



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2016**

24 February 2017



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

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 6 months ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	12,846	12,577	24,205	23,088
Other operating income	7	-	15	-
Operating expenses	(12,337)	(12,987)	(23,767)	(22,447)
Depreciation & amortisation	(632)	(704)	(1,257)	(1,419)
Finance costs	(297)	(291)	(412)	(599)
Loss before taxation	(413)	(1,405)	(1,216)	(1,377)
Taxation	49	-	(22)	-
Loss for the period & Total comprehensive loss attributed to the Company	<u>(364)</u>	<u>(1,405)</u>	<u>(1,238)</u>	<u>(1,377)</u>
Earnings per share attributable to equity holder of the Company:				
Loss per per share (sen)	<u>(0.42)</u>	<u>(1.62)</u>	<u>(1.43)</u>	<u>(1.59)</u>

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 31 December 2016
(The figures have not been audited)

	As at 31 December 2016 RM'000	(Audited) As at 30 June 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,262	20,577
Land held for property development	10,470	11,934
Total non-current assets	35,732	32,511
Current assets		
Inventories	17,282	15,581
Trade and other receivables	18,333	19,190
Property development projects	17,562	19,637
Current tax assets	588	372
Fixed deposit, cash and bank balances	1,688	2,610
Total current assets	55,453	57,390
TOTAL ASSETS	91,185	89,901
EQUITY AND LIABILITIES		
Issued capital	43,767	43,767
Treasury shares	(307)	(307)
Reserves	(3,711)	(2,473)
Total Equity	39,749	40,987
Non-current liabilities		
Other payables	3,044	2,967
Hire-purchase payables	410	530
Borrowings	12,639	5,203
Deferred tax liabilities	1,786	1,786
Total non-current liabilities	17,879	10,486
Current liabilities		
Trade and other payables	10,568	23,689
Hire-purchase payables	296	332
Progress billings	9,535	6,040
Current tax liabilities	19	62
Borrowings	13,139	8,305
Total current liabilities	33,557	38,428
Total Liabilities	51,436	48,914
TOTAL EQUITY AND LIABILITIES	91,185	89,901
Net Assets per share (RM)	0.46	0.47

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 second quarter ended 31 December 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 loss	-	-	-	-	-	(874)	(874)
As at 30 September 2016	43,767	(19,524)	3,120	3,020	(307)	10,037	40,113
Total comprehensive loss	-	-	-	-	-	(364)	(364)
As at 31 December 2016	43,767	(19,524)	3,120	3,020	(307)	9,673	39,749

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 second quarter ended 31 December 2016
(The figures have not been audited)

	Cumulative	
	6 months ended December 2016	2015
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before taxation	(1,216)	(1,377)
Adjustments for:		
Depreciation of property, plant and equipment	1,257	1,419
Gain in disposal of property, plant and equipment	-	(1)
Interest income	(8)	(64)
Finance costs	412	599
	445	576
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(1,703)	(371)
Trade & other receivables	10,101	1,339
Property development costs	(5,987)	(332)
Increase/(Decrease) in:		
Trade and other payables	(12,228)	(1,443)
Progress billings	3,495	2,519
	(5,877)	2,288
Cash (used in)/generated from operations	(5,877)	2,288
Income tax paid	(281)	(161)
	(6,158)	2,127
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(5,943)	(93)
Net Cash (Used In) Investing Activities	(5,943)	(92)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of bankers' acceptances	(1,255)	(1,168)
Repayment of term loan	(4,130)	(1,053)
Proceeds from hire-purchase payables	-	51
Proceed from term loan	17,093	-
Finance costs paid	(412)	(599)
Repayment of hire-purchase payables	(156)	(129)
	11,140	(2,898)
Net Cash Generated From/(Used In) Financing Activities	11,140	(2,898)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(961)	(863)
CASH AND CASH EQUIVALENTS AT BEGINNING	1,357	1,163
CASH AND CASH EQUIVALENTS AT END	A14 396	300

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 second quarter ended 31 December 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 FRS 107 Disclosure Initiatives	1 January 2017
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 12 Disclosure of Interest in Other Entities	1 January 2017
FRS 9 Financial Instruments	1 January 2018
FRS 2 Shared-based Payment	1 January 2018
IC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 128 Investments in Associates and Joint Ventures	1 January 2018
Amendments to FRS 140 Transfers of Investment Property	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 second quarter ended 31 December 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 31 December 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:

6 Months ended 31 December 2016

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	18,354	5,851	-	24,205
Results				
Segment results	(461)	359	(717)	(819)
Investment revenue	-	15	-	15
Finance costs	(267)	(145)	-	(412)
Profit/(loss) before tax	(728)	229	(717)	(1,216)
Tax expenses				(22)
Loss after tax				(1,238)

6 Months ended 31 December 2015

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	16,837	6,251	-	23,088
Results				
Segment results	426	(711)	(508)	(793)
Investment revenue	-	15	-	15
Finance costs	(227)	(372)	-	(599)
Profit/(loss) before tax	199	(1,068)	(508)	(1,377)
Tax expenses				-
Profit after tax				(1,377)

Geographical Area	6 Months ended 31 Dec 2016	6 Months ended 31 Dec 2015
Revenue		
Asia	4,546	5,054
Middle East	637	904
Africa	131	134
Oceania	1,644	685
Others	97	145
Total export	7,055	6,922
Malaysia	17,150	16,166
Total revenue	24,205	23,088

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 second quarter ended 31 December 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 20 February 2017.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review, other than the following:-

On 6 January 2017, the Company's wholly-owned subsidiary, Scanwolf Plastic Industries Sdn. Bhd. has acquired 1 Share of RM1.00 each and subscribed 348,999 Shares of RM1.00 each in joint venture company (JVC), Nissha Flooring Industries Sdn. Bhd., aggregating in total 349,000 Shares of RM1.00 each, representing 34.9% equity interest in JVC.

The intended activity of Nissha Flooring Industries Sdn. Bhd. is production of plastic related goods, in particular the production of luxury vinyl tiles ("LVT"), including LVT related products, calendar moulding related products and construction materials and its related products.

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 February 2017.

13. Capital commitments

As at 20 February 2017, 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.

Approved and contracted for:

PVC auxiliary extrusion machineries

RM'000

653

14. Cash and cash equivalents

	As at 31 Dec 2016 RM'000	As at 31 Dec 2015 RM'000
Cash & bank balances	725	1,700
Fixed deposits with licensed bank	963	743
	<u>1,688</u>	<u>2,443</u>
Bank overdrafts	(329)	(1,400)
Fixed deposits pledged	(963)	(743)
	<u>396</u>	<u>300</u>

15. Related party transactions

The following are the related party transactions:

	3 months ended 31 Dec 2016 RM	Year to Date 31 Dec 2016 RM
Rental paid to a Director of Group	7,500	15,000
Rental paid to a Director of a major subsidiary	6,600	13,200
	<u>14,100</u>	<u>28,200</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 31 Dec 2016	Corresponding quarter ended 31 Dec 2015	6 Months 31 Dec 2016 RM'000	6 Months 31 Dec 2015 RM'000	Variation %
Revenue	12,846	12,577	24,205	23,088	5%
Loss before taxation	(413)	(1,405)	(1,216)	(1,377)	12%

Current Quarter

For the second quarter ended 31 December 2016, the Group recorded a revenue of RM12.8 million, an increase of RM0.3 million or 2% against preceding year's corresponding quarter which is mainly attributed from Manufacturing Division.

During this quarter under review, loss before tax ("LBT") of RM0.4 million is recorded, reduction of loss by RM1.0 million when compare to preceding year's corresponding quarter. The reduction in LBT is mainly due to better performance in Property Division.

Manufacturing Division

For the second quarter ended 31 December 2016, Manufacturing Division recorded a revenue of RM9.5 million, an increase of revenue of RM0.7 million or 8% from RM8.8 million in preceding year's corresponding quarter. LBT of RM0.7 million is recorded in current quarter, when compare to LBT of RM0.3 million in preceding year's corresponding quarter. The increase in LBT is mainly due to RM0.16 million of allowance for doubtful debts provided in current quarter.

Property Division

For the second quarter ended 31 December 2016, Property Division recorded a revenue of RM3.3 million, a decrease of revenue of RM0.5 million or 13% from RM3.8 million in preceding year's corresponding quarter. During this quarter, PBT of RM0.14 million is recorded in current quarter when compare to LBT of RM1.1 million in preceding year's corresponding quarter which is due to sale of higher profit margin units in current quarter.

2. Variation of results against preceding quarter

	Current quarter ended 31 Dec 2016 RM'000	Preceding quarter ended 30 Sept 2016 RM'000	Variation %
Revenue	12,846	11,359	13.1%
Loss before taxation	(413)	(803)	-48.6%

The Group revenue for the second quarter ended 31 December 2016 is recorded at RM12.8 million, as against revenue of RM11.3 million in the preceding quarter. The increase in revenue is attributed from both Manufacturing and Property Division for RM0.7 million and RM0.8 million respectively. The increase in revenue is due to increase in both local and export orders from Manufacturing and more revenue recognised from Bidor and Kampar projects.

The Group's recorded a LBT of RM0.4 million for the quarter under review as compare to RM0.8 million in the immediate preceding quarter. The decrease in LBT in the current quarter under review is mainly attributed to higher sales in Property Division.

3. Current year prospects

The outlook for the Property Division remains challenging amidst government cooling measures. However, the Group is focusing into affordable property for the current financial year, in line with the slower market demand. The Group will continue to improve the performance of Manufacturing Division by improving demand for its product and implementing of cost reduction.

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.

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

5. Taxation

The tax expenses were mainly provided under Property Division.

6. Group's borrowings and debt securities

	31 Dec 2016	30 June 2016
	RM'000	RM'000
Secured:		
Bankers' acceptances	4,335	5,590
Term loan	21,114	7,297
Bank overdrafts	329	621
	<u>25,778</u>	<u>13,508</u>

7. Realised and unrealised profits or losses

	31 Dec 2016	30 June 2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	10,952	14,807
- Unrealised	(1,733)	(2,231)
	<u>9,219</u>	<u>12,576</u>
Consolidation adjustments	454	(1,665)
	<u>9,673</u>	<u>10,911</u>

8. Material litigation

Neither the Company nor its subsidiaries are 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	Year to Date
	31 Dec 2016	31 Dec 2016
Loss attributable to shareholders (RM'000)	(364)	(1,238)
Weighted average number of ordinary shares ('000)	86,753	86,753
Loss per share (sen)	<u>(0.42)</u>	<u>(1.43)</u>

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

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Dec 2016 RM'000	Year to Date 31 Dec 2016 RM'000
The loss has been arrived at after accounting for the following items		
(a) Interest income	7	15
(b) Other income including investment income	-	-
(c) Interest expense	297	412
(d) Depreciation and amortization	632	1,257
(e) Provision for and write off of receivable	158	158
(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)	(30)	(10)
(j) Gain or (loss) on derivatives	-	-
(k) Exceptional item	-	-
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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

24 February 2017