



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2017**

**28 NOVEMBER 2017**



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

	Individual Quarter 3 months ended 30 Sept		Cumulative Quarter 3 months ended 30 Sept	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>	17,840	11,359	17,840	11,359
Other operating income	62	8	62	8
Operating expenses	(15,364)	(11,430)	(15,364)	(11,430)
Depreciation & amortisation	(415)	(625)	(415)	(625)
<b>Results from operating activities</b>	<b>2,123</b>	<b>(688)</b>	<b>2,123</b>	<b>(688)</b>
Finance costs	(287)	(115)	(287)	(115)
Share of result in an associate, net of tax	(122)	-	(122)	-
<b>Profit/(loss) before taxation</b>	<b>1,714</b>	<b>(803)</b>	<b>1,714</b>	<b>(803)</b>
Taxation	(314)	(71)	(314)	(71)
<b>Profit/(loss) for the year &amp; Total comprehensive income/(loss) attributed to the Company</b>	<b>1,400</b>	<b>(874)</b>	<b>1,400</b>	<b>(874)</b>
<b>Earnings per share attributable to equity holder of the Company:</b>				
Profit/(loss) per share (sen)	1.61	(1.01)	1.61	(1.01)

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

	<b>As at 30 Sept 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	25,921	26,302
Investment in an associate company	92	212
Amount owing by an associate company	3,831	3,096
Land held for property development	10,111	10,111
<b>Total non-current assets</b>	<b>39,955</b>	<b>39,721</b>
<b>Current assets</b>		
Inventories	15,184	15,592
Trade and other receivables	18,396	19,308
Property development projects	40,574	31,514
Current tax assets	110	179
Fixed deposit, cash and bank balances	3,346	3,036
<b>Total current assets</b>	<b>77,610</b>	<b>69,629</b>
<b>TOTAL ASSETS</b>	<b>117,565</b>	<b>109,350</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	46,887	46,887
Treasury shares	(307)	(307)
Reserves	(4,600)	(6,000)
<b>Total Equity</b>	<b>41,980</b>	<b>40,580</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,954	1,536
Hire-purchase payables	945	1,064
Borrowings	13,836	14,797
Deferred tax liabilities	1,140	1,140
<b>Total non-current liabilities</b>	<b>17,875</b>	<b>18,537</b>
<b>Current liabilities</b>		
Trade and other payables	34,912	28,843
Hire-purchase payables	387	355
Progress billings	7,233	7,285
Current tax liabilities	1,165	1,065
Borrowings	14,013	12,685
<b>Total current liabilities</b>	<b>57,710</b>	<b>50,233</b>
<b>Total Liabilities</b>	<b>75,585</b>	<b>68,770</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>117,565</b>	<b>109,350</b>
<b>Net Assets per share (RM)</b>	<b>0.48</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 first quarter ended 30 September 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 2016	43,767	3,120	(19,524)	3,020	(307)	10,911	40,987
Loss for the year	-	-	-	-	-	(2,104)	(2,104)
Other comprehensive income for the year	-	-	-	1,697	-	-	1,697
Transfer arising from "no par value" regime	3,120	(3,120)	-	-	-	-	-
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

The Group's and the Company's issued and fully paid-up share capital comprised ordinary shares with a par value of RM0.50 each. The new Companies Act, 2016, which came into operation on January 31, 2017, introduced the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

The amount standing to the credit of the Group's and of the Company's share premium account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the related entitlement of any of the shareholders. However, in accordance with the transitional provision of the Act, the Company has a period of 24 months from the effective date of the Act to use the existing balances credited in the share premium in a manner as specified by the Act.

**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 first quarter ended 30 September 2017**  
**(The figures have not been audited)**

	<b>Cumulative</b>	
	<b>2017</b>	<b>2016</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,714	(803)
Adjustments for:		
Depreciation of property, plant and equipment	415	625
Share of net loss in an associate	122	-
Interest income	(62)	(8)
Finance costs	287	115
	<u>2,476</u>	<u>(71)</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	408	399
Trade & other receivables	912	(1,993)
Property development costs	(9,099)	(12,940)
Increase/(Decrease) in:		
Trade and other payables	6,487	3,686
Progress billings	(52)	1,442
	<u>1,132</u>	<u>(9,477)</u>
Cash generated from/(used in) operations	1,132	(9,477)
Income tax paid	(145)	(123)
Net Cash Generated From/(Used In) Operating Activities	<u>987</u>	<u>(9,600)</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Advances granted to an associated company	(735)	-
Purchase of property, plant and equipment	(34)	(18)
Net Cash (Used In) Investing Activities	<u>(769)</u>	<u>(18)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Repayment of bankers' acceptances	(1,077)	(1,535)
Repayment of bridging and term loans	(837)	(277)
Repayment of hire-purchase payables	(87)	(66)
Proceed from term loan	1,000	10,289
Finance costs paid	(287)	(115)
Net Cash (Used in)/Generated From Financing Activities	<u>(1,288)</u>	<u>8,296</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,070)</b>	<b>(1,322)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>2,058</b>	<b>1,357</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>A14 <u>988</u></b>	<b><u>35</u></b>

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 first quarter ended 30 September 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
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
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 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 30 September 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 first quarter ended 30 September 2017**  
**(The figures have not been audited)**

**8. Segmental information**

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

**3 Months ended 30 September 2017**

	<b>Manufacturing RM'000</b>	<b>Property Development RM'000</b>	<b>Investment Holding RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>	9,370	8,470	-	17,840
<b>Results</b>				
Segment results	(303)	2,764	(383)	2,078
Investment revenue	38	7	-	45
Finance costs	(217)	(70)	-	(287)
	(482)	2,701	(383)	1,836
Share of result in an associate	(122)	-	-	(122)
Profit/(loss) before tax	(604)	2,701	(383)	1,714
Tax expenses				(314)
Profit after tax				1,400

**3 Months ended 30 September 2016**

	<b>Manufacturing RM'000</b>	<b>Property Development RM'000</b>	<b>Investment Holding RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>	8,847	2,512	-	11,359
<b>Results</b>				
Segment results	(452)	92	(336)	(696)
Investment revenue	-	8	-	8
Finance costs	(105)	(10)	-	(115)
Profit/(loss) before tax	(557)	90	(336)	(803)
Tax expenses				(71)
Loss after tax				(874)

<b>Geographical Area</b>	<b>3 Months ended 30 Sept 2017</b>	<b>3 Months ended 30 Sept 2016</b>
<b>Revenue</b>		
Asia	1,962	2,510
Middle East	361	263
Africa	34	56
Oceania	974	475
Others	19	105
Total export	3,350	3,409
Malaysia	14,490	7,950
Total revenue	17,840	11,359

**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 24 November 2017.

**Scanwolf Corporation Berhad (Company no: 740909-T)**  
**Notes To The Interim Report**  
**For the first quarter ended 30 September 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 24 November 2017.

**13. Capital commitments**

As of 24 November, 2017, the Group has the following capital commitment in respect of property, plant and equipment:

	<b>RM'000</b>
Approved and contracted for	2,130
Approved but not contracted for	<u>600</u>

**14. Cash and cash equivalents**

	<b>As at 30 Sept 2017 RM'000</b>	<b>As at 30 Sept 2016 RM'000</b>
Cash & bank balances	2,362	1,310
Fixed deposits with licensed bank	984	983
	<u>3,346</u>	<u>2,293</u>
Bank overdraft	(1,374)	(1,275)
Fixed deposits pledged	(984)	(983)
	<u>988</u>	<u>35</u>

**15. Related party transaction**

The following is the related party transaction:

	<b>3 months ended 30 Sept 2017 RM</b>	<b>Year to Date 30 Sept 2017 RM</b>
Rental paid to a Director of Group	<u>6,600</u>	<u>6,600</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 30 Sept 2017</b>	<b>Corresponding quarter ended 30 Sept 2016</b>	<b>3 Months 30 Sept 2017 RM'000</b>	<b>3 Months 30 Sept 2016 RM'000</b>	<b>Variation %</b>
Revenue	17,840	11,359	17,840	11,359	57%
Profit/(loss) before taxation	1,714	(803)	1,714	(803)	313%

Group

For the first quarter ended 30 September 2017, the Group recorded a revenue of RM17.8 million, an increase of RM6.5 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 RM1.7 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 September 2017, Manufacturing Division recorded a revenue of RM9.4 million, an increase of RM0.5 million or 6% from RM8.9 million in preceding year's corresponding quarter was due to higher revenue recorded in local market. A loss before tax ("LBT") of RM0.6 million was recorded in current quarter, when compare to LBT of RM0.5 million in preceding year's corresponding quarter. The higher loss in current quarter under review was mainly due to share of loss in an associate company.

Property Division

During current quarter ended 30 September 2017, Property Division recorded a revenue of RM8.5 million, an increase of RM6.0 million or 237% from RM2.5 million in preceding year's corresponding quarter was due to higher sales recognition from ongoing project. During this quarter, PBT of RM2.7 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 30 Sept 2017 RM'000</b>	<b>Preceding quarter ended 30 June 2017 RM'000</b>	<b>Variation %</b>
Revenue	17,840	25,906	-31.1%
Profit before taxation	1,714	1,294	32.5%

For first quarter ended 30 September 2017, the Group recorded a revenue of RM17.8 million against revenue of RM25.9 million in the preceding quarter. The decrease in revenue was attributed from both Manufacturing and Property Division.

The Group recorded a PBT of RM1.7 million for the current quarter as compare to PBT of RM1.3 million in the immediate preceding quarter. A higher PBT was recorded in the current quarter was due to allowance for doubtful debts and impairment of plant and machinery recorded in Manufacturing Division in preceding quarter.

**3. Current year prospects**

The Property Division is expected to contribute positively as construction progress according to schedule and management efforts to improve the sales of property.

While in the Manufacturing Division, the management is planning to increase its capacity so to deliver new products and together with the investment in an associate company in manufacturing luxury vinyl flooring, the management expect to see improvement in longer term.

**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 first quarter ended 30 September 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**

	<b>30 Sept 2017</b>	<b>30 June 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured:		
Bridging loans	14,185	16,003
Bankers' acceptances	5,477	4,400
Term loans	6,813	5,901
Bank overdrafts	1,374	1,179
	<u>27,849</u>	<u>27,483</u>
Less: Amount due within 12 months	(14,013)	(12,685)
	<u>13,836</u>	<u>14,798</u>

**7. Realised and unrealised profits or losses**

	<b>30 Sept 2017</b>	<b>30 June 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	12,737	10,230
- Unrealised	(1,148)	(1,039)
	<u>11,589</u>	<u>9,191</u>
Consolidation adjustments	(1,382)	(384)
	<u>10,207</u>	<u>8,807</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:

	<b>3 months ended</b>	<b>Year to Date</b>
	<b>30 Sept 2017</b>	<b>30 Sept 2017</b>
Profit attributable to shareholders (RM'000)	1,400	1,400
Weighted average number of ordinary shares ('000)	86,753	86,753
Profit per share (sen)	<u>1.61</u>	<u>1.61</u>

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

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

	<b>3 months ended 30 Sept 2017 RM'000</b>	<b>Year to Date 30 Sept 2017 RM'000</b>
The profit has been arrived at after accounting for the following items		
(a) Interest income	8	8
(b) Other income including investment income	-	-
(c) Interest expense	287	287
(d) Depreciation and amortization	415	415
(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)	(70)	(70)
(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

28 November 2017