



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS ENDED 30 JUNE 2017**

30 AUGUST 2017



Scanwolf Corporation Berhad (Company no: 740909-T)
 Condensed Consolidated Statement of Comprehensive Income
 For the fourth quarter ended 30 June 2017
 (The figures have not been audited)

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 12 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	25,906	16,548	62,386	53,329
Other operating income	7	(43)	29	26
Operating expenses	(23,589)	(16,258)	(60,037)	(50,908)
Depreciation & amortisation	(613)	(598)	(2,507)	(2,665)
Results from operating activities	1,711	(351)	(129)	(218)
Finance costs	(310)	(328)	(1,067)	(1,224)
Share of result in an associate, net of tax	(107)	-	(137)	-
Profit/(loss) before taxation	1,294	(679)	(1,333)	(1,442)
Taxation	(59)	(613)	(771)	(613)
Profit/(loss) for the year	1,235	(1,292)	(2,104)	(2,055)
Other comprehensive income				
Gain arising from revaluation of properties	1,697	-	1,697	-
Profit/(loss) for the year & Total comprehensive income/(loss) attributed to the Company	2,932	(1,292)	(407)	(2,055)
Earnings per share attributable to equity holder of the Company:				
Profit/(loss) per share (sen)	1.42	(1.49)	(2.43)	(2.37)

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 June 2017
 (The figures have not been audited)

	As at 30 June 2017 RM'000	(Audited) As at 30 June 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,270	20,577
Investment in an associate	212	-
Land held for property development	10,111	11,934
Total non-current assets	36,593	32,511
Current assets		
Inventories	15,425	15,581
Trade and other receivables	21,246	19,190
Property development projects	34,377	19,637
Current tax assets	212	372
Fixed deposit, cash and bank balances	2,962	2,610
Total current assets	74,222	57,390
TOTAL ASSETS	110,815	89,901
EQUITY AND LIABILITIES		
Issued capital	43,767	43,767
Treasury shares	(307)	(307)
Reserves	(2,880)	(2,473)
Total Equity	40,580	40,987
Non-current liabilities		
Other payables	1,769	2,967
Hire-purchase payables	1,035	530
Borrowings	20,435	5,203
Deferred tax liabilities	2,441	1,786
Total non-current liabilities	25,680	10,486
Current liabilities		
Trade and other payables	26,648	23,689
Hire-purchase payables	383	332
Progress billings	9,437	6,040
Current tax liabilities	930	62
Borrowings	7,157	8,305
Total current liabilities	44,555	38,428
Total Liabilities	70,235	48,914
TOTAL EQUITY AND LIABILITIES	110,815	89,901
Net Assets per share (RM)	0.47	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 fourth quarter ended 30 June 2017
 (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
Total comprehensive loss	-	-	-	-	-	(2,101)	(2,101)
As at 31 March 2017	43,767	(19,524)	3,120	3,020	(307)	7,572	37,648
Total comprehensive loss	-	-	-	1,697	-	1,235	2,932
As at 30 June 2017	43,767	(19,524)	3,120	4,717	(307)	8,807	40,580

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 fourth quarter ended 30 June 2017
(The figures have not been audited)

Note	Cumulative 12 months ended March	
	2017 RM'000	2016 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before taxation	(1,333)	(1,442)
Adjustments for:		
Impairment of land held for property development	-	3,125
Impairment of property, plant and equipment	1,272	
Depreciation of property, plant and equipment	2,507	2,665
Provision for liquidated and ascertained damages	102	643
Gain in disposal of property, plant and equipment	(49)	(55)
Share of net loss in an associate	137	-
Impairment loss recognised on trade receivables	1,028	595
Unrealised loss/(gain) on foreign exchange	19	(444)
Reversal of inventories written down	-	(123)
Gain in revaluation of properties	(377)	-
Investment revenue	(29)	(26)
Interest income	(3)	(5)
Finance costs	1,067	1,224
	<u>4,341</u>	<u>6,157</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	156	(1,536)
Trade & other receivables	(1,028)	(4,877)
Property development costs	(14,196)	(6,671)
Increase/(Decrease) in:		
Trade and other payables	1,761	9,275
Progress billings	<u>3,397</u>	<u>4,602</u>
Cash (used in)/generated from operations	(5,569)	6,950
Income tax refunded	-	150
Income tax paid	(877)	(682)
Interest income	3	5
Net Cash (Used In)/Generated From Operating Activities	<u>(6,443)</u>	<u>6,423</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Investment in an associate	(349)	-
Placement of fixed deposits	-	(297)
Proceeds from disposal of property, plant and equipment	1,050	55
Interest received from fixed and short-term deposits	29	26
Purchase of land held for property development	-	(3,113)
Purchase of property, plant and equipment	<u>(7,854)</u>	<u>(2,474)</u>
Net Cash (Used In) Investing Activities	<u>(7,124)</u>	<u>(5,803)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
(Repayment)/proceeds of bankers' acceptances	(1,190)	354
Proceeds from bank overdraft	-	343
Advances received from a Director	-	255
Repayment to joint venture partner	-	(202)
Repayment of term loans	(7,621)	(1,611)
Proceeds from hire-purchase payables	932	-
Repayment of hire-purchase payables	(375)	(303)
Proceed from term loan	22,333	1,955
Finance costs paid	<u>(1,067)</u>	<u>(1,224)</u>
Net Cash Generated From/(Used In) Financing Activities	<u>13,012</u>	<u>(433)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(555)	187
CASH AND CASH EQUIVALENTS AT BEGINNING	1,357	1,163
Effect of changes in exchange rate on foreign currency translation	13	7
CASH AND CASH EQUIVALENTS AT END	A14 <u>802</u>	<u>1,357</u>

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 fourth quarter ended 30 June 2017
(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 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations

	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
Amendments to FRS 128 Investments in Associates and Joint Ventures	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.

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 June 2017, the number of treasury shares held is 780,900 ordinary shares.

7. Dividend paid

No dividend was paid during this quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 2017
(The figures have not been audited)

8. Segmental information

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

12 Months ended 30 June 2017

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	37,644	24,742	-	62,386
Results				
Segment results	(3,532)	4,822	(1,448)	(158)
Investment revenue	-	29	-	29
Finance costs	(703)	(353)	(11)	(1,067)
	(4,235)	4,498	(1,459)	(1,196)
Share of result in an associate	(137)	-	-	(137)
Profit/(loss) before tax	(4,372)	4,498	(1,459)	(1,333)
Tax expenses				(771)
Loss after tax				(2,104)

12 Months ended 30 June 2016

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	34,265	19,064	-	53,329
Results				
Segment results	906	(381)	(769)	(244)
Investment revenue	-	26	-	26
Finance costs	(452)	(772)	-	(1,224)
Profit/(loss) before tax	454	(1,127)	(769)	(1,442)
Tax expenses				(613)
Loss after tax				(2,055)

Geographical Area	12 Months ended 30 June 2017	12 Months ended 30 June 2016
Revenue		
Asia	9,496	9,729
Middle East	1,441	1,765
Africa	199	155
Oceania	3,362	1,934
Others	116	431
Total export	14,614	14,014
Malaysia	47,772	39,315
Total revenue	62,386	53,329

9. Valuation of property, plant and equipment

The fair value of the land and buildings as at 13 April 2017 of RM13.36 million was performed by independent registered valuers based on the market values of similar properties in the same vicinity, where applicable. This resulted in a net revaluation surplus of RM1.67 million (after deferred tax liability) was accumulated in equity under the Asset Revaluation Reserve.

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 August 2017.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 2017
(The figures have not been audited)

11. Changes in the composition of the Group

There were no changes in the composition of the Group during current quarter under review.

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 August 2017.

13. Capital commitments

As at 23 August 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.

14. Cash and cash equivalents

	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
Cash & bank balances	1,985	1,635
Fixed deposits with licensed bank	977	976
	<hr/> 2,962	<hr/> 2,611
Bank overdraft	(1,183)	(278)
Fixed deposits pledged	(977)	(976)
	<hr/> 802	<hr/> 1,357

15. Related party transactions

The following are the related party transactions:

	3 months ended 30 June 2017 RM	Year to Date 30 June 2017 RM
Rental paid to a Director of Group	6,600	26,400
Rental paid to a Director of a major subsidiary	-	19,800

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 June 2017	Corresponding quarter ended 30 June 2016	12 Months 30 June 2017 RM'000	12 Months 30 June 2016 RM'000	Variation %
Revenue	25,906	16,548	62,386	53,329	17%
Profit/(loss) before taxation	1,294	(679)	(1,333)	(1,442)	8%

Current Quarter

For the fourth quarter ended 30 June 2017, the Group recorded a revenue of RM25.9 million, an increase of RM9.4 million or 57% against preceding year's corresponding quarter which was mainly due to increase of revenue in both Manufacturing and Property Division.

During this quarter under review, the Group recorded a profit before tax ("PBT") of RM1.3 million. A PBT was recorded during this current quarter was mainly due higher profit recorded in Property Divisions.

Manufacturing Division

During current quarter ended 30 June 2017, Manufacturing Division recorded a revenue of RM10.2 million, an increase of RM1.1 million or 12% from RM9.1 million in preceding year's corresponding quarter. Loss before tax ("LBT") of RM2.9 million was recorded in current quarter, when compare to PBT of RM0.9 million in preceding year's corresponding quarter was mainly due to allowance for doubtful debts and impairment of plant and machinery provided in current quarter.

Property Division

During current quarter ended 30 June 2017, Property Division recorded a revenue of RM15.7 million, an increase of RM8.3 million or 112% from RM7.4 million in preceding year's corresponding quarter. During this quarter, PBT of RM4.5 million was recorded when compare to LBT of RM0.9 million in preceding year's corresponding quarter which was mainly due to higher sales recorded in current quarter.

2. Variation of results against preceding quarter

	Current quarter ended 30 June 2017 RM'000	Preceding quarter ended 31 March 2017 RM'000	Variation %
Revenue	25,906	12,275	111.0%
Profit/(loss) before taxation	1,294	(1,411)	-191.7%

For fourth quarter ended 30 June 2017, the Group recorded a revenue of RM25.9 million against revenue of RM12.3 million in the preceding quarter. The increase in revenue was attributed from both Manufacturing and Property Division.

The Group recorded a PBT of RM1.3 million for the current quarter as compare to LBT of RM1.4 million in the immediate preceding quarter. A PBT was recorded in the current quarter was due to higher profit recorded in Property Division and offset by the impairment of plant and machinery being provided in Manufacturing Division.

3. Prospects for next financial year

In light of the increased competition and subdued global economy, the Group is cautious to conserve its resources to continue to stay focused in expanding its profitable business. The Manufacturing Division is planning to enhance its product offerings to both local and overseas market, which is expected to generate better sales and profitability. While in Property Division, the Group is cautious of its prospects in view of continuing stringent lending requirements by the financial institutions, the intense competition among developers and weak market sentiments. The Group expects the Property Division's revenue and profit to be driven by the commercial suites at 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.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 2017
(The figures have not been audited)

5. Taxation

The tax expenses were provided for Property Division.

No provision for tax expenses for Manufacturing Division as the Division recorded a loss in the current financial year.

6. Group's borrowings and debt securities

	30 June 2017	30 June 2016
	RM'000	RM'000
Secured:		
Bankers' acceptances	4,400	5,590
Term loan	22,009	7,298
Bank overdrafts	1,183	620
	<u>27,592</u>	<u>13,508</u>

7. Realised and unrealised profits or losses

	30 June 2017	30 June 2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	11,430	14,807
- Unrealised	(1,752)	(2,231)
	<u>9,678</u>	<u>12,576</u>
Consolidation adjustments	(871)	(1,665)
	<u>8,807</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
	30 June 2017	30 June 2017
Profit/(loss) attributable to shareholders (RM'000)	1,235	(2,104)
Weighted average number of ordinary shares ('000)	86,753	86,753
Profit/(loss) per share (sen)	<u>1.42</u>	<u>(2.43)</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 2017
(The figures have not been audited)

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 30 June 2017 RM'000	Year to Date 30 June 2017 RM'000
The loss has been arrived at after accounting for the following items		
(a) Interest income	7	29
(b) Other income including investment income	-	-
(c) Interest expense	310	1,067
(d) Depreciation and amortization	613	2,507
(e) Provision for and write off of receivable	412	1,028
(f) Provision for and write off of inventories	-	-
(g) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of asset	1,272	1,272
(i) Foreign exchange gain/(loss)	110	(19)
(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

30 AUGUST 2017