



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2016**

**28 November 2016**

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**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For the first quarter ended 30 September 2016**  
 (The figures have not been audited)

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 3 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	11,359	10,511	11,359	10,511
Other operating income	8	-	8	-
Operating expenses	(11,430)	(9,460)	(11,430)	(9,460)
Depreciation & amortisation	(625)	(715)	(625)	(715)
Finance costs	(115)	(308)	(115)	(308)
<b>(Loss)/profit before taxation</b>	(803)	28	(803)	28
Taxation	(71)	-	(71)	-
<b>(Loss)/profit for the period &amp; Total comprehensive (loss)/income attributed to the Company</b>	<b>(874)</b>	<b>28</b>	<b>(874)</b>	<b>28</b>
<b>Earnings per share attributable to equity holder of the Company:</b>				
(Loss)/profit per per share (sen)	(1.01)	0.03	(1.01)	0.03

**Note:**

The unaudited condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 2016**  
**(The figures have not been audited)**

	<b>As at 30 Sept 2016 RM'000</b>	<b>(Audited) As at 30 June 2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	19,971	20,577
Land held for property development	11,985	11,934
<b>Total non-current assets</b>	<b>31,956</b>	<b>32,511</b>
<b>Current assets</b>		
Inventories	15,182	15,581
Trade and other receivables	20,770	19,190
Property development projects	32,754	19,637
Current tax assets	420	372
Fixed deposit, cash and bank balances	2,293	2,610
<b>Total current assets</b>	<b>71,419</b>	<b>57,390</b>
<b>TOTAL ASSETS</b>	<b>103,375</b>	<b>89,901</b>
<b>EQUITY AND LIABILITIES</b>		
Issued capital	43,767	43,767
Treasury shares	(307)	(307)
Reserves	(3,347)	(2,473)
<b>Total Equity</b>	<b>40,113</b>	<b>40,987</b>
<b>Non-current liabilities</b>		
Other payables	1,725	2,967
Hire-purchase payables	472	530
Borrowings	12,954	5,203
Deferred tax liabilities	1,786	1,786
<b>Total non-current liabilities</b>	<b>16,937</b>	<b>10,486</b>
<b>Current liabilities</b>		
Trade and other payables	28,548	23,689
Hire-purchase payables	323	332
Progress billings	7,482	6,040
Current tax liabilities	58	62
Borrowings	9,914	8,305
<b>Total current liabilities</b>	<b>46,325</b>	<b>38,428</b>
<b>Total Liabilities</b>	<b>63,262</b>	<b>48,914</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>103,375</b>	<b>89,901</b>
<b>Net Assets per share (RM)</b>	<b>0.46</b>	<b>0.47</b>

**Note:**

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 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 2016	43,767	(19,524)	3,120	3,020	(307)	10,911	40,987
Total comprehensive income	-	-	-	-	-	(874)	(874)
As at 30 September 2016	<u>43,767</u>	<u>(19,524)</u>	<u>3,120</u>	<u>3,020</u>	<u>(307)</u>	<u>10,037</u>	<u>40,113</u>

**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 30 June 2016 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 2016**  
**(The figures have not been audited)**

	<b>Cumulative</b>	
	<b>3 months ended September</b>	<b>2015</b>
<b>Note</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(803)	28
Adjustments for:		
Depreciation of property, plant and equipment	625	715
Interest income	(8)	(7)
Finance costs	115	308
	<u>(71)</u>	<u>1,044</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	399	(1,044)
Trade & other receivables	(1,993)	2,940
Property development costs	(12,940)	(18)
Increase/(Decrease) in:		
Trade and other payables	3,686	(3,444)
Progress billings	1,442	529
	<u>(9,477)</u>	<u>7</u>
Cash (used in)/generated from operations	(9,477)	7
Income tax paid	(123)	(80)
	<u>(9,600)</u>	<u>(73)</u>
<b>Net Cash (Used In) Operating Activities</b>	<b>(9,600)</b>	<b>(73)</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(18)	(1)
<b>Net Cash (Used In) Investing Activities</b>	<b>(18)</b>	<b>(1)</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Repayment of bankers' acceptances	(1,535)	(1,254)
Repayment of term loan	(277)	(614)
Proceed from term loan	10,289	-
Finance costs paid	(115)	(308)
Repayment of hire-purchase payables	(66)	(63)
	<u>8,296</u>	<u>(2,239)</u>
<b>Net Cash Generated From/(Used In) Financing Activities</b>	<b>8,296</b>	<b>(2,239)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,322)</b>	<b>(2,313)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>1,357</b>	<b>1,163</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>A14 35</b>	<b>(1,150)</b>

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 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 2016. 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 2016.

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 2016 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 101 Disclosure Initiatives	1 January 2016
Amendments to FRS 107 Disclosure Initiatives	1 January 2017
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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, 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 preceding audited financial statements for the financial year ended 30 June 2016 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.

Scanwolf Corporation Berhad (Company no: 740909-T)  
**Notes To The Interim Report**  
**For the first quarter ended 30 September 2016**  
(The figures have not been audited)

**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 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 is presented in respect of the Group's business segment as follows:

**3 Months ended 30 Sept 2016**

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	8,847	2,512	-	11,359
<b>Results</b>				
Segment results	(452)	92	(336)	(696)
Investment revenue	-	8	-	8
Finance costs	(105)	(10)	-	(115)
Profit/(loss) before tax	(557)	90	(336)	(803)
Tax expenses				(71)
Loss after tax				(874)

**3 Months ended 30 Sept 2015**

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	8,039	2,472	-	10,511
<b>Results</b>				
Segment results	502	(78)	(95)	329
Investment revenue	-	7	-	7
Finance costs	(27)	(281)	-	(308)
Profit/(loss) before tax	475	(352)	(95)	28
Tax expenses				-
Profit after tax				28

<b>Geographical Area</b>	<b>3 Months ended 30 Sept 2016</b>	<b>3 Months ended 30 Sept 2015</b>
<b>Revenue</b>		
Asia	2,510	2,237
Middle East	263	468
Africa	56	47
Oceania	475	434
Others	105	-
Total export	3,409	3,186
Malaysia	7,950	7,325
Total revenue	11,359	10,511

**9. Valuation of property, plant and equipment**

There were no valuation of the property, plant and equipment in the current quarter under review.

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the first quarter ended 30 September 2016**  
**(The figures have not been audited)**

**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 November 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 November 2016.

**13. Capital commitments**

As at 23 November 2016, 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**

	<b>As at 30 Sept 2016 RM'000</b>	<b>As at 30 Sept 2015 RM'000</b>
Cash & bank balances	1,310	1,270
Fixed deposits with licensed bank	983	686
	<hr/> 2,293	<hr/> 1,956
Bank overdrafts	(1,275)	(2,420)
Fixed deposits pledged	(983)	(686)
	<hr/> <hr/> 35	<hr/> <hr/> (1,150)

**15. Related party transactions**

The following are the significant related party transactions:

	<b>3 months ended 30 Sept 2016 RM</b>	<b>Year to Date 30 Sept 2016 RM</b>
Rental paid to a Director of Group	7,500	7,500
Rental paid to a Director of a major subsidiary	6,600	6,600

**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 30 Sept 2016</b>	<b>Corresponding quarter ended 30 Sept 2015</b>	<b>3 months ended 30 Sept 2016 RM'000</b>	<b>3 months ended 30 Sept 2015 RM'000</b>	<b>Variation %</b>
Revenue	11,359	10,511	11,359	10,511	8%
(Loss)/profit before taxation	(803)	28	(803)	28	2968%

Current Quarter

For the first quarter ended 30 September 2016, the Group recorded a revenue of RM11.3 million, an increase of RM0.8 million or 8% against preceding year's corresponding quarter which is mainly attributed from Manufacturing Division.

During this quarter under review, loss before tax ("LBT") of RM0.8 million is recorded, a decrease of RM0.8 million when compare to preceding year's corresponding quarter. The decrease in profit before tax ("PBT") was mainly due to lower gross margin recorded in Manufacturing Division.



**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the first quarter ended 30 September 2016**  
**(The figures have not been audited)**

Manufacturing Division

For the first quarter ended 30 September 2016, Manufacturing Division recorded a revenue of RM8.8 million, an increase of revenue of RM0.8 million or 10% from RM8.0 million in preceding year's corresponding quarter. LBT of RM0.56 million was recorded in current quarter, when compare to PBT of RM0.48 million in preceding year's corresponding quarter. The decrease in PBT was mainly due to lower gross margin recorded during the quarter under review.

Property Division

For the first quarter ended 30 September 2016, Property Division recorded a revenue of RM2.5 million, consistent with preceding year's corresponding quarter. During this quarter, PBT of RM0.1 million recorded in current quarter when compare to LBT of RM0.35 million in preceding year's corresponding quarter.

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

	<b>Current quarter ended 30 Sept 2016 RM'000</b>	<b>Preceding quarter ended 30 June 2016 RM'000</b>	<b>Variation %</b>
Revenue	11,359	16,548	-31.4%
Loss before taxation	<u>(803)</u>	<u>(679)</u>	18.3%

The Group revenue for the first quarter ended 30 September 2016 was recorded at RM11.4 million, as against revenue of RM16.5 million in the preceding quarter. The decrease was attributed from both Manufacturing and Property Division for RM0.3 million and RM4.9 million respectively. The significant drop in revenue in Property Division was due to the delay of launching of the commercial suites project in Kampar, Perak.

The Group's recorded a LBT of RM0.8 million for the quarter under review as compare to RM0.7 million in the immediate preceding quarter. The increase in LBT in the current quarter under review was mainly attributed lower revenue recorded in both Manufacturing and Property Division.

**3. Current year prospects**

The fluctuation of raw material prices and different designs of the product will be the major challenge to the Manufacturing Division. The Group is planning to transform the production process to meet the market demand. While in Property Division, the Group is preparing to launch commercial suites project in Kampar, Perak in the next quarter.

**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 tax expenses were mainly provided under Property Division.

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

	<b>30 Sept 2016 RM'000</b>	<b>30 June 2016 RM'000</b>
Secured:		
Bankers' acceptances	4,055	5,590
Term loan	17,538	7,297
Bank overdrafts	1,275	621
	<u>22,868</u>	<u>13,508</u>

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

	<b>30 Sept 2016 RM'000</b>	<b>30 June 2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	11,748	14,807
- Unrealised	(1,757)	(2,231)
	<u>9,991</u>	<u>12,576</u>
Consolidation adjustments	46	(1,665)
	<u>10,037</u>	<u>10,911</u>

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the first quarter ended 30 September 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:

	<b>3 months ended 30 Sept 2016</b>	<b>Year to Date 30 Sept 2016</b>
Loss attributable to shareholders (RM'000)	(874)	(874)
Weighted average number of ordinary shares ('000)	86,753	86,753
Loss per share (sen)	<u>(1.01)</u>	<u>(1.01)</u>

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

	<b>3 months ended 30 Sept 2016 RM'000</b>	<b>Year to Date 30 Sept 2016 RM'000</b>
The profit has been arrived at after accounting for the following items		
(a) Interest income	8	8
(b) Other income including investment income	-	-
(c) Interest expense	115	115
(d) Depreciation and amortization	625	625
(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)	20	20
(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' Loo Bin Keong  
Executive Director

28 November 2016