



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2017**

**26 FEBRUARY 2018**



**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For the second quarter ended 31 December 2017**  
**(The figures have not been audited)**

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 6 months ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>	19,652	12,846	37,492	24,205
Other operating income	204	7	266	15
Operating expenses	(16,352)	(12,337)	(31,716)	(23,767)
Depreciation & amortisation	(407)	(632)	(822)	(1,257)
<b>Results from operating activities</b>	<b>3,097</b>	<b>(116)</b>	<b>5,220</b>	<b>(804)</b>
Finance costs	(300)	(297)	(587)	(412)
Share of result in an associate, net of tax	(90)	-	(212)	-
<b>Profit/(loss) before taxation</b>	<b>2,707</b>	<b>(413)</b>	<b>4,421</b>	<b>(1,216)</b>
Taxation	(366)	49	(680)	(22)
<b>Profit/(loss) for the year &amp; Total comprehensive income/(loss) attributed to the Company</b>	<b>2,341</b>	<b>(364)</b>	<b>3,741</b>	<b>(1,238)</b>
<b>Earnings per share attributable to equity holder of the Company:</b>				
Profit/(loss) per share (sen)	2.70	(0.42)	4.31	(1.43)

**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 2017 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 2017**  
**(The figures have not been audited)**

	<b>As at 31 December 2017 RM'000</b>	<b>(Audited) As at 30 June 2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	25,637	26,302
Investment in an associate company	-	212
Amount owing by an associate company	4,224	3,096
Land held for property development	10,141	10,111
<b>Total non-current assets</b>	<b>40,002</b>	<b>39,721</b>
<b>Current assets</b>		
Inventories	17,929	15,592
Trade and other receivables	17,128	19,308
Property development projects	35,316	31,514
Current tax assets	100	179
Fixed deposit, cash and bank balances	1,883	3,036
<b>Total current assets</b>	<b>72,356</b>	<b>69,629</b>
<b>TOTAL ASSETS</b>	<b>112,358</b>	<b>109,350</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	46,887	46,887
Treasury shares	(307)	(307)
Reserves	(2,259)	(6,000)
<b>Total Equity</b>	<b>44,321</b>	<b>40,580</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,938	1,536
Hire-purchase payables	857	1,064
Borrowings	11,440	14,797
Deferred tax liabilities	1,140	1,140
<b>Total non-current liabilities</b>	<b>15,375</b>	<b>18,537</b>
<b>Current liabilities</b>		
Trade and other payables	33,397	28,843
Hire-purchase payables	386	355
Progress billings	2,463	7,285
Current tax liabilities	1,304	1,065
Borrowings	15,112	12,685
<b>Total current liabilities</b>	<b>52,662</b>	<b>50,233</b>
<b>Total Liabilities</b>	<b>68,037</b>	<b>68,770</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>112,358</b>	<b>109,350</b>
<b>Net Assets per share (RM)</b>	<b>0.51</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 2017 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 2017  
 (The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Non-distributable		Distributable		Total RM'000
			Reverse Acquisition Reserve RM'000	Revaluation Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	
As at 30 June 2017	46,887	-	(19,524)	4,717	(307)	8,807	40,580
Profit for the year	-	-	-	-	-	1,400	1,400
As at 30 September 2017	46,887	-	(19,524)	4,717	(307)	10,207	41,980
Profit for the year	-	-	-	-	-	2,341	2,341
As at 31 December 2017	46,887	-	(19,524)	4,717	(307)	12,548	44,321

**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 2017 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 2017**  
**(The figures have not been audited)**

	Note	Cumulative	
		6 months ended 2017	December 2016
		RM'000	RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation		4,421	(1,216)
Adjustments for:			
Depreciation of property, plant and equipment		822	1,257
Share of net loss in an associate		212	-
Interest income		(85)	(8)
Finance costs		587	412
		<u>5,957</u>	<u>445</u>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(2,337)	(1,703)
Trade & other receivables		2,180	10,101
Property development costs		(3,802)	(5,987)
Increase/(Decrease) in:			
Trade and other payables		4,955	(12,228)
Progress billings		(4,822)	3,495
		<u>2,131</u>	<u>(5,877)</u>
Cash generated from/(used in) operations		2,131	(5,877)
Interest income on current account received		2	-
Interest income on Housing Development Account received		83	-
Income tax paid		(440)	(281)
Income tax refund		79	-
Net Cash Generated From/(Used In) Operating Activities		<u>1,855</u>	<u>(6,158)</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Advances granted to an associated company		(1,128)	-
Purchase of property, plant and equipment		(157)	(5,943)
Placement of fixed deposits		(15)	-
Addition to land held for property development		(30)	-
Net Cash (Used In) Investing Activities		<u>(1,330)</u>	<u>(5,943)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceed/(repayment) of bankers' acceptances		1,066	(1,255)
Repayment of bridging and term loans		(4,178)	(4,130)
Repayment of hire-purchase payables		(176)	(156)
Proceeds from bank overdraft		1,183	-
Proceed from term loan		1,000	17,093
Finance costs paid		(587)	(412)
Net Cash (Used in)/Generated From Financing Activities		<u>(1,692)</u>	<u>11,140</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(1,167)</u>	<u>(961)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		2,058	1,357
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>A14</b>	<u>891</u>	<u>396</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 2017 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 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 2017. 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 2017.

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 2017 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
FRS 9 Financial Instruments	1 January 2018
Amendments to FRS 140 Transfers of Investment Property	1 January 2018
IC Interpretation 22	1 January 2018
Amendments to FRSs Annual Improvements to FRSs 2014 - 2016 Cycle	1 January 2018
Amendments to FRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective for annual periods beginning on or after a date to be determined

**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 2018.

**2. Auditors' Report on Preceding Annual Financial Statements**

The preceding audited financial statements for the financial year ended 30 June 2017 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 31 December 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 second quarter ended 31 December 2017  
(The figures have not been audited)

8. Segmental information

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

6 Months ended 31 December 2017

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	19,347	18,145	-	37,492
<b>Results</b>				
Segment results	(405)	6,521	(911)	5,205
Investment revenue	-	15	-	15
Finance costs	(443)	(144)	-	(587)
	(848)	6,392	(911)	4,633
Share of result in an associate	(212)	-	-	(212)
Profit/(loss) before tax	(1,060)	6,392	(911)	4,421
Tax expenses				(680)
Profit after tax				3,741

6 Months ended 31 December 2016

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	18,354	5,851	-	24,205
<b>Results</b>				
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)

<b>Geographical Area</b>	<b>6 Months ended 31 Dec 2017</b>	<b>6 Months ended 31 Dec 2016</b>
<b>Revenue</b>		
Asia	4,555	4,546
Middle East	651	637
Africa	65	131
Oceania	1,761	1,644
Others	19	97
Total export	7,051	7,055
Malaysia	30,441	17,150
Total revenue	37,492	24,205

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 21 February 2018.

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the second quarter ended 31 December 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 21 February 2018.

**13. Capital commitments**

As of 21 February 2018, the Group has the following capital commitment in respect of property, plant and equipment:

	<b>RM'000</b>
Approved and contracted for	<u>2,730</u>

**14. Cash and cash equivalents**

	<b>As at 31 Dec 2017 RM'000</b>	<b>As at 31 Dec 2016 RM'000</b>
Cash & bank balances	891	725
Fixed deposits with licensed bank	992	963
	<u>1,883</u>	<u>1,688</u>
Bank overdraft	-	(329)
Fixed deposits pledged	(992)	(963)
	<u>891</u>	<u>396</u>

**15. Related party transaction**

The following is the related party transaction:

	<b>3 months ended 31 Dec 2017 RM</b>	<b>Year to Date 31 Dec 2017 RM</b>
Rental paid to a Director of Group	<u>7,950</u>	<u>14,550</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 2017</b>	<b>Corresponding quarter ended 31 Dec 2016</b>	<b>6 Months 31 Dec 2017 RM'000</b>	<b>6 Months 31 Dec 2016 RM'000</b>	<b>Variation %</b>
Revenue	19,652	12,846	37,492	24,205	55%
Profit/(loss) before taxation	<u>2,707</u>	<u>(413)</u>	<u>4,421</u>	<u>(1,216)</u>	<u>464%</u>

Group

For the second quarter ended 31 December 2017, the Group recorded a revenue of RM19.7 million, an increase of RM6.8 million or 53% against preceding year's corresponding quarter which was mainly due to increase of revenue in both Manufacturing and Property Division for RM0.5 million and RM4.1million respectively.

During this quarter under review, the Group recorded a profit before tax ("PBT") of RM2.7 million against loss before taxation of RM0.4 million in preceding year's corresponding quarter. A PBT was recorded during this current quarter was mainly due higher profit recorded in Property Divisions.

Manufacturing Division

During current quarter ended 31 December 2017, Manufacturing Division recorded a revenue of RM10.0 million, an increase of RM0.5 million or 5% from RM9.5 million in preceding year's corresponding quarter was due to higher revenue recorded in local market. A loss before tax ("LBT") of RM0.5 million was recorded in current quarter, when compare to LBT of RM0.6 million in preceding year's corresponding quarter. Included in the LBT of RM0.5 million was RM0.18 million of imputed interest expenses on the amount owing by associate.

Property Division

During current quarter ended 31 December 2017, Property Division recorded a revenue of RM9.7 million, an increase of RM6.3 million or 190% from RM3.3 million in preceding year's corresponding quarter was due to higher sales recognition from ongoing project. During this quarter, PBT of RM3.7 million was recorded when compare to PBT of RM0.1 million in preceding year's corresponding quarter which was mainly due to higher sales recognise in current quarter particularly on the commercial suites project.

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

	<b>Current quarter ended 31 Dec 2017 RM'000</b>	<b>Preceding quarter ended 31 Sept 2017 RM'000</b>	<b>Variation %</b>
Revenue	19,652	17,840	10.2%
Profit before taxation	<u>2,707</u>	<u>1,714</u>	<u>57.9%</u>

For the second quarter ended 31 December 2017, the Group recorded a revenue of RM19.7 million against revenue of RM17.8 million in the preceding quarter. The increase in revenue was from both Manufacturing and Property Division.

The Group recorded a PBT of RM2.7 million for the current quarter as compare to PBT of RM1.7 million in the immediate preceding quarter. A higher PBT was recorded in the current quarter was due mainly due to increase in PBT in Property Division.

**3. Current year prospects**

The Property Division is expected to contribute positively as construction progress is according to schedule.

In the Manufacturing Division, the management expect to see improvement in longer term once planned capacity expansion are all in place. The Group is continuously to improve the performance for the remaining period of financial year ending 30 June 2018.

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the second quarter ended 31 December 2017**  
**(The figures have not been audited)**

**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 for Property Division.

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

	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured:		
Bridging loans	12,031	16,002
Bankers' acceptances	5,466	4,400
Term loans	6,694	5,901
Bank overdrafts	2,361	1,179
	<hr/> 26,552	<hr/> 27,482
Less: Amount due within 12 months	(15,112)	(12,685)
	<hr/> <hr/> 11,440	<hr/> <hr/> 14,797

**7. 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.

**8. Listing requirement**

The auditor have performed limited review on this report solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad.

**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</b>	<b>Year to Date</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2017</b>
Profit attributable to shareholders (RM'000)	2,341	3,741
Weighted average number of ordinary shares ('000)	86,753	86,753
Profit per share (sen)	<hr/> 2.70	<hr/> 4.31

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the second quarter ended 31 December 2017**  
**(The figures have not been audited)**

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

	<b>3 months ended 31 Dec 2017 RM'000</b>	<b>Year to Date 31 Dec 2017 RM'000</b>
The profit has been arrived at after accounting for the following items		
(a) Interest income	92	100
(b) Other income including investment income	-	-
(c) Interest expense	300	587
(d) Depreciation and amortization	407	822
(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)	(37)	(107)
(j) Gain or (loss) on derivatives	-	-
(k) Exceptional item	-	-
	<hr/>	<hr/>

**12. Corporate proposals**

Proposed Private Placement of up to 8,753,400 new ordinary shares in Scanwolf Corporation Berhad ("SCB"), representing up to ten percent (10%) of the issued shares of SCB shares.

Reference is made to the announcement dated 21 and 22 December 2017 and 4 January 2018 in relation to the Proposed Private Placement.

On 4 January 2018, Bursa Securities had, vide its letter dated 4 January 2018, approved the listing of and quotation for up to 8,753,400 placement shares subject to the conditions stipulated in the letter.

**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

26 February 2018