SCANWOLF®

Scanwolf Corporation Berhad (740909-T)

ANNUAL REPORT

FOR

THE FINANCIAL YEAR 2016

CONTENTS

Notice of Annual General Meeting	02
Statement Accompanying Notice of Annual General Meeting	05
Corporate Information	06
Directors' Profile	08
Profile of Key Senior Management	13
Chairman's Statement	14
Corporate Governance Statement	17
Corporate Social Responsibility Statement	26
Statement on Risk Management and Internal Control	27
Audit Committee Report	29
Additional Compliance Information	32
Directors' Report	33
Independent Auditors' Report	37
Statements of Profit or Loss and Other Comprehensive Income	39
Statements of Financial Position	40
Statement of Changes in Equity	42
Statement of Cash Flows	44
Notes to the Financial Statements	47
Supplementary Information - Disclosure on Realised and unrealisd Profits or Losses	111
Statement by Directors	112
Declaration by the Director primarily responsible for the financial management of the Company	112
List of Group's Properties	113
Analysis of Shareholdings	114
Form of Proxy	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at Room Menglembu 6A, Level 6, Kinta Riverfront Hotel & Suites, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan on Monday, 28 November 2016 at 10:30 am for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon.

2. To re-elect Dato' Ong Boon Aun @ Jaymes Ong who retires in accordance with Article 110 of the Company's Articles of Association. **(Ordinary Resolution 1)**

3. To re-elect Dato' Loo Bin Keong who retires in accordance with Article 110 of the Company's Articles of Association. **(Ordinary Resolution 2)**

4. To re-elect Dato' Tan Sin Keat who retires in accordance with Article 103(1) of the Company's Articles of Association. **(Ordinary Resolution 3)**

5. To re-elect Dato' Othman Bin Talib who retires in accordance with Article 103(1) of the Company's Articles of Association. **(Ordinary Resolution 4)**

6. To re-appoint Messrs Deloitte as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modifications the following ordinary resolutions:-

   (i) **ORDINARY RESOLUTION**
   - PAYMENT OF DIRECTORS' FEES
   "That the Directors' fees amounting to RM225,000.00 only for the financial year ended 30 June 2016, be and is hereby approved for payment." **(Ordinary Resolution 6)**

   (ii) **ORDINARY RESOLUTION**
   - AUTHORITY TO ISSUE SHARES
   "That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 7)**

8. To transact any other business of which due notices shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
Company Secretary

Penang

Date: 31 October 2016

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 22 November 2016. Only a depositor whose name appears on the Record of Depositors as at 22 November 2016 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.

5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Company's registered office at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be.

6. All resolutions as set out in this notice of Tenth Annual General Meeting are to be voted by poll.

Explanatory Notes on Special Business

Ordinary Resolution 6 – Payment of Directors' Fees
The proposed ordinary resolution 6, if passed, will authorise the payment of Directors' fees pursuant to Article 111 of the Articles of Association of the Company.

Ordinary Resolution 7 – Authority to Issue Shares
The proposed ordinary resolution 7, if passed, primarily to renew the mandate to give authority to the Board of Directors to issue and allot shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being, at any time in their absolute discretion without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Ninth Annual General Meeting held on 26 November 2015 and which will lapse at the conclusion of the Tenth Annual General Meeting to be held on 28 November 2016. A renewal of this authority is being sought at the Tenth Annual General Meeting under proposed ordinary resolution 7.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed ordinary resolution 7 as stated in the Notice of Annual General Meeting of the Company for the details.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Dato' Othman Bin Talib**
   Independent Non-Executive Director/
   Chairman

2. **En. Mua'amar Ghadafi Jamal Bin Jamaludin**
   Independent Non-Executive Director/
   Vice Chairman
   (Resigned on 29/6/2016)

3. **Dato' Tan Sin Keat**
   Executive Director

4. **Mr. Teoh Teik Kean**
   Executive Director

5. **En. Mohd Azizal Bin Shubali**
   Independent Non-Executive Director

6. **En. Abdul Hamid bin Abdul Shukor**
   Independent Non-Executive Director

7. **Dato' Ibrahim Bin Saleh**
   Independent Non-Executive Director

8. **Mr. Ong Sing Guan**
   Independent Non-Executive Director

9. **Mr. William Wong King Nguong**
   Non-Independent Non-Executive Director
   (Resigned on 29/2/2016)

10. **Dato' Loo Bin Keong**
    Executive Director
    (Appointed on 29/2/2016)

11. **Dato' Ong Boon Aun @ Jaymes Ong**
    Independent Non-Executive Director
    (Appointed on 29/8/2016)

AUDIT COMMITTEE

Chairman
Mr. Ong Sing Guan

Members
Dato' Ibrahim Bin Saleh
En. Abdul Hamid bin Abdul Shukor
(Appointed on 29/02/2016)

REMUNERATION COMMITTEE

Chairman
En. Mohd Azizal Bin Shubali

Members
Dato' Tan Sin Keat
En. Abdul Hamid bin Abdul Shukor
(Appointed on 29/8/2016)

NOMINATION COMMITTEE

Chairman
Dato' Ong Boon Aun @ Jaymes Ong
(Appointed on 29/8/2016)

Members
En. Mohd Azizal Bin Shubali
Dato' Ibrahim Bin Saleh
(Appointed on 29/02/2016)

POLICY REVIEW COMMITTEE

Chairman
En. Abdul Hamid bin Abdul Shukor

Members
Mr. Ong Sing Guan
Dato' Tan Sin Keat
Mr. Ng Chee Wai

COMPANY SECRETARY

Mr. Chee Wai Hong
(BC/C/1470)

REGISTERED OFFICE

51-13-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia
Tel: 04-2289700
Fax: 04-2279800

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
41, Jalan Medan Ipoh 6,
Bandar Baru Medan Ipoh,
31400 Ipoh, Perak
Tel No.: 05-5451222
Fax No. : 05-5459222

BUSINESS ADDRESS

Lot PT404, Jalan Bota
Mukim Belanja, 31750
Tronoh, Perak Darul Ridzuan
Tel No.: 05-3677 866
Fax No.: 05-3677 852

GROUP PRINCIPAL BANKERS

Public Bank Berhad
Malayan Banking Berhad

AUDITORS

Messrs Deloitte
Chartered Accountants
Level 2, Weil Hotel, 292,
Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzuan
Tel No. : 05 2540 288
Fax No. : 05 2547 288

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name: SCNWOLF
Stock Code: 7239
Sector: IND-PROD

DIRECTORS' PROFILE

DATO' OTHMAN BIN TALIB

Independent Non-Executive Director/Chairman

Dato' Othman Bin Talib, Malaysian, age 66, male, graduated with Master of Science (Emergency Response & Planning), Universiti Putra Malaysia and Bachelor of Law, UiTM.

He has more than 40 years of experience in the Police Enforcement and Criminal Investigation sector and has held various positions amongst others as the Member of the Police Force Commission, Director in Internal Security & Public Order Department, Chief Police Officer of Terengganu and Penang respectively.

He was appointed as Independent Non-Executive Director/ Chairman of the Company on 13 July 2015.

He does not hold any directorships in any other public companies and listed issuers.

DATO' TAN SIN KEAT

Executive Director

Dato' Tan Sin Keat, Malaysian, age 52, male, was appointed as Executive Director on 2 April 2007.

He is one of the founders of Scanwolf Plastic Industries Sdn. Bhd. and still served as the Executive Director. He also sits on the Board of Scanwolf Construction Sdn. Bhd. (formerly known as Scanwolf Building Materials Sdn. Bhd.).

Dato' Tan Sin Keat has more than 20 years experience in the extrusion industry and is currently responsible for the products and business development aspect of the Group. His skill, knowledge and experience in various areas of PVC extrusion business, including machinery fabrication and colour matching, contributed immensely to the growth of the Group.

Dato' Tan Sin Keat was conferred Darjah Indera Mahkota Pahang (D.I.M.P.) by Kebawah Duli Yang Maha Mulia Sultan Pahang Darul Makmur Sultan Haji Ahmad Shah on 20 May 2014.

He is the member in the Remuneration Committee and Policy Review Committee.

He does not hold any directorships in any other public companies and listed issuers.

MR. TEOH TEIK KEAN
Executive Director

Mr. Teoh Teik Kean, Malaysian, age 59, male, resigned on 29 August 2014 and was re-appointed to the Board as an Executive Director again on 13 July 2015. He graduated from Ungku Omar Polytechnic, Ipoh, Perak with a Diploma in Accountancy in 1977.

Mr. Teoh Teik Kean started his working career as an internal auditor in Ban Hin Lee Bank Bhd ("BHL Bank") in March 1978 and was given the opportunity to gain experience in various departments and branches of BHL Bank over a period of 22 years. His last position in BHL Bank was as the branch manager of Ipoh branch. Upon the merger of BHL Bank and Southern Bank in July 2000, he was appointed as manager in the sales & marketing of financial services department of the newly merged bank. In June 2002, he was promoted to Vice President in charge of business development for commercial and corporate loan in the state of Perak. He left the banking industry in January 2004 and joined Scanwolf Plastic Industries Sdn. Bhd. on 1 March 2004 as a corporate planner. As a corporate planner, he was involved in the formulation and implementation of strategic plans for the Company as well as providing advisory service on financial matters to the board of directors. His contributions in Scanwolf Corporation Berhad include ensuring the smooth and successful listing of the group on the Second Board of Bursa Malaysia Securities Berhad in 2007.

He does not hold any directorships in any other public companies and listed issuers.

ENCIK MOHD AZIZAL BIN SHUBALI
Independent Non-Executive Director

Encik Mohd Azizal Bin Shubali, Malaysian, age 42, male, graduated with Bachelor of Business Administration (Hons), Universiti Utara Malaysia.

He has served Premium Meridian Sdn. Bhd. as General Manager from 2007 to 2013. From 1998 to 2013, he served Perbadanan Kemajuan Negeri Perak as Manager in charge of Land and Property affairs.

He was appointed as Independent Non-Executive Director of the Company on 17 June 2015.

He is the Chairman of the Remuneration Committee and member of the Nomination Committee.

He does not hold any directorships in any other public companies and listed issuers.

EN. ABDUL HAMID BIN ABDUL SHUKOR

Independent Non-Executive Director

En. Abdul Hamid bin Abdul Shukor, Malaysian, age 66, male, graduated with Bachelor of Arts (Sociology And Anthropology), University of Malaya.

En. Abdul Hamid bin Abdul Shukor had served 33 years with the Government and held various positions nationwide, amongst others as the Fisheries State Director for Pahang and Sarawak, including at the National Security Council, Prime Minister Department. He was appointed as Independent Non-Executive Director of the Company on 17 June 2015.

He is the Chairman of the Policy Review Committee, member of the Audit Committee and Remuneration Committee.

He does not hold any directorships in any other public companies and listed issuers.

DATO' IBRAHIM BIN SALEH

Independent Non-Executive Director

Dato' Ibrahim Bin Saleh, Malaysian, age 65, male, graduated with Master of Science (Marine Policy), London School of Economics and Bachelor of Science, Universiti Sains Malaysia.

Dato' Ibrahim Bin Saleh had worked in the Department of Fisheries for more than 30 years and has held various positions amongst others as the State Director of Terengganu, the Director of Fisheries Research Institute and the Deputy Director General of Fisheries. He was appointed as Independent Non-Executive Director of the Company on 17 June 2015.

He is a member of the Audit Committee and Nomination Committee.

He does not hold any directorships in any other public companies and listed issuers.

MR. ONG SING GUAN

Independent Non-Executive Director

Mr. Ong Sing Guan, Malaysian, age 50, male, was appointed as an Independent Non-Executive Director of the Company. He resigned on 3 June 2015 and was appointed to the Board again on 13 July 2015. He is a member of Malaysia Institute of Accountants and Chartered Tax Institute of Malaysia. Mr. Ong Sing Guan graduated with Chartered Accountant of Malaysia Institute of Accountants and Diploma In Financial Accounting from Tunku Abdul Rahman College.

Mr. Ong Sing Guan was a Senior Tax Consultant (Tax Manager) in PricewaterhouseCoopers from 1992 to 2005. He joined Best Store Corporation Sdn. Bhd. as Financial Controller/General Manager from 2005 to 2011. He moved to Konsortium Bas Ekpress Semenanjung (M) Sdn. Bhd. as Financial Controller from 2011 to 2012. Presently, he is a Director of T.H. Yew & Co.

He is the Chairman of the Audit Committee and member of the Policy Review Committee.

He does not hold any directorships in any other public companies and listed issuers.

DATO' LOO BIN KEONG
Executive Director

Dato' Loo Bin Keong, Malaysian, age 58, male, resigned on 5 February 2015 and was re-appointed to the Board as an Executive Director again on 29 February 2016. He is one of the founders of Scanwolf Plastic Indusries Sdn. Bhd. ("SPI"), a wholly-owned subsidiary of the Company. He also sits on the Board of all subsidiary companies within the Group.

Dato' Loo Bin Keong has more than 30 years experience in the furniture fittings and plastic extrusion industries. He is credited with the early expansion and transformation of SPI into an integrated manufacturer of a wide range of extrusion products, specialising in edgebands and profiles. He has diverse practical experience in the marketing and management of the business.

Dato' Loo was conferred Darjah Indera Mahkota Pahang (D.I.M.P.) by Kebawah Duli Yang Maha Mulia Sultan Pahang Darul Makmur Sultan Haji Ahmad Shah on 14 April 2014.

He does not hold any directorships in any other public companies and lised issuers.

DATO' ONG BOON AUN @ JAYMES ONG
Independent Non-Executive Director

Dato' Ong Boon Aun @ Jaymes Ong, Malaysian, age 50, male, was appointed as Independent Non-Executive Director of Scanwolf Corporation Berhad on 29 August 2016.

He was graduated from the University of Montevallo, National University and Central Connecticut State University, all in the United States of America with the degrees of Bachelor of Business Administration (B.B.A.), Master of Business Administration (M.B.A.) and Master of Science in International Studies (M.Sc.) respectively.

He has over 24 years of working experience mainly in the banking and financial services industry. He first started his career in 1992 with Stanley Magic-Door Inc, a manufacturing subsidiary of one of the biggest asset based companies in the United States of America, Stanley Works. Upon returning to Malaysia, he joined Citibank Berhad in 1993 and quickly rised through the ranks before joining OSK Holdings Berhad in 2000 as a General Manager for Group Consumer Marketing. He later joined Hong Kong Bank as a Vice President in 2003 before assuming the post of Country Head at DBB Investment, a company he founded in 2004. In 2007, he had also acted in a consulting role of a director at Indra Malai Developments (M) Sdn Bhd and was a Company Director of Builex Sdn Bhd in 2006.

He is the Chairman of the Nomination Committee.

He does not hold any directorships in any other public companies and listed issuers.

OTHER INFORMATION:-

Directors' shareholdings
Details of Directors' shareholdings in the Company are as disclosed on page 115 of the Annual Report 2016.

Family relationship with Directors and Major Shareholders
None of the Directors of the Company have any family relationship with any Director and/or major shareholder of the Company.

Conflict of interest
All the Directors of the Company have no conflict of interest with the Company.

Conviction of Offences
Other than traffic offences, none of the Directors of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Attendance of the Board Meetings
The attendance of the Directors is disclosed in the Corporate Governance Statement of this Annual Report 2016.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' LAI KOK HENG
Aged: 56, Malaysian, Male

He was appointed as Executive Director of Scanwolf Development Sdn. Bhd., the Property Division of the Group on 29 February 2016.

He has more than 20 years of experience in the property development industry. He also sits on the board of various private limited companies and also a Director of Ipoh City and Country Club.

He does not hold any directorships in any other public companies and listed issuers.

He does not have any relationships with any Director and/or major shareholder of the Company nor does he has any conflict of interest with the Company.

He has had no conviction for any offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Scanwolf Corporation Berhad ("SCB") and its Group of Companies for the financial year ended 30 June 2016.

The Year in Review

The financial year 2016 marks a period of consolidation for the Group after the turbulence of 2015. On reflection, the lessons we have learnt from the turbulence of 2015 were invaluable and will enable the Group to appreciate the need for peaceful resolution of any difficulties and/or differences in opinions that arises during the course of our business moving forward. The corporate struggle between different management groups represented in the Board not only affected the morale of employees of the company, it severely affected every layer of the company including its manufacturing processes due to lack of monitoring and control. Similarly, the Group's property division was also badly affected resulting in various problems including poor cash flow and project management.

The turbulence of financial year 2016 has resulted in immense pressure on my fellow Board of Directors and the senior management of various subsidiaries. Extra efforts was required to rectify the shortcomings resulting from the turbulence of 2015 and to ensure that SCB and its Group of Companies be guided back to its original course of profitability and good financial health. Most importantly, the Board of Directors of SCB hope to restore the confidence of all its stakeholders especially the shareholders of the Company.

For Scanwolf Plastic Industries Sdn. Bhd. ("SPI"), the management has undertaken various initiatives that include improved procedures involving recognition and movement of raw materials between various departments within the production areas. This is part of the on-going initiatives which include the refining of the production processes for quality improvements and the tightening of various controls in all areas of production and administration to minimize leakages of financial resources. To improve its revenue, SPI will continue its initiative to expand its customer base particularly in the international market. The weakening of the Ringgit and the strengthening of the Renminbi has resulted in our products becoming more competitive in terms of pricing. The situation enables us to capture new markets for our products internationally. The new markets that we export to in 2016 are South Africa and New Zealand.

The greater marketing efforts put in by your management was also complemented by the Group's continuous effort to improve the utilization of its production capacity. We have added more efficient extruders into our production equipment and will continue to explore better and more efficient production methods with the aim of improving margins.

On the property division, the overall slowdown of the property market in the country has greatly impacted our projection for the financial year. The sudden tightening of lending policy for the property sector by the financial institutions resulted in an almost complete slowdown of property sales.

During the financial year, Scanwolf Properties Sdn. Bhd. ("SPSB") negotiated the sale of 2 parcels of land measuring approximately 3.72 acres to a bus terminal operator for the purpose of constructing and operating a bus terminal within our Kampar project. These 2 parcels of land were originally earmarked for the construction of a sports complex to be constructed and operated by Scanwolf Development Sdn Bhd ("SDSB"), a wholly owned subsidiary of SPSB. Although the sale of the land resulted in SPSB incurring some losses, the Board of Directors of SCB is of the opinion that the sale is in the best interest of the Group.

Financial Performance

This financial year ended ("FYE") 30 June 2016, the Group achieved revenue of RM53.3 million (Financial period ended 30 June 2015 ("FPE 2015") RM64.3 million) and loss after tax of RM2.0 million (FYP 2015: RM4.2 million), is recovering its earnings growth.

The Manufacturing Division continues to be the Group's main revenue, recorded revenue of RM34.3 million in FYE 2016 representing 64% of total revenue.

The Property Division is able to achieve 5% growth in revenue on annual basis despite tighter lending conditions imposed by local banks.

Market Prospects and Outlook

The improvement in financial result for the current financial year has given rise to greater optimism moving into the new financial year. The changes in various areas of administration and production have resulted in a leaner and a more productive Company. Nevertheless, your Management will continue to monitor closely the economic and business conditions as they unfold and at the same time will continue to forge ahead with its business plans and strategies for the year ahead.

Our Group strategies going forward will be to further entrench our products across all furniture and building material market segments so as to further expand our geographical reach in both domestic and overseas markets. We will continue to introduce new products to serve our existing and new customers. In addition, our Group will continue to explore new potential foreign markets by participating in international trade fairs for our products.

Taking into consideration inflationary pressure and increasing competition, we will continue to strive to enhance our efficiency levels across our Group of Companies to ensure cost effectiveness to remain competitive and relevant in our respective markets.

Barring unforeseen circumstances, our Group is expected to perform satisfactorily in the coming financial year.

Acknowledgement

First of all, the Board of Directors would like to place on record our deepest appreciation and thanks to all relevant parties, particularly those who have help us in one way or another during the difficult and turbulent period.

Our grateful thanks also go to all our customers and supporters, both local and overseas who have contributed to the growth and success of the Group all these past years, as we look forward to their continued support in the years to come.

The Board of Directors would also like to express our sincere appreciation to our shareholders, business associates, government authorities and bankers for their continued confidence and support in the Group.

To our loyal and hardworking management and staff, we would like to record our sincere thanks for their continued dedication and commitment to the Group. Their cooperation and productive contribution has been and will continue to be the foundation of our continued success in the years to come.

Personally, I would like to thank my fellow Directors for the support, cooperation and useful advice that have made my job as Chairman much easier.

Dato' Othman Bin Talib
DSPN, PGPP, PSPP, KMN, AMN
MSc. (ERP), LLB
Independent Non-Executive Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Scanwolf Corporation Berhad ("Scanwolf" or "the Company") recognises and subscribes to the importance of the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code") as a key factor towards achieving an optimal governance framework and process in managing the business and operational activities of the Company and its subsidiaries ("the Group").

The Board believes that good corporate governance practices are pivotal towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholders value, whilst taking into account the interests of other stakeholders. Hence, the Board is fully dedicated to continuously appraise the Group's corporate governance practices and procedures to ensure that the principles and recommendations in corporate governance are applied and adhered to in the best interests of the stakeholders.

The Statement below sets out the manner in which the Group has applied the principles of the Code and the extent of compliance with recommendations advocated therein.

Principle 1 - Establish clear Roles and Responsibilities of the Board and Management

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and guiding the Group's corporate strategy and adopting a strategic plan for the Group through the development of risk policy, annual budgets and long term business plans, reviewing major capital expenditures and acquisitions.
- Monitoring corporate performance and the conduct of the Group's business and ensuring compliance to best practices and principles of corporate governance.
- Identifying and implementing appropriate systems to manage principal risks. The Board undertakes this responsibility through the Audit Committee.
- Ensuring the existence of and reviewing the adequacy and soundness of the Group's financial systems, internal control systems and management systems in compliance with applicable standards and laws and regulations.
- Developing and implementing an investor relation programme as well as a shareholders' communication policy for the Group.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Policy Review Committee to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

The Board had formalized and approved the Board Charter. The Board Charter will be reviewed as and when to ensure that it remains consistent with the Board's objectives and best practices. The Board Charter can be accessed at the Company's website at www.scanwolf.com.

Code of Ethics and Conduct and Whistle-Blower Policy

The Directors observed the code in accordance with the Company Director's Code of Ethics established by the Companies Commission of Malaysia. The Company does not adopt the Whistle-Blower policy. The Board has always conducted themselves in an ethical manner while executing their duties and function. The Board believes in open management that any issues of concern can be channeled to any Independent Directors for appropriate action.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social, health and safety, staff welfare and governance aspects are taken into consideration. The Board takes heed of go green and energy saving by implementing several measures on sustainability.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members furnish comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committees meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Principle 2 - Strengthen Composition of the Board

As at the date of this report, the Board consists of nine (9) members, comprising of a Chairman/ Independent Non-Executive Director, three (3) Executive Directors and five (5) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting; audit; taxation; corporate affairs; marketing and operations; civil engineering; property management; banking.

Nomination Committee

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

The Nomination Committee has developed criteria to assess the effectiveness of the Board and individual Director. The evaluation on the Board's effectiveness is divided into six sections on the following key areas:-

- Integrity and Ethics
- Governance
- Strategic Perspective
- Judgement and Decision Making
- Communication
- Commitment

The process also assess the competencies of each Director in the areas of integrity and ethics, governance, strategic perspective, adding value, judgement and decision making, teamwork, communication and commitment.

The Company has no policy on gender diversity or target set but believes in merits and commitment of its Board members. The Nomination Committee assesses the Board members on an objective basis for both genders.

The Group also has no immediate plans to implement a diversity policy or target as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. The Group will provide equal opportunity to candidates with merit.

The Nomination Committee had met twice during the financial year and the activities of the Nomination Committee are summarised as follows:-

(a) Reviewed and assessed the balance composition of Board members based on merits, Directors' contribution and Board effectiveness.
(b) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at Ninth Annual General Meeting.
(c) Reviewed and recommended the appointment of Dato' Loo Bin Keong as Executive Director of the Company.

Remuneration Committee

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met twice.

Policy Review Committee

The policy Review Committee was established to assist the Board in ensuring that daily operations are conducted effectively and make recommendations to the Board on management's proposals.

The remuneration of Directors of the Company for the financial year ended 30 June 2016, for the Company as well as group basis are as follows:

	Fees (RM)	Salaries (RM)	Other emoluments (RM)	Total (RM)
Group				
Executive Directors	58,333	696,575	349,095	1,104,003
Non-Executive Directors	166,667	-	44,000	210,667
Company				
Executive Directors	58,333	392,555	187,408	638,296
Non-Executive Directors	166,667	-	44,000	210,667

The remuneration paid to the Directors, analysed in the following bands, is as below:-

	Number of Directors			
	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	1	7	-	7
RM150,000 – RM200,000	1	-	1	-
RM400,000 – RM450,000	1	-	1	-
RM550,000 – RM600,000	-	-	1	-

Principle 3 – Reinforce Independence of the Board

The Independent Non-Executive Directors bring objective and independent views, advice and judgment for the interests of the Group, shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision by giving rationale and fair view and to decide impartially.

The Board recognises the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors.

The Board notes the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

Presently, the tenure of all the Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by the Code.

The Chairman of the Company is an Independent Non-Executive Director and the Company does not appoint Chief Executive Officer currently.

Principle 4 – Foster commitment of Directors

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers which are prepared by the Management provide the relevant facts and analysis to all Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of the Audit Committee informs the Directors at each Board meetings of any salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

Board Meetings

There were 7 Board meetings held during the financial year ended 30 June 2016, with details of Directors' attendance set out below:

Directors	Designation	No. of meetings attended	% of meetings attended
Dato' Tan Sin Keat	Executive Director	7/7	100.00
En. Abdul Hamid Bin Abdul Shukor	Independent Non-Executive Director	7/7	100.00
Dato' Ibrahim Bin Saleh	Independent Non-Executive Director	6/7	85.71
En. Mohd Azizal Bin Shubali	Independent Non-Executive Director	7/7	100.00
Dato' Othman Bin Talib (appointed on 13/07/2015)	Independent Non-Executive Director / Chairman	5/6	83.33
Mr. Teoh Teik Kean (appointed on 13/07/2015)	Executive Director	6/6	100.00
Mr. Ong Sing Guan (appointed on 13/07/2015)	Independent Non-Executive Director	6/6	100.00
Dato' Loo Bin Keong (appointed on 29/02/2016)	Executive Director	1/1	100.00
Mr. William Wong King Nguong (resigned on 29/02/2016)	Non-Independent Non-Executive Director	5/6	83.33
En. Mua'amar Ghadafi Jamal Bin Jamaluddin (resigned on 29/06/2016)	Independent Non-Executive Director / Vice Chairman	2/7	28.57

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. All Board members are required to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements of Bursa allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Directors' Training – Continuing Education Programmes

The Company recognizes the importance of continuous professional development and training for its Directors. All the Board members have attended and successfully completed the Mandatory Accreditation Programme ("MAP") prescribed under the Main Market Listing Requirements. In addition, Directors continuously receive briefings and updates on the Group's businesses and operations, finance, corporate governance, new regulations and statutory requirements. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skill and knowledge.

The External Auditors also briefed the Board members on any changes to the Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

The Company Secretaries also update the Board Members on the relevant guidelines on statutory and regulatory requirements from time to time.

The following member of the Board had attended various undermentioned programme:-

	No. of days
Mr. Ong Sing Guan	
Course:	
- Computerised accounting training – GST compliance	1 day
- GST – Practical Issues & Recent Developments	1 day
- GST: Essential Compliance Update & Commercial Properties Scope	1 day
- GST tax code, latest updates & making correction	1 day
- GST audit file for review & reconciliation	1 day
- Master class on LLP with tax planning consideration & GST	1 day
Seminar:	
- Perak Tax Forum 2016	1 day

Save as disclosed above, the remaining Directors were not able to attend any seminars and/or training programmes during the financial year due to busy schedules, however the Directors are currently looking for suitable training programmes.

Principle 5 – Uphold integrity in financial reporting by Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's statement in the Annual Report, where relevant. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing paragraph.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965, Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at the end of the financial year and of the financial performance and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2016, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee. The composition of the Audit Committee, are set out in the Audit Committee Report of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement.

A transparent and appropriate relationship with the auditors, both internal and external has been established through the Audit Committee. The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee has assessed the suitability and independence of the external auditors. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements. Accordingly, the Audit Committee has recommended the re-appointment of the external auditors at the Annual General Meeting of the Company.

Principle 6 – Recognize and manage risks of the Group

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartiality, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit Function reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. The Board observes the corporate disclosure framework under Bursa Main Market Listing Requirements and other regulatory bodies to provide timely and material information of the Group to its shareholders and other stakeholders to facilitate their decision making process. The Board also refers to the "Corporate Disclosure Guide" issued by Bursa to enhance the timeliness and quality of its disclosure.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, the Board Charter and the Company's Annual Report may be accessed.

Principle 8 – Strengthen relationship between the Company and its shareholders

Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

In compliance with the Main Market Listing Requirements of Bursa, all resolutions set out in the notice of any general meeting or notice of resolution will be voted by poll with effect from 1 July 2016.

Communication and engagement with shareholders

The Board recognizes the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

This Statement is issued in accordance with a resolution of the Board dated 19 October 2016.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Scanwolf Corporation Berhad ("SCB") fully supports the initiatives taken by the Government and Bursa Malaysia Securities Berhad to increase the awareness of corporate social responsibility ("CSR") among Malaysian companies. The principal approach towards CSR is the integration of business practices with strong ethical value towards achieving the fiscal goals of the company, while at the same time aligning with the aspirations of society, local community and other stakeholders in general.

SCB is conscious of its social obligations to society in general and its employees in particular and strives for a balanced approach in fulfilling its business goals and at the same time giving back to its staff and the society within the social settings where it conducts its business. Ongoing efforts will also be consciously pursued to ensure that in the conduct of its business, the environment will be protected through the strict management of our production processes and that consumers of our products will not face undue health hazards.

We are pleased to report the following CSR activities for the financial year ended 30 June 2016.

Supporting Our Employees

We continue to monitor closely the welfare and well-being of our employees. Apart from improving working conditions, social and recreational activities in form of singing competitions, team sports activities and an annual dinner were organized. The objectives were to forge closer working relationships between Management and staff and among the staff themselves, helping to create a balance between work and recreation to de-stress the employees and creating awareness on the need to have a balanced life-style.

Health and safety of staff in their work place continued to be emphasized by strict adherence to our Occupational and Health Policy of our Company.

Employees were strongly encouraged to excel in their work performance by acquiring new skills through our training programmes and performance incentive schemes. Staff development to assist employees to grow in their career formed part of the Company's strategy to ensure its continued long-term growth and success.

Protecting the Environment

Conscious of the need to protect our surrounding environment, the Company ensured the general neat upkeep of its work place and no dumping of litters or any toxic substance that can damage ecology and the environment around the factory. No-Smoking rules are now enforced in the office and production area.

Contributing To Society

Scanwolf ensured that the products sold to its customers are not harmful or can cause health hazards to its intermediate or end-users.

Financial contributions continued to be extended to local charitable organization to fund their charitable and social activities such as Ray of Hope, a non-profit, non-religious social organization which brings hope and a brighter future to people with learning disabilities of all races.

Building on Our Commitment

Scanwolf Corporation Berhad will continue to align its future business objectives to its commitment to its corporate social responsibility through more thoughtful and creative activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of public listed companies should establish a sound risk management framework and internal controls system to safeguard shareholders' investment and Group assets.

Set out below is the Statement on Risk Management and Internal Control prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

The Board affirms their responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets.

The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

Risk Management

The Board regards risk management as an integral part of the Group's business operations. These include market price risk, counterparty, credit, legal and interest rate risks.

During the financial year under review, the identified risks were discussed at management committees' meetings and controls were developed to mitigate such risks identified. Further the internal auditors have also identified operational risks and have recommended the remedial controls to counter the risks identified. All these findings were escalated to the Board for further discussion during the board meetings. The directors were also brought up those unidentified risks which they felt were significant for management's consideration and action. The board is of the opinion that the risk management practices during the financial year under review were sufficient to meet the Group's risk objectives and risk appetite.

Internal Control

The outsourced internal auditors have assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks pursuant to the audit plan as approved by the Audit Committee, and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports together with the internal auditors and report to the Board on the adequacy and effectiveness of the Group's system of internal control.

For the financial year under review, the Board is satisfied with the adequacy of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified.

The key elements of the Group's internal control system are:-

- Organization structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- The executive directors and the senior management would discuss the possible risk areas on the Group's operational and management issues as and when necessary.
- The executive directors oversee the Group's operations and internal controls and report to the Board on the key risks.
- The Audit Committee meets on a quarterly basis or as and when required to discuss on matters besides the quarterly announcements which are significant to the Group's operation.
- All major decisions are subject to detailed appraisal and review by the Board.
- The Board receives and reviews quarterly reports from management covering the financial performance and key business indicators of various business operating units.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

The Board has received assurance from the executive directors and the financial controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board is of the view that the risk management and internal control system is satisfactory and that there was no material internal control failures which had resulted in material losses or contingencies during the financial year under review.

Review of the Statement by External Auditors

In accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 30 June 2016 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board adopted in the review of adequacy and integrity of internal controls of the Company.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 19 October 2016.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting process and system of internal control.

The Audit Committee has adopted practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

MEMBERS OF AUDIT COMMITTEE

The Audit Committee is appointed by the Board and comprises majority of Independent Non-Executive Directors:-

Name	Position	Directorship
Mr. Ong Sing Guan	Chairman	Independent Non-Executive Director
Dato' Ibrahim Bin Saleh	Member	Independent Non-Executive Director
En. Abdul Hamid bin Abdul Shukor (Appointed 29/02/2016)	Member	Independent Non-Executive Director
Mr. William Wong King Nguong (Resigned on 29/02/2016)	Member	Non-Independent Non-Executive Director

MEETINGS AND ATTENDANCE

During the financial year ended 30 June 2016, the Committee convened five (5) meetings. The records of attendance of the Committee members are as follows:

Name of Committee Members	Attendance
Mr. Ong Sing Guan	5/5
Dato' Ibrahim Bin Saleh	5/5
En. Abdul Hamid bin Abdul Shukor	1/1
Mr. William Wong King Nguong	3/4

AUTHORITY

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

a) have authority to investigate any matter within its terms of reference;

b) have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties;

c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

d) be able to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and

e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 30 June 2016 in discharging its functions and duties:-

Financial Performance & Reporting

- Reviewed the unaudited quarterly financial results and annual financial statements of the Group prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 1965, Financial Reporting Standards, International Financial Reporting Standards and applicable Listing Requirements of Bursa Malaysia Securities Berhad.

Oversight of External Auditors

- Discussed and reviewed the external auditors' audit planning memorandum for the financial year ended 30 June 2016 outlining their auditors' responsibilities, engagement team, background of the group, business highlights, materiality, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, internal control plan and involvement of internal auditors, involvement of component auditors, timetable, engagement quality control, independence policies and procedures and audit fees.
- Deliberated on the external auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statement for financial year ended 30 June 2015.
- Reviewed the external auditors' findings arising from audits, particularly comments and response in management letters in order to be satisfied that appropriate action is being taken.
- Discussed and reviewed with the external auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.
- Dialogue session with the external auditors, without the presence of the Executive Director and management.
- Reviewed and evaluated the performance and effectiveness of the external auditors. The Audit Committee assessed the integrity, capability, professionalism and work ethics of the external auditors. The Audit Committee was satisfied with the external auditor's performance and therefore, the Audit Committee had recommended to the Board, the re-appointment of the external auditors at the Annual General Meeting.

Internal Audit

- Reviewed and approved the Internal Audit Plan for financial year ending 30 June 2017.
- Reviewed the Internal Audit Report from Internal Auditors and assessed the internal audits' findings, recommendations together with the Management's comments.
- Reviewed and assessed Internal Auditors based on staff strength, resources, professional integrity, independence, familiarity with Group's operation as well as reputation and recommended to the Board the re-appointment of Internal Auditors.
- Reviewed the adequacy and performance of Internal Audit function and its comprehensiveness of the coverage of activities within the Group.

Related Party Transaction

- Reviewed any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Messrs Finfield Corporate Services Sdn. Bhd., a professional company specializing in providing internal audit services. The professional fee and other cost incurred in respect of the internal audit function for the financial year ended 30 June 2016 was RM9,000.00

During the financial year ended 30 June 2016 the internal auditors have carried out audits to assess the adequacy of the internal controls of the main operating subsidiaries which include the Group's property division, based on the audit plan approved by the Audit Committee. The internal auditors reported their findings and recommendations to the Audit Committee for deliberations together with the Management. Where areas of improvements were required, it was highlighted to the Management for implementation. The Audit Committee monitored the progress of the implementation.

The detail of internal audit functions during the period under review is stated in the Statement on Risk Management and Internal Control of this Annual Report.

During the period under review, the Internal Auditors carried out the following activities:-

a) Presented and obtained approval from the Audit Committee the annual internal audit plan, its audit strategy and scope of audit work;

b) Performed audits according to the annual internal audit plan, to review the adequacy and effectiveness of the internal control system, compliance with policies and procedures and reported ineffective and inadequate controls and made recommendations to improve their effectiveness; and

c) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate exercise.

2. Audit and Non-audit Fees Paid to External Auditors

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group for the financial year ended 30 June 2016 by Messrs Deloitte and/or their affiliates are as follows:-

	Company (RM)	Group RM)
Audit services rendered by Messrs. Deloitte	32,000	96,000
Non-audit services rendered by Messrs. Deloitte and their affiliates for: - Review of statement on risk management and internal control - Taxation services - Verification of housing developement accounts - Agreed upon procedures	7,600	30,600

3. Material Contracts Involving Directors, Chief Executive or Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, chief executive who is not a director or major shareholders, either still subsisting as at 30 June 2016 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions Of A Revenue Or Trading Nature

There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 30 June 2016.

DIRECTORS' REPORT

The Directors of **SCANWOLF CORPORATION BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended June 30, 2016.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss for the year attributable to owners of the Company	(2,054,365)	(728,407)

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

TREASURY SHARES

There was no share repurchased by the Company during the financial year.

As of June 30, 2016, 780,900 out of the total of 87,534,000 issued and paid-up ordinary shares are held as Treasury Shares by the Company.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that no known bad debts need to be written off and that adequate allowance had made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would necessitate the writing off of any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 34 to the financial statements.

DIRECTORS

The following Directors served on the Board of the Company since the date of the last report:

Dato' Tan Sin Keat
En. Abdul Hamid bin Abdul Shukor
Dato' Ibrahim bin Saleh
Encik Mohd Azizal bin Shubali
Mr. Teoh Teik Kean
Mr. Ong Sing Guan
Dato' Othman bin Talib
Dato' Ong Boon Aun @ Jaymes Ong (appointed on August 29, 2016)
Dato' Loo Bin Keong (appointed on February 29, 2016)
Encik Mua'amar Ghadafi Jamal bin Jamaludin (resigned on June 29, 2016)
Mr. William Wong King Nguong (resigned on February 29, 2016)

In accordance with Article 103(1) of the Company's Articles of Association, Dato' Tan Sin Keat and Dato' Othman bin Talib retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dato' Loo Bin Keong and Dato' Ong Boon Aun @ Jaymes Ong who were appointed to the Board since the last Annual General Meeting, retire under Article 110 of the Company's Articles of Association and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS

The shareholdings in the Company and its subsidiary companies of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.7.2015/ date of appointment	**Bought**	**Sold**	**Balance as of 30.6.2016**
Shares in the Company				
Registered in the name of Directors				
Dato' Tan Sin Keat	2,373,981	-	-	2,373,981
Encik Abdul Hamid bin Abdul Shukor	2,231,500	287,600	-	2,519,100
Mr. Teoh Teik Kean	467,999	-	-	467,999
Dato' Loo Bin Keong	6,658,440	458,600	-	7,117,040
Indirect interest				
Dato' Tan Sin Keat	-	266,200	(116,200)	150,000
Dato' Loo Bin Keong	30,000	-	-	30,000

None of the other Directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its subsidiary companies during the financial year. Under the Company's Articles of Association, the Directors are not required to hold shares in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and its subsidiary companies as disclosed in Note 20 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATO' LOO BIN KEONG

DATO' TAN SIN KEAT

Ipoh,
October 19, 2016

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Scanwolf Corporation Berhad, which comprise the statements of financial position of the Group and of the Company as of June 30, 2016 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 111.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of June 30, 2016 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act;

(b) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purposes; and

(c) our auditors' reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 35 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/17(J/PH)
Chartered Accountant

October 19, 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD JUNE 30, 2016

(With Comparative Figures For The Period April 1, 2014 To June 30, 2015)

		The Group		The Company	
		Year Ended 30.6.2016 (12 Months)	Period Ended 30.6.2015 (15 Months)	Year Ended 30.6.2016 (12 Months)	Period Ended 30.6.2015 (15 Months)
	Note	RM	RM	RM	RM
Revenue	5	53,328,863	64,298,959	90,000	360,000
Investment revenue	7	25,839	35,567	321,811	1,093,791
Other gains and (losses)	8	393,019	438,846	-	-
Other operating income	10	14,029	75,243	-	-
Changes in inventories of finished goods and work-in-progress		1,059,744	(30,901)	-	-
Raw materials and consumables used		(17,985,395)	(23,568,397)	-	-
Purchase of trading goods		(1,415,432)	(2,154,093)	-	-
Impairment of land held for property development		(3,124,693)	-	-	-
Property development costs recognised	18	(12,712,610)	(16,732,095)	-	-
Directors' remuneration	9	(1,666,124)	(1,378,033)	(848,963)	(1,087,926)
Employee benefits expenses	10	(7,602,136)	(9,306,977)	-	-
Depreciation of property, plant and equipment	14	(2,665,209)	(4,086,086)	-	-
Finance costs	11	(1,223,682)	(1,690,218)	-	-
Other operating expenses	10	(7,867,767)	(11,766,240)	(332,903)	(728,800)
Loss before tax		(1,441,554)	(5,864,425)	(770,055)	(362,935)
Tax (expenses)/income	12	(612,811)	1,650,770	41,648	(72,000)
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(2,054,365)	(4,213,655)	(728,407)	(434,935)
Loss and total comprehensive loss for the year/period attributable to:					
Owners of the Company		(2,054,365)	(4,596,488)	(728,407)	(434,935)
Non-controlling interests		-	382,833	-	-
		(2,054,365)	(4,213,655)	(728,407)	(434,935)
Loss per share:					
Basic	13	(2.37 sen)	(5.75 sen)		
Diluted	13	(2.37 sen)	(5.75 sen)		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2016

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	20,577,157	20,348,013	-	-
Investment in subsidiary companies	15	-	-	21,924,076	21,924,076
Land held for property development	16	11,934,320	11,945,739	-	-
Total non-current assets		32,511,477	32,293,752	21,924,076	21,924,076
Current assets					
Inventories	17	15,581,142	13,921,935	-	-
Property development projects	18	19,636,927	12,965,647	-	-
Trade and other receivables	19	19,190,179	14,470,511	15,406	20,903
Amount owing by subsidiary companies	20	-	-	22,800,627	23,261,419
Current tax assets	12	371,435	155,465	19,190	-
Fixed deposits, cash and bank balances	21	2,610,327	4,226,898	30,597	218,085
Total current assets		57,390,010	45,740,456	22,865,820	23,500,407
Total assets		89,901,487	78,034,208	44,789,896	45,424,483
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22(a)	43,767,000	43,767,000	43,767,000	43,767,000
Treasury shares	22(b)	(307,138)	(307,138)	(307,138)	(307,138)
Reserves	23	(2,472,543)	(418,178)	1,045,458	1,773,865
Total equity		40,987,319	43,041,684	44,505,320	45,233,727

The accompanying Notes form an integral part of the financial statements.

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current liabilities					
Trade and other payables	25	2,967,176	4,521,233	-	-
Hire-purchase payables	26	529,709	502,676	-	-
Borrowings	27	5,203,046	5,049,951	-	-
Deferred tax liabilities	28	1,786,080	1,504,053	-	-
Total non-current liabilities		10,486,011	11,577,913	-	-
Current liabilities					
Trade and other payables	25	23,434,450	12,149,552	284,576	144,530
Amount owing to a Director	29	255,000	-	-	-
Hire-purchase payables	26	331,665	255,811	-	-
Borrowings	27	8,305,280	9,524,648	-	-
Progress billings	30	6,040,090	1,438,374	-	-
Current tax liabilities	12	61,672	46,226	-	46,226
Total current liabilities		38,428,157	23,414,611	284,576	190,756
Total liabilities		48,914,168	34,992,524	284,576	190,756
Total equity and liabilities		89,901,487	78,034,208	44,789,896	45,424,483

The accompanying Notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Figures For The Period April 1, 2014 To June 30, 2015)

The Group	Note	Issued Capital RM	Treasury Shares RM	Reverse Acquisition Reserve RM	Share Premium RM	Property Revaluation Reserve RM	Retained Earnings RM	Subtotal RM	Non-controlling Interests RM	Net Equity RM
		← Attributable to Owners of the Company →								
				← Non-distributable Reserves →			Distributable Reserve			
Balance as of April 1, 2014		40,000,000	(1,830,517)	(19,524,076)	2,035,339	3,020,072	16,688,543	40,389,361	858,251	41,247,612
Arising from acquisition of additional shares in a subsidiary company	15	-	-	-	-	-	873,585	873,585	(1,241,084)	(367,499)
Net loss and total comprehensive loss for the period		-	-	-	-	-	(4,596,488)	(4,596,488)	382,833	(4,213,655)
Sale of treasury shares	22(b)(ii)	-	1,523,379	-	1,084,847	-	-	2,608,226	-	2,608,226
Issuance of shares	22(a)	3,767,000	-	-	-	-	-	3,767,000	-	3,767,000
Balance as of June 30, 2015		43,767,000	(307,138)	(19,524,076)	3,120,186	3,020,072	12,965,640	43,041,684	-	43,041,684
Net loss and total comprehensive loss for the year		-	-	-	-	-	(2,054,365)	(2,054,365)	-	(2,054,365)
Balance as of June 30, 2016		43,767,000	(307,138)	(19,524,076)	3,120,186	3,020,072	10,911,275	40,987,319	-	40,987,319

The accompanying Notes form an integral part of the financial statements.

The Company	Note	Share Capital RM	Treasury Shares RM	Non-distributable Reserve Share Premium RM	Accumulated Loss RM	Net Equity RM
Balance as of April 1, 2014		40,000,000	(1,830,517)	2,035,339	(911,386)	39,293,436
Net loss and total comprehensive loss for the period		-	-	-	(434,935)	(434,935)
Sale of treasury shares	22(b)(ii)	-	1,523,379	1,084,847	-	2,608,226
Issuance of shares	22(a)	3,767,000	-	-	-	3,767,000
Balance as of June 30, 2015		43,767,000	(307,138)	3,120,186	(1,346,321)	45,233,727
Net loss and total comprehensive loss for the year		-	-	-	(728,407)	(728,407)
Balance as of June 30, 2016		43,767,000	(307,138)	3,120,186	(2,074,728)	44,505,320

The accompanying Notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Figures For The Period April 1, 2014 To June 30, 2015)

		The Group	
		Year Ended 30.6.2016 (12 Months)	**Period Ended 30.6.2015 (15 Months)**
	Note	**RM**	**RM**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year/period		(2,054,365)	(4,213,655)
Adjustments for:			
Impairment of land held for property development		3,124,693	-
Depreciation of property, plant and equipment		2,665,209	4,086,086
Finance costs		1,223,682	1,690,218
Provision for liquidated and ascertained damages		643,308	-
Tax expenses/(income) recognised in profit or loss		612,811	(1,650,770)
Impairment loss recognised on receivables		594,971	3,277,335
Unrealised gain on foreign exchange - net		(444,430)	(440,476)
Reversal of inventories written down		(123,012)	-
Gain on disposal of property, plant and equipment		(54,998)	(62,551)
Investment revenue		(25,839)	(35,567)
Interest income		(5,489)	-
Inventories written down		-	493,508
Realised loss on financial derivatives		-	53,060
		6,156,541	3,197,188
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(1,536,195)	(6,065,533)
Property development projects		(6,671,280)	7,021,450
Trade and other receivables		(4,877,662)	1,407,642
Increase/(Decrease) in:			
Trade and other payables		9,275,469	(6,225,449)
Progress billings		4,601,716	(1,198,475)
Cash Generated From/(Used In) Operations		6,948,589	(1,863,177)
Income tax refunded		150,254	41,580
Interest income on Housing Development Account received		5,489	-
Income tax paid		(681,562)	(767,972)
Net Cash From/(Used In) Operating Activities		6,422,770	(2,589,569)

(Forward)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Figures For The Period April 1, 2014 To June 30, 2015) (cont'd)

	Note	The Group Year Ended 30.6.2016 (12 Months) RM	 Period Ended 30.6.2015 (15 Months) RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		55,000	1,664,737
Interests received		25,839	35,567
Purchase of land held for property development		(3,113,274)	-
Purchase of property, plant and equipment	32(a)	(2,474,212)	(559,103)
Placement of fixed deposits		(296,439)	(16,400)
Net Cash (Used In)/From Investing Activities		(5,803,086)	1,124,801
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans		1,955,000	-
Net proceeds from/(Repayment of) bankers' acceptances		353,722	(4,302,300)
Proceeds from bank overdraft		342,609	-
Advances received from/(Repayment to) a Director		255,000	(405,000)
Repayment of term loans		(1,610,710)	(2,434,275)
Finance costs paid		(1,223,682)	(1,690,218)
Repayment of hire-purchase payables		(302,936)	(2,064,374)
(Repayment to)/Advances from joint venture partner - net	25	(202,256)	5,253,371
Proceeds from issuance of shares		-	3,767,000
Net proceeds from sale of treasury shares		-	2,608,226
Purchase of additional interest in subsidiary company		-	(367,499)
Net Cash (Used In)/From Financing Activities		(433,253)	364,931
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		186,431	(1,099,837)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		1,163,177	2,111,184
Effect of changes in exchange rate on foreign currency translation		7,453	151,830
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	32(b)	1,357,061	1,163,177

The accompanying Notes form an integral part of the financial statements.

	Note	The Company Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year/period		(728,407)	(434,935)
Adjustments for:			
Investment revenue		(321,811)	(1,093,791)
Tax (income)/expenses recognised in profit or loss		(41,648)	72,000
		(1,091,866)	(1,456,726)
Movements in working capital:			
Decrease in trade and other receivables		5,497	210,673
Increase/(Decrease) in trade and other payables		140,046	(77,881)
Cash Used in Operations		(946,323)	(1,323,934)
Income tax paid		(23,768)	(25,774)
Income tax refunded		-	39,840
Net Cash Used in Operating Activities		(970,091)	(1,309,868)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from/(Advances granted to) subsidiary companies - net		782,603	(6,011,273)
Interest received from advances granted to subsidiary companies		-	1,093,791
Net Cash From/(Used In) Investing Activities		782,603	(4,917,482)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	3,767,000
Net proceeds from sale of treasury shares		-	2,608,226
Net Cash From Financing Activities		-	6,375,226
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(187,488)	147,876
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		218,085	70,209
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	32(b)	30,597	218,085

The accompanying Notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 15.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Lot PT 404, Jalan Bota, 31750 Mukim Belanja, Tronoh, Perak Darul Ridzuan.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on October 19, 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Adoption of the Malaysian Financial Reporting Standards

On November 19, 2011, the Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully International Financial Reporting Standards ("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 within 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 allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On September 8, 2015, the MASB announced that the effective date of MFRS 15 *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after January 1, 2018, following the recent press release by the International Accounting Standards Board ("IASB") confirming a one-year deferral of IFRS 15 *Revenue from Contracts with Customers*. However, early application of MFRS 15 is still permitted. The MASB has consistently used the effective date of MFRS 15 as the basis for setting the effective date for the Transitioning Entities (TEs) to apply the MFRSs. In light of the IASB's deferral of IFRS 15, the effective date for the TEs to apply the Malaysian Financial Reporting Standards ("MFRSs") will also be deferred to January 1, 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Adoption of the Malaysian Financial Reporting Standards (cont'd)

The Group and the Company being TEs have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in the financial statements for the financial year ending June 30, 2018, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

MFRS 15 and MFRS 16 which become effective upon adoption of the MFRS Framework, are discussed below:

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, FRS 111 *Construction Contracts* and the related Interpretations when they become effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Directors of the Group and of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group and the Company complete a detailed review.

MFRS 16 *Leases*

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Adoption of the Malaysian Financial Reporting Standards (cont'd)

MFRS 16 *Leases* *(cont'd)*

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The Directors of the Group and of the Company anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group and the Company perform a detailed review.

2.2 Application of new and revised FRSs which have an impact on the amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of amendments to FRSs issued by the MASB that are mandatorily effective for an accounting period that begins on or after July 1, 2015.

The adoption of amendments to FRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements of the Group and of the Company.

2.3 Standards in issue but not yet effective

The Directors anticipate that the following Standards will be adopted in the annual financial statements of the Group and of the Company when they become mandatorily effective for adoption. The adoption of these Standards is not expected to have a material impact on the financial statements of the Group and of the Company except as further discussed below:

FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[3]
Amendments to FRS 101	Disclosure Initiative[1]
Amendments to FRS 107	Disclosure Initiative[2]
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to FRSs	Annual Improvements to FRSs 2012 - 2014 Cycle[1]

[1] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

[3] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Standards in issue but not yet effective (cont'd)

FRS 9 *Financial Instruments*

FRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. FRS 9 (IFRS 9 issued by IASB in October 2010) include requirements for the classification and measurement of financial liabilities and for derecognition, and in February 2014, the new requirements for general hedge accounting was issued by MASB. Another revised version of FRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of FRS 9:

- all recognised financial assets that are within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability's that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, FRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Standards in issue but not yet effective (cont'd)

FRS 9 *Financial Instruments* *(cont'd)*

Key requirements of FRS 9 (cont'd):

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Group and of the Company anticipate that the application of FRS 9 in the future may have a material impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group and the Company complete a detailed review.

Amendments to FRS 101 Disclosure Initiative

The amendments to FRS 101 aim at clarifying FRS 101 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The amendments make the following changes:

- They clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

- They introduce a clarification that the list of line items to be presented in the statement of financial position and the statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- They add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The Directors of the Group and of the Company do not anticipate that the application of these amendments to FRS 101 will have a material impact on these financial statements as these amendments deal with the presentation of financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Standards in issue but not yet effective (cont'd)

Amendments to FRS 107 Disclosure Initiative

The amendments to FRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from both cash flows and non-cash changes.

The amendments should be applied prospectively and comparative information is not required for earlier periods presented. Except for providing the requisite disclosures, the Directors of the Group and of Company do not anticipate that the application of the amendments will have a material impact on the Group's consolidated financial statements.

Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments to FRS 112 provide clarification on the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value. In addition, the amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

The amendments should be applied retrospectively with specific transitional relief. The Directors of the Group and of the Company do not anticipate that the application of the amendments will have a material impact on the Group's financial statements.

Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to FRS 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or
(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment. The Directors of the Group and of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors of the Group and of the Company do not anticipate that the application of these amendments to FRS 116 and FRS 138 will have a material impact on these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Standards in issue but not yet effective (cont'd)

Annual Improvements to FRSs 2012-2014 Cycle

The *Annual Improvements to FRSs 2012-2014 Cycle* include a number of amendments to various FRSs, which are summarised below.

The amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operation* adds specific guidance in FRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to FRS 7 *Financial Instruments*: Disclosures clarify the applicability of the amendments to FRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments to FRS 119 *Employee Benefits* clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendments to FRS 134 *Interim Financial Reporting* clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value in use in FRS 136.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Accounting (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Subsidiary and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Financial statements of Scanwolf Plastic Industries Sdn. Bhd.'s Group ("SPI Group") are consolidated with those of the Company using the reverse acquisition method of accounting. FRS 3 requires that the consolidated financial statements to be issued under the name of the legal parent company, though they are a continuation of the financial statements of the legal subsidiary company. In order to comply with FRS 3, the following have been reflected in the consolidated financial statements:

(i) the assets and liabilities of the Company and SPI Group have been recognised at their book values immediately prior to the reverse acquisition;
(ii) the retained earnings and other equity balances recognised in the consolidated financial statements are those of SPI Group immediately before the business combination;

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiary and Basis of Consolidation (cont'd)

(iii) the amount recognised as issued equity instruments in the consolidated financial statements is the sum of:
   a) the issued and paid-up share capital of SPI immediately before the reverse acquisition; and
   b) the cost of achieving the combination;

(iv) the equity structure appearing in these consolidated financial statements after the reverse acquisition reflects the equity structure of the Company.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiary company is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with the Group's accounting policies.

All significant intergroup transactions, balances and income and expenses are eliminated in full on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Changes in the Group's ownership interest in existing subsidiary companies

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business combination

The acquisitions of other subsidiary companies are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales tax/ goods and services tax, trade discounts and customer returns.

Sale of goods

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the customer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time apportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Management income

Income from management services rendered is recognised as and when the services are provided.

Property development projects

Revenue and cost of property development projects are recognised in profit or loss using the percentage of completion method in respect of sales where agreement has been finalised by the end of the reporting period. The percentage of completion is determined based on the proportion that property development costs incurred for work performed to-date bear to the estimated total property development costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

The Group is required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan, for all its eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to the EPF are recognised as an expense when employees have rendered service entitling them to the contributions and are disclosed separately. The employees' contributions to EPF are included in salaries and wages. Once the contributions have been paid, the Group has no further payment obligations.

Foreign Currencies

The financial statements of the Group and of the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Group and the Company operate (their functional currency).

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the Group's and the Company's functional currency are initially recorded in Ringgit Malaysia at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in the other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in the other comprehensive income.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which require a substantial period of time to get them ready for their intended use, are capitalised and included as part of the cost of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease

Assets held under finance leases are initially recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group general policy on borrowing costs.

Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation (cont'd)

Deferred tax

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The tax effects of unutilised reinvestment allowance are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares.

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for treasury shares held and the effects of all dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued land and buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Leasehold land is amortised over the remaining lease period ranging from 44 to 86 years.

Depreciation is recognised so as to write off the cost of assets or valuation of assets, less their residual values over their estimated useful lives, using the straight-line method on the following bases:

Factory buildings	2%
Office buildings	2%
Plant and machinery	10%
Moulds	20%
Motor vehicles	20%
Office equipment	10%
Computers	20%
Furniture, fixtures and fittings	8% to 20%
Tools and equipment	10%
Electrical installation	10%
Air-conditioners	10%
Signboard	10%
Renovation	10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

Assets held under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, Plant and Equipment under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum hire-purchase payments of the assets at the inception of the respective arrangements.

Finance costs, which represent the difference between the total hire-purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Land Held For Property Development

Land held for future development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less impairment losses, if any.

Land held for future development will be reclassified to property development project when significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years.

Property Development Projects

Property development costs consist of the cost of land, direct building costs and related development expenditure incurred less cost recognised in profit or loss and allowances for foreseeable loss (if any).

Property development revenue are recognised, using the percentage of completion method, based on the proportion that property development costs incurred bear to the estimated total costs for the property development, in respect of sales where agreements have been finalised by the end of the financial year.

When the outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property Development Projects (cont'd)

Any anticipated loss on a property development project (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

Accrued billings represent the excess of property development revenue recognised in profit or loss over the billings to purchasers while progress billings represent the excess of billings to purchasers over property development revenue recognised in profit or loss.

Allowance for foreseeable loss (if any) is made based on losses estimated to arise upon the completion of the property development project which are already in progress.

Investment in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less accumulated impairment losses, if any.

Goodwill

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in consolidated profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their assets (other than inventories, property development projects and financial assets which are dealt with in their respective policies) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Assets Excluding Goodwill (cont'd)

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case, the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount would not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "First-in, First-out" method. The cost of raw materials, packing materials and spare parts comprise the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and an appropriate proportion of production overheads. Properties held for resale are stated at the lower of cost and net realisable value. Costs of completed unit is determined on the specific identification method and includes cost of land, construction and appropriate development overheads.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as at FVTPL.

(a) Financial assets

Financial assets of the Group and of the Company are classified into 'loans and receivables' and 'financial assets at FVTPL'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(a) Financial assets *(cont'd)*

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the statements of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(a) Financial assets *(cont'd)*

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(a) Financial assets *(cont'd)*

(iv) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

Financial liabilities and debt, and equity instruments issued by the Group and the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised as treasury shares at the cost of repurchase, including directly attributable costs, and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial liabilities

Financial liabilities of the Group and of the Company, including borrowings, are classified into "other financial liabilities" category, and are initially measured at fair value, net of transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(b) Financial liabilities and equity instruments *(cont'd)*

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(v) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

(vi) Financial guarantee contracts

The Group has issued corporate guarantee to banks for borrowings of its subsidiary companies. These guarantees are financial guarantees as they require the Group to reimburse the banks if the subsidiary companies fail to make principal or interest payments when due in accordance with the terms of their borrowings. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liabilities are initially recognised at their fair values plus transaction costs and subsequently at the higher of the amount determined in accordance with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate, in the Group's statement of financial position.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiary companies are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiary companies.

Financial guarantees are subsequently amortised to the statement of profit or loss and other comprehensive income over the period of the subsidiary companies' borrowings, unless it is probable that the Group will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Group's statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Effective interest method *(cont'd)*

(c) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged, and highly liquid investments which are short-term, readily convertible to known amount of cash, and are subject to an insignificant risks of changes in value, against which bank overdraft, if any, is deducted.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) ***Critical judgement made in applying accounting policies***

In the process of applying the Group's and the Company's accounting policies, the Directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements other than those exercised in the property development projects.

In the application of the Group's and of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) *Critical judgement made in applying accounting policies* *(cont'd)*

Property development projects

The Group recognises property development revenue and costs in profit or loss by using the stage of percentage-of-completion method, which is the standard in the industry.

The stage of completion is determined by the proportion that property development costs incurred bear to the estimated total costs for the property development projects. Estimated losses are recognised in full when determined. Property development projects and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the stage of completion, the estimated total property development revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a project is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage-of-completion method are reflected in property development revenue and costs in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

(b) *Key sources of estimation uncertainty*

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Impairment of Property, Plant and Equipment

The carrying amounts of property, plant and equipment of the Group as of June 30, 2016 was RM20,577,157 (2015: RM20,348,013).

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimate, calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Management of the Group has carried out an impairment review on its property, plant and equipment and concluded that there is no impairment loss on the Group's property, plant and equipment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty* *(cont'd)*

(ii) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(iii) Recoverability of Receivables

The carrying amounts of third-party trade and other receivables of the Group as of June 30, 2016 were RM16,737,403 (2015: RM13,035,778).

An allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of transactions. This is determined based on the ageing profile and collection patterns. Where the expectation is different from the original estimate, such difference will impact the carrying values of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

(iv) Inventories Valuation

The Group writes down the carrying amounts of inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternatives uses. Net realisable value is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The determination of net realisable value requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed.

(v) Deferred Tax Assets

Deferred tax assets are recognised to the extent that it is possible that future taxable profit will be available against which the temporary differences can be utilised. The involves judgment regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised. The details of recorded deferred tax assets are disclosed in Note 28.

(vi) Property Development Projects

Management is required to estimate the profitability of each property development projects by formulating reasonable assumptions and estimates of each project's budgeted costs and revenue. The assumptions and estimates are reviewed annually or when circumstances on which the original assumptions and estimates were based on have changed.

5. REVENUE

	The Group		The Company	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Manufacturing sales	32,143,126	38,511,179	-	-
Property development project	19,063,520	22,635,765	-	-
Trading sales	2,122,217	3,152,015	-	-
Management fees received from subsidiary companies (Note 20)	-	-	90,000	360,000
	53,328,863	64,298,959	90,000	360,000

6. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segment. The segment reporting is presented based on the Group's management and internal reporting structure.

Information reported to chief operating decision maker and senior management for the purpose of resource allocation and assessment of performance focused on operations of the Group organised into manufacturing and property development divisions.

The Group is organised into the following operating divisions:

- manufacturing (includes design and manufacture of plastic extrusions, PVC compounding, processing of PVC coils and trading of industrial consumables)
- property development
- others (includes investment holding)

Unallocated corporate assets and liabilities include items that cannot be reasonably allocated to individual segment.

6. SEGMENT REPORTING (cont'd)

The Group 2016	Manufacturing RM	Property Development RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External sales	34,265,343	19,063,520	-	-	53,328,863
Inter-segment sales	-	6,062,193	90,000	6,152,193	-
	34,265,343	25,125,713	90,000	6,152,193	53,328,863
Results					
Segment results	906,420	(1,453,542)	(1,091,866)	1,395,277	(243,711)
Investment revenue	-	32,620	321,811	(328,592)	25,839
Finance costs	(512,279)	(1,310,206)	-	598,803	(1,223,682)
Profit/(Loss) before tax	394,141	(2,731,128)	(770,055)	1,665,488	(1,441,554)
Tax expenses					(612,811)
Loss for the year					(2,054,365)
Other information					
Capital expenditure:					
Property, plant and equipment	594,355	2,300,000	-	-	2,894,355
Land held for property development	-	3,113,274	-	-	3,113,274
Impairment of land held for property development	-	743,206	-	2,381,487	3,124,693
Depreciation of property, plant and equipment	2,648,334	48,699	-	(31,824)	2,665,209
Impairment loss recognised on receivables	594,971	-	-	-	594,971
Reversal of inventories written down	123,012	-	-	-	123,012
Consolidated Statement of Financial Position					
Assets					
Segment assets	38,074,250	51,762,044	65,193	-	89,901,487
Consolidated total assets					89,901,487
Liabilities					
Segment liabilities	12,585,998	36,043,594	284,576	-	48,914,168
Consolidated total liabilities					48,914,168

6. SEGMENT REPORTING (cont'd)

The Group 2015	Manufacturing RM	Property Development RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External sales	41,663,194	22,635,765	-	-	64,298,959
Inter-segment sales	-	2,128,659	360,000	(2,488,659)	-
	41,663,194	24,764,424	360,000	(2,488,659)	64,298,959
Results					
Segment results	(5,645,122)	2,939,534	(1,456,726)	(47,460)	(4,209,774)
Investment revenue	-	86,067	1,093,791	(1,144,291)	35,567
Finance costs	(767,552)	(2,201,906)	-	1,279,240	(1,690,218)
(Loss)/Profit before tax	(6,412,674)	823,695	(362,935)	87,489	(5,864,425)
Tax income					1,650,770
Loss for the period					(4,213,655)
Other information					
Capital expenditure:					
Property, plant and equipment	1,464,869	454,978	-	-	1,919,847
Land held for property development	-	2,556,315	-	-	2,556,315
Depreciation of property, plant and equipment	3,987,307	186,268	-	(87,489)	4,086,086
Impairment loss recognised on receivables	3,277,335	-	-	-	3,277,335
Inventories written down	493,508	-	-	-	493,508
Consolidated Statement of Financial Position					
Assets					
Segment assets	37,750,399	40,003,264	280,545	-	78,034,208
Consolidated total assets					78,034,208
Liabilities					
Segment liabilities	13,901,596	20,895,083	195,845	-	34,992,524
Consolidated total liabilities					34,992,524

6. SEGMENT REPORTING (cont'd)

The analysis of the Group's segment revenue from external customers by geographical area based on the region in which the customer is located is as follows:

	The Group	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Asia	9,729,035	12,080,756
Africa	155,110	2,640,826
Oceania	1,934,402	1,799,785
Middle East	1,764,730	531,936
Others	430,968	1,520,057
Total export	14,014,245	18,573,360
Malaysia	39,314,618	45,725,599
Total revenue	53,328,863	64,298,959

There is no single customer that contributed 10% or more to the Group's revenue for both 2016 and 2015.

Information on the carrying amounts of segment assets by geographical market and cost to acquire property, plant and machinery by location of assets have not been provided as the Group operates principally in Malaysia.

7. INVESTMENT REVENUE

	The Group		The Company	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Investment revenue earned on loans and receivables (including cash and cash equivalents):				
Interest income from:				
Fixed and short-term deposits	25,839	35,567	-	10,716
Advances granted to subsidiary companies (Note 20)	-	-	321,811	1,083,075
	25,839	35,567	321,811	1,093,791

8. OTHER GAINS AND (LOSSES)

	The Group	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Unrealised gain on foreign exchange - net	444,430	440,476
Gain on disposal of property, plant and equipment	54,998	62,551
Realised loss on foreign exchange	(106,409)	(11,121)
Realised loss on financial derivative	-	(53,060)
	393,019	438,846

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Executive Directors:				
Fees	58,333	-	58,333	-
Salaries, bonuses and allowances	903,462	1,016,697	502,107	878,466
EPF contributions	142,208	155,556	77,856	138,960
	1,104,003	1,172,253	638,296	1,017,426
Non-executive Directors:				
Fees:				
Current year/period	166,667	30,000	166,667	30,000
Prior year	-	(6,000)	-	(6,000)
	166,667	24,000	166,667	24,000
Allowances	44,000	46,500	44,000	46,500
Director of subsidiary company:				
Salaries, bonuses and allowances	310,742	124,000	-	-
EPF contributions	40,712	11,280	-	-
	351,454	135,280	-	-
	1,666,124	1,378,033	848,963	1,087,926

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group and the Company amounted to Nil (2015: RM50,685) and Nil (2015: RM49,575) respectively.

The remuneration of Executive Directors above also represents remuneration for all key management personnel of the Group and the Company.

10. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFITS EXPENSES

Included in other operating income/(expenses) and employee benefits expenses are the following:

	The Group		The Company	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Interest on Housing Development Accounts	5,489	-	-	-
Utilities charges paid/payable	(1,803,675)	(2,580,432)	-	-
Sale agent commission paid/payable	(1,493,033)	(605,854)	-	-
Provision for liquidated and ascertained damages	(643,308)	-	-	-
Impairment loss recognised on receivables (Note 19)	(594,971)	(3,277,335)	-	-
Freight charges paid/payable	(527,540)	(945,788)	-	-
Rental of premises paid/payable to:				
Third party	(294,006)	(290,030)	-	-
A Director of a subsidiary company (Note 20)	(10,000)	-	-	-
A Director of the Company (Note 20)	(8,800)	-	-	-
A former Director	-	(35,000)	-	-
Auditors' remuneration:				
Statutory audit:				
Current year/period	(96,000)	(142,000)	(32,000)	(52,000)
Non-audit services	(6,800)	(6,000)	(3,000)	(3,000)

Included in employee benefits expenses of the Group are contributions made to EPF of RM538,098 (2015: RM631,048).

11. FINANCE COSTS

	The Group	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Interests on:		
Term loans	590,444	887,268
Bankers' acceptances	209,236	475,551
Bank overdrafts	173,263	94,903
Hire-purchase	54,663	116,279
Fixed loan	28,365	84,761
Bank charges and commission	173,698	132,112
	1,229,669	1,790,874
Less: Interest on term loans capitalised under property development projects (Note 18)	(5,987)	(100,656)
	1,223,682	1,690,218

12. TAX (EXPENSES)/INCOME

Income tax recognised in profit or loss

	The Group		The Company	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Income tax expense comprises:				
Current tax expense in respect of the current year/period	(309,000)	(324,000)	-	(72,000)
Adjustments recognised in the current year/period in relation to the income tax of prior period/years	(21,784)	106,797	41,648	-
	(330,784)	(217,203)	41,648	(72,000)
Deferred tax:				
Relating to origination and reversal of temporary differences:				
Current year/period	(133,000)	1,595,000	-	-
Adjustments recognised in the current year/period in relation to the deferred tax of prior period/years	(177,000)	245,000	-	-
	(310,000)	1,840,000	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	27,973	27,973	-	-
(Note 28)	(282,027)	1,867,973	-	-
Total tax (expenses)/income	(612,811)	1,650,770	41,648	(72,000)

The Group's and the Company's income tax rate are at 24% for the year of assessment 2016 (2015: 25%).

12. TAX (EXPENSES)/INCOME (cont'd)

The tax (expenses)/income for the year/period can be reconciled to loss before tax as follows:

	The Group		The Company	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Loss before tax	(1,441,554)	(5,864,425)	(770,055)	(362,935)
Tax (expenses)/income calculated using the Malaysian statutory income tax rate of 24% (2015: 25%)	346,000	1,466,000	185,000	91,000
Tax effects of:				
Utilisation of unutilised tax losses previously not recognised as deferred tax assets	343,000	153,000	-	-
Expenses available for double deduction	23,000	32,000	-	-
Expenses that are not deductible in determining taxable profit	(1,071,027)	(482,027)	(130,000)	(163,000)
Unutilised tax losses not recognised as deferred tax assets	(55,000)	-	(55,000)	-
Effect of changes in tax rate	-	99,000	-	-
Assets under controlled transfer	-	31,000	-	-
Adjustments recognised in the current year/period in relation to the taxes of prior period/years:				
Income tax	(21,784)	106,797	41,648	-
Deferred tax	(177,000)	245,000	-	-
Tax (expenses)/ income recognised in profit or loss	(612,811)	1,650,770	41,648	(72,000)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax assets				
Tax refund receivables	371,435	155,465	19,190	-
Current tax liabilities				
Income tax payables	61,672	46,226	-	46,226

12. TAX (EXPENSES)/INCOME (cont'd)

As of June 30, 2016, the Company has tax-exempt account balance of approximately RM713,000 (2015: RM713,000). The tax-exempt account arose from tax-exempt dividend received and is available for distribution as tax-exempt dividends to the shareholders of the Company.

As of June 30, 2016, the Company has unutilised tax losses of approximately RM229,000 (2015: Nil).

As of June 30, 2016, the subsidiary companies have tax-exempt accounts balances of approximately RM4,554,000 (2015: RM4,553,000). The tax-exempt accounts arose from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967, chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 and profits derived from the pioneer products during the pioneer period under Section 23 of the Promotion of Investment Act, 1986. The tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholder of the subsidiary companies.

As of June 30, 2016, certain subsidiary companies have unutilised reinvestment allowances claimed and unutilised tax losses amounting to approximately RM3,025,000 and RM1,894,000 (2015: RM3,025,000 and RM3,157,000) which are available for set-off against future taxable income.

13. LOSS PER SHARE

The basic and diluted loss per share are calculated as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Basic and diluted		
Loss for the year/period attributable to owners of the Company	(2,054,365)	(4,596,488)
Number of ordinary shares in issue as of July 1/April 1	87,534,000	80,000,000
Share repurchased and held as treasury shares as of July 1/April 1	(780,900)	(4,654,100)
	86,753,100	75,345,900
Effects of:		
Shares issued pursuant to a private placement	-	4,018,133
Treasury shares disposed	-	516,427
Weighted average number of ordinary shares in issue	86,753,100	79,880,460

	2016	**2015**
Basic and diluted loss per ordinary share (sen)	(2.37)	(5.75)

14. PROPERTY, PLANT AND EQUIPMENT

The Group 2016	Cost or valuation At beginning of year RM	Additions RM	Disposals RM	At end of year RM
At valuation:				
Factory buildings	9,071,000	-	-	9,071,000
Long-term leasehold land	350,000	-	-	350,000
Short-term leasehold land	2,560,000	-	-	2,560,000
At cost:				
Office buildings	1,107,180	2,300,000	-	3,407,180
Plant and machinery	30,848,266	481,081	-	31,329,347
Moulds	4,656,943	-	-	4,656,943
Motor vehicles	1,581,509	-	(450,478)	1,131,031
Motor vehicles under hire-purchase	410,650	50,983	-	461,633
Office equipment	372,533	42,289	-	414,822
Computers	418,718	14,614	-	433,332
Furniture, fixtures and fittings	295,863	5,388	-	301,251
Tools and equipment	637,989	-	-	637,989
Electrical installation	501,116	-	-	501,116
Air-conditioners	211,302	-	-	211,302
Signboard	17,744	-	-	17,744
Renovation	60,537	-	-	60,537
Total	53,101,350	2,894,355	(450,478)	55,545,227

The Group 2016	Accumulated depreciation At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM
At valuation:				
Factory buildings	672,754	193,489	-	866,243
Long-term leasehold land	13,708	4,106	-	17,814
Short-term leasehold land	194,757	58,268	-	253,025
At cost:				
Office buildings	60,500	29,667	-	90,167
Plant and machinery	23,710,543	2,057,621	-	25,768,164
Moulds	4,470,790	94,806	-	4,565,596
Motor vehicles	1,573,428	1,998	(450,476)	1,124,950
Motor vehicles under hire-purchase	113,141	88,928	-	202,069
Office equipment	229,010	29,688	-	258,698
Computers	336,215	25,465	-	361,680
Furniture, fixtures and fittings	243,798	8,473	-	252,271
Tools and equipment	475,046	40,895	-	515,941
Electrical installation	430,263	20,584	-	450,847
Air-conditioners	182,851	5,890	-	188,741
Signboard	15,882	659	-	16,541
Renovation	30,651	4,672	-	35,323
Total	32,753,337	2,665,209	(450,476)	34,968,070

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group 2015	Cost or valuation			
	At beginning of period RM	Additions RM	Disposals RM	At end of period RM
At valuation:				
Factory buildings	9,071,000	-	-	9,071,000
Long-term leasehold land	350,000	-	-	350,000
Short-term leasehold land	2,560,000	-	-	2,560,000
At cost:				
Office buildings	1,100,000	7,180	-	1,107,180
Plant and machinery	29,758,973	1,089,293	-	30,848,266
Moulds	4,561,255	95,688	-	4,656,943
Motor vehicles	1,851,062	6,500	(276,053)	1,581,509
Motor vehicles under hire-purchase	2,850,910	593,585	(3,033,845)	410,650
Office equipment	348,216	24,317	-	372,533
Computers	362,119	56,599	-	418,718
Furniture, fixtures and fittings	286,228	9,635	-	295,863
Tools and equipment	637,239	750	-	637,989
Electrical installation	501,116	-	-	501,116
Air-conditioners	206,152	5,150	-	211,302
Signboard	16,594	1,150	-	17,744
Renovation	30,537	30,000	-	60,537
Total	54,491,401	1,919,847	(3,309,898)	53,101,350

The Group 2015	Accumulated depreciation			
	At beginning of period RM	Charge for the period RM	Disposals RM	At end of period RM
At valuation:				
Factory buildings	430,892	241,862	-	672,754
Long-term leasehold land	8,576	5,132	-	13,708
Short-term leasehold land	121,922	72,835	-	194,757
At cost:				
Office buildings	33,000	27,500	-	60,500
Plant and machinery	20,838,568	2,871,975	-	23,710,543
Moulds	4,317,874	152,916	-	4,470,790
Motor vehicles	1,835,745	2,750	(265,067)	1,573,428
Motor vehicles under hire-purchase	1,012,367	543,419	(1,442,645)	113,141
Office equipment	192,570	36,440	-	229,010
Computers	309,982	26,233	-	336,215
Furniture, fixtures and fittings	233,157	10,641	-	243,798
Tools and equipment	423,677	51,369	-	475,046
Electrical installation	403,366	26,897	-	430,263
Air-conditioners	171,791	11,060	-	182,851
Signboard	15,059	823	-	15,882
Renovation	26,417	4,234	-	30,651
Total	30,374,963	4,086,086	(1,707,712)	32,753,337

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group

	Carrying amounts 2016 RM	Carrying amounts 2015 RM
***At valuation*:**		
Factory buildings	8,204,757	8,398,246
Long-term leasehold land	332,186	336,292
Short-term leasehold land	2,306,975	2,365,243
At cost:		
Office buildings	3,317,013	1,046,680
Plant and machinery	5,561,183	7,137,723
Moulds	91,347	186,153
Motor vehicles	6,081	8,081
Motor vehicles under hire-purchase	259,564	297,509
Office equipment	156,124	143,523
Computers	71,652	82,503
Furniture, fixtures and fittings	48,980	52,065
Tools and equipment	122,048	162,943
Electrical installation	50,269	70,853
Air-conditioners	22,561	28,451
Signboard	1,203	1,862
Renovation	25,214	29,886
Total	20,577,157	20,348,013

Certain leasehold land and buildings of the Group with total carrying value of RM822,232 and RM9,305,323 (2015: RM1,708,772 and RM9,251,119) respectively are charged to local licensed banks for facilities granted to the Group as mentioned in Note 27.

The leasehold land and buildings of the Group were revalued by the Directors on February 24, 2012 and February 28, 2012 respectively based on valuations carried out by an independent firm of professional valuers using the "Open Market Value on Existing Use" basis. The resulting revaluation surplus amounting to RM1,537,434 (net of deferred tax of RM512,478) was credited to property revaluation reserve account.

Details of the Group's leasehold land and buildings and information about the fair value hierarchy are as follows:

	Fair Value Level 1 RM	Fair Value Level 2 RM	Fair Value Level 3 RM
2016			
Factory buildings	-	9,071,000	-
Long-term leasehold land	-	350,000	-
Short-term leasehold land	-	2,560,000	-
2015			
Factory buildings	-	9,071,000	-
Long-term leasehold land	-	350,000	-
Short-term leasehold land	-	2,560,000	-

There were no transfers between Levels 1 and 2 during the year/period.

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The historical cost, accumulated depreciation and carrying amount of the revalued leasehold land and buildings are as follows:

	The Group 2016 RM	The Group 2015 RM
Cost:		
Factory buildings	7,455,988	7,455,988
Leasehold land	2,004,968	2,004,968
	9,460,956	9,460,956
Accumulated depreciation:		
Factory buildings	2,292,521	2,142,215
Leasehold land	695,641	658,347
	2,988,162	2,800,562
Carrying amounts	6,472,794	6,660,394

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2016 RM	The Company 2015 RM
Unquoted shares, at cost	21,924,076	21,924,076

The details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2016 %	Proportion of ownership interest and voting power held by the Group 2015 %	Principal Activities
Scanwolf Plastic Industries Sdn. Bhd. ("SPI")	Malaysia	100	100	Design and manufacture of plastic extrusions, PVC compounding, processing of PVC coils and trading of industrial consumables.
Scanwolf Properties Sdn. Bhd.	Malaysia	100	100	Property development.

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2016 %	2015 %	Principal Activities
Held through Scanwolf Plastic Industries Sdn. Bhd.				
Scanwolf Construction Sdn. Bhd. (formerly known as Scanwolf Building Materials Sdn. Bhd.)	Malaysia	100	100	Sales and marketing of PVC extruded building materials, trading of other building materials and manufacturing of foam profile.
Held through Scanwolf Properties Sdn. Bhd.				
Scanwolf Development Sdn. Bhd.	Malaysia	100	100	Property development.

Composition of the Group

Information about the composition of the Group at the end of the reporting date is as follows:

Industry	Place of incorporation and operation	Number of wholly-owned subsidiary companies 2016	2015
Manufacturing	Malaysia	2	2
Property development	Malaysia	2	2
		4	4

16. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2016 RM	2015 RM
At beginning of year/period		
Land cost - leasehold	7,052,786	12,724,378
Development costs	4,892,953	2,454,428
	11,945,739	15,178,806
Additions:		
Development costs	3,113,274	2,556,315
Transfer to property development projects (Note 18):		
Land cost - leasehold	-	(5,671,592)
Development costs	-	(117,790)
	-	(5,789,382)
At end of year/period:		
Land cost - leasehold	7,052,786	7,052,786
Development costs	8,006,227	4,892,953
	15,059,013	11,945,739
Accumulated impairment loss:		
At beginning of year/period	-	-
Recognised in profit or loss	3,124,693	-
At end of year/period	3,124,693	-
Net	11,934,320	11,945,739

The leasehold land held for property development with carrying amounts of RM6,459,814 (2015: RM7,203,020) has been pledged to a licensed bank to secure term loan facility granted to the subsidiary company as disclosed in Note 27.

During the financial year, a subsidiary company entered into a sale and purchase agreement to dispose two parcels of vacant commercial land under land held for property development with carrying amount of RM4,745,123 (2015: RM3,574,517) to a third party for a total consideration of RM1,620,430. An impairment loss of RM3,124,693 (2015: Nil) have been provided for during the financial year. The transaction has not been completed as of the end of the financial year.

17. INVENTORIES

	The Group	
	2016 RM	2015 RM
Completed development units held for sale	6,034,586	6,034,586
Raw materials	3,520,721	2,980,787
Work-in-progress	2,891,742	1,795,714
Finished goods	2,829,388	2,865,672
Packing materials and spare parts	304,705	245,176
	15,581,142	13,921,935

The cost of inventories recognised as an expense during the year/period for the Group was RM28,548,127 (2015: RM38,437,307).

17. INVENTORIES (cont'd)

Included in cost of inventories recognised as an income/(expense) are the following:

	The Group 2016 RM	The Group 2015 RM
Reversal of inventories written down	123,012	-
Inventories written down	-	(493,508)

Completed development units of RM4,310,419 (2015: RM4,310,419) which are pledged to a licensed bank relates to a back-to-back arrangement for term loan and bank overdraft facilities granted to a joint-venture partner which is further on loan to the Group as disclosed in Note 25.

The titles deeds to the leasehold land included in completed development units held for sale are registered under the name of the joint venture partner.

18. PROPERTY DEVELOPMENT PROJECTS

	The Group 2016 RM	The Group 2015 RM
Property development projects:		
Landowners' entitlement	7,645,535	8,354,943
Development costs	20,716,838	24,831,982
At beginning of year/period	28,362,373	33,186,925
Costs incurred during the year/period:		
Landowners' entitlement	1,250,485	1,501,210
Development costs	20,829,119	11,687,706
	22,079,604	13,188,916
	50,441,977	46,375,841
Transfer from land held for property development (Note 16)	-	5,789,382
Transfer to inventories (Note 17)	-	(6,034,586)
Costs recognised as an expense in profit or loss:		
Prior period/year	(18,092,440)	(16,432,895)
Current year/period	(12,712,610)	(16,732,095)
	(30,805,050)	(33,164,990)
At end of year/period:		
Landowners' entitlement	4,236,742	5,988,419
Development costs	15,400,185	6,977,228
	19,636,927	12,965,647

18. PROPERTY DEVELOPMENT PROJECTS (cont'd)

Included in property development costs incurred during the year/period are the following:

	The Group	
	2016 RM	2015 RM
Hire of machinery	50,003	49,985
Interest on term loans (Note 11)	5,987	100,656
Professional fee paid to a Company in which a former Director of the Company has substantial financial interest	-	180,000

Property development projects of RM19,636,927 (2015: RM12,965,647) are charged to licensed banks to secure banking facilities granted to the subsidiary company as disclosed in Note 27.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables	20,614,301	16,112,203	-	-
Less: Allowance for doubtful debts	(3,978,910)	(3,383,939)	-	-
	16,635,391	12,728,264	-	-
Other receivables	154,042	359,544	-	-
Less: Allowance for doubtful debts	(52,030)	(52,030)	-	-
	102,012	307,514	-	-
Refundable deposits	421,594	208,701	-	-
Loans and receivables	17,158,997	13,244,479	-	-
Advance payment for:				
Landowners' entitlements	800,000	800,000	-	-
Purchase of raw materials	226,152	74,798	-	-
Acquisition of plant and machinery	562,000	-	-	-
Prepaid expenses	266,660	297,041	10,998	9,998
Goods and Services Tax receivables	176,370	54,193	4,408	10,905
	19,190,179	14,470,511	15,406	20,903

19. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables of the Group comprise amount receivable for the sale of goods and amounts receivable from progress billings to customers. Certain trade transactions for sale of goods were on cash terms (2015: cash terms) and credit period granted for remaining trade transactions ranged from 30 days to 120 days (2015: 30 days to 120 days). Credit period for progress billings to customers is 14 days (2015: 14 days).

Other receivables of the Group comprise mainly advances granted to employees and expenses paid on behalf, which are unsecured and interest-free.

The currency profile of trade and other receivables are as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Ringgit Malaysia	17,147,307	13,715,792
United States Dollar	3,361,593	2,388,594
Singapore Dollar	259,443	359,896
Euro	-	7,465
	20,768,343	16,471,747

An allowance has been made for estimated irrecoverable amounts of trade and other receivables based on the default experience of the Group.

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Trade receivables		
Balance at beginning of year/period	3,383,939	106,604
Impairment loss recognised on receivables (Note 10)	594,971	3,277,335
Balance at end of year/period	3,978,910	3,383,939
Other receivables		
Balance at beginning/end of year/period	52,030	52,030

19. TRADE AND OTHER RECEIVABLES (cont'd)

Ageing of impaired trade and other receivables are as follows:

	The Group 2016 RM	The Group 2015 RM
Trade receivables		
271 days to 360 days	-	147,484
More than 360 days (2015: 360 days)	3,978,910	3,236,455
	3,978,910	3,383,939
Other receivables		
More than 360 days (2015: 360 days)	52,030	52,030

Included in trade receivables of the Group are receivable with total carrying amount of RM4,732,527 (2015: RM3,184,221) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances nor does it have a legal right to offset against any amounts owed by the company to the counterparty.

Ageing of trade receivables which are past due but not impaired as at the end of the reporting period is as follows:

	The Group 2016 RM	The Group 2015 RM
1 - 30 days	1,882,202	1,315,864
31 - 60 days	938,487	691,053
61 - 90 days	124,335	149,596
91 - 120 days	20,109	39,343
More than 120 days	1,767,394	988,365
	4,732,527	3,184,221

The Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management. The Group has not provided for impairment loss on these trade receivables accounts that are past due as there has not been a significant change in credit quality and the amounts are still considered recoverable.

20. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by subsidiary companies represents advances granted with interest rates which range from 3.00% to 8.50% (2015: 3.00% to 8.50%) per annum which are collectible upon demand.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Name of related parties		Relationship
Gegaran Lagenda Sdn. Bhd. Almal Development Sdn. Bhd.	)))	Companies in which a Director of a subsiary company is a Director and has substantial financial interest.
Mr. Tan Yann Kang Mr. Tan Yann Sheng Madam Chong Yoke Choon Mr. Loo Run Wei	))))	Close family members of a Director of the Company.
Dato' Ch'ng Kong San	)	Former Director of the Company.
Dato' Lai Kok Heng	)	Director of a subsidiary company.

During the financial year/period, significant related party transactions are as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Subsidiary companies				
Advances granted	-	-	250,000	8,624,128
Repayment received on advances granted	-	-	565,471	3,413,859
Interest on advances granted received/receivable (Note 7)	-	-	321,811	1,083,075
Management fee received/ receivable (Note 5)	-	-	90,000	360,000
Related parties				
Interest on loan and overdraft paid/payable	(91,953)	(96,912)	-	-
Disposal of motor vehicle	-	414,475	-	-
Director of the Company				
Disposal of motor vehicle	-	180,000	-	-
Rental of premises paid/payable (Note 10)	(8,800)	-	-	-

20. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (cont'd)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Director of subsidiary company				
Rental of premises paid/payable (Note 10)	(10,000)	-	-	-
Former Directors of the Company				
Disposal of motor vehicle	-	522,662	-	-
Rental of premises paid/payable (Note 10)	-	35,000	-	-

Compensation of key management personnel

The Directors' remuneration is as disclosed in Note 9. Other than the Directors, there is no other key management personnel in the Company.

21. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash on hand and at banks	1,632,583	2,664,170	30,597	218,085
Fixed deposits with licensed banks	975,510	679,071	-	-
Housing Development Accounts with licensed banks	2,234	883,657	-	-
	2,610,327	4,226,898	30,597	218,085

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers and interest credited thereon, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the subsidiary company upon the completion of the property development projects and after all property development costs have been fully settled.

Fixed deposits of the subsidiary company with carrying amount of RM975,510 (2015: RM679,071) have been pledged to a licensed bank to secure the subsidiary company's bank guarantee facilities as mentioned in Note 27, and have maturity period of 30 days (2015: ranging from 30 to 48 days).

21. FIXED DEPOSITS, CASH AND BANK BALANCES (cont'd)

The effective interest rates per annum are as follows:

The Group	2016 %	2015 %
Fixed deposits	3.15	3.15
Housing Development Accounts	2.00	2.00

Fixed deposits of the subsidiary company with carrying amount of RM224,951 (2015: RM217,975) are registered in the name of a Director of the Company, and are held in trust on behalf of the subsidiary company.

The currency profile of fixed deposits, cash and bank balances is as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	1,689,679	3,238,007	30,597	218,085
United States Dollar	825,495	852,722	-	-
Singapore Dollar	75,215	107,881	-	-
Euro	18,001	26,480	-	-
Others	1,937	1,808	-	-
	2,610,327	4,226,898	30,597	218,085

22. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	The Group and The Company			
	2016 Number of ordinary shares	2015 Number of ordinary shares	2016 RM	2015 RM
Authorised:				
Ordinary shares of RM0.50 each	100,000,000	100,000,000	50,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each:				
At beginning of year/period	87,534,000	80,000,000	43,767,000	40,000,000
Issued during the year/period	-	7,534,000	-	3,767,000
At end of year/period	87,534,000	87,534,000	43,767,000	43,767,000

22. SHARE CAPITAL AND TREASURY SHARES (cont'd)

(b) Treasury Shares

(i) The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on August 29, 2014, granted the approval to the Company for the repurchase of its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company.

The mandate given by the shareholders expired at the last AGM. As such, there was no share repurchased by the Company during the financial year.

(ii) As of June 30, 2016, 780,900 (2015: 780,900) out of the total of 87,534,000 (2015: 87,534,000) issued and fully paid ordinary shares are held as Treasury Shares by the Company. The number of ordinary shares of RM0.50 each in issue and fully paid as of June 30, 2016 after excluding the Treasury Shares is 86,753,100 (2015: 86,753,100).

23. RESERVES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable reserves				
Share premium	3,120,186	3,120,186	3,120,186	3,120,186
Property revaluation reserve	3,020,072	3,020,072	-	-
Reverse acquisition reserve	(19,524,076)	(19,524,076)	-	-
	(13,383,818)	(13,383,818)	3,120,186	3,120,186
Distributable reserve				
Retained earnings/ (Accumulated losses)	10,911,275	12,965,640	(2,074,728)	(1,346,321)
	(2,472,543)	(418,178)	1,045,458	1,773,865

23. RESERVES (cont'd)

(a) *Share premium*

Share premium represents the excess of the issue price over the par value of the ordinary shares of the Company, net of share issue expenses of RM1,564,661 (2015: RM1,564,661).

	The Group and The Company	
	2016	**2015**
	RM	**RM**
Balance at beginning of year/period	3,120,186	2,035,339
Share premium arising from disposal of treasury shares	-	1,151,222
Less: Incidental costs	-	(66,375)
	3,120,186	1,084,847
Balance at end of year/period	3,120,186	3,120,186

(b) *Property revaluation reserve*

	The Group	
	2016	**2015**
	RM	**RM**
At beginning and end of year/period	3,020,072	3,020,072

The property revaluation reserve of the Group arises on the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the property revaluation reserve that relates to the disposed asset is effectively realised, and is transferred directly to retained earnings.

(c) *Reverse acquisition reserve*

Reverse acquisition reserve arose from the reverse acquisition of the Company by SPI Group in 2008.

24. NON-CONTROLLING INTERESTS

	The Group	
	2016	**2015**
	RM	**RM**
Balance at beginning of year/period	-	858,251
Share of profit for the year/period	-	382,833
Additional interests acquired in Scanwolf Development Sdn. Bhd.	-	(1,241,084)
Balance at end of year/period	-	-

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current portion				
Trade payables	18,313,032	7,766,519	-	-
Other payables	5,009,805	6,681,432	24,576	25,398
Accrued expenses	2,193,516	1,744,666	260,000	119,132
	25,516,353	16,192,617	284,576	144,530
Deposits received from purchasers	687,489	478,168	-	-
Goods and Services Tax payables	197,784	-	-	-
	26,401,626	16,670,785	284,576	144,530
Less: Amount due within 12 months (shown under current liabilities)	(23,434,450)	(12,149,552)	(284,576)	(144,530)
Non-current portion:				
Other payables	1,789,112	4,098,576	-	-
Accrued expenses	1,178,064	422,657	-	-
	2,967,176	4,521,233	-	-

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit terms granted to the Group for trade purchases ranged from 30 days to 120 days (2015: 30 days to 120 days). The amounts are non-interest bearing. The Group has finance risk management policies in place to ensure that all payables are paid within the time frame.

Included in other payables is an amount of RM2,970,395 (2015: RM5,253,371) which relates to a back-to-back arrangement for term loan and bank overdraft facilities of RM4,500,000 (2015: RM4,500,000) and RM1,000,000 (2015: RM1,000,000) respectively granted to a joint venture partner which is further on loan to the Group. Under the arrangement, the interest expense arising from the term loan and bank overdraft are borne by the Group. The term loan is repayable by 180 monthly instalments commencing from September 2014. The term loan and bank overdraft facilities are secured by a charge on 8 units of three (3) storey shop office as disclosed in Note 17. The effective interest rates for the facilities are 4.70% and 5.00% (2015: 4.70% and 5.10%) per annum respectively.

The amounts owing to other payables of the Group and of the Company are unsecured, interest-free and are repayable upon demand.

25. TRADE AND OTHER PAYABLES (cont'd)

Accrued expenses of the Group comprise mainly accruals for landowners' entitlements and provision for liquidated ascertained damages of RM339,473 (2015: Nil).

	The Group	
	2016	2015
	RM	RM
Liquidated ascertained damages:		
At beginning of year/period	-	-
Additions	643,308	-
Payment	(303,835)	-
At end of year/period	339,473	-

The currency profile of trade and other payables are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Ringgit Malaysia	21,595,932	13,555,242	24,576	25,398
United States Dollar	1,420,584	536,594	-	-
Chinese Renminbi	163,921	293,398	-	-
Euro	142,341	62,717	-	-
Singapore Dollar	59	-	-	-
	23,322,837	14,447,951	24,576	25,398

26. HIRE-PURCHASE PAYABLES

	The Group			
	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amounts payable under hire-purchase arrangements:				
Within one year	380,833	299,412	331,665	255,811
In the second to fifth year inclusive	584,285	541,427	529,709	502,676
	965,118	840,839	861,374	758,487
Less: Future finance charges	(103,744)	(82,352)	-	-
Present value of hire-purchase payables	861,374	758,487	861,374	758,487
Less: Amount due within 12 months (shown under current liabilities)			(331,665)	(255,811)
Non-current portion			529,709	502,676

26. HIRE-PURCHASE PAYABLES (cont'd)

The non-current portion is repayable as follows:

	The Group	
	2016	2015
	RM	RM
Financial years ending June 30:		
2017	-	275,231
2018	190,748	112,942
2019	166,871	83,220
2020	120,778	31,283
2021	51,312	-
	529,709	502,676

It is policy of the Group to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase are 3 to 5 years (2015: 3 to 5 years). For the financial year ended June 30, 2016, the average effective borrowing rate was 6.54% (2015: 4.69%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The hire-purchase payables of the Group are secured by the assets under hire-purchase and certain hire-purchase payables are guaranteed by the Company and a Director of the Company.

27. BORROWINGS

	The Group	
	2016	2015
	RM	RM
Secured:		
Term loans	6,729,846	6,313,284
Bankers' acceptances	5,589,722	5,236,000
Bank overdraft	620,365	2,384,650
Fixed loan	568,393	640,665
	13,508,326	14,574,599
Less: Amount due within 12 months (shown under current liabilities)	(8,305,280)	(9,524,648)
Non-current portion	5,203,046	5,049,951

27. BORROWINGS (cont'd)

The non-current portion is repayable as follows:

	The Group	
	2016	2015
	RM	RM
Financial years ending June 30:		
2017	-	1,856,399
2018	2,126,527	1,973,042
2019	986,183	909,772
2020	160,075	91,186
2021	167,072	94,959
2022 and above	1,763,189	124,593
	5,203,046	5,049,951

The average effective interest rates per annum are as follows:

	The Group	
	2016	2015
	%	%
Term loans	3.05	6.20
Bankers' acceptances	3.95	3.88
Bank overdraft	6.53	7.35
Fixed loan	3.75	4.26

The Group's banking facilities with licensed banks amounting to RM23,805,000 (2015: RM29,225,000) are secured by:

(a) Leasehold land and buildings of the Group as disclosed in Note 14;

(b) Facility agreement of RM8,000,000 (2015: RM10,250,000);

(c) Leasehold land held for property development and property development projects as disclosed in Notes 16 and 18; and

(d) Pledged of fixed deposits as disclosed in Note 21.

The facilities are further guaranteed by the Company, a subsidiary company, a Director of the Company and a Director of the subsidiary company jointly and severally.

The Group's term loan facilities amounted to RM2,000,000 (2015: RM3,000,000) were fully settled during the financial year.

28. DEFERRED TAX LIABILITIES

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

	The Group 2016 RM	The Group 2015 RM
Deferred tax assets	768,000	1,339,000
Deferred tax liabilities	(2,554,080)	(2,843,053)
	(1,786,080)	(1,504,053)

The Group 2016	**At beginning of year RM**	**Recognised in profit or loss (Note 12) RM**	**At end of year RM**
Deferred tax assets			
Allowance for slow moving inventories	452,000	(29,000)	423,000
Unutilised tax losses and unabsorbed tax capital allowances	993,000	(541,000)	452,000
Unrealised gain on foreign exchange	(106,000)	(1,000)	(107,000)
	1,339,000	(571,000)	768,000
Deferred tax liabilities			
Property, plant and equipment	(1,742,000)	261,000	(1,481,000)
Property revaluation reserve	(1,101,053)	27,973	(1,073,080)
	(2,843,053)	288,973	(2,554,080)

The Group 2015	**At beginning of period RM**	**Recognised in profit or loss (Note 12) RM**	**At end of period RM**
Deferred tax assets			
Allowance for slow moving inventories	348,000	104,000	452,000
Impairment loss recognised on trade receivables	52,000	(52,000)	-
Unutilised tax losses and unabsorbed tax capital allowances	8,000	985,000	993,000
Unrealised gain on foreign exchange	(33,000)	(73,000)	(106,000)
	375,000	964,000	1,339,000
Deferred tax liabilities			
Property, plant and equipment	(2,618,000)	876,000	(1,742,000)
Property revaluation reserve	(1,129,026)	27,973	(1,101,053)
	(3,747,026)	903,973	(2,843,053)

29. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director is unsecured, interest-free and repayable upon demand.

30. PROGRESS BILLINGS

	The Group	
	2016 RM	2015 RM
Progress billings to-date	48,640,711	22,279,760
Cumulative revenue recognised in profit or loss	(42,600,621)	(20,841,386)
	6,040,090	1,438,374

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
Loans and receivables:				
Trade and other receivables	17,158,997	13,244,479	-	-
Amount owing by subsidiary companies	-	-	22,800,627	23,261,419
Fixed deposits, cash and bank balances	2,610,327	4,226,898	30,597	218,085
Financial liabilities				
Other financial liabilities:				
Trade and other payables	25,516,353	16,192,617	284,576	144,530
Amount owing to a Director	255,000	-	-	-
Hire-purchase payables	861,374	758,487	-	-
Borrowings	13,508,326	14,574,599	-	-

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Market risk

The Group's and the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rate.

There have been no changes to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

(i) Foreign currency risk management

The Group is exposed to the effects of foreign currency exchange rate fluctuation primarily in relation to the United States Dollar ("USD"), arising from normal trading activity. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group enters into foreign currency forward contracts to manage its exposure against foreign currency fluctuations on foreign receipts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in Notes 19, 21 and 25.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of USD. The management considers that the impact of the other currencies to be immaterial.

The following table details the Group's sensitivity to a 7% (2015: 17%) increase and decrease in RM against the relevant foreign currency. 7% (2015: 17%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates in the next 12 months.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 7% (2015: 17%) change in foreign currency rates. A positive number below indicates a decrease in loss (2015: a decrease in loss) net of tax where the USD strengthens 7% (2015: 17%) against the RM. For a 7% (2015: 17%) weakening of USD against the RM, there would be a comparable impact on the loss/profit net of tax, and the balances below would be negative.

	The Group Profit or loss	
	2016	**2015**
	RM	**RM**
USD impact	171,468	364,227

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Market risk

(i) Foreign currency risk management

Foreign currency sensitivity analysis

The above impact is mainly attributable to the exposure on USD for receivables, cash and bank balances and payables of the Group outstanding at the end of the reporting period in the Group. In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the full exposure of the Group during the year/period.

(ii) Interest rate risk management

Interest rate sensitivity analysis

The management does not consider the Group's and the Company's exposure to interest rate risk significant as borrowing outstanding as of the end of the reporting period was insignificant. Therefore, interest rate sensitivity analysis is not disclosed.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure of the Group and of the Company and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

As the Group does not hold any collateral, the maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

The Group places its cash and cash equivalents with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution.

There is no other class of financial assets that is past due and/or impaired except for trade receivables as disclosed in Note 19.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Credit risk management *(cont'd)*

Financial Guarantees

The Company provides financial guarantees to licensed banks in respect of credit facilities granted to its subsidiary companies. The Company monitors on an ongoing basis the trend of repayments made by the subsidiary companies.

The maximum exposure to credit risk amounts to RM13,508,326 (2015: RM14,574,599) representing the outstanding balance of credit facilities of the subsidiary companies in which financial guarantees are given as of the end of the reporting period.

At the end of the reporting period, there was no indication that the subsidiary companies would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition are insignificant.

(c) Liquidity and cash flow risks management

Ultimate responsibility for liquidity and cash flow risks management rests with the Board of Directors, which has established an appropriate liquidity and cash flow risks management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity and cash flow management requirements. The Group and the Company manage liquidity and cash flow risks by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Management is of the view that the Group's and the Company's exposure to liquidity and cash flow risks are minimal as the Group and the Company have sufficient funds to finance its ongoing working capital requirements. The Group and the Company may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditures.

The Group has credit facilities of approximately RM5,015,000 (2015: RM4,881,000) which is unused at the end of the reporting period. The Group expects to meet its financial obligations from its operating cash flows and proceeds from maturing financial assets.

The maturity profile for the non-derivative financial assets/liabilities of the Group and of the Company at the end of the reporting period based on the undiscounted cash flows of the respective financial assets/liabilities representing the earliest date on which the Group and the Company are entitled to receive/required to pay, is as follows:

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks management *(cont'd)*

The Group 2016	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	17,158,997	-	-	17,158,997
Fixed deposits, cash and bank balances	2,610,327	-	-	2,610,327
Total undiscounted non-derivative financial assets	19,769,324	-	-	19,769,324
Non-derivative financial liabilities:				
Trade and other payables	22,828,160	3,506,068	1,038,535	27,372,763
Amount owing to a Director	255,000	-	-	255,000
Hire-purchase payables	380,833	584,285	-	965,118
Borrowings	8,471,691	4,127,020	2,304,777	14,903,488
Total undiscounted non-derivative financial liabilities	31,935,684	8,217,373	3,343,312	43,496,369
Net undiscounted non-derivative financial liabilities	(12,166,360)	(8,217,373)	(3,343,312)	(23,727,045)

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks management *(cont'd)*

The Group 2015	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	13,244,479	-	-	13,244,479
Fixed deposits, cash and bank balances	4,226,898	-	-	4,226,898
Total undiscounted non-derivative financial assets	17,471,377	-	-	17,471,377
Non-derivative financial liabilities:				
Trade and other payables	11,380,529	2,536,762	3,427,740	17,345,031
Hire-purchase payables	299,412	541,427	-	840,839
Borrowings	9,887,165	5,353,600	128,001	15,368,766
Total undiscounted non-derivative financial liabilities	21,567,106	8,431,789	3,555,741	33,554,636
Net undiscounted non-derivative financial liabilities	(4,095,729)	(8,431,789)	(3,555,741)	(16,083,259)

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks management (cont'd)

The Company 2016	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Amount owing by subsidiary companies	22,800,627	-	-	22,800,627
Cash and bank balances	30,597	-	-	30,597
Total undiscounted non-derivative financial assets	22,831,224	-	-	22,831,224
Non-derivative financial iabilities:				
Trade and other payables	284,576	-	-	284,576
Financial guarantee facilities	13,508,326	-	-	13,508,326
Total undiscounted non-derivative financial liabilities	13,792,902	-	-	13,792,902
Net undiscounted non-derivative financial assets	9,038,322	-	-	9,038,322

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks management *(cont'd)*

The Company 2015	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Amount owing by subsidiary companies	23,261,419	-	-	23,261,419
Cash and bank balances	218,085	-	-	218,085
Total undiscounted non-derivative financial assets	23,479,504	-	-	23,479,504
Non-derivative financial liabilities:				
Trade and other payables	144,530	-	-	144,530
Financial guarantee facilities	14,574,599	-	-	14,574,599
Total undiscounted non-derivative financial liabilities	14,719,129	-	-	14,719,129
Net undiscounted non-derivative financial assets	8,760,375	-	-	8,760,375

(d) Capital risk management

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debts and equity balance. The Group's and the Company's overall strategy remains unchanged from 2015.

The capital structure of the Group and of the Company consists of net debts and equity of the Group and of the Company.

The debts to equity ratio is calculated as net debt divided by equity. Net debts is calculated as total borrowings less fixed deposits, cash and bank balances.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) Capital risk management *(cont'd)*

The debts to equity ratio as at the end of the reporting period were as follows:

	Note	The Group 2016 RM	The Group 2015 RM
Hire-purchase payables	26	861,374	758,487
Borrowings	27	13,508,326	14,574,599
Less: Fixed deposits, cash and bank balances	21	(2,610,327)	(4,226,898)
Net debts		11,759,373	11,106,188
Total equity		40,987,319	43,041,684
Debts to equity ratio		0.29	0.26

Fair Values of Financial Instruments

Financial instruments carried at amortised cost

The carrying amounts of short-term financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of hire-purchase payables, term and fixed loans of the Group are included in Level 2 category of the fair value hierarchy in accordance with FRS 7 *Financial Instruments: Disclosure* and have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase, term and fixed loan arrangements. There is no material difference between the carrying amounts and the estimated fair values of hire-purchase payables, term and fixed loans.

32. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group Year Ended 30.6.2016 (12 Months) RM	The Group Period Ended 30.6.2015 (15 Months) RM
Cash purchase	2,474,212	559,103
Hire-purchase financing	405,823	1,191,169
Other payables	14,320	10,875
Amount owing in deposits in prior year	-	158,700
	2,894,355	1,919,847

The principal amount of instalment repayments for property, plant and equipment acquired by hire-purchase are reflected as cash outflows from financing activities.

32. STATEMENTS OF CASH FLOWS (cont'd)

(b) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash and bank balances net of outstanding bank overdraft. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	The Group		The Company	
	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM	Year Ended 30.6.2016 (12 Months) RM	Period Ended 30.6.2015 (15 Months) RM
Cash on hand and at banks	1,632,583	2,664,170	30,597	218,085
Fixed deposits with licensed banks	975,510	679,071	-	-
Housing Development Accounts with licensed banks	2,234	883,657	-	-
Bank overdraft	(277,756)	(2,384,650)	-	-
	2,332,571	1,842,248	30,597	218,085
Less: Fixed deposits pledged	(975,510)	(679,071)	-	-
	1,357,061	1,163,177	30,597	218,085

33. CAPITAL COMMITMENTS

As of June 30, 2016, the Group has the following capital commitment in respect of property, plant and equipment:

	The Group	
	2016 RM	2015 RM
Approved and contracted for	5,137,652	539,225
Approved but not contracted for	6,000	-
	5,143,652	539,225

34. SUBSEQUENT EVENT

As approved by the shareholder in an Extraordinary General Meeting held on September 13, 2016, the wholly-owned subsidiary company, Scanwolf Building Materials Sdn. Bhd. changed its name to Scanwolf Construction Sdn. Bhd..

35. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of June 30, 2016 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Total retained earnings/ (accumulated losses) of the Company and its subsidiary companies				
Realised	14,807,273	14,614,825	(2,074,728)	(1,346,321)
Unrealised	(2,230,510)	(1,944,529)	-	-
	12,576,763	12,670,296	(2,074,728)	(1,346,321)
Add: Consolidation adjustments	(1,665,488)	295,344	-	-
Total retained earnings/ (accumulated losses) as per statements of financial position	10,911,275	12,965,640	(2,074,728)	(1,346,321)

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia and is not made for any other purposes.

STATEMENT BY DIRECTORS

The Directors of **SCANWOLF CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of June 30, 2016 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 35, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

DATO' LOO BIN KEONG

DATO' TAN SIN KEAT

Ipoh,
October 19, 2016

DECLARATION BY THE DIRECTOR
PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **DATO' LOO BIN KEONG (IC No. 580125-10-5177)**, the Director primarily responsible for the financial management of **SCANWOLF CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATO' LOO BIN KEONG

Subscribed and solemnly declared by the abovenamed **DATO' LOO BIN KEONG** at **IPOH** this 19th day of October 2016.

Before me,

KONG WAI NGEE (A213)
COMMISSIONER FOR OATHS

LIST OF GROUP'S PROPERTIES
AS AT 30 JUNE 2016

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 30-Jun-16 RM	Date of Valuation
1	Title No. HS (D) 44267, Lot P.T. 404, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with two single storey detached factory/ office buildings	Factory	3.7 acres	Lease period expiring on 13/6/2054	20 and 13	6,817,672	24 February 2012
2	Title No. Pajakan Negeri 148201, Lot 192446, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey detached factory	Factory	3.2 acres	Lease period expired on 2/12/2051	10	2,870,962	24 February 2012
3	Title No. Pajakan Negeri 90115, Lot 195536, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey detached building	Staff use	2.9 acres	Lease period expiring on 26/5/2052	10	823,098	24 February 2012
4	(HSM 1048, P.T. 4528), (HSM 1049, P.T. 4529), (HSM 1050, P.T. 4530), (HSM 1051, P.T. 4531), (HSM 1052, P.T. 4538), (HSM 1053, P.T. 4539), (HSM 1054, P.T. 4540), (HSM 1055, P.T. 4541), (HSM 1059, P.T. 4552), (HSM 1067, P.T. 4583), (HSM 1068, P.T. 4584), (HSM 1069, P.T. 4585), (HSM 1070, P.T. 4586), (HSM 1071, P.T. 4587), (HSM 1072, P.T. 4590), (HSM 1073, P.T. 4591), (HSM 1074, P.T. 4592), (HSM 1075, P.T. 4593), (HSM 1076, P.T. 4594), and (HSM 1077, P.T. 4595), Mukim of Sungai Terap, District of Kinta, State of Perak	20 parcels of vacant detached house lots	Vacant	4,000 sq ft per unit	Lease period expiring on 07/10/2093	N/A	332,186	28 February 2012
5	HSD KA 45560 PT 134841, Bandar Ipoh, Daerah Kinta, Negeri Perak	Four storey shop office	Office	167 sq ft	Lease period expiring on 21/11/2094	21	1,017,500	14 August 2012
6	No. 19, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak	Four storey shop office	Office	185 sq mtr	Freehold	1	2,292,333	9 December 2015

ANALYSIS OF SHAREHOLDINGS
AS AT 4 OCTOBER 2016

Authorised Share Capital	RM50,000,000.00
Issued and fully paid-up Share Capital	RM43,767,000.00
Class of Shares	Ordinary shares of RM0.50 each
Voting Rights	1 vote per ordinary share

Analysis by Size of Shareholdings
(Excluding 780,900 Treasury Shares)

Size of Shareholdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100 shares	6	0.46	300	0.00
100 - 1,000 shares	251	19.32	210,900	0.24
1,001 - 10,000 shares	526	40.49	2,986,100	3.44
10,001 - 100,000 shares	437	33.64	15,944,200	18.38
100,001 to less than 5% of issued shares	76	5.85	45,693,160	52.67
5% and above of issued shares	3	0.23	21,918,440	25.27
Total	**1,299**	**100.00**	**86,753,100**	**100.00**

List of Substantial Shareholders of the Company
(Excluding 780,900 Treasury Shares)

Name	Number of Shares Held			
	Direct	%	Deemed	%
CEDRIC WONG KING TI	7,000,000	8.07	-	-
DATO' LOO BIN KEONG	7,177,040	8.27	30,000 *	0.03
YII LONG GING	8,200,000	9.45	-	-

Note:

* Deemed interested by virtue of shares held by Loo Run Wei (Son)

Directors' Shareholdings in the Company
(Excludig 780,900 Treasury Shares)

Name	Number of Shares Held			
	Direct	%	Deemed	%
DATO' OTHMAN BIN TALIB	-	-	-	-
DATO' LOO BIN KEONG	7,177,040	8.27	30,000 *	0.03
DATO' TAN SIN KEAT	2,977,781	3.43	150,000 #	0.17
TEOH TEIK KEAN	467,999	0.54	-	-
MOHD AZIZAL BIN SHUBALI	-	-	-	-
EN. ABDUL HAMID BIN ABDUL SHUKOR	2,519,100	2.90	-	-
DATO' IBRAHIM BIN SALEH	-	-	-	-
ONG SING GUAN	-	-	-	-
DATO' ONG BOON AUN @ JAYMES ONG	-	-	-	-

Note:

* Deemed interested by virtue of shares held by Loo Run Wei (Son)
# Deemed interested by virtue of shares held by Tan Yann Kang (Son)

List of Thirty Largest Shareholders
(Excluding 780,900 Treasury Shares)

No.	Name	No. of Shares Held	%
1	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YII LONG GING (E-BWK)*	8,200,000	9.45
2	CEDRIC WONG KING TI	7,000,000	8.07
3	LOO BIN KEONG	6,718,440	7.74
4	TAN SIN KEAT	2,977,781	3.43
5	OW KOK CHEE	2,749,700	3.17
6	LAI KOK HENG	2,676,900	3.09
7	PHOON YEE LY	2,550,300	2.94
8	ABDUL HAMID BIN ABDUL SHUKOR	2,519,100	2.90

List of Thirty Largest Shareholders
(Excluding 780,900 Treasury Shares) (cont'd)

No.	Name	No. of Shares Held	%
9	NG CHOI HA	2,361,599	2.72
10	LOONG CHAI PENG	1,998,600	2.30
11	GO WINSTON DY	1,784,000	2.06
12	TAN SWEE EAN	1,219,000	1.41
13	NG MENG KEE	1,200,000	1.38
14	CHONG YOKE CHOON	1,038,200	1.20
15	TAN SWEE EAN	998,000	1.15
16	YU WOON GIN	938,000	1.08
17	TAI YEE FONG	857,000	0.99
18	LIEW CHIN LEONG	800,000	0.92
19	LOO SOON KOOI	800,000	0.92
20	TAN YEAN CHOW	760,000	0.88
21	LIM CHOOI LING	748,400	0.86
22	LIEW CHIN LEONG	746,081	0.86
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TANG WAY KEONG (E-BWK)*	700,100	0.81
24	TAN AH LIM	700,000	0.81
25	LEE HUAT BOON	683,800	0.79
26	LEE YUET CHIN	670,000	0.77
27	ONG SOI TAT	555,400	0.64
28	KONG CHOY WAN	500,000	0.58
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WILLIAM WONG KING NGUONG (E-BWK)*	500,000	0.58
30	YAW CHUN FOOK	500,000	0.58

This page is intentionally
left blank.

This page is intentionally
left blank.

SCANWOLF®

SCANWOLF CORPORATION BERHAD (740909-T)

PROXY FORM

CDS Account No.	
No. of ordinary shares held	

*I / We ______________________________ NRIC No. / Company No. ____________
(Full Name in Block Letters)

of ____
(Full Address)

being a *Member/ Members of Scanwolf Corporation Berhad hereby appoint ____________________
(Full Name in Block Letters)

______________________________ NRIC No. / Company No. ____________ of

____
(Full Address)

or failing him/ her, ______________________ NRIC No. / Company No. ____________ of
(Full Name in Block Letters)

____ or failing him, the Chairman
(Full Address)

of the meeting as *my/ our proxy/ proxies to attend and vote for *me/ us and on *my/ our behalf at the Tenth Annual General Meeting of the Company to be held at Room Menglembu 6A, Level 6, Kinta Riverfront Hotel & Suites, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan on Monday, 28 November 2016 at 10:30 am, and at any adjournment thereof to vote as indicated below:

AGENDA

	Receive the Audited Financial Statements for the financial year ended 30 June 2016 and the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1	Re-election of Dato' Ong Boon Aun @ Jaymes Ong as Director		
2	Re-election of Dato' Loo Bin Keong as Director		
3	Re-election of Dato' Tan Sin Keat as Director		
4	Re-election of Dato' Othman Bin Talib as Director		
5	Re-appointment of Messrs Deloitte as Auditors and to authorise the Directors to fix the Auditors' remuneration		
6	Approval of payment of Directors' fees for the financial year ended 30 June 2016		
7	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		

(Please indicate with an "X" in the spaces provided above to how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain from voting at his/ her discretion)

The proportion of *my/our holdings to be represented by *my/our proxies are as follows:-

First named Proxy ________ %

Second named Proxy ________ %

100%

In case of a vote taken by a show of hands, the *First named Proxy / Second named Proxy shall vote on *my/ our behalf.

As witness my hand this ________ day of ______________ 2016.

* Strike out whichever is not desired

____
Signature of Member(s)/ Common Seal

Contact No.: ____________________

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 22 November 2016. Only a depositor whose name appears on the Record of Depositors as at 22 November 2016 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Company's registered office at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be.
6. All resolutions as set out in this notice of Tenth Annual General Meeting are to be voted by poll.

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
SCANWOLF CORPORATION BERHAD (740909-T)
51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang.

1st fold here

Scanwolf Corporation Berhad (740909-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Lot PT 404, Jalan Bota, Mukim Belanja,
31750 Tronoh, Perak, Malaysia.

Tel: 605-367 7866
Fax: 605-367 7852

www.scanwolf.com