



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2018**

31 MAY 2018



Scanwolf Corporation Berhad (Company no: 740909-T)
 Condensed Consolidated Statement of Comprehensive Income
 For the third quarter ended 31 March 2018
 (The figures have not been audited)

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 9 months ended 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	12,490	12,275	49,982	36,480
Other operating income	17	7	283	22
Operating expenses	(13,463)	(12,681)	(45,179)	(36,448)
Depreciation & amortisation	(389)	(637)	(1,211)	(1,894)
Results from operating activities	(1,345)	(1,036)	3,875	(1,840)
Finance costs	(332)	(345)	(919)	(757)
Share of result in an associate, net of tax	-	(30)	(212)	(30)
Profit/(loss) before taxation	(1,677)	(1,411)	2,744	(2,627)
Taxation	203	(690)	(477)	(712)
Profit/(loss) for the year & Total comprehensive income/(loss) attributed to the Company	(1,474)	(2,101)	2,267	(3,339)
Earnings per share attributable to equity holder of the Company:				
Profit/(loss) per share (sen)	(1.68)	(2.42)	2.59	(3.85)

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 March 2018
 (The figures have not been audited)

	As at 31 March 2018 RM'000	(Audited) As at 30 June 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,254	26,302
Investment in an associate company	-	212
Amount owing by an associate company	4,520	3,096
Land held for property development	10,142	10,111
Total non-current assets	39,916	39,721
Current assets		
Inventories	18,062	15,592
Trade and other receivables	13,171	19,308
Property development projects	35,057	31,514
Current tax assets	107	179
Fixed deposit, cash and bank balances	2,040	3,036
Total current assets	68,437	69,629
TOTAL ASSETS	108,353	109,350
EQUITY AND LIABILITIES		
Share capital	49,056	46,887
Treasury shares	(307)	(307)
Reserves	(3,733)	(6,000)
Total Equity	45,016	40,580
Non-current liabilities		
Trade and other payables	1,555	1,536
Hire-purchase payables	804	1,064
Borrowings	10,980	14,797
Deferred tax liabilities	1,140	1,140
Total non-current liabilities	14,479	18,537
Current liabilities		
Trade and other payables	32,393	28,843
Hire-purchase payables	350	355
Progress billings	2,384	7,285
Current tax liabilities	641	1,065
Borrowings	13,090	12,685
Total current liabilities	48,858	50,233
Total Liabilities	63,337	68,770
TOTAL EQUITY AND LIABILITIES	108,353	109,350
Net Assets per share (RM)	0.51	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 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 third quarter ended 31 March 2018
 (The figures have not been audited)

	Non-distributable		Distributable		Total RM'000	
	Share Capital 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 period	-	-	-	-	1,400	1,400
As at 30 September 2017	46,887	(19,524)	4,717	(307)	10,207	41,980
Profit for the period	-	-	-	-	2,341	2,341
As at 31 December 2017	46,887	(19,524)	4,717	(307)	12,548	44,321
Share issuance on private placement	2,169	-	-	-	-	2,169
Loss for the period	-	-	-	-	(1,474)	(1,474)
As at 31 March 2018	<u>49,056</u>	<u>(19,524)</u>	<u>4,717</u>	<u>(307)</u>	<u>11,074</u>	<u>45,016</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 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 third quarter ended 31 March 2018
(The figures have not been audited)

	Note	Cumulative 9 months ended March	
		2018 RM'000	2017 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(loss) before taxation		2,744	(2,627)
Adjustments for:			
Depreciation of property, plant and equipment		1,211	1,894
Share of net loss in an associate		212	30
Impairment loss recognised on trade receivables		-	616
Interest income		(3)	(15)
Investment revenue		(159)	-
Interest expense		795	757
		<u>4,800</u>	<u>655</u>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(2,470)	(1,690)
Trade & other receivables		6,137	4,669
Property development costs		(3,543)	(324)
Increase/(Decrease) in:			
Trade and other payables		3,569	(13,126)
Progress billings		(4,901)	3,963
		<u>3,592</u>	<u>(5,853)</u>
Cash generated from/(used in) operations		3,592	(5,853)
Income tax paid		(907)	(654)
Income tax refund		79	-
Interest income received		3	-
Net Cash Generated From/(Used In) Operating Activities		<u>2,767</u>	<u>(6,507)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Investment in an associate		-	(349)
Interest received		21	-
Advances granted to an associated company		(1,287)	-
Purchase of property, plant and equipment		(164)	(6,369)
Placement of fixed deposits		(21)	-
Addition to land held for property development		(30)	-
Net Cash (Used In)/Investing Activities		<u>(1,481)</u>	<u>(6,718)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceed from issued share capital		2,169	-
Repayment of bankers' acceptances		(104)	(667)
Repayment of bridging and term loans		(6,180)	(6,402)
Proceeds from hire-purchase payables		-	183
Repayment of hire-purchase payables		(264)	(259)
Proceeds from bank overdraft		1,871	-
Proceed from term loan		1,000	20,962
Finance costs paid		(795)	(757)
Net Cash (Used in)/Generated From Financing Activities		<u>(2,303)</u>	<u>13,060</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,017)	(165)
CASH AND CASH EQUIVALENTS AT BEGINNING		2,058	1,357
CASH AND CASH EQUIVALENTS AT END	A14	<u>1,041</u>	<u>1,192</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 third quarter ended 31 March 2018
(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

Adoption of the Malaysian Financial Reporting Standards Framework ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS) Framework. The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities'). Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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.

On 28 October 2015, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2018. 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 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 March 2018, 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 third quarter ended 31 March 2018
(The figures have not been audited)

8. Segmental information

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

9 Months ended 31 March 2018

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	28,249	21,733	-	49,982
Results				
Segment results	(1,385)	6,424	(1,437)	3,602
Investment revenue	137	22	-	159
Finance costs	(583)	(222)	-	(805)
	(1,831)	6,224	(1,437)	2,956
Share of result in an associate	(212)	-	-	(212)
Profit/(loss) before tax	(2,043)	6,224	(1,437)	2,744
Tax expenses				(477)
Profit after tax				2,267

9 Months ended 31 March 2017

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	27,471	9,009	-	36,480
Results				
Segment results	(960)	214	(1,116)	(1,862)
Investment revenue	-	22	-	22
Finance costs	(467)	(290)	-	(757)
	(1,427)	(54)	(1,116)	(2,597)
Share of result in an associate	(30)	-	-	(30)
Loss before tax	(1,457)	(54)	(1,116)	(2,627)
Tax expenses				(712)
Loss after tax				(3,339)

Geographical Area	9 Months ended 31 March 2018	9 Months ended 31 March 2017
Revenue		
Asia	7,049	6,460
Middle East	942	1,004
Africa	127	189
Oceania	2,249	2,432
Others	19	290
Total export	10,386	10,375
Malaysia	39,596	26,105
Total revenue	49,982	36,480

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 25 May 2018.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2018
(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 25 May 2018.

13. Capital commitments

As of 25 May 2018, the Group has the following capital commitment in respect of property, plant and equipment:

	RM'000
Approved and contracted for	<u>525</u>

14. Cash and cash equivalents

	As at 31 March 2018 RM'000	As at 31 March 2017 RM'000
Cash & bank balances	1,041	1,438
Fixed deposits with licensed bank	999	970
	<u>2,040</u>	<u>2,408</u>
Bank overdraft	-	(246)
Fixed deposits pledged	(999)	(970)
	<u>1,041</u>	<u>1,192</u>

15. Related party transaction

The following is the related party transaction:

	3 months ended 31 March 2018 RM	Year to Date 31 March 2018 RM
Rental paid to a Director of Group	<u>7,950</u>	<u>22,500</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 March 2018	Corresponding quarter ended 31 March 2017	9 Months 31 March 2018 RM'000	9 Months 31 March 2017 RM'000	Variation %
Revenue	12,490	12,275	49,982	36,480	37%
(Loss)/profit before taxation	<u>(1,677)</u>	<u>(1,411)</u>	<u>2,744</u>	<u>(2,627)</u>	<u>204%</u>

Group

For the third quarter ended 31 March 2018, the Group recorded a revenue of RM12.5 million, an increase of RM0.2 million or 2% against preceding year's corresponding quarter which was mainly due to increase of revenue in Property Division.

During this quarter under review, the Group recorded a loss before tax ("LBT") of RM1.7 million against loss before taxation of RM1.4 million in preceding year's corresponding quarter. Higher loss was recorded during this current quarter was mainly due the imputed interest expenses on the amount owing by an associate.

Manufacturing Division

During current quarter ended 31 March 2018, Manufacturing Division recorded a revenue of RM8.9 million, decrease of RM0.2 million or 2% from RM9.1 million in preceding year's corresponding quarter was due festival holiday in the month of February 2018. A loss before tax ("LBT") of RM1.0 million was recorded in current quarter, when compare to LBT of RM0.7 million in preceding year's corresponding quarter. Included in the LBT of RM1.0 million was RM0.5 million of imputed interest expenses on the amount owing by associate.

Property Division

During current quarter ended 31 March 2018, Property Division recorded a revenue of RM3.6 million, an increase of RM0.4 million or 14% from RM3.2 million in preceding year's corresponding quarter was due to higher sales recognition from ongoing project. During this quarter, LBT of RM0.2 million was recorded when compare to LBT of RM0.3 million in preceding year's corresponding quarter.

2. Variation of results against preceding quarter

	Current quarter ended 31 March 2018 RM'000	Preceding quarter ended 31 Dec 2017 RM'000	Variation %
Revenue	12,490	19,652	-36.4%
(Loss)/profit before taxation	<u>(1,677)</u>	<u>2,707</u>	<u>-162.0%</u>

For the third quarter ended 31 March 2018, the Group recorded a revenue of RM12.5 million against revenue of RM19.7 million in the preceding quarter. The decrease in revenue was mainly from the Property Division due to slow take-up rate during the quarter.

The Group recorded a LBT of RM1.7 million for the current quarter as compare to PBT of RM2.7 million in the immediate preceding quarter. A loss recorded in current quarter was due to lower revenue recorded in Property Division.

3. Current year prospects

In Property Division, the division expects the remaining period performance to be weaker due to the sluggish market condition of the property sector.

While in Manufacturing Division, the management is continuing with concerted efforts to develop new products and continue to improve the gross margin by implementing cost management across the production process.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2018
(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

	31 March 2018	30 June 2017
	RM'000	RM'000
Secured:		
Bridging loans	10,161	16,002
Bankers' acceptances	4,296	4,400
Term loans	6,563	5,901
Bank overdrafts	3,050	1,179
	<u>24,070</u>	<u>27,482</u>
Less: Amount due within 12 months	(13,090)	(12,685)
	<u><u>10,980</u></u>	<u><u>14,797</u></u>

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 external auditor of the Company has performed a limited review on this quarterly report to comply with the requirement as stipulated in the letter of Bursa Securities Malaysia Berhad ("Bursa Securities") dated 21 September 2017 as announced by Bursa Securities on 29 September 2017.

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 March 2018	31 March 2018
(Loss)/profit attributable to shareholders (RM'000)	(1,474)	2,267
Weighted average number of ordinary shares ('000)	87,534	87,534
(Loss)/profit per share (sen)	<u><u>(1.68)</u></u>	<u><u>2.59</u></u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2018
(The figures have not been audited)

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 March 2018 RM'000	Year to Date 31 March 2018 RM'000
The profit has been arrived at after accounting for the following items		
(a) Interest income	58	158
(b) Other income including investment income	-	-
(c) Interest expense	332	919
(d) Depreciation and amortization	389	1,211
(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)	(156)	(264)
(j) Gain or (loss) on derivatives	-	-
(k) Exceptional item	-	-

12. Corporate proposals

On 21 December 2017, the Board of Directors of SCB approved the proposal to undertake a private placement of up to 10% of the issued and paid-up share capital in SCB comprising of 8,675,300 new ordinary shares to investors. The Private Placement of 8,675,300 new ordinary shares was fully subscribed and completed on 6 March 2018.

The status of utilisation of the proceeds from the Private Placement as at 31 March 2018 are as follows:

Purpose	Proceeds Raised (RM'000)	Amount Utilised (RM'000)	Amount Unutilised
Working capital	2,049	(349)	1,700
Estimated expenses in relation to the Proposed Private Placement	120	(90)	30
Total	2,169	(439)	1,730

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

31 May 2018