



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2015**

**29 February 2016**

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**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For the second quarter ended 31 December 2015**  
**(The figures have not been audited)**

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 6 months ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	12,577	12,610	23,088	27,204
Other operating income	-	103	-	182
Operating expenses	(12,987)	(11,826)	(22,447)	(25,166)
Depreciation & amortisation	(704)	(880)	(1,419)	(1,770)
Finance costs	(291)	(364)	(599)	(715)
<b>Loss before taxation</b>	<b>(1,405)</b>	<b>(357)</b>	<b>(1,377)</b>	<b>(265)</b>
Taxation	-	108	-	(129)
<b>Loss for the period &amp; Total comprehensive loss</b>	<b>(1,405)</b>	<b>(249)</b>	<b>(1,377)</b>	<b>(394)</b>
<b>Income/(loss) attribute to:</b>				
Equity holders of the Company	(1,405)	(362)	(1,377)	(783)
Non-controlling interests	-	113	-	389
	<b>(1,405)</b>	<b>(249)</b>	<b>(1,377)</b>	<b>(394)</b>
<b>Total comprehensive income/(loss) attributable to :</b>				
Equity holders of the Company	(1,405)	(362)	(1,377)	(783)
Non-controlling interests	-	113	-	389
	<b>(1,405)</b>	<b>(249)</b>	<b>(1,377)</b>	<b>(394)</b>
<b>Earnings per share attributable to equity holder of the Company:</b>				
Loss per per share (sen)	(1.62)	(0.46)	(1.59)	(1.04)

**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 31 December 2015  
 (The figures have not been audited)

	As at 31 December 2015 RM'000	(Audited) As at 30 June 2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	19,022	20,348
Land held for property development	12,547	11,946
<b>Total non-current assets</b>	<b>31,569</b>	<b>32,294</b>
<b>Current assets</b>		
Inventories	14,293	13,921
Trade and other receivables	13,126	14,471
Property development projects	12,697	12,966
Current tax assets	307	155
Fixed deposit, cash and bank balances	2,443	4,227
<b>Total current assets</b>	<b>42,866</b>	<b>45,740</b>
<b>TOTAL ASSETS</b>	<b>74,435</b>	<b>78,034</b>
<b>EQUITY AND LIABILITIES</b>		
Issued capital	43,767	43,767
Treasury shares	(307)	(307)
Reserves	(1,795)	(418)
<b>Total Equity</b>	<b>41,665</b>	<b>43,042</b>
<b>Non-current liabilities</b>		
Other payables	3,561	4,521
Hire-purchase payables	417	503
Borrowings	4,086	5,050
Deferred tax liabilities	1,504	1,504
<b>Total non-current liabilities</b>	<b>9,568</b>	<b>11,578</b>
<b>Current liabilities</b>		
Trade and other payables	11,661	12,149
Hire-purchase payables	264	256
Progress billings	3,957	1,438
Current tax liabilities	37	46
Borrowings	7,283	9,525
<b>Total current liabilities</b>	<b>23,202</b>	<b>23,414</b>
<b>Total Liabilities</b>	<b>32,770</b>	<b>34,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,435</b>	<b>78,034</b>
<b>Net Assets per share (RM)</b>	<b>0.48</b>	<b>0.61</b>

**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 second quarter ended 31 December 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	43,767	(19,524)	3,120	3,020	(307)	12,994	43,070
Total comprehensive loss	-	-	-	-	-	(1,405)	(1,405)
As at 31 December 2015	43,767	(19,524)	3,120	3,020	(307)	11,589	41,665

**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 second quarter ended 31 December 2015**  
**(The figures have not been audited)**

Note	Cumulative 6 months ended 31 Dec	
	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Loss before taxation	(1,377)	(265)
Adjustments for:		
Depreciation of property, plant and equipment	1,419	1,770
Gain in disposal of property, plant and equipment	(1)	(122)
Interest income	(64)	38
Finance costs	599	715
	<u>576</u>	<u>2,136</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(371)	(1,646)
Trade & other receivables	1,339	4,679
Property development costs	(332)	1,498
Increase/(Decrease) in:		
Trade and other payables	(1,443)	(1,834)
Progress billings	2,519	(2,471)
	<u>2,288</u>	<u>2,362</u>
Cash generated from operations	2,288	2,362
Income tax paid	(161)	(405)
	<u>2,127</u>	<u>1,957</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	1	324
Purchase of property, plant and equipment	(93)	(1,223)
	<u>(92)</u>	<u>(899)</u>
Net Cash (Used In) Investing Activities	(92)	(899)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Repayment of from bankers' acceptances	(1,168)	(50)
Proceeds from issuance shares on private placement	-	3,676
Proceed from term loan	(1,053)	-
Repayment of term loan	-	(356)
Finance costs paid	(599)	(715)
Proceeds from hire-purchase payables	51	675
Repayment of hire-purchase payables	(129)	(658)
	<u>(2,898)</u>	<u>2,572</u>
Net Cash (Used In)/Generated From Financing Activities	(2,898)	2,572
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(863)</b>	<b>3,630</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>1,163</b>	<b>(80)</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>A14</b>	<b>3,550</b>

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.

**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 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
Amendments to FRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101 Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
FRS 9 Financial Instruments	1 January 2018
FRS 15 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, MFRS Framework which becomes effective in the financial statements of the Group for financial year ending 30 June 2019.

**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 second quarter ended 31 December 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 31 December 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:

	<b>6 Months ended 31 Dec 2015 RM'000</b>	<b>6 Months ended 31 Dec 2014 RM'000</b>
<b>Business Segment</b>		
<b>Revenue</b>		
Manufacturing	16,837	15,874
Property development	6,251	11,330
	<u>23,088</u>	<u>27,204</u>
<b>Segment Results</b>		
Manufacturing	145	(1,169)
Property development	(1,522)	904
Profit from operations	<u>(1,377)</u>	<u>(265)</u>
<b>Geographical Segments</b>		
<b>Revenue</b>		
Export Market:		
Asia	5,054	5,170
Middle East	904	930
Africa	134	104
Oceania	685	455
Others	145	163
	<u>6,922</u>	<u>6,822</u>
Malaysia	<u>16,166</u>	<u>20,382</u>
	<u>23,088</u>	<u>27,204</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 23 February 2016.

**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 2016.

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the second quarter ended 31 December 2015**  
**(The figures have not been audited)**

**13. Capital commitments**

As at 23 February 2016, 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:

Four storey shop office with lift

**RM'000**

2,300

**14. Cash and cash equivalents**

	<b>As at 31 Dec 2015 RM'000</b>	<b>As at 31 Dec 2014 RM'000</b>
Cash & bank balances	1,700	2,084
Fixed deposits with licensed bank	743	2,672
	<u>2,443</u>	<u>4,756</u>
Bank overdrafts	(1,400)	(534)
Fixed deposits pledged	(743)	(672)
	<u>300</u>	<u>3,550</u>

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

**1. Review of performance**

	<b>Current quarter ended 31 Dec 2015</b>	<b>Corresponding quarter ended 31 Dec 2014</b>	<b>6 Months 31 Dec 2015 RM'000</b>	<b>6 Months 31 Dec 2014 RM'000</b>	<b>Variation %</b>
Revenue	12,577	12,610	23,088	27,204	-15%
Loss before taxation	<u>(1,405)</u>	<u>(357)</u>	<u>(1,377)</u>	<u>(265)</u>	420%

Current Quarter

For the second quarter ended 31 December 2015, the Group recorded revenue of RM12.6 million, same amount as preceding year's corresponding quarter.

Loss before taxation ("LBT") for the second quarter recorded RM1.4 million, increase by RM1.1 million when compare to preceding year's corresponding quarter, mainly due to loss recorded in Property Division.

Manufacturing Division

For the second quarter ended 31 December 2015, Manufacturing Division recorded a revenue of RM8.8 million with a LBT of RM0.3 million, an increase of revenue of RM0.4 million but higher LBT of RM0.1 million as compared to previous financial year corresponding quarter. The increase in LBT was due to lower gross margin achieved in selling price.

Property Division

For the second quarter ended 31 December 2015, Property Division recorded a revenue of RM3.8 million with a LBT of RM1.1 million, a decrease of revenue of RM0.4 million and increase in LBT tax of RM1.0 million as compared to previous financial year corresponding quarter. The decrease in revenue was mainly due less progress billing recorded for this current quarter and LBT increased attributed from sale of lower margin units such as single storey terrace.



**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the second quarter ended 31 December 2015**  
**(The figures have not been audited)**

**2. Variation of results against preceding quarter**

	<b>Current quarter ended 31 Dec 2015 RM'000</b>	<b>Preceding quarter ended 30 Sept 2015 RM'000</b>	<b>Variation %</b>
Revenue	12,577	10,511	19.7%
(Loss)/profit before taxation	<u>(1,405)</u>	<u>28</u>	5117.9%

The Group's revenue for the second quarter ended 31 December 2015 was registered at RM12.6 million, as against revenue of RM10.5 million of the preceding quarter. The increase was attributed from both Manufacturing and Property Division.

The Group's recorded a LBT of RM1.4 million for the quarter under review as compare to a profit before tax of RM28,000 in the immediate preceding quarter. The LBT in the current quarter under review was mainly from Property Division with LBT of RM1.1 million. The loss was attributed from less progress billing and lower gross margin units being sold during the current quarter under review.

**3. Current year prospects**

The Group will continue to work toward improving the Manufacturing Division through more aggressive marketing efforts for its products. Meanwhile in Property Division, the Group is still waiting for the approvals from the relevant authorities for the Kampar projects.

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 was provided as the Property Division was incurring loss in the current quarter while the Manufacturing Division has unutilised reinvestment allowances and tax losses previous financial period.

**6. Group's borrowings and debt securities**

	<b>31 Dec 2015 RM'000</b>	<b>30 June 2015 RM'000</b>
Secured:		
Bankers' acceptances	4,068	5,236
Term loan	5,371	6,313
Fixed loan	530	641
Bank overdrafts	1,400	2,385
	<u>11,369</u>	<u>14,575</u>

**7. Realised and unrealised profits or losses**

	<b>31 Dec 2015 RM'000</b>	<b>30 June 2015 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	12,990	14,615
- Unrealised	(1,566)	(1,944)
	<u>11,424</u>	<u>12,671</u>
Consolidation adjustments	165	295
	<u>11,589</u>	<u>12,966</u>

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the second quarter ended 31 December 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:

	<b>3 months ended 31 Dec 2015</b>	<b>Year to Date 31 Dec 2015</b>
Loss attributable to shareholders (RM'000)	(1,405)	(1,377)
Weighted average number of ordinary shares ('000)	86,753	86,753
Loss per share (sen)	<u>(1.62)</u>	<u>(1.59)</u>

**11. Notes to the Condensed Consolidated Income Statement**

	<b>3 months ended 31 Dec 2015 RM'000</b>	<b>Year to Date 31 Dec 2015 RM'000</b>
The loss has been arrived at after accounting for the following items		
(a) Interest income	6	12
(b) Other income including investment income	-	-
(c) Interest expense	291	598
(d) Depreciation and amortization	704	1,419
(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)	(26)	197
(j) Gain or (loss) on derivatives	-	-
(k) Exceptional item	<u>-</u>	<u>-</u>

**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

29 February 2016