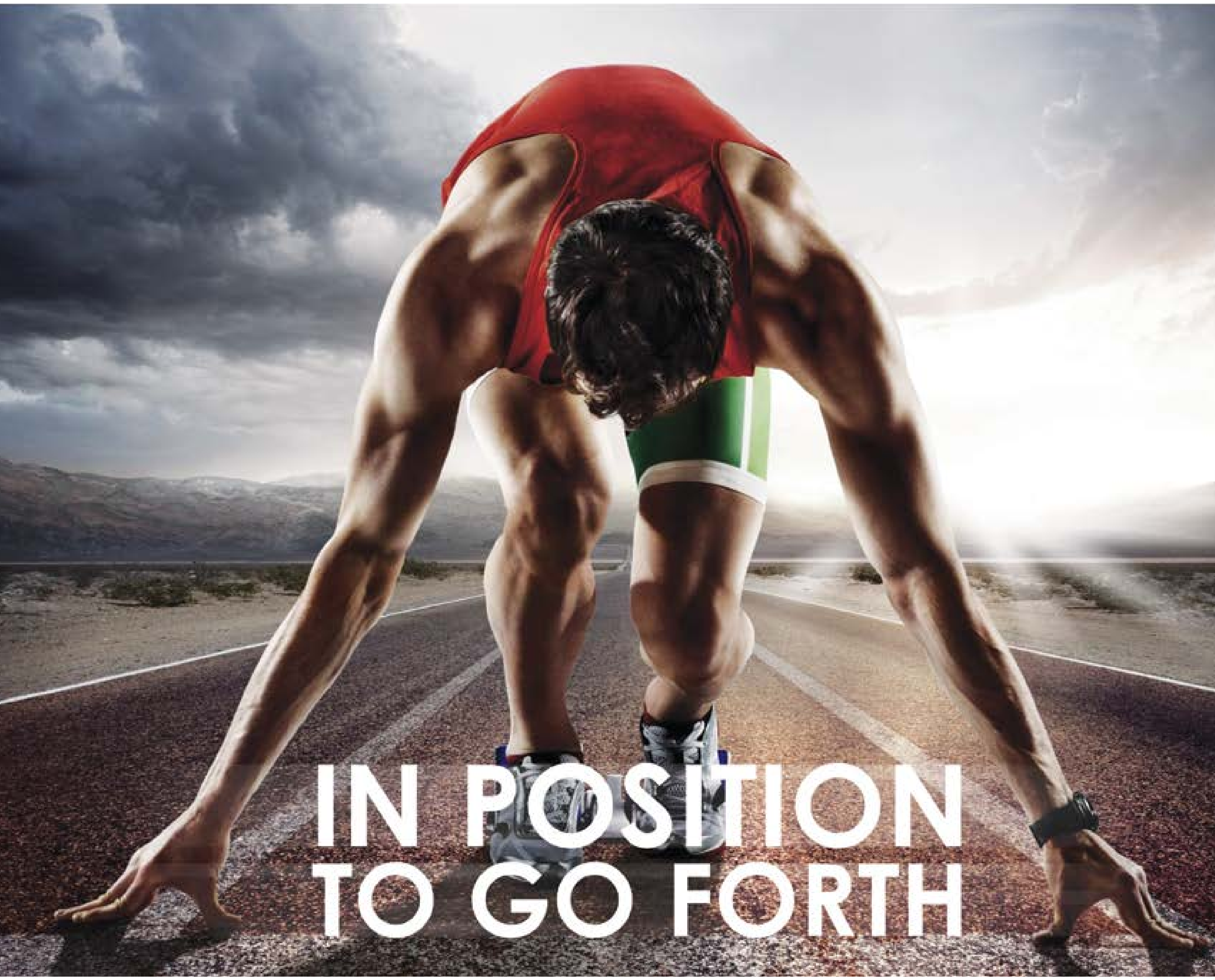
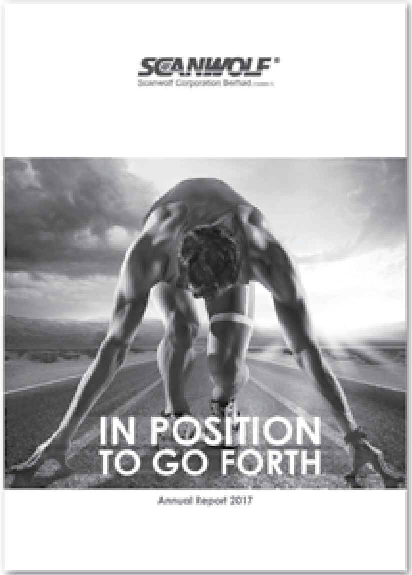
Scanwolf Corporation Berhad (740909-T)



Annual Report 2017



IN POSITION TO GO FORTH

Throughout the years in the market, Scanwolf Corporation Berhad has shown great capacity in overcoming challenges. Understanding the importance of preparation, the Company constantly makes evaluations and strategises plans for any upcoming challenges. The running track on the desert demonstrates that Scanwolf Corporation Berhad has made preparations for the endless journey ahead and it is prepared to make a profound commencement on every project in the future.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at The Academy, Level 1, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak on Tuesday, 28 November 2017 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 2017 together with the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes**

2. To re-elect En. Abdul Hamid Bin Abdul Shukor who retires in accordance with the Company's Constitution (Article 103(1) of the Articles of Association of the Company as adopted before the commencement of the Companies Act, 2016). **(Ordinary Resolution 1)**

3. To re-elect Dato' Ibrahim Bin Saleh who retires in accordance with the Company's Constitution (Article 103(1) of the Articles of Association of the Company as adopted before the commencement of the Companies Act, 2016). **(Ordinary Resolution 2)**

4. To re-appoint Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 3)**

As Special Business:

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

   (i) **ORDINARY RESOLUTION**
   - PAYMENT OF DIRECTORS' FEES AND DIRECTORS' BENEFITS

   "That the Directors' fees and Directors' benefits of RM318,000 for the financial year ended 30 June 2017, be and is hereby approved for payment." **(Ordinary Resolution 4)**

   (ii) **ORDINARY RESOLUTION**
   - AUTHORITY TO ISSUE SHARES

   "That subject always to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental and regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 and Section 76 of the Companies Act, 2016, to issue shares in the Company at any time and upon such terms and conditions 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 does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 5)**

6. To transact any other business for which due notices shall have been given in accordance with the Companies Act, 2016.

By Order of the Board,

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

Penang

Date : 31 October 2017

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 21 November 2017. Only a depositor whose name appears on the Record of Depositors as at 21 November 2017 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 a member may appoint any person to be his proxy without limitation. 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 Eleventh Annual General Meeting are to be voted by poll.

Explanatory Note on Ordinary Business
Item 1 of the Agenda
To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon
This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Explanatory Note on Special Business
Ordinary Resolution 4 – Payment of Directors' fees and Directors' benefits
The Proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees and Directors' benefits pursuant to the Company's Constitution (Article 111 of the Company's Articles of Association as adopted before the commencement of the Companies Act, 2016) and Section 230(1) of the Companies Act 2016.

Ordinary Resolution 5 – Authority to Issue Shares
The proposed Ordinary Resolution 5, if passed, is 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.

Ordinary Resolution 5 – Authority to Issue Shares (Cont'd)

As at the date of this Notice, the Company has not issued any new shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 under the general authority which was approved at the Tenth Annual General Meeting held on 28 November 2016 and which will lapse at the conclusion of the Eleventh Annual General Meeting to be held on 28 November 2017. A renewal of this authority is being sought at the Eleventh Annual General Meeting under proposed Ordinary Resolution 5.

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).

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules , regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 5 as stated in the Notice of Annual General Meeting of the Company for the details.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Dato' Ong Boon Aun @ Jaymes Ong**
   Independent Non-Executive Director/Chairman
   (Redesignated as Chairman on 28/11/2016)

2. **Dato' Loo Bin Keong**
   Executive Director

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

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

5. **En. Abdul Hamid Bin Abdul Shukor**
   Independent Non-Executive Director

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

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

8. **Dato' Othman Bin Talib**
   Independent Non-Executive Director/
   Chairman
   (Retired on 28/11/2016)

9. **En. Mohd Azizal Bin Shubali**
   Independent Non-Executive Director
   (Resigned on 28/11/2016)

AUDIT COMMITTEE

Chairman
Mr. Ong Sing Guan

Members
Dato' Ibrahim Bin Saleh
En. Abdul Hamid Bin Abdul Shukor

REMUNERATION COMMITTEE

Chairman
Dato' Ibrahim Bin Saleh
(Appointed on 28/11/2016)

Members
Dato' Ong Boon Aun @ Jaymes Ong
(Appointed on 30/05/2017)
En. Abdul Hamid Bin Abdul Shukor

NOMINATION COMMITTEE

Chairman
Dato' Ong Boon Aun @ Jaymes Ong
(Appointed on 29/08/2016)

Members
Dato' Ibrahim Bin Saleh
Mr. Ong Sing Guan
(Appointed on 28/11/2016)

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 No. : 04-2289700
Fax No. : 04-2279800

CORPORATE INFORMATION (CONT'D)

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

No.19, 19A, 19B & 19C,
Jalan Pusat Perniagaan Falim 5,
Pusat Perniagaan Falim
30200 Ipoh, Perak.
Tel No. : 05-2850063
Fax No. : 05-2850272

PRINCIPAL BANKERS

Public Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

AUDITORS

Deloitte PLT
Chartered Accountants
Level 2, Weil Hotel,
292, Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzaun
Tel No. : 05-2540288
Fax No. : 05-2547288

STOCK EXCHANGE LISTING

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

DIRECTORS' PROFILE

Dato' Ong Boon Aun @ Jaymes Ong
Independent Non-Executive Director/Chairman

Dato' Ong Boon Aun @ Jaymes Ong, Malaysian, age 51, male, was appointed as Independent Non-Executive Director on 29 August 2016 and was designated as Independent Non-Executive Chairman on 28 November 2016. He graduated from the University of Montevallo, National University and Central Connecticut State University ("CCSU"), 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 completed his M.Sc. degree top of the class with a Cumulative Grade Point Average (CGPA) of 4.0/4.0. and was also the President of the Graduated Student Association at CCSU. He had also attended a Japanese Business course at Harvard University in the Summer of 1992. Dato' Ong is listed in the Who's Who Among Students In American Universities and Colleges Directory 1993.

Professionally, Dato' Ong has over 25 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 1995, due to his extraordinary dedication and talent, Dato' Ong received The Citicorp Service Excellence Award, signed by the Chairman of Citibank, New York. 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.

Over the years, Dato' Ong had received many awards and accolades. He was conferred, amongst others, the D.I.M.P., S.M.P., A.A.P., A.M.P., A.M.K., A.M.N., B.K.M. and P.M.C. medals from Kebawah Duli Yang Maha Mulia Seri Paduka Baginda Yang di-pertuan Agong and three states' Sultans.

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

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

Y. BHG. DATO' ONG BOON AUN @
JAYMES ONG
D.I.M.P., S.M.P., A.A.P., A.M.P., A.M.K., A.M.N., B.K.M., P.M.C.
B.B.A. (UM-USA), M.B.A. (NU), M.Sc. (C.C.S.U)

Dato' Tan Sin Keat
Executive Director

Dato' Tan Sin Keat, Malaysian, age 53, 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.

Dato' Tan has more than 20 years experience in the extrusion industry and is currently responsible for the product 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 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 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 59, 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 Industries 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 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, specializing 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 listed issuers.

Mr. Teoh Teik Kean
Executive Director

Mr. Teoh Teik Kean, Malaysian, age 60, 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 Darul Ridzuan with a Diploma in Accountancy in 1977.

Mr. Teoh 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 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 Darul Ridzuan. 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.

En. Abdul Hamid Bin Abdul Shukor
Independent Non-Executive Director

En. Abdul Hamid bin Abdul Shukor, Malaysian, age 67, male, was appointed as Independent Non-Executive Director of the Company on 17 June 2015. He 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 Fisheries State Director for Pahang Darul Makmur and Sarawak Bumi Kenyalang, including at the National Security Council, Prime Minister Department.

He is a 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, Malaysia, age 66, male, was appointed as Independent Non-Executive Director of the Company on 17 June 2015. He 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 Darul Iman, the Director of Fisheries Research Institute and the Deputy Director General of Fisheries.

He is the chairman of Remuneration Committee and 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 51, 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 Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. Mr. Ong graduated with Chartered Accountant of Malaysian Institute of Accountants and Diploma In Financial Accounting from Tunku Abdul Rahman College.

Mr. Ong 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 Express Semenanjung (M) Sdn. Bhd. as Financial Controller from 2011 to 2012. Presently, he is the Director of T.H. Yew & Co.

He is Chairman of the Audit Committee and member 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 109 of the Annual Report 2017.

- **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.

PROFILE OF KEY SENIOR MANAGEMENT

Dato' Tan Sin Keat

Aged: 53, Malaysian, Male

Executive Director of Manufacturing Division

Dato' Tan's profile is set out on page 7 of this Annual Report.

Dato' Lai Kok Heng

Aged: 57, Malaysian, Male

Executive Director of Property Division

He was appointed as Executive Director of Scanwolf Development Sdn. Bhd., the Property Division of the Group in 29 February 2016. He has directorship in Scanwolf Properties Sdn Bhd (appointed on 1 June 2016) and Scanwolf Construction Sdn Bhd (appointed on 1 December 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 not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

CHAIRMAN’S STATEMENT

Dear Shareholders,

WARMEST GREETINGS!

With this letter come my sincere and warmest greetings to each and every one of you.

Dutifully, I am pleased to present to you the Audited Financial Statements of Scanwolf Corporation Berhad (“Scanwolf”) and its subsidiaries for the financial year ended 30 June 2017 in this Annual Report.

Current economic landscape

It gives me great pleasure to pen this letter on behalf of Scanwolf Corporation Berhad. I would like to start by acknowledging the contribution of our previous Chairman Y. Bhg. Dato’ Othman Bin Talib who has since retired at the last Annual General Meeting on 28 November 2016. After the Board tussle in early 2015 and being able to normalize our operation in 2016 was most eventful and fruitful. For this, we are thankful to Y. Bhg. Dato’ Othman for his steadfast leadership.

On the domestic front, the Malaysian economy is expected to grow at a more moderate pace in second quarter 2017. Looking forward to second half of 2017, external demand may ease if there is a slowdown in the major export markets of the developed economies.

On the international front, we believe that political economic issues will dominate the prospects for the year 2017. In the United States of America, policies under President-elect Donald Trump will be closely monitored. Of concern is the likely repercussions of new American trade policies under his administration that could lead to a trade war between America and its major trading partners which will also affect trades in Asia and ultimately Malaysia. In Europe, the impact of the Brexit on global trade would also be critical as the region is a major trading partner of China, a country with deep linkages with Asian economies and Malaysia.

The fate of the global economy also hinges on how China can delicately balance its efforts to sustain economic growth within an acceptable range and address the imbalances which are threatening its future prospects. The Board of Directors and senior management of Scanwolf are cognizant of the current economic landscape.

The industries and our businesses

We are well aware that Scanwolf is mainly involved in two very challenging industries in Malaysia and globally. The plastics business in the world remains very competitive and the property development industry in Malaysian remains very challenging.

For our plastics manufacturing business, manufacturers in Malaysia have had to deal with volatility in exchange rates, raw material prices, manage rising labour and utility costs, which all affects competitiveness. We will continue to invest heavily in products and processes innovation. This will enable us to seamlessly react to any changes to the product mix, in terms of local and global consumption and demand. In the face of the many challenges, Scanwolf is constantly looking into revamping older production lines, improving operational efficiency and optimising product mix.

Our joint venture (JV) with Nissha Industrial And Trading Malaysia Sdn. Bhd., a wholly-owned subsidiary of Tokyo-listed Nissha Printing Co. Ltd’s on 2 December 2016 is a “fantastic deal of a century made in heaven”. The JV is to produce plastic goods, namely, luxury vinyl tiles (LVT) and related products. In the long term, Scanwolf will benefit from the technology transfer from Nissha. Our group’s wholly-owned subsidiary, Scanwolf Plastic Industries Sdn. Bhd. is the main signatory to the JV agreement and that witnessed the birth of Nissha Industrial and Trading Malaysia Sdn. Bhd. This JV, expected to be completed within 15 months, will be financed through our internally-generated funds.

The JV will provide Scanwolf immense opportunity to expand its business in the plastics and related products internationally. It will also provide a new and consistent source of revenue to our bottom line going forward. The additional revenue contribution is expected to enhance Scanwolf’s profitability and returns on shareholders’ funds.

Currently, our factory can accommodate a huge capacity of at least 4,800 tons of plastic edges per annum. This includes PVC edging, PVC profile, architecture profile, custom mouldings and related products. We have also been trading LVT flooring in the past few years. After our new manufacturing plant with Nissha is completed, we will also be producing the flooring products ourselves. Our plastics subsidiary had also purchased two state-of-the-art machines to produce new edging products, gearing up our plastics and flooring products capability for the next five years. We remain upbeat in our business model going forward.

Additionally, Scanwolf will continue to invest in automating its production processes, not only to further improve efficiency, but also to reduce reliance on foreign workers. We will also explore the current world wide new Industry 4.0 manufacturing phenomenon.

As for our property development business, we are currently in year 2017 and in phase 2 of development. In October 2016, we have completed a mix development of properties 144 units of single storey link houses. There are a total of 600 units commercial suites where construction is currently in progress in 2017.

The total Gross Development Value (GDV) remains at RM317 million over 7 years ending in year 2024. Our Taman Harmorni project in Bidor, Perak is 100% completed and our Kampar Putra project in Kampar, Perak is 8% completed as at 30 June 2017.

Scanwolf's total operation is back to normal and it will continue to improve in the years ahead. I strongly believe that Scanwolf's strengths lie in the good cooperation among its Board of Directors that have translated into good teamwork and know how throughout our entire organization. The bond and friendship among directors are at a healthy level which made my job as the Chairman most fulfilling.

The strong working culture and ethics forms the working philosophy of our company that in turn produces good teamwork, strong knowledge, accurate information flow and excellent communications within the company. Our management team has also successfully delegated responsibilities to a team of loyal, committed and dedicated staff to enable the company to grow in 2018. These are very important elements for the Company to continuously improve to achieve better financial results for the shareholders. This speaks volumes of our highly professional Board of Directors.

Moving forward, the Group has worked diligently to increase productivity by giving high importance to efficiency in our operations and also aggressively seeking new businesses in many lucrative markets. Our people, led by a team of highly energized, competent management personnel has put in relentless efforts and worked very hard in ensuring that the company is moving towards the right direction. Consistent growth in revenue and earnings in the future will be the Board of Directors' priorities.

Financial fundamentals & performance

Scanwolf's financial fundamentals remains intact with Issued Shares of 86,753,100 (excluding 780,900 treasury shares) and a Net Tangible Assets (NTA) of RM0.46 against its share price of RM0.29 at the close of the financial year on 30 June 2017 with a market capitalisation of RM25.384 million. The Board of Directors feels that the Company's shares are currently under valued.

For the financial year ended 30 June 2017, the Company recorded a total sales revenue of RM62.39 million compared to RM53.33 million achieved in the previous corresponding year, showing a net increase of 17% in sales revenue. Loss after tax was RM2.10 million compared to RM2.05 million in the preceding year. The revenue growth is in line with the Company's continuous expansions and improvements in the production capacity.

Our manufacturing division contributed RM37.64 million in revenue and the property division was able to achieve a revenue of RM24.74 million.

Due to the current challenging times, the Board of Directors has not declared any dividend payment. At the current levels of our share price, the priority next is to gradually increase our treasury shares if possible.

Future outlook and market prospect

Despite the current set back, overall, the Company has a positive outlook towards continuous growth and securing better results in the forthcoming financial year 2018 in terms of revenue and profitability through the on-going efforts of implementing aggressive strategies. Priority will be on increase in production capacity to achieve better economies of scale as well as further improvement in quality, cost control, efficiency and product mix across our plastics and property development businesses.

There is still much potential for Scanwolf to increase its capacity in the next five years. This will also be buoyed by the steady contribution from our JV with Nissha and sales of our Kampar Putra project.

Scanwolf remains the only three large scaled plastic extrusion manufacturers in Malaysia. Our products are currently exported to 23 countries around the world. The Group is well prepared for all eventualities, and meanwhile, is conquering new territories as well. With the advent of the internet and digital technology, we remain upbeat for gradual growth in the future.

As for our property development division, product mix and timing of new property launches remains key to our success over the next three years. The future remains bright for our project at Kampar Putra. We have started looking for more new and exciting property development projects beginning in January this year. This effort is ongoing.

In striving to create and enhance value for its stakeholders, the Management will continue exploring and consider some diversification and other strategic investments. We are confident of successfully tapping into at least one new sector and forge the ability to leverage on the Group's existing strengths.

Acknowledgement and sincere appreciation

As your new Chairman, I would like to record my sincere appreciation to the Board of Directors of Scanwolf for their cooperation, guidance, invaluable advice and contribution accorded towards me for helping move the Company forward to achieve higher level of financial success.

On behalf of the Board of Directors, I would also like to record my appreciation to all our valued customers, business associates, suppliers, bankers, fund managers, investment analysts, all media personnel as well as the regulatory bodies for their continued support and understanding over the past year. As for all the shareholders, I would like to say a heartfelt thank you for your continuous faith, support and trust towards our Company.

To the management and staff, I would like to express my sincere gratitude for their commitment, efforts and unfailing support towards the achievement of all the Group's objectives shown during the past financial year. I am very confident that with your continued support and dedication, the Group will be able to weather the challenges ahead and forge forward to greater heights.

Lastly, I value and appreciate the direct and indirect friendship of fellow directors, management, staff, business associates, suppliers, bankers, relevant authorities and others involved in the success of our business.

Thank you.

Yours most sincerely,

Y. BHG. DATO' ONG BOON AUN @ JAYMES ONG
D.I.M.P., S.M.P., A.A.P., A.M.P., A.M.K., A.M.N., B.K.M., P.M.C.
B.B.A. (UM-USA), M.B.A. (NU), M.Sc. (CCSU)
Independent Non-Executive Chairman,
Board of Directors.

Scanwolf Corporation Berhad (740909-T).
A Public Listed Company (PLC).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of business and operation

Scanwolf Corporation Berhad and subsidiaries (“Scanwolf”) are involved in the manufacturing of plastics extrusion products in Malaysia. Scanwolf was listed on the Second Board of Bursa Malaysia Securities Berhad on 16 July 2007 and was subsequently moved to the Main Board on 3 August 2009.

Scanwolf diversified its business into property development in March 2012.

Manufacturing division

Scanwolf has a plastics extrusion manufacturing plant in Tronoh, Perak and a warehouse in Shah Alam, Selangor. For the financial year ended (“FYE”) 2017, 39% (2016 : 41%) of the manufacturing division revenue was contributed by export sales.

The Group main focus and initiatives involved constantly improving the production process and product differentiation to grow business volume to become the market leader and the preferred brand in both local and overseas market.

On 2 December 2016, Scanwolf Plastic Industries Sdn Bhd, the wholly-owned subsidiary of Scanwolf invested in a joint-venture with Nissha Industrial And Trading Malaysia Sdn. Bhd., a wholly owned subsidiary of Tokyo-listed Nissha Printing Co. Ltd, to produce plastic related products, in particular the production of luxury vinyl tiles (“LVT”), including LVT related products, calendar moulding related products and construction materials and its related products.

Property division

Scanwolf started its first property development project in Kampar, Perak, via joint-venture.

In March 2012, Scanwolf announced the acquisition of 25 acres of leasehold land in Kampar, Perak, at a total consideration of RM13 million. The land was located at the western portion of Bandar Baru Kampar. It has frontage onto an unnamed metalled road that leads from Bandar Baru Kampar. It lies approximately 1.5 kilometres to the north-west of the Kampar town centre.

Both the campus of Universiti Tunku Abdul Rahman which spans approximately 1,300 acres and has an estimated 10,000 students and Kolej Tunku Abdul Rahman which spans approximately 50 acres are situated approximately 1 kilometre to the north-east of the Land.

This parcel of land is slated for the development of residential properties, commercial suites, and serviced apartments with an estimated gross development value of approximately RM345 million.

Financial review

Scanwolf registered a revenue of RM62.3 million in the financial year ended 30 June 2017 as compared to RM53.3 million in the previous financial year, mainly due to higher revenue recorded in both Manufacturing and Property Divisions.

The Group registered a loss before tax of RM1.3 million in the financial year under review as compared to the pre-tax loss of RM1.4 million in the preceding financial year.

Even though with an increase in revenue, the Group still recorded a loss before tax during the financial year mainly due to allowance for doubtful debts, property, plant and equipment written off and share of loss in an associate company.

Financial position

Scanwolf has made diligent efforts to maintain a healthy financial position, conserving cash for acquisition of land bank and investment opportunities.

As at 30 June 2017, cash and cash equivalents stood at RM2.1 million (2016 : RM1.36 million). Debts to equity ratio inched slightly higher to 0.64 from 0.29 in previous financial year. This was due to higher working capital requirements arising from new project launch in the year, acquisition of warehouse in Shah Alam and investment in an associate company.

As at 30 June 2017, Scanwolf still have sufficient banking facilities for working capital expenditure.

On a per share basis, net assets attributable to shareholders slightly decreased to RM0.46 from RM0.47 in FYE 2016.

Outlook and prospects

Scanwolf was affected by the intense competition from China's suppliers, the government's recent decisions to freeze hiring of new foreign workers, the increase of foreign worker levy and the erratic prices of raw materials.

To mitigate all these adverse factors, Scanwolf will continue to improve production process and product quality in order to stay competitive in both local and overseas market.

It remains a challenging year for the overall property market due to stricter lending guidelines by financial institutions.

For the properties segment, Scanwolf's target market has always been affordable houses which should meet the demands of house buyers in Malaysia considering the rapid increase in house prices and shortage of affordable housing supply.

Moving forward, the outlook of our investment in the new joint-venture with Nissha Industrial And Trading Malaysia Sdn. Bhd., a subsidiary of Nissha Printing Co. Ltd, remains positive in view of the growing worldwide demand for residential and commercial vinyl flooring. The global vinyl flooring market is growing at a robust pace as vinyl flooring becomes more readily accepted as a replacement for ceramic floor tiles in both residential and commercial properties.

The Company do not have a dividend payout policy. However, the Company will consider to declare a dividend payout when the Company have excess funds and after looking at the capital commitments, working capital requirement and earnings.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Scanwolf Corporation Berhad ("Scanwolf" or "the Company") acknowledges the importance of good corporate governance and is committed to ensure that good corporate governance is applied throughout Scanwolf Group of Companies ("the Group"). The Board further recognizes and subscribes to the importance of good corporate governance in protecting and enhancing the interest of shareholders and other stakeholders of the Company. As such, the Board is committed towards adherence to the principles, best practices and guidance set out in the Malaysian Code on Corporate Governance ("MCCG") 2017 issued by the Securities Commission of Malaysia.

The Board is pleased to report on the application of the principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the extent of compliance with the Recommendation of the MCCG 2012 as required under MCCG 2012 during the financial year ended 30 June 2017.

Board Leadership and Effectiveness

1. Board Responsibilities

The Board, which assumes responsibility for the company's leadership, is collectively responsible for meeting the objectives and goals of the company. The Board recognises the key role it plays in charting the strategic direction of the Company and has undertaken the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing the strategies, business plans and significant policies for the Company. Such strategies, business plans and significant policies will be presented by the management via its executive directors during board meetings.

- Monitoring corporate performance and the conduct of the Group's business and ensuring compliance to best practices and principles of corporate governance.

- Establishing, approving, reviewing and monitoring the Company's risk appetite and comprehensive risk management policies, processes and infrastructures. Thereafter, identifying and implementing appropriate systems to manage such risks. The Board undertakes this responsibility through the Audit Committee which presents these risk management activities during the Audit Committee meetings.

- Reviewing the adequacy and integrity of the Company's internal control and management information systems. The report pertaining to the adequacy and integrity of the internal control and management information system is presented to the Board for review by internal auditors during board meetings.

- Considering and evaluating emerging issues which may be material to the business and affairs of the Company.

- Ensuring that the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from the Company's management.

- Ensuring that there shall be unrestricted access to independent advice or expert advice at the Companies expense in furtherance of the Board's duties whether as a Board or a director in his or her individual capacity.

- 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 and Remuneration 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.

2. 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. On this, the Board has on 30 May 2017 reviewed its Board Charter.The Board Charter can be accessed at the Company's website at www.scanwolf.com.

3. Code of Conduct and Whistle-Blower Policy

The Directors observed the code in accordance with the Company Directors' 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.

4. 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.

5. 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.

Board composition

Board Members Balance and Independence

The Board consists of seven (7) members, comprising of a Chairman/ Independent Non-Executive Director, three (3) Executive Directors, three (3) 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 (1/3) of the Board, whichever is higher, must be independent. The profile of each Director is set out in pages 7 to 8 of 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 and audit, taxation, corporate affairs, marketing, property management and banking.

Board composition (Cont'd)

Board Members Balance and Independence (Cont'd)

To ensure that the Company promotes corporate governance effectiveness, the Independent Non-Executive Directors are in place to provide check and balance in the function of the Board and reflects the Company's commitment to uphold effective corporate governance.

Reinforce independence of the board

The Independent Non-Executive Directors bring objective and independent views, advice and judgment on interests, not only of the Group, but also of 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 recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The Board reviews and assesses the independence of its Independent Directors annually. Presently, the tenure of all the Independent Non-Executive Directors does not exceed a cumulative term of nine (9) year as recommended by the MCCG 2012.

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

Board Committees

To assist the Board in discharging its duties, the Board has established Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee.

1. 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 access the effectiveness of the Board and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas:-

- Adding Value
- Conformance
- Stakeholder Relationship
- Performance Management

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

The Nomination Committee also undertakes annual assessment of the independence of its Independent Directors based on required mix skills, criteria of independence as per requirements of Main Market Listing Requirements, meeting attendance, ability to ensure effective checks and balances on the Board's decision making process, constructively challenge business propositions and contributes to the development of business strategy and direction of the Company, ensures that adequate systems and controls to safeguard the interests of the Company are in place and continuous updating of knowledge and enhancing of skills through attendance of business related trainings.

Board Committees (Cont'd)

1. Nomination Committee (Cont'd)

The Company has no policy on gender diversity or target set but believes in merits and commitment of its Board members. The Nomination Committee accesses 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 three (3) times during the financial year and activities of the Nomination Committee are as follows:-

(a) Reviewed and assessed the balance composition of Board members.
(b) Reviewed and recommended the re-election of Directors who were retiring and seek for re-election at Tenth Annual General Meeting.
(c) Reviewed and recommended to the Board the appointment of Dato' Ong Boon Aun @ Jaymes Ong as Independent Non-Executive Director of the Company.
(d) Reviewed and accessed the effectiveness of the Board and the contribution of each individual director.
(e) Reviewed and accessed performance of independent directors.
(f) Reviewed the term of office and performance of audit committee and each of its members.
(g) Reviewed and recommended to the Board the appointment of Dato' Ong Boon Aun @ Jaymes Ong as Chairman of the Nomination Committee.
(h) Reviewed and recommended to the Board the re-designation of Dato' Ong Boon Aun @ Jaymes Ong to Chairman of the Company.
(i) Reviewed and recommended to the Board the appointment of Dato' Ibrahim Bin Saleh as Chairman of the Remuneration Committee.
(j) Reviewed and recommended to the Board the appointment of Mr. Ong Sing Guan as member of the Nomination Committee.
(k) Reviewed and recommended to the Board the change in the composition of the Remuneration Committee to comply with the guidance of MCCG 2017.

2. 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 2 times attended by all members.

3. Audit Committee

The Audit Committee ("AC") comprises of three (3) members of the Board who are Independent Directors. The members of the committee are set out on page 27 of this Annual Report. The primary roles, responsibilities and powers of the AC in accordance with its term of reference are to assist the Board with the following:-

- Informing the Board of any salient matters raise at the AC meeting which require the Board's notice or direction.
- Reviewing and informing the Board of the effectiveness of the risk management framework, processes and its report.

Further information on the composition and other information relating to the committee are set out on pages 27 to 28 of this Annual Report.

Board Meetings

Board meetings for each financial year are scheduled well ahead so that the Directors can plan accordingly and incorporate the year's Board meetings into their respective schedules. The Board's regular meetings are conducted no less than four (4) times a year. Special Board meetings may be convened as and when necessary to consider urgent matters or proposals that require the Board's expeditious review and decisions.

During the financial year ended 30 June 2017, the Board held a total of five (5) meetings and the details of the Directors' attendances are as follows:-

Directors	Designation	No. of meetings attended
Dato' Ong Boon Aun @ Jaymes Ong (Appointed on 29 August 2016)	Independent Non-Executive Director/ Chairman	4/4
Dato' Loo Bin Keong	Executive Director	5/5
Dato' Tan Sin Keat	Executive Director	5/5
Dato' Ibrahim Bin Saleh	Independent Non-Executive Director	5/5
En. Abdul Hamid Bin Abdul Shukor	Independent Non-Executive Director	5/5
Mr. Teoh Teik Kean	Executive Director	5/5
Mr. Ong Sing Guan	Independent Non- Executive Director	5/5
Dato' Othman Bin Talib (Retired on 28 November 2016)	Independent Non-Executive Director/ Chairman	2/2
En. Mohd Azizal Bin Shubali (Resigned on 28 November 2016)	Independent Non-Executive Director	2/2

Remuneration

The Board as a whole approves the remuneration of the Executive Directors with the Directors concerned abstaining from the decision in respect of their remuneration.

The remuneration of Directors of the Company for the financial year ended 30 June 2017, for the Company as well as group basis are as follows:-

	Fees (RM)	Salaries (RM)	Other emoluments (RM)	Total (RM)
Group				
Executive Directors	92,000	950,340	395,976	1,438,316
Non-Executive Directors	169,000	-	36,000	205,000
	261,000	**950,340**	**431,976**	**1,643,316**
Company				
Executive Directors	92,000	646,320	263,688	1,002,008
Non-Executive Directors	169,000	-	36,000	205,000
	261,000	**646,320**	**299,688**	**1,207,008**

Remuneration (Cont'd)

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	6	-	6
RM400,000-RM450,000	1	-	1	-
RM450,000-RM500,000	-	-	1	-
RM500,000-RM550,000	1	-	1	-

There is no service contract made between any Director and the Company or its subsidiary companies.

Directors' Training – Continuing Education Programmes

The Company recognises 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.

Board members are also briefed by the External Auditors on any changes to the Malaysian 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 Board is also aware that continuous training for the Directors is vital to assist them in discharging their duties effectively. The Board encourages the Directors to attend appropriate external programmes on subject matters that will aid them in discharging their duties.

For the year under review, the Directors had continually kept abreast with the development in the marketplace with the aim of enhancing the skill, knowledge and experience. Among the training programmes, seminars, conferences and briefings attended during the year were as follows:-

Name	Programmes
Mr. Ong Sing Guan	- Budget 2017: Income Tax/RPGT/GST updates & Tax Planning - Are You Ready for the Companies Act 2016? – Key revamp updates with tax planning elements - National Tax Conference 2017 - Practical Challenges and The Impact of Companies Bill 2015
Mr. Teoh Teik Kean	- Fraud Risk Management Workshop - Independent Directors Programme – The Essence of Independence - Practical Challenges and The Impact of Companies Bill 2015 - Anti-Corruption and Integrity – Foundation of Corporate Sustainability

Directors' Training – Continuing Education Programmes (Cont'd)

Name	Programmes
Dato' Tan Sin Keat	- Fraud Risk Management Workshop - Anti-Corruption and Intergrity – Foundation of Corporate Sustainability
En. Abdul Hamid Bin Abdul Shukor	- Fraud Risk Management Workshop
Dato' Ibrahim Bin Saleh	- Fraud Risk Management Workshop
Dato' Ong Boon Aun @ Jaymes Ong	- Mandatory Accreditation Programme (MAP)

Dato' Loo Bin Keong was not able to attend any seminars and/or training programmes during the financial year as he met a serious accident during the financial year.

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 and review of the Group's operations 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, 2016, 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 2017, 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, subject to any material departures being disclosed and explained in the notes to 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, 2016.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors. 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.

As the Board understands its role in upholding the integrity of financial reporting by the Company, it will take steps to revise the Audit Committee's terms of reference by formalizing a policy on the types of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors.

In assessing the independence of external auditors, the Audit Committee will require written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Ethics Standards Board for Accountants and the Malaysian Institute of Accountants.

Uphold integrity in financial reporting by Company (Cont'd)

Audit Committee (Cont'd)

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 accessed 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 term of professional and regulatory requirements. Accordingly, the Audit Committee has recommended the appointment of the external auditors at the Annual General Meeting of the Company.

Recognise 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.

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 Group also refers to the "Corporate Disclosure Guide" issued by Bursa to enhance the timelines 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, rights of shareholders and the Company's Annual Report may be accessed.

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. At the last AGM, the attended shareholders were invited by the Chairman to raise questions.

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 poll. The outcome of the AGM was announced to Bursa on the same meeting day.

Communication and engagement with shareholders

The Board recognises 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 October 27, 2017.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate Social Responsibility ("CSR") is a concept aimed at encouraging companies to be more aware of the impact of their business on the rest of society, including their own stakeholders and the environment. CSR can also be described as a business approach that contributes to sustainable development by delivering economic, social and environment benefits for all stakeholders. The concept of CSR with its many definitions and practices addresses a wide range of topics such as human rights, corporate governance, health and safety, environmental effects, working conditions and contribution to economic development.

Scanwolf Corporation Berhad ("SCB") recognises the importance of CSR as a driver of change towards sustainability and is committed to ethical business practices that will contribute towards the economic development of the country while improving the quality of life of the workforce and their families as well as the local community and society at large.

It is with this underlying appreciation that SCB present the CSR Statement for the financial year ended 30 June 2017.

Environmental Management

As part of our CSR agenda, we strive to minimize any adverse impact our operation may have on the environment and to achieve continuous improvement with regards to our factory's environmental performance.

The Group ensures the compliance of all environmental laws and regulations by integrating CSR practices into its operations. The Group undertakes this by promoting and maintaining environmental best practices such as reduction of waste and recycling of waste materials. Industrial wastes are properly disposed by licenced industrial waste collector on a regular and systematic manner.

In view of the importance of environmental sustainability, SCB continuously create awareness among its employees on environmental conservation by encouraging employees to adopt the 3R concept of "Reduce, Reuse and Recycle" whenever possible in order to minimize the use of new resources.

Safety and Health

SCB strives to ensure an environmental-friendly, healthy and safe workplace for all employees. It is with these objectives in mind that the Occupational Safety and Health Committee was set up. The Committee is chaired by the Human Resource Manager and its members include employees from various departments of the Company.

The Committee ensures that all initiatives on safety and health implemented by the Group are appropriately adhered to.

Human Resource Development

SCB believes that employees with good knowledge, competent skills and positive attitude are among the cornerstones for its continuous success. Thus we actively create opportunities for our employees to develop and realize their true potential through formal and informal training opportunities, whether on the job or outside the job. This includes participation in external or internally organized trainings in various job related areas. For the financial year ended 30 June 2017, twelve (12) training courses on a variety of topics were organized for the benefit of our employees.

Employee performance review is conducted for each employee on an annual basis. The objective of the performance review is to provide a systematic and comprehensive approach in evaluation of employee performance in relation to competencies and agreed deliverables. The outcome of the review is used to establish the employees' development plan, training needs, career aspirations and appropriate remuneration package.

To achieve better working relationship among colleagues, occasional annual events such as staff annual dinner and short holiday trip are organized to foster better unity and understanding among the workforce.

Community

As a responsible corporate citizen, SCB has from time to time made financial contributions and donations to various organizations and schools. SCB places great importance in educating and providing healthy sporting and social activities for the young in our country and as part of it corporate social responsibility, it has on various occasions contributed financially to schools, colleges, youth bodies and charitable organisations for them to carry out their various programmes.

For this financial year, SCB has made contributions and donations to a primary school, Children's Home and a local housing committee. At the same time, contributions were extended to various associations as well as the local police station for them to hold their activities.

Our Commitment

SCB will continue to enhance its commitment towards CSR to ensure that all stakeholders will be able to benefit from our existence.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad Main Market Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their risk managements and internal controls. The Bursa Malaysia Securities Berhad's "Statement on Risk Mangement and Internal Control: Guidelines for Directors of Public Listed Issuers" provides guidance for compliance with these requirements.

The Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidance, is set out below.

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 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 framework 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Review of effectiveness

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 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 2017 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 October 27, 2017.

AUDIT COMMITTEE REPORT

The Audit Committee currently comprises the following members:-

Chairman

Mr. Ong Sing Guan *(Independent Non-Executive Director)*

Members

Dato' Ibrahim Bin Saleh *(Independent Non-Executive Director)*
En. Abdul Hamid Bin Abdul Shukor *(Independent Non-Executive Director)*

INTRODUCTION

The Audit Committee of Scanwolf Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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.

MEETINGS AND ATTENDANCE

During the financial year ended 30 June 2017, 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 *(Chairman, Independent Non-Executive Director)*	5/5
Dato' Ibrahim Bin Saleh *(Member, Independent Non-Executive Director)*	5/5
En. Abdul Hamid bin Abdul Shukor *(Member, Independent Non-Executive Director)*	5/5

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 2017 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, 2016, Financial Reporting Standards, International Financial Reporting Standards and applicable Listing Requirements of Bursa Malaysia Securities Berhad.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

Oversight of External Auditors

- Discussed and reviewed the external auditors' audit planning memorandum for the financial year ended 30 June 2017 outlining their auditors' responsibilities, client service 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 internal specialists, involvement of audit data analytics, timetable, engagement quality control, independence policies and procedures and audit fees as well as financial reporting and other updates.
- Deliberated on the external auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statements for financial year ended 30 June 2016.
- 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 independence of the external auditors. The areas assessed were (a) caliber of external audit firm; (b) quality processes/performance; (c) audit team; (d) independence and objectivity; (e) audit scope and planning; (f) audit fees; (g) audit communications. The Audit Committee was satisfied with the performance and independence of the external auditors and recommended their re-appointment to the Board.

Internal Audit

- Reviewed the Internal Audit Report from Internal Auditors and assessed the internal audits' findings, recommendations together with the Management's comments.
- Reviewed the audit timetable and areas of audit to be carried by Internal Auditors.

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 cost incurred for the internal audit function in respect of the financial year ended 30 June 2017 was RM9,000.00

During the financial year ended 30 June 2017, 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.

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.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee can be viewed on the Company's website at http://scanwolf.listedcompany.com/misc/TOR_AC.pdf

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 2017 by Deloitte PLT and/or their affiliates are as follows:-

	Company (RM)	Group (RM)
Audit services rendered by Deloitte PLT	32,000	98,500
Non-audit services rendered by Deloitte PLT and their affiliates for: - Review of Statement on Risk Mangement and Internal Control - Taxation services - Agreed upon procedures on Housing Development accounts	6,000	27,700

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 2017 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 2017.

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, 2017.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The information on the name, place of incorporation, principal activities, and percentage of issued and paid-up share capital held by the holding company in each subsidiary company is as disclosed in Note 15 to the financial statements.

RESULTS

The results 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	(2,104,391)	(1,458,843)

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 year. 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, 2017, 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 financial statements of the Group and of the Company were prepared, 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 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 be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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 would 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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements 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 which secures the liabilities of any other person; and

(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 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 in the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Tan Sin Keat
Encik Abdul Hamid bin Abdul Shukor
Dato' Ibrahim bin Saleh
Mr. Teoh Teik Kean
Mr. Ong Sing Guan
Dato' Ong Boon Aun @ Jaymes Ong
Dato' Loo Bin Keong
Encik Mohd Azizal bin Shubali (resigned on November 28, 2016)
Dato' Othman bin Talib (retired on November 28, 2016)

DIRECTORS (Cont'd)

The Directors who held office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Scanwolf Plastic Industries Sdn. Bhd.
Dato' Tan Sin Keat
Dato' Loo Bin Keong
Mr. Tan Yann Kang
Mr. Ow Kok Chee (removed on November 28, 2016)

Scanwolf Properties Sdn. Bhd.
Dato' Loo Bin Keong
Dato' Lai Kok Heng
Mr. Ow Kok Chee (resigned on December 1, 2016)

Scanwolf Construction Sdn. Bhd.
Dato' Loo Bin Keong
Dato' Lai Kok Heng (appointed on December 1, 2016)
Encik Mohd Azizal Bin Shubali (appointed on December 1, 2016)
Dato' Tan Sin Keat (resigned on December 2, 2016)
Mr. Ng Chee Wai (resigned on December 2, 2016)

Scanwolf Development Sdn. Bhd.
Dato' Loo Bin Keong
Dato' Lai Kok Heng
Encik Mohd Azizal Bin Shubali (appointed on December 9, 2016; resigned on March 17, 2017)
Mr. Ow Kok Chee (resigned on August 26, 2016)

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were Directors during or at beginning and end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Number of ordinary shares			
	Balance as of 1.7.2016	Bought	Sold	Balance as of 30.6.2017
Shares in the Company				
Registered in the name of Directors				
Dato' Tan Sin Keat	2,373,981	603,800	-	2,977,781
Encik Abdul Hamid bin Abdul Shukor	2,519,100	-	-	2,519,100
Mr. Teoh Teik Kean	467,999	-	-	467,999
Dato' Loo Bin Keong	7,117,040	2,606,081	-	9,723,121
Indirect interest				
Dato' Tan Sin Keat	150,000	-	-	150,000
Dato' Loo Bin Keong	30,000	-	-	30,000

None of the other Directors in office held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year. Under the Company's Constitution, the Directors are not required to hold any share in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 to the financial statements) 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 a company in which a Director of the Company and subsidiary company are also Directors and shareholders as disclosed in Note 21 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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended June 30, 2017 is as disclosed in Note 10 to the financial statements.

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

DATO' LOO BIN KEONG

DATO' TAN SIN KEAT

Ipoh,
October 27, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

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, 2017, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of June 30, 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(Forward)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	*Our audit performed and responses thereon*
The Group recognises property development project revenue and property development costs in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. The revenue recognition on property development project is considered to be a matter of significance as significant judgement and estimates are exercised in determining the percentage of completion, the estimated total property development project revenue and property development project costs, as well as the recoverability of the property development projects. The revenue from property development project recognised in profit or loss and property development projects in the statement of financial position are disclosed in Notes 6 and 19 to the financial statements respectively.	Our audit procedures included, among others: • Tested the relevant key controls by checking for evidence of reviews and approvals over development cost, setting budgets and authorising and recording of actual costs incurred. • Examined management-prepared budgets for property development projects and challenged the assumptions in deriving the estimates of project cost. • Compared actual costs against budgeted costs to assess the reasonableness of percentage of completion of the property development projects. • Conducted site visits at dates close to June 30, 2017 to sight and assess the physical completion status of the projects.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of the Directors for the Financial Statements (Cont'd)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities For The Audit Of The Financial Statements (Cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out in Note 34 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 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

YEOH SIEW MING
Partner - 02421/05/2019 J
Chartered Accountant

Ipoh,
October 27, 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	6	**62,386,416**	53,328,863	**-**	90,000
Investment revenue	7	**51,828**	25,839	**-**	321,811
Other gains and (losses)	8	**107,102**	393,019	**-**	-
Other operating income	10	**383,085**	14,029	**-**	-
Changes in inventories of finished goods, work-in-progress and completed development units held for sale		**(2,164,676)**	1,059,744	**-**	-
Raw materials and consumables used		**(18,813,679)**	(17,985,395)	**-**	-
Purchase of trading goods		**(2,124,409)**	(1,415,432)	**-**	-
Impairment of land held for property development	17	**-**	(3,124,693)	**-**	-
Disposal of land held for property development		**(1,670,779)**	-	**-**	-
Property development costs recognised	19	**(14,171,921)**	(12,712,610)	**-**	-
Directors' remuneration	9	**(2,151,612)**	(1,666,124)	**(1,187,008)**	(848,963)
Employee benefit expenses	10	**(8,391,042)**	(7,602,136)	**-**	-
Depreciation of property, plant and equipment	14	**(2,476,799)**	(2,665,209)	**-**	-
Finance costs	11	**(1,283,128)**	(1,223,682)	**-**	-
Share of losses of an associated company	16	**(136,556)**	-	**-**	-
Other operating expenses	10	**(10,877,090)**	(7,867,767)	**(271,835)**	(332,903)
Loss before tax		**(1,333,260)**	(1,441,554)	**(1,458,843)**	(770,055)
Tax (expenses)/income	12	**(771,131)**	(612,811)	**-**	41,648
LOSS FOR THE YEAR		**(2,104,391)**	(2,054,365)	**(1,458,843)**	(728,407)
Other comprehensive income:					
Item that will not bereclassified subsequently to profit or loss: Gain arising from revaluation of properties, net of tax		**1,697,353**	-	**-**	-
Total comprehensive loss for the year attributable to owners of the Company		**(407,038)**	(2,054,365)	**(1,458,843)**	(728,407)
Loss per share:					
Basic and diluted	13	**(2.43 sen)**	(2.37 sen)		

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

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	**26,301,683**	20,577,157	**-**	-
Investment in subsidiary companies	15	**-**	-	**21,924,076**	21,924,076
Investment in an associated company	16	**212,444**	-	**-**	-
Amount owing by an associated company	21	**3,095,614**	-	**-**	-
Land held for property development	17	**10,111,119**	11,934,320	**-**	-
Total non-current assets		**39,720,860**	32,511,477	**21,924,076**	21,924,076
Current assets					
Inventories	18	**15,591,774**	15,581,142	**-**	-
Property development projects	19	**31,513,939**	19,636,927	**-**	-
Trade and other receivables	20	**19,308,203**	19,190,179	**19,854**	15,406
Amount owing by subsidiary companies	21	**-**	-	**21,382,591**	22,800,627
Current tax assets	12	**179,031**	371,435	**28,710**	19,190
Fixed deposits, cash and bank balances	22	**3,035,578**	2,610,327	**10,420**	30,597
Total current assets		**69,628,525**	57,390,010	**21,441,575**	22,865,820
Total assets		**109,349,385**	89,901,487	**43,365,651**	44,789,896
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23(a)	**46,887,186**	43,767,000	**46,887,186**	43,767,000
Treasury shares	23(b)	**(307,138)**	(307,138)	**(307,138)**	(307,138)
Reserves	24	**(5,999,767)**	(2,472,543)	**(3,533,571)**	1,045,458
Total equity		**40,580,281**	40,987,319	**43,046,477**	44,505,320

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

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Non-current liabilities					
Trade and other payables	25	**1,536,202**	2,967,176	**-**	-
Hire-purchase payables	26	**1,063,883**	529,709	**-**	-
Borrowings	27	**14,796,862**	5,203,046	**-**	-
Deferred tax liabilities	28	**1,139,976**	1,786,080	**-**	-
Total non-current liabilities		**18,536,923**	10,486,011	**-**	-
Current liabilities					
Trade and other payables	25	**28,843,003**	23,434,450	**319,174**	284,576
Amount owing to a Director	29	**-**	255,000	**-**	-
Hire-purchase payables	26	**354,719**	331,665	**-**	-
Borrowings	27	**12,685,343**	8,305,280	**-**	-
Progress billings	30	**7,284,620**	6,040,090	**-**	-
Current tax liabilities	12	**1,064,496**	61,672	**-**	-
Total current liabilities		**50,232,181**	38,428,157	**319,174**	284,576
Total liabilities		**68,769,104**	48,914,168	**319,174**	284,576
Total equity and liabilities		**109,349,385**	89,901,487	**43,365,651**	44,789,896

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

The Group	Note	Capital RM	Treasury Shares RM	Reverse Acquisition Reserve RM	Share Premium RM	Property Revaluation Reserve RM	Distributable Reserve Retained Earnings RM	Net Equity RM
				Attributable to Owners of the Company ← Non-distributable Reserves →				
Balance as of July 1, 2015		43,767,000	(307,138)	(19,524,076)	3,120,186	3,020,072	12,965,640	43,041,684
Loss and total other comprehensive loss for the year		-	-	-	-	-	(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
Loss for the year		-	-	-	-	-	(2,104,391)	(2,104,391)
Other comprehensive income for the year	24(b)	-	-	-	-	1,697,353	-	1,697,353
Total comprehensive income/(loss) for the year		-	-	-	-	1,697,353	(2,104,391)	(407,038)
Transfer arising from "no par value" regime	23(a)	3,120,186	-	-	(3,120,186)	-	-	-
Balance as of June 30, 2017		46,887,186	(307,138)	(19,524,076)	-	4,717,425	8,806,884	40,580,281

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017 (CONT'D)

The Company	Note	Share Capital RM	Treasury Shares RM	Non-distributable Reserve Share Premium RM	Accumulated Losses RM	Net Equity RM
Balance as of July 1, 2015		43,767,000	(307,138)	3,120,186	(1,346,321)	45,233,727
Loss and total other 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
Loss and total other comprehensive loss for the year		-	-	-	(1,458,843)	(1,458,843)
Transfer arising from "no par value" regime	23(a)	3,120,186	-	(3,120,186)	-	-
Balance as of June 30, 2017		46,887,186	(307,138)	-	(3,533,571)	43,046,477

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

		The Group	
		2017	**2016**
	Note	**RM**	**RM**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year		**(2,104,391)**	(2,054,365)
Adjustments for:			
Depreciation of property, plant and equipment		**2,476,799**	2,665,209
Property, plant and equipment written off		**1,271,977**	-
Finance costs		**1,129,660**	1,223,682
Tax expenses recognised in profit or loss		**771,131**	612,811
Impairment loss recognised on receivables		**739,600**	594,971
Share of losses of an associated company		**136,556**	-
Provision for liquidated and ascertained damages		**102,362**	643,308
Unrealised loss/(gain) on foreign exchange - net		**100,693**	(444,430)
Gain on revaluation of properties		**(376,917)**	-
Reversal of inventories written down		**(295,684)**	(123,012)
Interest income		**(245,079)**	(5,489)
Investment revenue		**(51,828)**	(25,839)
Gain on disposal of property, plant and equipment		**(49,000)**	(54,998)
Impairment loss recognised on receivables no longer required		**(43,012)**	-
Impairment of land held for property development		**-**	3,124,693
		3,562,867	6,156,541
Movements in working capital:			
Decrease/(Increase) in:			
Land held for property development		**1,670,779**	-
Inventories		**285,052**	(1,536,195)
Property development projects		**(11,665,770)**	(6,671,280)
Trade and other receivables		**(1,511,859)**	(4,877,662)
Increase in:			
Trade and other payables		**3,982,709**	9,275,469
Progress billings		**1,244,530**	4,601,716
Cash (Used In)/Generated From Operations		**(2,431,692)**	6,948,589
Interest income on current account received		**242,099**	-
Interest income on Housing Development Account received		**2,980**	5,489
Income tax paid		**(877,039)**	(681,562)
Income tax refunded		**-**	150,254
Net Cash (Used In)/From Operating Activities		**(3,063,652)**	6,422,770

(Forward)

		The Group	
		2017	2016
	Note	RM	RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,050,000	55,000
Interest on fixed and short-term deposits received		28,788	25,839
Purchase of property, plant and equipment	32(a)	(6,250,524)	(2,474,212)
Advances granted to an associated company		(3,072,574)	-
Investment in an associated company		(349,000)	-
Addition to land held for property development		(58,820)	(3,113,274)
Placement of fixed deposits		(1,580)	(296,439)
Net Cash Used In Investing Activities		(8,653,710)	(5,803,086)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from bridging loans		16,002,900	-
Proceeds from term loans		4,215,000	1,955,000
Proceeds from bank overdraft		836,090	342,609
Repayment of term loans		(5,612,633)	(1,610,710)
Net (repayment of)/proceeds from bankers' acceptances		(1,189,722)	353,722
Finance costs paid		(1,022,985)	(1,223,682)
Repayment of hire-purchase payables		(375,248)	(302,936)
(Repayment to)/Advances received from a Director		(255,000)	255,000
Repayment to joint venture partner - net	25	(210,169)	(202,256)
Net Cash From/(Used In) Financing Activities		12,388,233	(433,253)
NET INCREASE IN CASH AND CASH EQUIVALENTS		670,871	186,431
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,357,061	1,163,177
Effect of changes in exchange rate on foreign currency translation		30,556	7,453
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	2,058,488	1,357,061

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017 (CONT'D)

		The Company	
		2017	**2016**
	Note	**RM**	**RM**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year		**(1,458,843)**	(728,407)
Adjustments for:			
Investment revenue		**-**	(321,811)
Tax income recognised in profit or loss		**-**	(41,648)
		(1,458,843)	(1,091,866)
Movements in working capital:			
(Increase)/Decrease in trade and other receivables		**(4,448)**	5,497
Increase in trade and other payables		**34,598**	140,046
Cash Used in Operations		**(1,428,693)**	(946,323)
Income tax paid		**(9,520)**	(23,768)
Net Cash Used in Operating Activities		**(1,438,213)**	(970,091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment from subsidiary companies - net		**1,418,036**	782,603
Net Cash From Investing Activities		**1,418,036**	782,603
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(20,177)**	(187,488)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**30,597**	218,085
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	**10,420**	30,597

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 information on the name, place of incorporation, principal activities, and percentage of issued and paid-up share capital held by the holding company in each subsidiary company is as disclosed in Note 15.

The Companies Act, 2016 ("New Act") was enacted to replace the Companies Act, 1965 and was passed by Parliament on April 4, 2016. The New Act was subsequently gazetted on September 15, 2016. On January 26, 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for Section 241 and Division 8 of Part III of the New Act, to be January 31, 2017.

Amongst the key changes introduced in the New Act which affected the financial statements of the Group and of the Company included the removal of the authorised share capital and replacement of no par value shares in place of par or nominal value shares.

The adoption of the New Act did not have any financial impact on the Group and on the Company for the financial year ended June 30, 2017 except as mentioned in the preceding paragraph.

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 No. 19, 19A, 19B & 19C, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak Darul Ridzuan.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM").

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 27, 2017.

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, 2016 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 October 28, 2015, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants,* the MASB announced that TEs which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework for the periods beginning on or after January 1, 2018.

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.

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

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

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.

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. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

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, 2016.

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[2]
Amendments to FRS 2[#]	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to FRS 107	Disclosure Initiative[1]
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to FRS 140[#]	Transfers of Investment Property[2]
IC Interpretation 22[#]	Foreign Currency Transactions and Advance Consideration[2]
Amendments to FRSs[#]	Annual Improvements to FRSs 2014 - 2016 Cycle[2]

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

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

[3] Effective for annual periods beginning on or after a date to be determined.

[#] The Group and the Company shall apply MFRS for the annual period beginning January 1, 2018, and as such, shall apply the corresponding amendments under MFRS instead of these amendments, on or after July 1, 2018.

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.

(Forward)

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:

- 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.

- 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 2 *Classification and Measurement of Share-based Payment Transactions*

The amendments clarify that in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

(Forward)

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

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

Amendments to FRS 2 *Classification and Measurement of Share-based Payment Transactions (Cont'd)*

A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follow:

- the original liability is derecognised;
- the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date, and
- any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after January 1, 2018 with earlier application permitted. Specific transition provisions apply.

Amendments to FRS 10 and FRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. FRS 128 and FRS 10 are amended, as follows:

FRS 128 has been amended to reflect the gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture. Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

FRS 10 has been amended to reflect the gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted.

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.

(Forward)

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 Companies 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;
(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.

(Forward)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiary Companies and Basis of Consolidation (Cont'd)

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.

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.

Associated Company

An associated company is a non-subsidiary in which the Group hold not less than 20% of the equity voting rights as long-term investment and in which the Group and the Company are in a position to exercise significant influence in its management.

The investments in associated company of the Group for the financial year ended June 30, 2017 are accounted for under the equity method of accounting and appropriate adjustments have been made for the effects of significant transactions made up until June 30, 2017. Under this method of accounting, the interest in the post-acquisition profits and reserves of the associates of the Group is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated statement of financial position.

(Forward)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Associated Company (Cont'd)

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the equity interest of the Group in the associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the 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 on 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

The Directors are unable to segregate the cost of the long-term leasehold land, which has a remaining lease period of 79 years, from the cost of long-term leasehold land and factory building. As such, the long-term leasehold land and factory building are amortised based on depreciation rate of 2% per annum. The Directors do not consider the impact on the financial statements to be material.

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.

Depreciation is recognised so as to write off the cost 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Prepaid Lease Payments

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payment made on entering into or acquiring a leasehold interest is accounted for as prepaid lease payments at the end of the reporting period. In the case of a lease of land and buildings, the prepaid lease payments are allocated whenever necessary, between the land element and building element of the lease at the inception of the lease in proportion to their relative fair value.

Prepaid lease payments on leasehold land are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments

Investment in subsidiary company, which are eliminated on consolidation, and investment in associated company, are stated in the Company's separate 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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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'. 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.

(Forward)

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) 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.

(iii) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Effective interest method (Cont'd)

(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.

(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.

(Forward)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Effective interest method (Cont'd)

(b) Financial liabilities and equity instruments (Cont'd)

(vi) Financial guarantee contracts

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.

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.

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.

(Forward)

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 (Cont'd)

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) <u>Impairment of Property, Plant and Equipment</u>

The carrying amounts of property, plant and equipment of the Group as of June 30, 2017 was RM26,301,683 (2016: RM20,577,157).

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.

(ii) <u>Estimated Useful Lives of Property, Plant and Equipment</u>

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) <u>Recoverability of Receivables</u>

The carrying amounts of third-party trade and other receivables of the Group as of June 30, 2017 were RM16,819,029 (2016: RM16,737,403).

An allowance is established when there is objective evidence that the Group 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.

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

(b) Key sources of estimation uncertainty (Cont'd)

(iv) Inventories Valuation

The carrying amount of inventories of the Group as of June 30, 2017 amounted to RM15,591,774 (2016: RM15,581,142).

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. This involves judgement 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. 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.

5. SEGMENT REPORTING (Cont'd)

The Group 2017	Manufacturing RM	Property Development RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External sales	37,644,544	24,741,872	-	-	62,386,416
Inter-segment sales	-	-	-	-	-
	37,644,544	24,741,872	-	-	62,386,416
Results					
Segment results	(3,534,771)	5,658,113	(1,458,843)	(629,903)	34,596
Investment revenue	23,040	28,788	-	-	51,828
Finance costs	(702,668)	(784,479)	-	204,019	(1,283,128)
Share of losses of an associated company	(136,556)	-	-	-	(136,556)
(Loss)/Profit before tax	(4,350,955)	4,902,422	(1,458,843)	(425,884)	(1,333,260)
Tax expenses					(771,131)
Loss for the year					(2,104,391)
Other information					
Capital expenditure:					
Property, plant and equipment	7,117,060	627,940	-	-	7,745,000
Land held for property development	-	58,820	-	-	58,820
Disposal of land held for property development	-	1,670,779	-	-	1,670,779
Depreciation of property, plant and equipment	2,388,495	120,128	-	(31,824)	2,476,799
Property, plant and equipment written off	1,271,977	-	-	-	1,271,977
Impairment loss recognised on receivables	739,600	-	-	-	739,600
Reversal of inventories written down	326,642	(30,958)	-	-	295,684
Consolidated Statement of Financial Position					
Assets					
Segment assets	44,476,615	64,816,786	55,984	-	109,349,385
Consolidated total assets					109,349,385
Liabilities					
Segment liabilities	18,041,355	50,411,575	316,174	-	68,769,104
Consolidated total liabilities					68,769,104

5. 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

5. 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	
	2017	2016
	RM	RM
Asia	**9,508,884**	9,729,035
Oceania	**3,354,148**	1,934,402
Middle East	**1,435,001**	1,764,730
Africa	**198,891**	155,110
Others	**115,077**	430,968
Total export	**14,612,001**	14,014,245
Malaysia	**47,774,415**	39,314,618
Total revenue	**62,386,416**	53,328,863

There is no single customer that contributed 10% or more to the Group's revenue for both 2017 and 2016.

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

6. REVENUE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Manufacturing sales	**35,176,351**	32,143,126	**-**	-
Property development project	**22,444,242**	19,063,520	**-**	-
Trading sales	**2,468,193**	2,122,217	**-**	-
Sale of land held for property, development	**1,620,430**	-	**-**	-
Sale of completed development units	**677,200**	-	**-**	-
Management fees received from subsidiary companies (Note 21)	**-**	-	**-**	90,000
	62,386,416	53,328,863	**-**	90,000

7. INVESTMENT REVENUE

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Investment revenue earned on loans and receivables (including cash and cash equivalents):				
Interest income from:				
Fixed and short-term deposits	**28,788**	25,839	**-**	-
Advances granted to an associated company (Note 21)	**23,040**	-	**-**	-
Advances granted to subsidiary companies (Note 21)	**-**	-	**-**	321,811
	51,828	25,839	**-**	321,811

8. OTHER GAINS AND (LOSSES)

	The Group	
	2017	**2016**
	RM	**RM**
Gain on revaluation of properties	**376,917**	-
Gain on disposal of property, plant and equipment	**49,000**	54,998
Realised loss on foreign exchange	**(218,122)**	(106,409)
Unrealised (loss)/gain on foreign exchange - net	**(100,693)**	444,430
	107,102	393,019

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Executive Directors:				
Fees	92,000	58,333	92,000	58,333
Salaries, bonuses and allowances	1,163,340	903,462	787,320	502,107
EPF contributions	182,976	142,208	122,688	77,856
	1,438,316	1,104,003	1,002,008	638,296
Non-executive Directors:				
Fees	149,000	166,667	149,000	166,667
Allowances	36,000	44,000	36,000	44,000
	185,000	210,667	185,000	210,667
Directors of subsidiary company:				
Salaries, bonuses and allowances	461,000	310,742	-	-
EPF contributions	67,296	40,712	-	-
	528,296	351,454	-	-
	2,151,612	1,666,124	1,187,008	848,963

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 BENEFIT EXPENSES

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

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest on:				
Current account	**242,099**	-	**-**	-
Housing Development Accounts	**2,980**	5,489	**-**	-
Impairment loss on trade receivables no longer required (Note 20)	**43,012**	-	**-**	-
Utilities charges paid/payable	**(2,291,333)**	(1,803,675)	**-**	-
Property, plant and equipment written off	**(1,271,977)**	-	**-**	-
Impairment loss recognised on receivables (Note 20)	**(739,600)**	(594,971)	**-**	-

(Forward)

10. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFIT EXPENSES (Cont'd)

Included in other operating income/(expenses) and employee benefit expenses are the following: (Cont'd)

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Sales agent commission paid/payable	**(563,988)**	(1,493,033)	**-**	-
Freight charges paid/payable	**(428,899)**	(527,540)	**-**	-
Rental of premises paid/payable to:				
Third party	**(121,872)**	(294,006)	**-**	-
A Director of the Company (Note 21)	**(26,400)**	(8,800)	**-**	-
A Director of a subsidiary company (Note 21)	**(18,750)**	(10,000)	**-**	-
A subsidiary company	**-**	-	**(13,500)**	-
Provision for liquidated and ascertained damages (Note 25)	**(102,362)**	(643,308)	**-**	-
Auditors' remuneration:				
Statutory audit:				
Current year	**(98,500)**	(96,000)	**(32,000)**	(32,000)
Non-audit services	**(6,000)**	(6,800)	**-**	(3,000)

Included in employee benefit expenses of the Group are contributions made to EPF of RM583,831 (2016: RM538,098).

11. FINANCE COSTS

	The Group	
	2017	2016
	RM	RM
Interest on:		
Bridging loans	**861,380**	5,987
Term loans	**691,244**	584,457
Bankers' acceptances	**189,399**	209,236
Bank overdrafts	**161,094**	173,263
Hire-purchase	**68,348**	54,663
Fixed loan	**19,575**	28,365
Bank charges and commission	**153,468**	173,698
	2,144,508	1,229,669
Less: Interest on bridging loans capitalised under property development projects (Note 19)	**(861,380)**	(5,987)
	1,283,128	1,223,682

12. TAX (EXPENSES)/INCOME

Income tax recognised in profit or loss

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Income tax expense comprises:				
Current tax expense in respect of the current year	(1,345,000)	(309,000)	-	-
Adjustments recognised in the current year in relation to the income tax of prior years	(727,267)	(21,784)	-	41,648
	(2,072,267)	(330,784)	-	41,648
Deferred tax:				
Relating to origination and reversal of temporary differences:				
Current year	1,182,000	(133,000)	-	-
Adjustments recognised in the current year in relation to the deferred tax of prior years	74,000	(177,000)	-	-
	1,256,000	(310,000)	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	45,136	27,973	-	-
(Note 28)	1,301,136	(282,027)	-	-
Total tax (expenses)/income	(771,131)	(612,811)	-	41,648

The Group's and the Company's income tax rate remained at 24% for the year of assessment 2017.

The Budget 2017 announced on October 21, 2016, proposed that the incremental portion of chargeable income compared to the immediate preceding year of assessment enjoys a reduced income tax rate as follows with effect from years of assessment 2017 and 2018. Following these changes, the applicable tax rates to be used for the measurement of any applicable deferred tax will be at the below expected rates:

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point of reduction in tax rate	Tax rate after reduction %
Less than 5%	Nil	24
5% - 9.99%	1	23
10% - 14.99%	2	22
15% - 19.99%	3	21
20% and above	4	20

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

Income tax recognised in profit or loss (Cont'd)

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

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Loss before tax	**(1,333,260)**	(1,441,554)	**(1,458,843)**	(770,055)
Tax expenses calculated using the Malaysian statutory income tax rate of 24% (2016: 24%)	**320,000**	346,000	**350,000**	185,000
Tax effects of:				
Expenses available for double deduction	**142,000**	23,000	**-**	-
Unutilised tax losses not recognised as deferred tax assets	**(351,000)**	(55,000)	**-**	(55,000)
Expenses that are not deductible in determining taxable profit	**(228,864)**	(1,071,027)	**(350,000)**	(130,000)
Utilisation of unutilised tax losses previously not recognised as deferred tax assets	**-**	343,000	**-**	-
Adjustments recognised in the current year in relation to the taxes of prior years:				
Income tax	**(727,267)**	(21,784)	**-**	41,648
Deferred tax	**74,000**	(177,000)	**-**	-
Tax (expenses)/ income recognised in profit or loss	**(771,131)**	(612,811)	**-**	41,648

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Current tax assets				
Tax refund receivables	179,031	371,435	28,710	19,190
Current tax liabilities				
Income tax payables	1,064,496	61,672	-	-

As of June 30, 2017, the Company has unutilised tax losses of approximately RM224,000 (2016: RM229,000).

As of June 30, 2017, certain subsidiary companies have unutilised reinvestment allowances claimed and unutilised tax losses amounting to approximately RM3,096,000 and RM2,955,000 (2016: RM3,025,000 and RM1,894,000) respectively 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	
	2017 RM	2016 RM
Basic and diluted		
Loss for the year attributable to owners of the Company	**(2,104,391)**	(2,054,365)
Number of ordinary shares in issue as of July 1	**87,534,000**	87,534,000
Share repurchased and held as treasury shares as of July 1	**(780,900)**	(780,900)
Number of ordinary shares in issue as of June 30	**86,753,100**	86,753,100
	2017	**2016**
Basic and diluted loss per ordinary share (sen)	**(2.43)**	(2.37)

14. PROPERTY, PLANT AND EQUIPMENT

The Group 2017	Cost or valuation At beginning of year RM	Revaluation RM	Additions RM	Disposals RM	Write off RM	Reclassification RM	At end of year RM
At valuation:							
Factory buildings	9,071,000	1,196,485	-	-	-	(1,027,485)	9,240,000
Long-term leasehold land	350,000	81,235	-	-	-	(21,235)	410,000
Short-term leasehold land	2,560,000	1,451,582	-	-	-	(301,582)	3,710,000
Long-term leasehold land and factory building	-	-	5,802,405	-	-	-	5,802,405
At cost:							
Office buildings	3,407,180	-	-	(1,100,000)	-	(7,180)	2,300,000
Plant and machinery	31,329,347	-	32,800	-	(8,280,288)	(640,094)	22,441,765
Plant and machinery under hire-purchase	-	-	941,763	-	-	640,094	1,581,857
Moulds	4,656,943	-	-	-	-	-	4,656,943
Motor vehicles	1,131,031	-	140,000	-	-	-	1,271,031
Motor vehicles under hire-purchase	461,633	-	182,560	-	-	-	644,193
Office equipment	414,822	-	46,966	-	-	7,180	468,968
Computers	433,332	-	22,932	-	-	-	456,264
Furniture, fixtures and fittings	301,251	-	233,693	-	-	-	534,944
Tools and equipment	637,989	-	-	-	-	-	637,989
Electrical installation	501,116	-	-	-	-	-	501,116
Air-conditioners	211,302	-	37,330	-	-	-	248,632
Signboard	17,744	-	11,000	-	-	-	28,744
Renovation	60,537	-	293,551	-	-	-	354,088
Total	55,545,227	2,729,302	7,745,000	(1,100,000)	(8,280,288)	(1,350,302)	55,288,939

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

The Group 2017	Accumulated depreciation At beginning of year RM	Charge for the year RM	Disposals RM	Write off RM	Reclassification RM	At end of year RM
At valuation:						
Factory buildings	866,243	194,087	-	-	(1,027,485)	32,845
Long-term leasehold land	17,814	4,237	-	-	(21,235)	816
Short-term leasehold land	253,025	64,397	-	-	(301,582)	15,840
Long-term leasehold land and factory building	-	54,398	-	-	-	54,398
At cost:						
Office buildings	90,167	62,500	(99,000)	-	-	53,667
Plant and machinery	25,768,164	1,626,938	-	(7,008,311)	78,230	20,465,021
Plant and machinery under hire-purchase	-	155,855	-	-	(78,230)	77,625
Moulds	4,565,596	38,742	-	-	-	4,604,338
Motor vehicles	1,124,950	9,782	-	-	-	1,134,732
Motor vehicles under hire-purchase	202,069	107,540	-	-	-	309,609
Office equipment	258,698	31,383	-	-	-	290,081
Computers	361,680	26,806	-	-	-	388,486
Furniture, fixtures and fittings	252,271	25,620	-	-	-	277,891
Tools and equipment	515,941	31,053	-	-	-	546,994
Electrical installation	450,847	16,307	-	-	-	467,154
Air-conditioners	188,741	7,328	-	-	-	196,069
Signboard	16,541	587	-	-	-	17,128
Renovation	35,323	19,239	-	-	-	54,562
Total	34,968,070	2,476,799	(99,000)	(7,008,311)	(1,350,302)	28,987,256

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

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

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

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	Carrying amounts 2017 RM	2016 RM
At valuation:		
Factory buildings	**9,207,155**	8,204,757
Long-term leasehold land	**409,184**	332,186
Short-term leasehold land	**3,694,160**	2,306,975
Long-term leasehold land and factory building	**5,748,007**	-
At cost:		
Office buildings	**2,246,333**	3,317,013
Plant and machinery	**1,976,744**	5,561,183
Plant and machinery under hire-purchase	**1,504,232**	-
Moulds	**52,605**	91,347
Motor vehicles	**136,299**	6,081
Motor vehicles under hire-purchase	**334,584**	259,564
Office equipment	**178,887**	156,124
Computers	**67,778**	71,652
Furniture, fixtures and fittings	**257,053**	48,980
Tools and equipment	**90,995**	122,048
Electrical installation	**33,962**	50,269
Air-conditioners	**52,563**	22,561
Signboard	**11,616**	1,203
Renovation	**299,526**	25,214
Total	**26,301,683**	20,577,157

Certain leasehold land and buildings of the Group with total carrying value of RM1,393,965 and RM8,824,545 (2016: RM822,232 and RM9,305,323) respectively are charged to local licensed banks for facilities granted to the Group as mentioned in Note 27.

The leasehold land and factory buildings of the Group were revalued by the Directors on April 13, 2017 and April 17, 2017 respectively based on valuation by independent qualified valuers using "Comparison Method", "Depreciated Replacement Cost" and "Cost Method" basis. The resulting revaluation surplus amounting to RM1,697,353 (net of gain on revaluation of properties of RM376,917 and deferred tax of RM655,032) has been credited to property revaluation reserve account.

The fair values of leasehold land were arrived at based on recent transactions and by assessing prices of similar land in the surrounding areas with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

The fair value of factory buildings was determined based on estimation made of the current new replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the factory buildings at the date of valuation. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

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

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

	Fair Value		
2017	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Factory buildings	**-**	**9,240,000**	**-**
Long-term leasehold land	**-**	**410,000**	**-**
Short-term leasehold land	**-**	**3,710,000**	**-**
Long-term leasehold land and factory building	**-**	**5,802,405**	**-**
2016			
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.

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

	The Group	
	2017 RM	**2016 RM**
Cost:		
Leasehold land	**2,004,968**	2,004,968
Factory buildings	**7,455,988**	7,455,988
	9,460,956	9,460,956
Accumulated depreciation:		
Leasehold land	**732,935**	695,641
Factory buildings	**2,442,827**	2,292,521
	3,175,762	2,988,162
Carrying amounts	**6,285,194**	6,472,794

No historical cost, accumulated depreciation and carrying amount were disclosed for the long-term leasehold land and factory building as they were only acquired during the financial year.

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2017 RM	2016 RM
Unquoted shares, at cost	**21,924,076**	21,924,076

The details of the subsidiary company of the Group as at the end of the reporting period are as follows:

Name of Company	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2017 %	2016 %	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.
Held through Scanwolf Plastic Industries Sdn. Bhd.				
Scanwolf Construction Sdn. Bhd.	Malaysia	100	100	Sales and marketing of PVC extruded building materials, trading of other building materialsand 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 2017	2016
Manufacturing	Malaysia	**2**	2
Property development	Malaysia	**2**	2
		4	4

16. INVESTMENT IN AN ASSOCIATED COMPANY

	The Company 2017 RM	The Company 2016 RM
Unquoted equity shares, at cost	**349,000**	-
Group's share of post-acquisition reserve	**(136,556)**	-
	212,444	-

The details of the associated company as at the end of the reporting period are as follows:

Name of Company	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2017 %	2016 %	Principal Activities
Nissha Flooring Industries Sdn. Bhd.	Malaysia	35	-	Manufacturing of plastic related products, in particular luxury vinyl tiles, calendar moulding related products, construction materials and its related products.

During the financial year, the Group acquired 35% (2016: Nil) equity interest in Nissha Flooring Industries Sdn. Bhd., a company incorporated in Malaysia for a total purchase consideration of RM349,000.

The year end of the associated company is December 31. This was the reporting date established when the associated company was incorporated and management considers that it is unnecessary to change it for group reporting purposes. For the purpose of applying the equity method of accounting, appropriate adjustments have been made for the effects of significant transactions made up until June 30, 2017.

Summarised financial information in respect of the Group's associated company is set out below:

	The Group 2017 RM	The Group 2016 RM
Total assets	**14,273,090**	-
Total liabilities	**13,664,368**	-
Net assets	**608,722**	-
Group's share of net assets of associated company	**212,444**	-
Net loss for the year	**(391,278)**	-
Group's share of losses of associated company for the year	**(136,556)**	-

17. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2017 RM	**2016 RM**
At beginning of year		
Land cost - leasehold	**7,052,786**	7,052,786
Development costs	**8,006,227**	4,892,953
	15,059,013	11,945,739
Additions:		
Development costs	**58,820**	3,113,274
Disposals:		
Land cost - leasehold	**(4,745,123)**	-
Development costs	**(50,349)**	-
	(4,795,472)	-
Transfer to property development projects (Note 19):		
Development costs	**(211,242)**	-
At end of year:		
Land cost - leasehold	**2,307,663**	7,052,786
Development costs	**7,803,456**	8,006,227
	10,111,119	15,059,013
Accumulated impairment loss:		
At beginning of year	**3,124,693**	-
Disposals	**(3,124,693)**	-
Recognised in profit or loss	**-**	3,124,693
At end of year	**-**	3,124,693
Net	**10,111,119**	11,934,320

The leasehold land held for property development with carrying amounts of RM4,789,035 (2016: RM6,459,814) has been pledged to a licensed bank to secure term loan facility granted to the subsidiary company as disclosed in Note 27.

18. INVENTORIES

	The Group	
	2017 RM	**2016 RM**
Completed development units held for sale	**7,732,147**	6,034,586
Raw materials	**3,532,528**	3,520,721
Work-in-progress	**1,927,836**	2,891,742
Finished goods	**2,167,702**	2,829,388
Packing materials and spare parts	**231,561**	304,705
	15,591,774	15,581,142

The cost of inventories recognised as an expense during the year for the Group was RM34,219,298 (2016: RM28,548,127).

Included in cost of inventories is the following:

	The Group	
	2017 RM	**2016 RM**
Reversal of inventories written down	**295,684**	123,012

Completed development units of RM4,310,419 (2016: 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.

Completed development units of RM1,912,946 (2016: Nil) has been charged to a licensed bank to secure a term loan facility granted to the Group as disclosed in Note 27.

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.

19. PROPERTY DEVELOPMENT PROJECTS

	The Group	
	2017 RM	2016 RM
Property development projects:		
Landowners' entitlement	**8,896,020**	7,645,535
Development costs	**41,545,957**	20,716,838
At beginning of year	**50,441,977**	28,362,373
Costs incurred during the year:		
Landowners' entitlement	**171,352**	1,250,485
Development costs	**27,933,942**	20,829,119
	28,105,294	22,079,604
	78,547,271	50,441,977
Transfer from land held for property development (Note 17)	**211,242**	-
Transfer to inventories (Note 18)	**(2,267,603)**	-
Reclassification:		
Land costs	**2,555,547**	-
Landowners' entitlement	**(2,555,547)**	-
	-	-
Costs recognised as an expense in profit or loss:		
Prior year	**(30,805,050)**	(18,092,440)
Current year	**(14,171,921)**	(12,712,610)
	(44,976,971)	(30,805,050)
At end of year:		
Land costs	**1,999,645**	-
Landowners' entitlement	**334,276**	4,236,742
Development costs	**29,180,018**	15,400,185
	31,513,939	19,636,927

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

	The Group	
	2017 RM	2016 RM
Hire of machinery	**11,870**	50,003
Interest on bridging loans (Note 11)	**861,380**	5,987

Property development projects of RM31,513,939 (2016: RM19,636,927) are charged to licensed banks to secure banking facilities granted to the subsidiary company as disclosed in Note 27.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	**21,315,141**	20,614,301	**-**	-
Less: Allowance for doubtful debts	**(4,665,646)**	(3,978,910)	**-**	-
	16,649,495	16,635,391	**-**	-
Other receivables	**221,564**	154,042	**-**	-
Less: Allowance for doubtful debts	**(52,030)**	(52,030)	**-**	-
	169,534	102,012	**-**	-
Refundable deposits	**517,617**	421,594	**3,000**	-
Loans and receivables	**17,336,646**	17,158,997	**3,000**	-
Advance payment for:				
Landowners' entitlements	**800,000**	800,000	**-**	-
Purchase of raw materials	**407,189**	226,152	**-**	-
Acquisition of plant and machinery	**-**	562,000	**-**	-
Prepaid expenses	**647,055**	266,660	**10,998**	10,998
Goods and Services Tax receivables	**117,313**	176,370	**5,856**	4,408
	19,308,203	19,190,179	**19,854**	15,406

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 (2016: cash terms) and credit period granted for remaining trade transactions ranged from 30 days to 120 days (2016: 30 days to 120 days). Credit period for progress billings to customers is 14 days (2016: 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	
	2017 RM	2016 RM
Ringgit Malaysia	**17,777,869**	17,147,307
United States Dollar	**3,482,018**	3,361,593
Singapore Dollar	**276,818**	259,443
	21,536,705	20,768,343

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

20. TRADE AND OTHER RECEIVABLES (Cont'd)

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2017 RM	**2016 RM**
Trade receivables		
Balance at beginning of year	**3,978,910**	3,383,939
Impairment loss recognised on receivables (Note 10)	**739,600**	594,971
Impairment loss recognised on receivables no longer required (Note 10)	**(43,012)**	-
Amount written off	**(9,852)**	-
Balance at end of year	**4,665,646**	3,978,910
Other receivables		
Balance at beginning/end of year	**52,030**	52,030

Ageing of impaired trade and other receivables are as follows:

	The Group	
	2017 RM	**2016 RM**
Trade receivables		
271 days to 360 days	**19,598**	-
More than 360 days (2016: 360 days)	**4,646,048**	3,978,910
	4,665,646	3,978,910
Other receivables		
More than 360 days (2016: 360 days)	**52,030**	52,030

Included in trade receivables of the Group is related party balance of RM172,380 (2016: RM689,520).

Included in trade receivables of the Group are receivable with total carrying amount of RM4,668,772 (2016: RM4,732,527) 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.

20. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	The Group	
	2017 RM	**2016 RM**
1 - 30 days	**1,234,419**	1,882,202
31 - 60 days	**827,528**	938,487
61 - 90 days	**955,896**	124,335
91 - 120 days	**738,714**	20,109
More than 120 days	**912,215**	1,767,394
	4,668,772	4,732,527

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.

21. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

The amount owing by subsidiary companies represents unsecured advances granted which are interest-free (2016: 3.00% to 8.50% per annum) and collectible upon demand.

The non-trade balance amount owing by an associated company is unsecured, bore interest at a rate of 4.57% (2016: Nil) per annum, repayment of which is by way of 120 monthly instalments and first instalment due for payment in January 2019.

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
Almal Development Sdn. Bhd.	A company in which a Director of the Company and a Director of a subsidiary company are Directors and have substantial financial interests.
Dato' Lai Kok Heng	Director of a subsidiary company.

21. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (Cont'd)

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

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiary companies				
Repayment received on advances granted	**-**	-	**4,988,036**	565,471
Advances granted	**-**	-	**3,570,000**	250,000
Interest on advances granted received/ receivable (Note 7)	**-**	-	**-**	321,811
Management fee received/ receivable (Note 6)	**-**	-	**-**	90,000
Associated company				
Advances granted	**3,071,200**	-	**-**	-
Interest on advances granted receivable (Note 7)	**23,040**	-	**-**	-
Related party				
Interest on term loan and bank overdraft paid/payable	**(251,795)**	(91,953)	**-**	-
Director of the Company				
Rental of premises paid/payable (Note 10)	**(26,400)**	(8,800)	**-**	-
Director of subsidiary company				
Rental of premises paid/payable (Note 10)	**(18,750)**	(10,000)	**-**	-

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.

22. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash on hand and at banks	**1,829,765**	1,632,583	**10,420**	30,597
Fixed deposits with licensed banks	**977,090**	975,510	**-**	-
Housing Development Accounts with licensed banks	**228,723**	2,234	**-**	-
	3,035,578	2,610,327	**10,420**	30,597

22. FIXED DEPOSITS, CASH AND BANK BALANCES (Cont'd)

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 RM977,090 (2016: RM975,510) 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 (2016: 30 days).

The effective interest rates per annum are as follows:

The Group	2017 %	2016 %
Fixed deposits	**2.95**	3.15
Housing Development Accounts	**1.95**	2.00

In 2016, fixed deposits of the subsidiary company with carrying amount of RM224,951 were registered in the name of a Director of the Company, and were 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	2,834,217	1,689,679	10,420	30,597
Euro	125,556	18,001	-	-
United States Dollar	73,689	825,495	-	-
Singapore Dollar	-	75,215	-	-
Others	2,116	1,937	-	-
	3,035,578	2,610,327	10,420	30,597

23. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	The Group and The Company			
	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 RM	2016 RM
Authorised:				
Ordinary shares	-	100,000,000	-	50,000,000
Issued and fully paid:				
Ordinary shares:				
At beginning of year	**87,534,000**	87,534,000	**43,767,000**	43,767,000
Transfer from share premium arising from "no par value" regime (Note 24(a))	-	-	**3,120,186**	-
At end of year	**87,534,000**	87,534,000	**46,887,186**	43,767,000

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

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

(b) Treasury Shares

As of June 30, 2017, 780,900 (2016: 780,900) out of the total of 87,534,000 (2016: 87,534,000) issued and fully paid ordinary shares are held as Treasury Shares by the Company. The number of ordinary shares in issue and fully paid as of June 30, 2017 after excluding the Treasury Shares is 86,753,100 (2016: 86,753,100).

The mandate given by the shareholders to repurchase of the Company's own shares expired at the previous year Annual General Meeting. As such, there was no share repurchased by the Company during the financial year.

24. RESERVES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable reserves				
Share premium	**-**	3,120,186	**-**	3,120,186
Property revaluation reserve	**4,717,425**	3,020,072	**-**	-
Reverse acquisition reserve	**(19,524,076)**	(19,524,076)	**-**	-
	(14,806,651)	(13,383,818)	**-**	3,120,186
Distributable reserve				
Retained earnings/(Accumulated losses)	**8,806,884**	10,911,275	**(3,533,571)**	(2,074,728)
	(5,999,767)	(2,472,543)	**(3,533,571)**	1,045,458

(a) Share premium

	The Group and The Company	
	2017 RM	2016 RM
At beginning of year	**3,120,186**	3,120,186
Transfer to share capital arising from "no par value" regime (Note 23(a))	**(3,120,186)**	-
At end of year	**-**	3,120,186

(b) Property revaluation reserve

	The Group	
	2017 RM	2016 RM
At beginning of year	**3,020,072**	3,020,072
Increase arising from revaluation of properties (Note 14)	**2,352,385**	-
Deferred tax liability arising on revaluation reserve (Note 28)	**(655,032)**	-
	1,697,353	-
At end of year	**4,717,425**	3,020,072

The property revaluation reserve of the Group arose from revaluation of leasehold of land and factory buildings. When revalued leasehold land and factory 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.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current portion				
Trade payables	**23,192,152**	18,313,032	**-**	-
Other payables	**4,379,607**	5,009,805	**16,613**	24,576
Accrued expenses	**1,906,345**	2,193,516	**302,561**	260,000
	29,478,104	25,516,353	**319,174**	284,576
Deposits received from purchasers	**776,018**	687,489	**-**	-
Goods and Services Tax payables	**125,083**	197,784	**-**	-
	30,379,205	26,401,626	**319,174**	284,576
Less: Amount due within 12 months (shown under current liabilities)	**(28,843,003)**	(23,434,450)	**(319,174)**	(284,576)
Non-current portion:				
Other payables	**1,536,202**	1,789,112	**-**	-
Accrued expenses	**-**	1,178,064	**-**	-
	1,536,202	2,967,176	**-**	-

The non-current portion of the other payables and accrued expenses of the Group is repayable as below:

	The Group			
	Other Payables		Accrued expenses	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial years ending June 30:				
2018	**-**	235,134	**-**	1,178,064
2019	**254,773**	246,538	**-**	**-**
2020	**266,533**	258,495	**-**	**-**
2021	**279,464**	271,032	**-**	**-**
2022	**292,395**	284,178	**-**	**-**
2023 and above	**443,037**	493,735	**-**	**-**
	1,536,202	1,789,112	**-**	1,178,064

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 (2016: 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.

(Forward)

25. TRADE AND OTHER PAYABLES (Cont'd)

Included in other payables is an amount of RM2,760,226 (2016: RM2,970,395) which relates to a back-to-back arrangement for term loan and bank overdraft facilities of RM4,500,000 (2016: RM4,500,000) and RM1,000,000 (2016: 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 18. The effective interest rates for the facilities are 4.60% and 7.60% (2016: 4.70% and 5.00%) 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.

Accrued expenses of the Group comprise mainly accruals for landowners' entitlements and provision for liquidated ascertained damages of RM377,190 (2016: RM339,473).

	The Group	
	2017 RM	2016 RM
Liquidated ascertained damages:		
At beginning of year	**339,473**	-
Additions (Note 10)	**102,362**	643,308
Payment	**(64,645)**	(303,835)
At end of year	**377,190**	339,473

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

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	**26,957,220**	21,595,932	**16,613**	24,576
United States Dollar	**569,263**	1,420,584	**-**	-
Chinese Renminbi	**40,929**	163,921	**-**	-
Euro	**4,288**	142,341	**-**	-
Singapore Dollar	**59**	59	**-**	-
	27,571,759	23,322,837	**16,613**	24,576

26. HIRE-PURCHASE PAYABLES

	The Group			
	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Amounts payable under hire-purchase arrangements:				
Within one year	**440,364**	380,833	**354,719**	331,665
In the second to fifth year inclusive	**1,181,911**	584,285	**1,063,883**	529,709
	1,622,275	965,118	**1,418,602**	861,374
Less: Future finance charges	**(203,673)**	(103,744)	**-**	-
Present value of hire-purchase payables	**1,418,602**	861,374	**1,418,602**	861,374
Less: Amount due within 12 months (shown under current liabilities)			**(354,719)**	(331,665)
Non-current portion			**1,063,883**	529,709

The non-current portion is repayable as follows:

	The Group	
	2017 RM	**2016 RM**
Financial years ending June 30:		
2018	**-**	190,748
2019	**344,083**	166,871
2020	**311,232**	120,778
2021	**254,150**	51,312
2022	**154,418**	-
	1,063,883	529,709

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 (2016: 3 to 5 years). For the financial year ended June 30, 2017, the average effective borrowing rate was 6.58% (2016: 6.54%) 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	
	2017 RM	2016 RM
Secured:		
Bridging loans	**16,002,900**	-
Term loans	**5,900,606**	6,729,846
Bankers' acceptances	**4,400,000**	5,589,722
Bank overdraft	**1,178,699**	620,365
Fixed loan	**-**	568,393
	27,482,205	13,508,326
Less: Amount due within 12 months (shown under current liabilities)	**(12,685,343)**	(8,305,280)
Non-current portion	**14,796,862**	5,203,046

The non-current portion is repayable as follows:

	The Group	
	2017 RM	2016 RM
Financial years ending June 30:		
2018	**-**	2,126,527
2019	**7,086,901**	986,183
2020	**2,976,686**	160,075
2021	**454,948**	167,072
2022	**492,573**	174,382
2023 and above	**3,785,754**	1,588,807
	14,796,862	5,203,046

The average effective interest rates per annum are as follows:

	The Group	
	2017 %	2016 %
Bridging loans	**7.90**	-
Term loans	**2.54**	3.05
Bankers' acceptances	**4.63**	3.95
Bank overdraft	**5.99**	6.53
Fixed loan	**-**	3.75

(Forward)

27. BORROWINGS (Cont'd)

The Group's banking facilities with licensed banks amounting to RM39,380,000 (2016: RM23,805,000) are secured by:

(a) Leasehold land and buildings of the Group as disclosed in Note 14;
(b) Facility agreement of RM8,000,000 (2016: RM8,000,000);
(c) Leasehold land held for property development and property development projects as disclosed in Notes 17 and 19;
(d) Completed development units as disclosed in Note 18; and
(e) Pledged of fixed deposits as disclosed in Note 22.

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 has three (3) term loans as follows:

(a) a seven (7) year term loan of RM4,215,000 (2016: Nil) which is repayable by 83 monthly instalments of RM52,260 (2016: Nil) each and last instalment of RM1,707,754 commencing November 2016;
(b) a four (4) year term loan of RM7,800,000 (2016: RM7,800,000) which is repayable by 48 monthly instalments of RM167,000 (2016: RM167,000) each commencing August 2013. The term loan has been fully settled during the financial year; and
(c) a twenty (20) year term loan of RM1,955,000 (2016: RM1,955,000) which is repayable by 240 monthly instalments of RM12,957 (2016: RM12,957) each commencing May 2016.

The Group has a ten (10) year fixed loan of RM850,000 (2016: RM850,000) which is repayable by 120 monthly instalments of RM8,510 (2016: RM8,510) each commencing October 2012. The fixed loan has been fully settled during the financial year.

The Group has four (4) bridging loans which are to be settled via redemption sum based on certain percentage of the subsidiary company's property development units selling price as follows:

(a) two (2) bridging loans of RM3,000,000 (2016: Nil) and RM5,000,000 (2016: Nil) which are repayable commencing September 2016;
(b) a bridging loan of RM5,000,000 (2016: Nil) which is repayable commencing October 2016. As of the end of the reporting date, RM4,878,000 (2016: Nil) of the facility has been drawndown by the subsidiary company; and
(c) a bridging loan of RM5,000,000 (2016: Nil) which is repayable commencing April 2017. As of the end of the reporting date, RM4,924,932 (2016: Nil) of the facility has been drawndown by the subsidiary company.

All the bridging loans are required to be settled within 36 months from the first release of bridging loan mentioned in (a) above.

28. DEFERRED TAX LIABILITIES

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

	The Group	
	2017 RM	**2016 RM**
Deferred tax assets	**1,616,000**	768,000
Deferred tax liabilities	**(2,755,976)**	(2,554,080)
	(1,139,976)	(1,786,080)

28. DEFERRED TAX LIABILITIES (Cont'd)

The Group 2017	At beginning of year RM	Recognised in profit or loss (Note 12) RM	At end of year RM
Deferred tax assets			
Property development projects	-	560,000	560,000
Allowance for slow moving inventories	423,000	(78,000)	345,000
Unutilised tax losses and unabsorbed tax capital allowances	452,000	234,000	686,000
Unrealised (gain)/loss on foreign exchange	(107,000)	132,000	25,000
	768,000	848,000	1,616,000

The Group 2017	At beginning of year RM	Recognised in profit or loss (Note 12) RM	Recognised in property revaluation reserve (Note 14) RM	At end of year RM
Deferred tax liabilities				
Property, plant and equipment	(1,481,000)	408,000	-	(1,073,000)
Property revaluation reserve	(1,073,080)	45,136	(655,032)	(1,682,976)
	(2,554,080)	453,136	(655,032)	(2,755,976)

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)

29. AMOUNT OWING TO A DIRECTOR

In 2016, the amount owing to a Director was unsecured, interest-free and repayable upon demand.

30. PROGRESS BILLINGS

	The Group	
	2017 RM	2016 RM
Progress billings to-date	**46,502,325**	48,640,711
Cumulative revenue recognised in profit or loss	**(39,217,705)**	(42,600,621)
	7,284,620	6,040,090

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Loans and receivables:				
Amount owing by an associated company	**3,095,614**	-	**-**	-
Trade and other receivables	**17,336,646**	17,158,997	**3,000**	-
Amount owing bysubsidiary companies	**-**	-	**21,382,591**	22,800,627
Fixed deposits, cash and bank balances	**3,035,578**	2,610,327	**10,420**	30,597
Financial liabilities				
Other financial liabilities:				
Trade and other payables	**29,478,104**	25,516,353	**319,174**	284,576
Amount owing to a Director	**-**	255,000	**-**	-
Hire-purchase payables	**1,418,602**	861,374	**-**	-
Borrowings	**27,482,205**	13,508,326	**-**	-

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.

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.

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

Financial Risk Management Objectives and Policies (Cont'd)

(a) Market risk Management

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 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 20, 22 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% (2016: 7%) increase and decrease in RM against the relevant foreign currency 7% (2016: 7%) 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% (2016: 7%) change in foreign currency rates. A positive number below indicates a decrease in loss (2016: a decrease in loss) net of tax where the USD strengthens 7% (2016: 7%) against the RM. For a 7% (2016: 7%) 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	
	2017 RM	**2016 RM**
USD impact	**182,807**	171,468

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 end exposure does not reflect the full exposure of the Group during the year.

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings.

Interest rate sensitivity analysis

The management does not consider the Group'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.

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

Financial Risk Management Objectives and Policies (Cont'd)

(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.

For other receivables, management does not foresee any credit risk due to the nature of other receivables which comprise mainly advances granted which are repayable upon demand.

The Group provides unsecured advances to its associated company. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statements of financial position and there is no indication that the balance is not recoverable.

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 20.

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 RM27,482,205 (2016: RM13,508,326) 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 RM4,596,000 (2016: RM5,015,000) 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.

(Forward)

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 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:

The Group 2017	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 an associated company	**-**	**1,830,160**	**2,070,575**	**3,900,735**
Trade and other receivables	**17,336,646**	**-**	**-**	**17,336,646**
Fixed deposits, cash and bank balances	**3,064,402**	**-**	**-**	**3,064,402**
Total undiscounted non-derivative financial assets	**20,401,048**	**1,830,160**	**2,070,575**	**24,301,783**
Non-derivative financial liabilities:				
Trade and other payables	**28,219,123**	**2,079,308**	**468,779**	**30,767,210**
Hire-purchase payables	**440,364**	**1,181,911**	**-**	**1,622,275**
Borrowings	**14,218,191**	**13,686,354**	**3,833,565**	**31,738,110**
Total undiscounted non-derivative financial liabilities	**42,877,678**	**16,947,573**	**4,302,344**	**64,127,595**
Net undiscounted non-derivative financial liabilities	**(22,476,630)**	**(15,117,413)**	**(2,231,769)**	**(39,825,812)**
The Group 2016				
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

(Forward)

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**	**On year to five years RM**	**Over five years RM**	**Total RM**
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)
The Company 2017				
Non-derivative financial assets:				
Trade and other receivables	**3,000**	**-**	**-**	**3,000**
Amount owing by subsidiary companies	**21,382,591**	**-**	**-**	**21,382,591**
Cash and bank balances	**10,420**	**-**	**-**	**10,420**
Total undiscounted non-derivative financial assets	**21,396,011**	**-**	**-**	**21,396,011**
Non-derivative financial liabilities:				
Trade and other payables	**319,174**	**-**	**-**	**319,174**
Financial guarantee facilities	**27,482,205**	**-**	**-**	**27,482,205**
Total undiscounted non-derivative financial liabilities	**27,801,379**	**-**	**-**	**27,801,379**
Net undiscounted non-derivative financial liabilities	**(6,405,368)**	**-**	**-**	**(6,405,368)**
The Company 2016				
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

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	On year to five years RM	Over five years RM	Total RM
Non-derivative financial liabilities:				
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

(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 2016.

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 debts divided by total equity. Net debts is calculated as total borrowings less fixed deposits, cash and bank balances.

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

		The Group	
	Note	2017 RM	2016 RM
Hire-purchase payables	26	**1,418,602**	861,374
Borrowings	27	**27,482,205**	13,508,326
Less: Fixed deposits, cash and bank balances	22	**(3,035,578)**	(2,610,327)
Net debts		**25,865,229**	11,759,373
Total equity		**40,580,281**	40,987,319
Debts to equity ratio		**0.64**	0.29

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

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, bridging and term 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, bridging and term loans arrangements. There is no material difference between the carrying amounts and the estimated fair values of hire-purchase payables, bridging and term 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	
	2017 RM	**2016 RM**
Cash purchase	**6,250,524**	2,474,212
Hire-purchase financing	**932,476**	405,823
Advance payment for acquisition of property, plant and equipment in previous year	**562,000**	-
Other payables	**-**	14,320
	7,745,000	2,894,355

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

(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	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Cash on hand and at banks	**1,829,765**	1,632,583	**10,420**	30,597
Fixed deposits with licensed banks	**977,090**	975,510	**-**	-
Housing Development Accounts with licensed banks	**228,723**	2,234	**-**	-
Bank overdraft	**-**	(277,756)	**-**	-
	3,035,578	2,332,571	**10,420**	30,597
Less: Fixed deposits pledged	**(977,090)**	(975,510)	**-**	-
	2,058,488	1,357,061	**10,420**	30,597

33. CAPITAL COMMITMENTS

As of June 30, 2017, the Group has the following capital commitment in respect of property, plant and equipment:

	The Group	
	2017 RM	**2016 RM**
Approved and contracted for	-	5,137,652
Approved but not contracted for	-	6,000
	-	5,143,652

34. 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, 2017 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiary companies				
Realised	**10,230,190**	14,807,273	**(3,533,571)**	(2,074,728)
Unrealised	**(1,039,283)**	(2,230,510)	**-**	-
	9,190,907	12,576,763	**(3,533,571)**	(2,074,728)
Add: Consolidation adjustments	**(384,023)**	(1,665,488)	**-**	-
Total retained earnings/ (accumulated losses) as per statements of financial position	**8,806,884**	10,911,275	**(3,533,571)**	(2,074,728)

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, 2016 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, 2017 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 34, 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,

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DATO’ LOO BIN KEONG

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DATO’ TAN SIN KEAT

Ipoh,
October 27, 2017

DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR. NG CHEE WAI (IC No. 750407-08-5935)**, the officer 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.

____
MR. NG CHEE WAI

Subscribed and solemnly declared by
the abovenamed MR. NG CHEE WAI
at IPOH this 27th day of October 2017

Before me,

____
KONG WAI NGEE (A213)
COMMISSIONER FOR OATHS

LIST OF GROUP'S PROPERTIES

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 30-Jun-17 RM	Date of Valuation/ Acquisition*	Company Name
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	21 and 14	7,972,177.50	13 April 2017	Scanwolf Plastic Industries Sdn Bhd
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	11	3,684,089.68	13 April 2017	Scanwolf Plastic Industries Sdn Bhd
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	11	1,245,047.63	13 April 2017	Scanwolf Plastic Industries Sdn Bhd
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 parcel of vacant detached house lots	Vacant	4,000 sq ft per unit	Lease period expiring on 07/10/2093	N/A	409,184.14	17 April 2017	Scanwolf Plastic Industries Sdn Bhd
5	No. 19, 19A, 19B & 19C, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak	Four storey shop office	Office	185 sq mtr	Freehold	2	2,246,333.38	27 January 2016*	Scanwolf Properties Sdn Bhd
6	No. 16, Jalan Utarid U5/16, Bandar Pinggiran Subang, Seksyen U5, Shah Alam, 40150 Selangor	Single storey detached factory with annexed three storey office building	Warehouse	2051 sq mtr	Lease period expiring on 11/12/2096	1	5,748,007.57	18 April 2016* (The acquisition was only completed in financial year 2017)	Scanwolf Plastic Industries Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

Class of Shares	:	Ordinary shares
Voting Rights	:	On a show of hands, 1 vote
	:	On a poll, 1 vote for 1 ordinary share

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	9,723,121	11.21	30,000*	0.03
YII LONG GING	8,200,000	9.45	-	-
DATO' LAI KOK HENG	6,865,000	7.91	-	-

Note:

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

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

Name	Number of Shares Held			
	Direct	%	Deemed	%
DATO' LOO BIN KEONG	9,723,121	11.21	30,000*	0.03
DATO' TAN SIN KEAT	3,177,781	3.66	150,000#	0.17
TEOH TEIK KEAN	467,999	0.54	-	-
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)

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	0.52	300	0.00
100 to 1,000 shares	238	20.48	198,200	0.23
1,001 to 10,000 shares	467	40.19	2,586,500	2.98
10,001 to 100,000 shares	381	32.79	14,150,700	16.31
100,001 to less than 5% of issued shares	66	5.68	41,033,960	47.30
5% and above of issued shares	4	0.34	28,783,440	33.18
Total	**1,162**	**100.00**	**86,753,100**	**100.00**

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

	Name	No. of Shares Held	%
1	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YII LONG GING (E-TMI)*	8,200,000	9.45
2	CEDRIC WONG KING TI	7,000,000	8.07
3	LAI KOK HENG	6,865,000	7.91
4	LOO BIN KEONG	6,718,440	7.74
5	NG MENG KEE	3,420,000	3.94
6	TAN SIN KEAT	3,177,781	3.66
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOO BIN KEONG	3,004,681	3.46
8	OW KOK CHEE	2,749,700	3.17
9	PHOON YEE LY	2,550,300	2.94
10	ABDUL HAMID BIN ABDUL SHUKOR	2,519,100	2.90
11	NG CHOI HA	2,361,599	2.72
12	GO WINSTON DY	1,794,000	2.07
13	TAN SWEE EAN	1,219,000	1.41
14	TAN SWEE EAN	1,219,000	1.41
15	YU WOON GIN	938,000	1.08
16	TAI YEE FONG	857,000	0.99
17	LOO SOON KOOI	800,000	0.92
18	TAN YEAN CHOW	760,000	0.88
19	LEE YUET CHIN	710,000	0.82
20	TAN AH LIM	700,000	0.81
21	ONG SOI TAT	555,400	0.64
22	KONG CHOY WAN	500,000	0.58
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WILLIAM WONG KING NGUONG (E-TMI)	500,000	0.58

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

	Name	No. of Shares Held	%
24	LEE HUAT BOON	483,800	0.56
25	LEE KOO CHUAN	460,000	0.53
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD LAI MAW @ LAI SHUI MAN	430,000	0.50
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SING WAH (E-BCG)	400,000	0.46
28	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUANG, TZU-CHEN (E-TMI)	380,000	0.44
29	MD. SHAH BIN ABU HASAN	369,000	0.43
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG LIANG BOUH (E-TMI)	350,000	0.40

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PROXY FORM

SCANWOLF CORPORATION BERHAD
(Company No.: 740909-T)
(Incorporated in Malaysia)

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 Eleventh Annual General Meeting of the Company to be held at The Academy, Level 1, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak on Tuesday, 28 November 2017 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 2017 and the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1	Re-election of En Abdul Hamid Bin Abdul Shukor as Director		
2	Re-election of Dato' Ibrahim Bin Saleh as Director		
3	Re-appointment of Deloitte PLT as Auditors and to authorise the Directors to fix the Auditors' remuneration		
4	Approval of payment of Directors' fees and Directors' benefits for the financial year ended 30 June 2017		
5	Authority under Section 75 and Section 76 of the Companies Act, 2016 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 ____________ 2017.

____
Signature of Member(s)/ Common Seal

* Strike out whichever is not desired

Notes:

Contact No. : ______________________________

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 21 November 2017. Only a depositor whose name appears on the Record of Depositors as at 21 November 2017 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 a member may appoint any person to be his proxy without limitation. 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 Eleventh Annual General Meeting are to be voted by poll.

FOLD THIS FLAP FOR SEALING

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AFFIX STAMP

The Company Secretary
SCANWOLF CORPORATION BERHAD (740909-T)
51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang.

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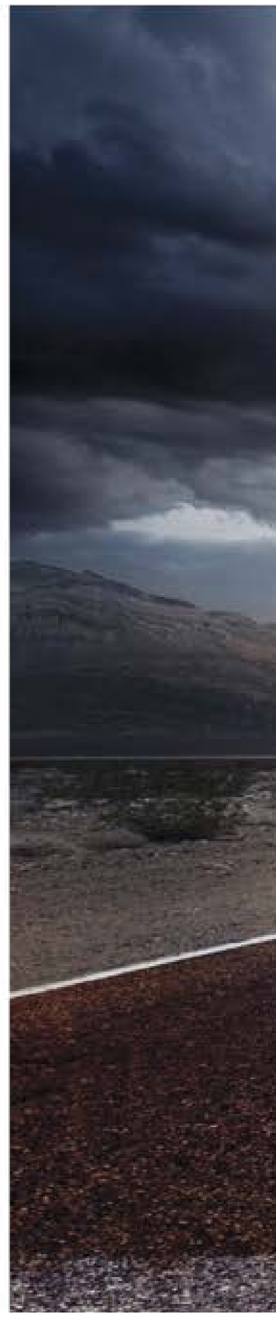

Scanwolf Corporation Berhad (740909-T)
(Incorporated in Malaysia under the Companies Act, 1965)

No. 19, 19A, 19B & 19C,
Jalan Pusat Perniagaan Falim 5,
Pusat Perniagaan Falim,
30200, Ipoh, Perak.
Tel: 605 285 0063
Fax: 605 285 0272

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