



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2016**

26 May 2016



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 March 2016
(The figures have not been audited)

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 9 months ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	13,693	12,286	36,781	39,490
Other operating income	69	912	69	1,094
Operating expenses	(12,203)	(11,202)	(34,650)	(36,368)
Depreciation & amortisation	(648)	(786)	(2,067)	(2,556)
Finance costs	(297)	(318)	(896)	(1,033)
Profit/(Loss) before taxation	614	892	(763)	627
Taxation	-	209	-	80
Profit/(Loss) for the period & Total comprehensive loss	<u>614</u>	<u>1,101</u>	<u>(763)</u>	<u>707</u>
Income/(loss) attribute to:				
Equity holders of the Company	614	1,176	(763)	393
Non-controlling interests	-	(75)	-	314
	<u>614</u>	<u>1,101</u>	<u>(763)</u>	<u>707</u>
Total comprehensive income/(loss) attributable to :				
Equity holders of the Company	614	1,176	(763)	393
Non-controlling interests	-	(75)	-	314
	<u>614</u>	<u>1,101</u>	<u>(763)</u>	<u>707</u>
Earnings per share attributable to equity holder of the Company:				
Profit/(Loss) per per share (sen)	<u>0.71</u>	<u>1.42</u>	<u>(0.88)</u>	<u>0.90</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 31 March 2016
 (The figures have not been audited)

	As at 31 March 2016 RM'000	(Audited) As at 30 June 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,817	20,348
Land held for property development	12,389	11,946
Total non-current assets	31,206	32,294
Current assets		
Inventories	14,756	13,921
Trade and other receivables	13,786	14,471
Property development projects	11,297	12,966
Current tax assets	399	155
Fixed deposit, cash and bank balances	2,906	4,227
Total current assets	43,144	45,740
TOTAL ASSETS	74,350	78,034
EQUITY AND LIABILITIES		
Issued capital	43,767	43,767
Treasury shares	(307)	(307)
Reserves	(1,181)	(418)
Total Equity	42,279	43,042
Non-current liabilities		
Other payables	1,311	4,521
Hire-purchase payables	621	503
Borrowings	3,791	5,050
Deferred tax liabilities	1,504	1,504
Total non-current liabilities	7,227	11,578
Current liabilities		
Trade and other payables	12,053	12,149
Hire-purchase payables	340	256
Progress billings	4,567	1,438
Current tax liabilities	-	46
Borrowings	7,884	9,525
Total current liabilities	24,844	23,414
Total Liabilities	32,071	34,992
TOTAL EQUITY AND LIABILITIES	74,350	78,034
Net Assets per share (RM)	0.49	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 third quarter ended 31 March 2016
 (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
Total comprehensive income	-	-	-	-	-	614	614
As at 31 March 2016	43,767	(19,524)	3,120	3,020	(307)	12,203	42,279

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 third quarter ended 31 March 2016
(The figures have not been audited)

	Cumulative	
	9 months ended March 2016	2015
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(763)	627
Adjustments for:		
Depreciation of property, plant and equipment	2,067	2,556
Negative goodwill recognised	-	(873)
Gain in disposal of property, plant and equipment	(54)	(22)
Finance costs	896	1,033
	<u>2,146</u>	<u>3,321</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(836)	(8,848)
Trade & other receivables	345	8,064
Property development costs	1,225	6,803
Increase/(Decrease) in:		
Trade and other payables	(3,052)	(4,943)
Progress billings	3,128	(3,912)
	<u>2,956</u>	<u>485</u>
Cash generated from operations	2,956	485
Income tax paid	(274)	(570)
	<u>2,682</u>	<u>(85)</u>
Net Cash Generated From/(Used In) Operating Activities	2,682	(85)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Payment for acquisition of shares in a subsidiary from non-controlling interest	-	(368)
Placement of fixed deposits	(219)	-
Proceeds from disposal of property, plant and equipment	55	1,617
Purchase of property, plant and equipment	(536)	(1,312)
	<u>(700)</u>	<u>(63)</u>
Net Cash (Used In) Investing Activities	(700)	(63)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of bankers' acceptances	78	226
Repayment of term loan	(1,439)	(660)
Finance costs paid	(896)	(1,033)
Proceed from issuance of shares	-	3,767
Expenses of issuing shares	-	(66)
Proceeds from hire-purchase payables	468	315
Repayment of hire-purchase payables	(265)	(1,434)
	<u>(2,054)</u>	<u>1,115</u>
Net Cash (Used In)/Generated From Financing Activities	(2,054)	1,115
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(72)	967
CASH AND CASH EQUIVALENTS AT BEGINNING	1,163	(80)
CASH AND CASH EQUIVALENTS AT END	<u><u>1,091</u></u>	<u><u>887</u></u>

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 third quarter ended 31 March 2016
(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 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
Disclosure Initiative (Amendments to FRS 107)	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)	1 January 2017
FRS 9 Financial Instruments	1 January 2018
FRS 15 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019

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 third quarter ended 31 March 2016
(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 March 2016, 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:

	9 Months ended 31 March 2016 RM'000	9 Months ended 31 March 2015 RM'000
Business Segment		
<u>Revenue</u>		
Manufacturing	25,148	23,537
Property development	11,633	15,953
	<u>36,781</u>	<u>39,490</u>
<u>Segment Results</u>		
Manufacturing	(529)	(1,371)
Property development	(234)	1,998
(Loss)/Profit from operations	<u>(763)</u>	<u>627</u>
Geographical Segments		
<u>Revenue</u>		
Export Market:		
Asia	7,316	7,346
Middle East	1,373	1,175
Africa	152	181
Oceania	1,400	906
Others	271	330
	<u>10,512</u>	<u>9,938</u>
Malaysia	26,269	29,552
	<u>36,781</u>	<u>39,490</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 20 May 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 20 May 2016.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2016
(The figures have not been audited)

13. Capital commitments

As at 20 May 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:	RM'000
Four storey shop office with lift	1,955
Single storey detached factory	5,058
	<u>7,013</u>

14. Cash and cash equivalents

	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000
Cash & bank balances	1,938	2,121
Fixed deposits with licensed bank	968	675
	<u>2,906</u>	<u>2,796</u>
Bank overdrafts	(847)	(1,234)
Fixed deposits pledged	(968)	(675)
	<u>1,091</u>	<u>887</u>

15. Related party transactions

The following are the significant related party transactions:

	3 months ended 31 March 2016 RM	Year to Date 31 March 2016 RM
Rental paid to a Director of Group	2,500	2,500
Rental paid to a Director of a major subsidiary	2,200	15,400

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 March 2016	Corresponding quarter ended 31 March 2015	9 Months 31 March 2016 RM'000	9 Months 31 March 2015 RM'000	Variation %
Revenue	13,693	12,286	36,781	39,490	-7%
Profit/(Loss) before taxation	614	892	(763)	627	-222%

Current Quarter

For the third quarter ended 31 March 2016, the Group recorded revenue of RM13.7 million, an increase of RM1.4 million or 11% against preceding year's corresponding quarter.

Profit before taxation ("PBT") for the third quarter recorded RM0.6 million, decrease of RM0.3 million or 31% when compare to preceding year's corresponding quarter, mainly due to loss increase in Manufacturing Division by RM0.4 million (31 March 2016: RM0.6 million, 31 March 2015: RM0.2 million)

Manufacturing Division

For the third quarter ended 31 March 2016, Manufacturing Division recorded a revenue of RM8.3 million, an increase of revenue of RM0.8 million from RM7.6 million in preceding year's corresponding quarter. Loss before tax (LBT) of RM0.6 million recorded in current quarter, an increase by RM0.4 million when compare to LBT of RM0.2 million in preceding year's corresponding quarter. The loss is due to lower gross margin achieved during this current quarter.

Property Division

For the third quarter ended 31 March 2016, Property Division recorded a revenue of RM5.4 million, same as preceding year's corresponding quarter. PBT of RM1.3 million recorded in current quarter, an increase by RM0.2 million when compare to PBT of RM1.1 million in preceding year's corresponding quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2016
(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 31 March 2016 RM'000	Preceding quarter ended 31 Dec 2015 RM'000	Variation %
Revenue	13,693	12,577	8.9%
Profit/(Loss) before taxation	<u>614</u>	<u>(1,405)</u>	143.7%

The Group's revenue for the third quarter ended 31 March 2016 was registered at RM13.7 million, as against revenue of RM12.6 million in the preceding quarter. The increase was attributed from Property Division from RM3.8 million in immediate preceding quarter to RM5.4 million, an increase of RM1.6 million.

The Group's recorded a PBT of RM0.6 million for the quarter under review as compare to a LBT of RM1.4 million in the immediate preceding quarter. The PBT in the current quarter under review was mainly attributed from Property Division which is due to increase in revenue as mentioned above.

3. Current year prospects

Fluctuations in exchange rates and raw material prices will be a challenge to the Manufacturing Division. The Group will continue to focus on growth in its core competencies and product development to broaden its product portfolio to stay ahead of competition and remain relevant. Meanwhile in Property Division, the Group is preparing to launch the commercial suites project in Kampar, Perak.

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

	31 March 2016 RM'000	30 June 2015 RM'000
Secured:		
Bankers' acceptances	4,409	5,236
Letter of credit	904	-
Term loan	5,515	6,313
Fixed loan	-	641
Bank overdrafts	847	2,385
	<u>11,675</u>	<u>14,575</u>

7. Realised and unrealised profits or losses

	31 March 2016 RM'000	30 June 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	13,546	14,615
- Unrealised	(1,508)	(1,944)
	<u>12,038</u>	<u>12,671</u>
Consolidation adjustments	165	295
	<u>12,203</u>	<u>12,966</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2016
(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 March 2016	Year to Date 31 March 2016
Loss attributable to shareholders (RM'000)	614	(763)
Weighted average number of ordinary shares ('000)	86,753	86,753
Loss per share (sen)	<u>0.71</u>	<u>(0.88)</u>

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 March 2016 RM'000	Year to Date 31 March 2016 RM'000
The loss has been arrived at after accounting for the following items		
(a) Interest income	6	18
(b) Other income including investment income	-	-
(c) Interest expense	297	896
(d) Depreciation and amortization	648	2,067
(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)	(65)	132
(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

26 May 2016