



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2017**

30 May 2017



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

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 9 months ended 31 March	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	12,275	13,693	36,480	36,781
Other operating income	7	69	22	69
Operating expenses	(12,681)	(12,203)	(36,448)	(34,650)
Depreciation & amortisation	(637)	(648)	(1,894)	(2,067)
Results from operating activities	(1,036)	911	(1,840)	133
Finance costs	(345)	(297)	(757)	(896)
Share of result in an associate, net of tax	(30)	-	(30)	-
(Loss)/profit before taxation	(1,411)	614	(2,627)	(763)
Taxation	(690)	-	(712)	-
(Loss)/profit for the period & Total comprehensive (loss)/income attributed to the Company	(2,101)	614	(3,339)	(763)
Earnings per share attributable to equity holder of the Company:				
(Loss)/profit per per share (sen)	(2.42)	0.71	(3.85)	(0.88)

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 March 2017
(The figures have not been audited)

	As at 31 March 2017 RM'000	(Audited) As at 30 June 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,052	20,577
Investment in an associate	319	-
Land held for property development	10,560	11,934
Total non-current assets	35,931	32,511
Current assets		
Inventories	17,271	15,581
Trade and other receivables	15,052	19,190
Property development projects	20,687	19,637
Current tax assets	297	372
Fixed deposit, cash and bank balances	2,408	2,610
Total current assets	55,715	57,390
TOTAL ASSETS	91,646	89,901
EQUITY AND LIABILITIES		
Issued capital	43,767	43,767
Treasury shares	(307)	(307)
Reserves	(5,812)	(2,473)
Total Equity	37,648	40,987
Non-current liabilities		
Other payables	2,535	2,967
Hire-purchase payables	510	530
Borrowings	19,902	5,203
Deferred tax liabilities	1,786	1,786
Total non-current liabilities	24,733	10,486
Current liabilities		
Trade and other payables	10,261	23,689
Hire-purchase payables	275	332
Progress billings	10,003	6,040
Current tax liabilities	45	62
Borrowings	8,681	8,305
Total current liabilities	29,265	38,428
Total Liabilities	53,998	48,914
TOTAL EQUITY AND LIABILITIES	91,646	89,901
Net Assets per share (RM)	0.43	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 third quarter ended 31 March 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

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 third quarter ended 31 March 2017
(The figures have not been audited)

	Cumulative	
	2017	2016
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before taxation	(2,627)	(763)
Adjustments for:		
Depreciation of property, plant and equipment	1,894	2,067
Gain in disposal of property, plant and equipment	-	(54)
Share of net loss in an associate	30	-
Impairment loss recognised on trade receivables	616	-
Interest income	(15)	-
Finance costs	757	896
	<u>655</u>	<u>2,146</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(1,690)	(836)
Trade & other receivables	4,669	345
Property development costs	(324)	1,225
Increase/(Decrease) in:		
Trade and other payables	(13,126)	(3,052)
Progress billings	3,963	3,128
	<u>3,963</u>	<u>3,128</u>
Cash (used in)/generated from operations	(5,853)	2,956
Income tax paid	(654)	(274)
	<u>(6,507)</u>	<u>2,682</u>
Net Cash (Used In)/Generated From Operating Activities	(6,507)	2,682
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Investment in an associate	(349)	-
Placement of fixed deposits	-	(219)
Proceeds from disposal of property, plant and equipment	-	55
Purchase of property, plant and equipment	(6,369)	(536)
Net Cash (Used In) Investing Activities	(6,718)	(700)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds/(repayment) of bankers' acceptances	(667)	78
Repayment of term loan	(6,402)	(1,439)
Proceeds from hire-purchase payables	183	-
Repayment of hire-purchase payables	(259)	(265)
Proceed from term loan	20,962	468
Finance costs paid	(757)	(896)
Net Cash Generated From/(Used In) Financing Activities	13,060	(2,054)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(165)	(72)
CASH AND CASH EQUIVALENTS AT BEGINNING	1,357	1,163
CASH AND CASH EQUIVALENTS AT END	A14 1,192	1,091

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.

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.

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 third quarter ended 31 March 2017
(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 March 2017, 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:

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)
Profit/(loss) before tax	(1,457)	(54)	(1,116)	(2,627)
Tax expenses				(712)
Loss after tax				(3,339)

9 Months ended 31 March 2016

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	25,148	11,633	-	36,781
Results				
Segment results	(65)	338	(162)	111
Investment revenue	-	22	-	22
Finance costs	(349)	(547)	-	(896)
Profit/(loss) before tax	(414)	(187)	(162)	(763)
Tax expenses				-
Profit after tax				(763)

Geographical Area	9 Months ended 31 March 2017	9 Months ended 31 March 2016
Revenue		
Asia	6,460	7,316
Middle East	1,004	1,373
Africa	189	152
Oceania	2,432	1,400
Others	290	271
Total export	10,375	10,512
Malaysia	26,105	26,269
Total revenue	36,480	36,781

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 third quarter ended 31 March 2017

(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 26 May 2017.

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 26 May 2017.

13. Capital commitments

As at 26 May 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 31 March 2017 RM'000	As at 31 March 2016 RM'000
Cash & bank balances	1,438	1,938
Fixed deposits with licensed bank	970	968
	<hr/> 2,408	<hr/> 2,906
Bank overdrafts	(246)	(847)
Fixed deposits pledged	(970)	(968)
	<hr/> <hr/> 1,192	<hr/> <hr/> 1,091

15. Related party transactions

The following are the related party transactions:

	3 months ended 31 March 2017 RM	Year to Date 31 March 2017 RM
Rental paid to a Director of Group	3,750	18,750
Rental paid to a Director of a major subsidiary	6,600	19,800
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**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 2017	Corresponding quarter ended 31 March 2016	9 Months 31 March 2017 RM'000	9 Months 31 March 2016 RM'000	Variation %
Revenue	12,275	13,693	36,480	36,781	-1%
(Loss)/profit before taxation	(1,411)	614	(2,627)	(763)	-244%

Current Quarter

For the third quarter ended 31 March 2017, the Group recorded a revenue of RM12.3 million, a decrease of RM1.4 million or 10% against preceding year's corresponding quarter which was mainly due to decrease in revenue in Property Division.

During this quarter under review, loss before tax ("LBT") of RM1.4 million was recorded, increase in LBT by RM2.0 million when compared to preceding year's corresponding quarter. The increase in LBT was mainly due losses recorded in both Manufacturing and Property Divisions.

Manufacturing Division

Current quarter ended 31 March 2017, Manufacturing Division recorded a revenue of RM9.1 million, an increase of revenue of RM0.8 million or 10% from RM8.3 million in preceding year's corresponding quarter. LBT of RM0.7 million was recorded in current quarter, when compare to LBT of RM0.6 million in preceding year's corresponding quarter. The increase in LBT was mainly due to RM0.4 million of allowance for doubtful debts provided in current quarter.

Property Division

Current quarter ended 31 March 2017, Property Division recorded a revenue of RM3.1 million, a decrease of RM2.3 million or 43% from RM5.4 million in preceding year's corresponding quarter. During this quarter, LBT of RM0.3 million was recorded in current quarter when compare to profit before tax of RM0.9 million in preceding year's corresponding quarter which was due to lower sales recorded in current quarter.

2. Variation of results against preceding quarter

	Current quarter ended 31 March 2017 RM'000	Preceding quarter ended 31 Dec 2016 RM'000	Variation %
Revenue	12,275	12,846	-4.4%
Loss before taxation	(1,411)	(413)	241.6%

For third quarter ended 31 March 2017, the Group recorded a revenue of RM12.3 million against revenue of RM12.9 million in the preceding quarter. The minor decrease in revenue was attributed from both Manufacturing and Property Division for RM0.4 million and RM0.2 million respectively.

The Group recorded a LBT of RM1.4 million for the quarter under review as compare to RM0.4 million in the immediate preceding quarter. The increase in LBT in the current quarter under review was mainly due to reduction in gross profit margin in both Manufacturing and Property Divisions.

3. Current year prospects

The Group will continue its effort in improving its operating results. In Manufacturing Division, the management remains vigilant on the volatility in the prices of plastic resin which makes up a major portion of cost of goods sold of the division. The division will continue to implement a series of process improvement to achieve better overall operational and cost efficiency. While in Property Division, the management is currently promoting the Commercial Suites project in 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 third quarter ended 31 March 2017
(The figures have not been audited)

5. Taxation

The tax expenses were mainly provided for Property Division.

The effective tax rate of the Group for the current financial period under review is lower than the statutory tax rate mainly due to Manufacturing Division having unabsorbed tax losses, reinvestment and capital allowances brought forward from previous financial year.

6. Group's borrowings and debt securities

	31 March 2017	30 June 2016
	RM'000	RM'000
Secured:		
Bankers' acceptances	4,923	5,590
Term loan	23,414	7,297
Bank overdrafts	246	621
	<u>28,583</u>	<u>13,508</u>

7. Realised and unrealised profits or losses

	31 March 2017	30 June 2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	9,278	14,807
- Unrealised	(1,752)	(2,231)
	<u>7,526</u>	<u>12,576</u>
Consolidation adjustments	46	(1,665)
	<u>7,572</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 March 2017	31 March 2017
Loss attributable to shareholders (RM'000)	(2,101)	(3,339)
Weighted average number of ordinary shares ('000)	86,753	86,753
Loss per share (sen)	<u>(2.42)</u>	<u>(3.85)</u>

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

11. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 March 2017 RM'000	Year to Date 31 March 2017 RM'000
The loss has been arrived at after accounting for the following items		
(a) Interest income	7	22
(b) Other income including investment income	-	-
(c) Interest expense	345	757
(d) Depreciation and amortization	637	1,894
(e) Provision for and write off of receivable	452	616
(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)	(126)	(136)
(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' Loo Bin Keong
Executive Director

30 May 2017