (1) | (1,246) |
| Net Cash (Used In) Investing Activities | (1) | (1,246) |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | |
| Repayment of from bankers' acceptances | (1,254) | (272) |
| Proceed from term loan | - | 4,500 |
| Repayment of term loan | (614) | (1,468) |
| Finance costs paid | (308) | (640) |
| Proceeds from hire-purchase payables | - | 960 |
| Repayment of hire-purchase payables | (63) | (454) |
| | (2,239) | 2,626 |
| Net Cash (Used In)/Generated From Financing Activities | (2,239) | 2,626 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (2,313) | (1,105) |
| CASH AND CASH EQUIVALENTS AT BEGINNING | 1,163 | 2,111 |
| CASH AND CASH EQUIVALENTS AT END | A14 (1,150) | 1,006 |

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 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 September 2015
(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 period ended 30 June 2015. 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 period ended 30 June 2015.

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 period ended 30 June 2015 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.

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

| | Effective Date for financial periods beginning on or after |
|--|---|
| 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 FRSs contained in the document entitled Annual Improvements to FRSs 2012 - 2014 Cycle Associate or Joint Venture | 1 January 2016 |
| 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 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.

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS Framework by transitioning entities was deferred from annual period beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

2. Auditors' Report on Preceding Annual Financial Statements

The audited report of the preceding annual financial statements was not subject to any qualification but contained an emphasis of matter on the financial statements which discloses the investigative review conducted by a professional service firm on the Group for the financial period 31 March 2011 to 31 March 2015.

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.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2015
(The figures have not been audited)

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 September 2015, the number of treasury shares held is 780,900 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 Sept 2015 RM'000 | 3 Months ended 30 Sept 2014 RM'000 |
|------------------------------|---|---|
| Business Segment | | |
| Revenue | | |
| Manufacturing | 8,039 | 7,454 |
| Property development | 2,472 | 7,140 |
| | <u>10,511</u> | <u>14,594</u> |
| Segment Results | | |
| Manufacturing | 461 | (958) |
| Property development | (433) | 1,050 |
| Profit from operations | <u>28</u> | <u>92</u> |
| Geographical Segments | | |
| Revenue | | |
| Export Market: | | |
| Asia | 2,237 | 2,147 |
| Middle East | 468 | 186 |
| Africa | 47 | 52 |
| Oceania | 434 | 280 |
| Others | - | 48 |
| | <u>3,186</u> | <u>2,713</u> |
| Malaysia | <u>7,325</u> | <u>11,881</u> |
| | <u>10,511</u> | <u>14,594</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

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.

There were no material events subsequent to the statement of financial position date up to 26 November 2015.

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 26 November 2015.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2015
(The figures have not been audited)

13. Capital commitments

As at 26 November 2015, 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:

PVC auxiliary extrusion machinery

RM'000

451

14. Cash and cash equivalents

| | As at 30 Sept 2015 RM'000 | As at 30 Sept 2014 RM'000 |
|-----------------------------------|--|--|
| Cash & bank balances | 1,270 | 2,071 |
| Fixed deposits with licensed bank | 686 | 669 |
| | <u>1,956</u> | <u>2,740</u> |
| Bank overdrafts | (2,420) | (1,065) |
| Fixed deposits pledged | (686) | (669) |
| | <u>(1,150)</u> | <u>1,006</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 30 Sept 2015 | Corresponding quarter ended 30 Sept 2014 | 3 Months 30 Sept 2015 RM'000 | 3 Months 30 Sept 2014 RM'000 | Variation % |
|------------------------|---|---|---|---|------------------------|
| Revenue | 10,511 | 14,594 | 10,511 | 14,594 | -28% |
| Profit before taxation | <u>28</u> | <u>92</u> | <u>28</u> | <u>92</u> | <u>-70%</u> |

Current Quarter

For the first quarter ended 30 September 2015, the Group recorded revenue of RM10.5 million, as against RM14.6 million, a decrease of 29% when compare to preceding year's corresponding quarter. The decrease in revenue was attributed from Property Division which posted a decrease of RM4.8 million.

Profit before taxation ("PBT") for the first quarter decrease to RM28,000 from RM92,000, a decrease of RM64,000 when compare to preceding year's corresponding quarter.

Manufacturing Division

For the first quarter ended 30 September 2015, Manufacturing Division recorded a revenue of RM8.0 million with a PBT of RM0.4 million, an increase of revenue of RM0.5 million and PBT of RM1.4 million as compared to previous financial year corresponding quarter. The increase in PBT was driven by higher average gross margin achieved in selling price while maintaining its cost of production.

Property Division

For the first quarter ended 30 September 2015, Property Division recorded a revenue of RM2.5 million with a loss before tax of RM0.4 million, a decrease of revenue of RM4.7 million and profit before tax of RM1.5 million as compared to previous financial year corresponding quarter. The decrease in revenue was mainly due less progress billing recorded for this current quarter. This has lead the Property Division to a loss before tax position for this current quarter under review.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2015
(The figures have not been audited)

2. Variation of results against preceding quarter

| | Current quarter ended 30 Sept 2015 RM'000 | Preceding quarter ended 30 June 2015 RM'000 | Variation % |
|-------------------------------|--|--|------------------------|
| Revenue | 10,511 | 13,061 | -19.5% |
| Profit/(loss) before taxation | <u>28</u> | <u>(5,612)</u> | 100.5% |

The Group's revenue of the first quarter ended 30 September 2015 was registered at RM10.5 million, as against revenue of RM13.0 million of the preceding quarter ended 30 June 2015. The decrease was attributed from both Manufacturing and Property Division which posted a decrease of RM2.5 million. The decrease was due to lower demand from both local and overseas customers in Manufacturing Division while less progress billing was recorded in Property Division during this quarter under review.

The Group's recorded a profit before tax of RM28,000 for the quarter under review as compare to a loss before tax of RM5.6 million in the immediate preceding quarter. The loss before tax in the immediate preceding quarter is mainly due to the allowance for doubtful debts amounting to RM3.3 million provided for overseas customers and recorded lower average gross margin under Manufacturing Division.

3. Current year prospects

The Group will continue to improve the performance in Manufacturing Division by improving the demand for its products as well as continue implementing measures to reduce expenditure. As for the Property Division, the Group is waiting for new development plan and will launch them once approvals are obtained from relevant authorities.

Barring any unforeseen circumstances, the Group expect a challenging financial year ahead.

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 property division incurred loss in the current quarter while the manufacturing has unutilised reinvestment allowances claimed and unutilised tax losses previous financial period.

6. Group's borrowings and debt securities

| | 30 Sept 2015 RM'000 | 30 June 2015 RM'000 |
|----------------------|--------------------------------|--------------------------------|
| Secured: | | |
| Bankers' acceptances | 3,982 | 5,236 |
| Term loans | 5,718 | 6,313 |
| Fixed loans | 623 | 641 |
| Bank overdrafts | 2,420 | 2,385 |
| | <u>12,743</u> | <u>14,575</u> |

7. Realised and unrealised profits or losses

| | 30 Sept 2015 RM'000 | 30 June 2015 RM'000 |
|---|--------------------------------|--------------------------------|
| Total retained earnings of the Company and its subsidiaries | | |
| - Realised | 14,487 | 14,615 |
| - Unrealised | <u>(1,658)</u> | <u>(1,944)</u> |
| | 12,829 | 12,671 |
| Consolidation adjustments | 165 | 295 |
| | <u>12,994</u> | <u>12,966</u> |

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2015
(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 2015 | Year to Date 30 Sept 2015 |
|---|--|--------------------------------------|
| Profit attributable to shareholders (RM'000) | 28 | 28 |
| Weighted average number of ordinary shares ('000) | 86,753 | 86,753 |
| Profit per share (sen) | <u>0.03</u> | <u>0.03</u> |

11. Notes to the Condensed Consolidated Income Statement

| | 3 months ended 30 Sept 2015 RM'000 | Year to Date 30 Sept 2015 RM'000 |
|--|---|---|
| The loss has been arrived at after accounting for the following items | | |
| (a) Interest income | 7 | 7 |
| (b) Other income including investment income | - | - |
| (c) Interest expense | 308 | 308 |
| (d) Depreciation and amortization | 715 | 715 |
| (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) | 223 | 223 |
| (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
Dato' Tan Sin Keat
Executive Director

26 November 2015