Scanwolf Corporation Berhad (740909-T)

LEAP FORWARD
GO FURTHER

ANNUAL REPORT 2019

Leap Forward, Go Further

Leaping forward is a step to make a significant breakthrough, Scanwolf Corporation Berhad uses its experience built up throughout the year allow them to stand out amongst the competitions. As to go further in the challenging business environment, Scanwolf Corporation Berhad strives forward, seeking opportunities around the global expansion market. In order to achieve its expectation, Scanwolf Corporation Berhad will continue to transform and enhance greater in both business and technology in order to provide the best.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Conference 1, Level 2, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak on Friday, 29 November 2019 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 2019 together with the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes**

2. To re-elect Dato' Loo Bin Keong 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' Tan Sin Keat 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-elect Dato' Ong Boon Aun @ Jaymes Ong 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 3)**

5. To re-elect Mr Ng Chee Wai who retires in accordance with the Company's Constitution (Article 110 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016). **(Ordinary Resolution 4)**

6. To re-appoint Russell Bedford LC & Company 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 5)**

As Special Business:

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

7. **ORDINARY RESOLUTION**
- PAYMENT OF DIRECTORS' FEES AND DIRECTORS' BENEFITS

"THAT the Directors' fees and Directors' benefits of RM298,200 for the financial year ended 30 June 2019, be and is hereby approved for payment." **(Ordinary Resolution 6)**

8. **ORDINARY RESOLUTION**
- AUTHORITY TO ISSUE SHARES

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 7)**

9. **SPECIAL RESOLUTION**
- PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

"THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 31 October 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **(Special Resolution 1)**

10. 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)
TAN SHE CHIA (MAICSA 7055087)
Company Secretaries

Penang

Date: 31 October 2019

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 2019. Only a depositor whose name appears on the Record of Depositors as at 21 November 2019 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 Thirteenth 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 2019 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 6 – Payment of Directors' fees and Directors' benefits
The Proposed Ordinary Resolution 6, 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 7 – Authority to Issue Shares
The proposed Ordinary Resolution 7, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company 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.

Explanatory Note on Special Business (cont'd)
Ordinary Resolution 7 – Authority to Issue Shares (cont'd)
As at the date of this Notice, the Company has not issued any new shares pursuant to the general authority granted to the Directors at the Twelfth Annual General Meeting held on 27 November 2018 and which will lapse at the conclusion of the Thirteenth Annual General Meeting to be held on 29 November 2019.

A renewal of this authority is being sought at the Thirteenth Annual General Meeting under proposed Ordinary Resolution 7.

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

Special Resolution 1 – Proposed adoption of the new Constitution of the Company
The Special Resolution 1, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 31 October 2019.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Loo Bin Keong
Executive Director

Dato' Tan Sin Keat
Executive Director

Mr. Teoh Teik Kean
Executive Director
(resigned on 1 July 2019)

Mr. Ng Chee Wai
Executive Director
(appointed on 1 July 2019)

Tuan Abdul Hamid Bin Abdul Shukor
Independent Non-Executive Director

Dato' Ibrahim Bin Saleh
Independent Non-Executive Director

Mr. Ong Sing Guan
Independent Non-Executive Director

Dato' Lai Kok Heng
Alternate Director to Dato' Loo Bin Keong
(resigned on 10 September 2019)

AUDIT COMMITTEE

Chairman
Mr. Ong Sing Guan

Members
Dato' Ibrahim Bin Saleh
Tuan Abdul Hamid Bin Abdul Shukor

REMUNERATION COMMITTEE

Chairman
Dato' Ibrahim Bin Saleh

Members
Dato' Ong Boon Aun @ Jaymes Ong
Tuan Abdul Hamid Bin Abdul Shukor

NOMINATION COMMITTEE

Chairman
Dato' Ong Boon Aun @ Jaymes Ong

Members
Dato' Ibrahim Bin Saleh
Mr. Ong Sing Guan

COMPANY SECRETARY

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

Ms. Tan She Chia
(MAICSA 7055087)

REGISTERED OFFICE

51-13-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Georgetown,
Penang, Malaysia.

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

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Office:
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

Tel No.: 03-2783 9299
Fax No.: 03-2783 9222
E-mail: is.enquiry@my.tricorglobal.com
Website: www.tricorglobal.com

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium,
Avenue 3, Bangsar South,
No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

BUSINESS ADDRESSES

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

RHB Bank Berhad
Malayan Banking Berhad
Pac Lease Berhad

AUDITORS

Russell Bedford LC & Company,
Chartered Accountants
10th Floor, Bangunan Yee Seng,
15 Jalan Raja Chulan,
50200 Kuala Lumpur.

Tel No.: 03-2031 8223
Fax No.: 03-2031 4223

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 Chairman/Director

Dato' Ong Boon Aun @ Jaymes Ong, Malaysian, age 53, 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, 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 Graduate Student Association at CCSU. Dato' Ong is also a prestigious Herbert D. Welte State Governor's Scholar. He had also attended a Japanese Business course at the world renowned Harvard University 27 years ago in the Summer of 1992 and had returned to Harvard last summer of 2018 for a course in Strategy. Dato' Ong is listed in the Who's Who Among Students In American Universities and Colleges Directory 1993. Having attended four universities, Dato' Ong has an impressive and outstanding academic qualification.

Professionally, Dato' Ong has over 27 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 rose through the ranks before joining OSK Holdings Berhad in 2000 as a General Manager for Group Consumer Marketing. 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 1996, he was chosen amongst the talents from Citibank's Asia Pacific region as part of a Team Challenge to work on a global impact project, the Consumer Marketing Data Warehousing System at Citibank's world headquarters at Park Avenue in New York City. The project also brought him to Sau Paolo and Rio de Janeiro in Brazil that same year. He later joined HSBC Bank as a Vice President in 2003 before assuming the post of CEO and Country Head at DBB Investment, a company he founded in 2004.

In 2007, he assumed 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 a year ago, on 2 September 2017, Dato' Ong was appointed as the Deputy Chief Executive Officer (Dep CEO) of Sunlight Inno Seafood Sdn Bhd, a company linked to Yayasan Sabah. Sunlight Inno is the biggest integrated aquaculture farming business in Malaysia with an asset of almost one billion ringgit at its inception.

Dato' Ong was inducted into Phi Chi Theta National Co-ed Business & Economics Fraternity as a member in 1987. In 1992, he was inducted into Delta Mu Delta International Honor Society in Business, both in the United States of America.

Dato' Ong is also an Ahli Mangku Negara (Bintang). 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 Dipertuan 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.A. (UM-USA), M.B.A. (NU), M.Sc. (C.C.S.U)

Dato' Loo Bin Keong
Executive Director

Dato' Loo Bin Keong, Malaysian, age 61, 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 some of the subsidiary companies within the Group.

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

Dato' Tan Sin Keat
Executive Director

Dato' Tan Sin Keat, Malaysian, age 55, male, was appointed as Executive Director on 2 April 2007. He is one of the founders of Scanwolf Plastic Industries Sdn. Bhd. and still serves as the Executive Director.

Dato' Tan Sin Keat 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.

Mr. Ng Chee Wai
Executive Director

Mr. Ng Chee Wai, Malaysian, age 44, male, was appointed as Executive Director on 1 July 2019.

He is a member of Malaysian Institute of Accountants of Malaysia. He is a Chartered Accountant of Malaysian Institute of Accountants and Certified Public Accountant of The Malaysian Institute of Certified Public Accountant.

He graduated with Bachelor of Management Studies major in Accounting from University of Waikato, New Zealand.

He was with PriceWaterhouseCoopers before joined Scanwolf Plastic Industries Sdn. Bhd. in 2005 as an Accountant and was subsequently promoted to Financial Controller on 2014 and Chief Financial Officer of Scanwolf Group on 28 November 2017.

In 2007, he was involved in the Initial Public Offering exercise of Scanwolf Corporation Berhad. He oversees all financial matters and holds the responsibility for establishing and executing on the Company's strategy and the Enterprise Risk Management efforts.

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

Tuan Abdul Hamid Bin Abdul Shukor

Independent Non-Executive Director

Tuan Abdul Hamid bin Abdul Shukor, Malaysian, age 69, 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.

Tuan 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 and Sarawak, 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, Malaysian, age 68, 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, 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 53, male, was appointed as an Independent Non-Executive Director of the Company. He resigned on 3 June 2015 and was appointed to the Board again on 13 July 2015. He is a member of Malaysia Institute of Accountants and Chartered Tax Institute of Malaysia. Ong Sing Guan graduated with Chartered Accountant of Malaysia Institute of Accountants and Diploma In Financial Accounting from Tunku Abdul Rahman College.

Mr. Ong Sing Guan was a Senior Tax Consultant (Tax Manager) in PricewaterhouseCoopers from 1992 to 2005. He joined Best Store Corporation Sdn. Bhd. as Financial Controller/General Manager from 2005 to 2011. He moved to Konsortium Bas 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 directorship in any other public companies and listed issuers.

Other Information:-

- **Directors' Shareholdings**
  Details of Directors' shareholdings in the Company are as disclosed on page 108 of the Annual Report 2019.

- **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**
  Save as disclosed below, none of the Directors of the Company have any convictions for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year:-

  (i) Bursa Malaysia Securities Berhad ("Bursa Securities") had publicly reprimanded and penalised the following Directors. The following Directors of the Company had breached paragraph 16.13(b) of the Bursa Securities Main Market Listing Requirements ("MMLR") for permitting the Scanwolf Corporation Berhad to commit the breach of paragraph 10.07(1) of the MMLR read together with paragraphs 10.02(l)(i), 10.02(g)(iii) and 8.29(1) of the MMLR for failing to issue a circular to the Company's shareholders and seek the shareholders' approval in a general meeting before the Joint Venture Agreement dated 30 July 2012 entered into between Scanwolf Properties Sdn. Bhd. and Scanwolf Development Sdn. Bhd.:-

No.	Name of Director	Penalties Imposed
1.	Dato' Loo Bin Keong	Public Reprimand and Fine of RM50,000
2.	Dato' Tan Sin Keat	Public Reprimand and Fine of RM50,000
3.	Teoh Teik Kean (resigned on 1 July 2019)	Public Reprimand and Fine of RM50,000

- **Public Reprimand**
  Bursa Securities had publicly reprimanded Scanwolf Corporation Berhad on the following:-

  (i) In respect of the Company's fourth quarterly report for the financial year ended 30 June 2016 announced on 29 August 2016 which was in contravention of paragraph 9.16(1)(a) of the MMLR; and

  (ii) Scanwolf Corporation Berhad was publicly reprimanded for committing the following breaches of the MMLR:-

    (a) Paragraph 10.07(1) of the MMLR read together with paragraphs 10.02(l)(i), 10.02(g)(iii) and 8.29(1) of the MMLR for failing to issue a circular to the Company's shareholders and seek the shareholders' approval in a general meeting before the Joint Venture Agreement dated 30 July 2012 ("JVA") entered into between Scanwolf Properties Sdn. Bhd. and Scanwolf Development Sdn. Bhd.

    (b) Paragraph 9.16(1)(a) of the MMLR in respect of the Company's announcement dated 30 July 2012 on the JVA ("the Announcement") which was inaccurate, particularly with regard to the following representations:
      - the JVA was not subject to the approval of the Company's shareholders; and
      - the highest percentage ratio applicable to the transaction pursuant to paragraph 10.02(g) of the MMLR was 1%.

    (c) Paragraph 10.06(1) of the MMLR for failing to ensure that the Announcement contained the following required information set out in Appendix 10A of the MMLR:-

      i. paragraphs 3(a) and (b) of Part A of Appendix 10A – the basis of arriving at the consideration and the justification for the consideration; and
      ii. paragraph 8 of Part B of Appendix 10A – if no joint venture corporation will be set up, the terms of cost and profit sharing and the estimated total cost of project.

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

PROFILE OF KEY SENIOR MANAGEMENT

Dato' Tan Sin Keat

Aged: 55, Malaysian, Male
Executive Director of Manufacturing Division

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

Dato' Loo Bin Keong

Aged: 61, Malaysian, Male
Executive Director

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

Mr. Ng Chee Wai

Aged: 44, Malaysian, Male
Chief Financial Officer

Mr Ng's profile is set out on page 7 of this Annual Report.

CHAIRMAN'S STATEMENT

Dear Shareholders,

With this letter come my warmest greetings to you and your family.

It is with great pleasure that I pen this letter on behalf of Scanwolf Corporation Berhad. Along with this letter you will find the Audited Financial Statements of Scanwolf Corporation Berhad ("Scanwolf") and its Group of Companies for the financial year ended 30 June 2019.

The world economy remains very challenging in the past year. The trade tension between China and the United States of America continue to post challenges to the world and the situation, exacerbated by the uncertainty of Brexit. In Asia, the continued protest in Hong Kong has somewhat disrupted trade and businesses in the region with the overall global slowdown indirectly affecting Malaysia and Scanwolf's businesses. Nevertheless and thankfully, the Malaysian economy has been growing steadily over the first two quarters of year 2019.

In Malaysia and globally, our company is involved in two challenging industries, namely, plastic extrusions in the international markets and property development locally. Both industries remains very competitive. Scanwolf's total operation has remained stable and it is expected to improve in the years ahead under the stewardship of our highly professional Board of Directors and management as well as the tireless commitment from our staff.

In the coming year, Scanwolf will continue to strategize our businesses very carefully to increase productivity and continue to increase revenues and seek new opportunities locally and in international markets. Our aim is to have consistent and stable revenues and earnings with the objective of creating and enhancing value for its stakeholders.

I would like to take this opportunity, as your Chairman, to express my deep appreciation to all the shareholders, the Board of Directors of Scanwolf, management and staff as well as all parties involved directly and indirectly for your support shown towards Scanwolf. I would also like to thank all media personnel as well as the regulatory bodies for their continued support. Again, as your Chairman, a million thanks to all of you.

To my colleagues on the Board of Directors and the management team, thank you for your friendship.

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 ("Scanwolf") and its subsidiary companies ("The Group") 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 and manufacturing of luxury vinyl flooring in July 2019.

Manufacturing Division

The Group has a plastic extrusion manufacturing plant and warehouse in Tronoh, Perak and a warehouse in Shah Alam, Selangor under a wholly owned subsidiary, Scanwolf Plastic Industries Sdn. Bhd. ("SPI").

For the financial year ended ("FYE") 2019, 39% (2018: 36%) of the revenue was contributed by export sales. SPI 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.

During the financial year, SPI has completed the research and development of a few innovative products. The products were start commercial production in July 2019.

Subsequent to 30 June 2019, SPI has completed the acquisition of the remaining of 1,627,500 ordinary shares, representing 65.1% equity interest in Scanwolf Flooring Industries Sdn Bhd ("SFI") (formerly known as Nissha Flooring Industries Sdn Bhd). Consequently, SFI became a wholly owned subsidiary of SPI.

Currently, the plant is in research and development stage and targeted to be commercial production in third quarter of FYE 2020.

Property Division

The projects of the Group remain in Kampar, Perak.

It lies approximately 1.5 kilometres to the north-west of the Kampar town centre. Both the campus of Universiti Tunku Abdul Rahman and Hospital UTAR are situated approximately 1 kilometre to the north-east of our projects.

Financial review

The Group registered a revenue of RM48.7 million in the financial year ended 30 June 2019 as compared to RM57.5 million in the previous financial year.

The Group registered a loss before tax of RM5.8 million in the financial year under review as compared to the pre-tax profit of RM1.5 million in the preceding financial year. The loss mainly derived from Manufacturing Division.

Financial position

Scanwolf's capital management strategy is to focus on maintaining a low and healthy gearing ratio whilst creating and maximising shareholders' value.

As at 30 June 2019, cash and cash equivalents stood at RM0.8 million (2018: RM0.5million). Debts to equity ratio have increase from 0.57 in previous year to 0.84 due to advance to an associate company which become wholly subsidiary company after financial year end.

As at 30 June 2019, Scanwolf still have sufficient banking facilities for working capital expenditure. On a per share basis, net assets attributable to shareholders decreased to RM0.38 from RM0.46 in previous financial year.

Outlook and prospects

The domestic property market remains challenging. Difficulties in securing maximum loan margins continue to plague potential home buyers, causing a high rate of withdrawals continue to cloud market sentiments.

To mitigate the losses and enhance business continuity in Manufacturing Division, the Group has executed rationalisation scheme by cutting costs and acquisition of the new businesses with strong revenue bases which may have significant synergistical effects on the existing Group's operations.

Moving forward, the Group is focusing the new products in Manufacturing Division. The Group will continue to invest in latest extrusion and printing technologies and adopt more cost efficiency and lean manufacturing in current highly competitive market. This will enable us to compete regionally in the competitive market.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Scanwolf Corporation Berhad ("Scanwolf" or "the Company") recognises the importance of good corporate governance and is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

This Statement sets out the manner in which the Group has applied and the extent of compliance with the principles and recommendations as set out in the Malaysian Code on Corporate Governance ("MCCG" or "the Code") during the financial year ended 30 June 2019 ("FYE 2019").

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). The CG Report was announced together with the Annual Report of the Company on 31 October 2019. Shareholders may obtain this CG Report by accessing this link www.scanwolf.com for further details.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I) 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.
- 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.

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.

The Independent Non-Executive Chairman is responsible for leadership, governance and effectiveness of the Board in discharging its duties and responsibilities.

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

The Group has a clear distinction and separation of roles between the Chairman and the Executive Directors, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Executive Directors.

The Chairman leads the Board in its collective oversight of management, while the Executive Directors are primarily responsible for the day-to-day management of the Group. Executive Directors are responsible for developing the business direction of the Group, ensure that the business strategies and policies are effectively implemented and to explain, clarify and inform the Board on matters pertaining to the Group.

All decisions of the Board are made based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no single individual or a group of individuals dominates the decision-making process.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) BOARD RESPONSIBILITIES (Cont'd)

Board Charter

The Board has overall responsibility for the proper conduct of the Group. Scanwolf adopted a Board Charter that clearly sets out the respective roles and responsibilities of the Board to ensure accountability.

The Board Charter will be reviewed periodically to ensure it remains consistent with the Board's objective and to take into consideration any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is made publicly available on the Company's website at www.scanwolf.com in line with Practice 2.1 of the Code.

Code of Conduct and Ethics

The Company's Codes of Conduct and Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Conduct and Ethics for Directors includes principles relating to corporate governance; conflict of interest; relationship with employees; shareholders and business partners; social responsibilities and environmental commitment; compliance with laws, rules and regulations and dealings in securities are available at the Company's website at www.scanwolf.com in line with Practice 3.1 of the Code.

Whistle Blowing Policy

The Company acknowledges the importance of policies and procedures on whistleblowing and thereby, set out a Whistleblowing Policy to delineate whistleblowing procedures as an independent feedback avenue for employees and stakeholders to raise matters of concern in good faith and without fear of reprisal should they require to use the available whistleblowing channels.

Sustainability

The Board is also 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. A corporate sustainability statement is set out in this Annual Report.

Supply of, and Access to Information

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. Prior to the meetings, all Directors are provided with sufficient and timely reports and supporting documents which are circulated in advance of each meeting to ensure sufficient time is given to understand the key issues and contents. In addition, the Board is kept informed of the updates and requirements issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and various regulatory authorities.

Where necessary, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to discharge their duties on the matters being deliberated.

Company Secretaries

The Board is of the view that current Company Secretaries are suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Board obtained appropriate advice and services, if necessary, from Company Secretaries to ensure adherence to Board meeting procedures and compliance with regulatory requirements.

Functions of the Board and Management

The Board is responsible for the overall corporate governance of the Group, including the strategic direction, risk management and establishes the vision and strategic objectives of the Group for development which includes management development, succession planning and policies to ensure all procedures within the Group are to be carried out in a systematic and orderly manner to ease the decision-making process.

The key senior management carries out the role of managing the business of the Group under the direction and delegations of the Executive Directors.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) BOARD RESPONSIBILITIES (Cont'd)

Board Meetings and Time Commitment

Board Meetings are held every quarter and additional meeting are convened as and when required. Certain matters which are reserved specifically for the Board's decision are discussed. These includes the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group and key policies, procedures and authority limits.

The Board met six (6) times during the financial year ended 30 June 2019. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

The Directors' attendance at Board Meetings held during the financial year is as follows:

Directors	Attendance
Dato' Ong Boon Aun @ Jaymes Ong	5/6
Dato' Loo Bin Keong	6/6
Dato' Tan Sin Keat	6/6
Dato' Ibrahim Bin Saleh	6/6
Tuan Abdul Hamid Bin Abdul Shukor	6/6
Mr Teoh Teik Kean (resigned on 1 July 2019)	6/6
Mr Ong Sing Guan	6/6

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), a Director of the Company must not hold directorships of more than five (5) public listed companies and must be able to commit sufficient time to the Company.

Directors' Training

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

The details of training attended by the Directors of the Company during FYE 2019 are as follows:

Name	No. of days	Title
Dato' Ong Boon Aun @ Jaymes Ong	1/2 1/2 1/2	- The 3 Secrets To Massive Business Growth - SME Thought Leadership - Corporate Governance Watch: How Does Malaysia Rank?
Dato' Loo Bin Keong	1/2	- Updates of the 2018 & 2019 Malaysian Financial Reporting Standards
Dato' Tan Sin Keat	1/2	- Updates of the 2018 & 2019 Malaysian Financial Reporting Standards
Dato' Ibrahim Bin Saleh	1	- Audit Committee Conference 2019
Tuan Abdul Hamid Bin Abdul Shukor	1	- Audit Committee Conference 2019
Mr Teoh Teik Kean (resigned on 1 July 2019)	1/2	- Updates of the 2018 & 2019 Malaysian Financial Reporting Standards
Mr Ong Sing Guan	2 1 1	- National Tax Conference 2019 - Audit Committee Conference 2019 - MPERS: Case Studies in Practical-Financial Reporting Including Impact of Companies Act, 2016 And Revised Auditor's Report

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) BOARD RESPONSIBILITIES (Cont'd)

Directors' Training (Cont'd)

In the future, the Board will continue to identify training needs amongst the Directors and enroll the directors for training programs, as and when required.

II) BOARD COMPOSITION

As at 30 June 2019, the Board members comprises of four (4) Independent Directors, three (3) Non-Independent Directors and one (1) non-independent alternate director to Dato' Loo Bin Keong. The Independent Directors constitute 57.14% of the Board. The Board composition also complies with the MMLR of Bursa Securities that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

It is within the viewpoint of the Board that with the current composition of Directors and their individual backgrounds and specialisations, the Company is aided with a wide range of experience and expertise in areas such as finance, accounting and audit, taxation, corporate affairs, marketing, property management and banking.

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.

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

The brief profile of each Board member is presented under Directors' Profile of this Annual Report.

Nomination Committee

Dato' Ong Boon Aun @ Jaymes Ong, Independent Non-Executive Director chairs the 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 assesses 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 MMLR, 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) BOARD COMPOSITION (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee had met two (2) times during the financial year and activities of the Nomination Committee are as follows:-

- Reviewed and recommended the re-election of Directors who were retiring and seek for re-election at Twelfth Annual General Meeting.
- Reviewed and recommended to the Board the proposed appointment of Dato' Lai Kok Heng as alternate director to Dato' Loo Bin Keong as well as proposed appointment of Mr Ng Chee Wai as Executive Director of the Company.
- Reviewed and accessed the effectiveness of the Board and the contribution of each individual director.
- Reviewed and accessed performance of independent directors.
- Reviewed the term of office and performance of audit committee and each of its members.

The Nomination Committee and the Board was satisfied with the performance of the Directors and independence of the Independent Directors.

The terms of reference of the Nomination Committee can be viewed at the Company's website at www.scanwolf.com.

Gender, Ethnicity and Age Diversity Policy

To maintain the best interest of the Company, diversity within the Board, Senior Management and all levels of the organization is applied. In line with this, the Board and Senior Management are appointed based on merit, mix of skills, competencies, experience, professionalism and other relevant qualities which involve age and cultural background to have better governance in the Group.

At present, the Company maintains a gender diversity policy which encapsulates the objectives, principles and measures of the Group's diversity culture. The Board is supportive in upholding gender diversity within the boardroom and the Management with due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates.

Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.

The Group does not establish any specific targets for appointment of female Directors in the policy. Nonetheless, the Group shall actively pursue towards identifying suitable female candidates as and when a vacancy arises, as part of recognizing the objectives of maintaining a balances Board structure.

Remuneration Committee

The Group has established a Remuneration Committee to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors and key senior management. Hence, all remuneration related matters of the Directors and key senior management are presently subjected to the oversight and management of the Remuneration Committee.

Procedures, such as assessing and recommending the remuneration packages for Directors and key senior management, and other relevant tasks are currently carried out by the Remuneration Committee prior to the necessary reporting to the Board.

A remuneration policy in stipulating guidance over the administration of matters related to remuneration within the Company is in place.

At present, the Remuneration Committee consists of three (3) Independent Non-Executive Directors, which meet the recommended practice of having a full composition of Non-Executive Directors as members.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) BOARD COMPOSITION (Cont'd)

Remuneration Committee (Cont'd)

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.

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. Directors' fees are subject to shareholders' approval at the forthcoming Annual General Meeting.

The Remuneration Committee has written Terms of Reference which deals with its authority and duties. The Terms of Reference of Remuneration Committee is available at the Company's website at www.scanwolf.com.

In order to enable stakeholders to assess whether the remuneration of Directors commensurate with their individual performance, the detailed disclosure on named basis for the remuneration of Directors is disclosed.

The details of the remuneration of each Directors of the Company received from the Company and on group basis respectively during the financial year ended 30 June 2019 are as follow:-

Company Level

	Fees RM	Salaries RM	Bonus RM	Benefits-in-kind RM	Other Emoluments RM	Total RM
Executive Directors						
Dato' Loo Bin Keong	30,000	403,200	33,600	-	161,201	628,001
Dato' Tan Sin Keat	30,000	-	-	-	7,200	37,200
Mr. Teoh Teik Kean *(resigned on 1 July 2019)*	30,000	320,676	26,723	-	147,057	524,456
Dato' Lai Kok Heng *(Alternate Director to Dato' Loo Bin Keong) (resigned on 10 September 2019)*	-	-	-	-	-	-
Independent Directors						
Dato' Ong Boon Aun @ Jaymes Ong	44,000	-	-	-	7,500	51,500
Mr. Ong Sing Guan	37,000	-	-	-	8,500	45,500
Dato' Ibrahim Bin Saleh	36,000	-	-	-	10,500	46,500
Tuan Abdul Hamid Bin Abdul Shukor	34,000	-	-	-	9,100	43,100
Total	241,000	723,876	60,323	-	351,058	1,376,257

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) BOARD COMPOSITION (Cont'd)

Remuneration Committee (Cont'd)

Group Level

	Fees RM	Salaries RM	Bonus RM	Benefits-in-kind RM	Other Emoluments RM	Total RM
Executive Directors						
Dato' Loo Bin Keong	30,000	403,200	33,600	-	161,201	628,001
Dato' Tan Sin Keat	30,000	340,500	28,375	-	150,711	549,586
Mr. Teoh Teik Kean *(resigned on 1 July 2019)*	30,000	320,676	26,723	-	147,057	524,456
Dato' Lai Kok Heng *(Alternate Director to Dato' Loo Bin Keong) (resigned on 10 September 2019)*	-	80,000	-	-	36,000	116,000
Independent Directors						
Dato' Ong Boon Aun @ Jaymes Ong	44,000	-	-	-	7,500	51,500
Mr. Ong Sing Guan	37,000	-	-	-	8,500	45,500
Dato' Ibrahim Bin Saleh	36,000	-	-	-	10,500	46,500
Tuan Abdul Hamid Bin Abdul Shukor	34,000	-	-	-	9,100	43,100
Total	241,000	1,144,376	88,698	-	530,569	2,004,643

The top five Senior Management's remuneration for the financial year ended 30 June 2019, in bands of RM50,000 is as follow:-

Range of remuneration	No. of Senior management
RM550,001 to RM600,000	1
RM500,001 to RM550,000	1
RM450,001 to RM500,000	1
RM300,001 to RM350,000	2
Total	5

The Board is of the view that the disclosure in accordance with the recommendation of Practice 7.2 is not in the best interest of the Company and has decided to depart from the recommendation in order to alleviate valid concerns on the confidentiality of remuneration packages and given the competitiveness in the employment environment.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising of solely of Independent Non-Executive Directors, with Mr. Ong Sing Guan as the Committee Chairman.

Presently, none of the members of the Board were former key audit partners of the Company's external auditors. Hence, no former key audit partner is appointed to the Audit Committee.

Nevertheless, the Board has updated within its External Auditor Assessment Policy to stipulate that no former key audit partner shall be appointed as a member of the Audit Committee unless he/she has observed a cooling-off period of at least two (2) years before the appointment.

The composition of the Audit Committee, including its roles and responsibilities, and a summary of the activities during the financial year are set out in the Audit Committee Report of this Annual Report.

The Group maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with appropriate accounting standards.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with various approved accounting standards in the preparation of the Group's financial statements.

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 also assessed the suitability and independence of the external auditors. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements.

Sound framework to manage risks

An overview of the state of internal controls and risk management within the Group is set out in this Annual Report under the Statement on Risk Management and Internal Control.

Internal audit function

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines. Details of the Company's internal control framework are set out under the Statement on Risk Management and Internal Control and Audit Committee Report in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Corporate Disclosure Policies and Procedures

Along with good corporate governance practices, the Company is committed to provide the investors and public with comprehensive, accurate and material information on a timely basis.

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 MMLR 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 Securities 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, Code of Conduct and Ethics and the Company's Annual Report may be accessed.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Effective Dissemination of Information

The Board recognises the value of investor relations and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

Information of the Group is also accessible through the Company's website (www.scanwolf.com) which is updated on a regular basis. Information available in the website includes among others the Group's annual report, quarterly financial announcements, circulars, major and significant announcements, press release and latest corporate developments of the Group.

Conduct of General Meeting

The Annual General Meeting is the principal forum dialogue with all shareholders. The participation of shareholders and investors, both individual and institutional, at general meeting is encouraged whilst requests for briefings from the press and investment analysts are usually a matter of course.

The Company ensures the adherence of the stipulated period of issuance for notice of Annual General Meeting, in which all notice of Annual General Meeting and related circulars are provided at least 28 days in advance to enable shareholders to make adequate preparation.

In addition to sending the notice, the Company also published the notice of Annual General Meeting on its website and the information still remains on its website.

In compliance with the MMLR of Bursa Securities, all resolutions set out in the notice of any general meeting or notice of resolution will be voted by poll. It also stipulates that an independent scrutineer shall be appointed to validate the votes cast during polling process.

COMPLIANCE STATEMENT

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to create trust and confidence amongst stakeholders.

The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the Code has been applied and obligation are fulfilled under the Code and MMLR of Bursa Securities. The Board will continue to strive for sound standards of corporate governance throughout the Group.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 8 October 2019.

SUSTAINABILITY STATEMENT

The Group recognises that sustainability is important for securing long term environmental, economic and social benefits and understands its role in contributing to a sustainable future in order for its shareholders and communities to flourish.

Overview and Scope of Sustainability

Our Group focus our efforts and strengthen our benchmarks for economic, environmental and social sustainability. Our organisation's sustainability strategy is determined by our Board of Directors, who provide an oversight of our corporate sustainability policies and performance.

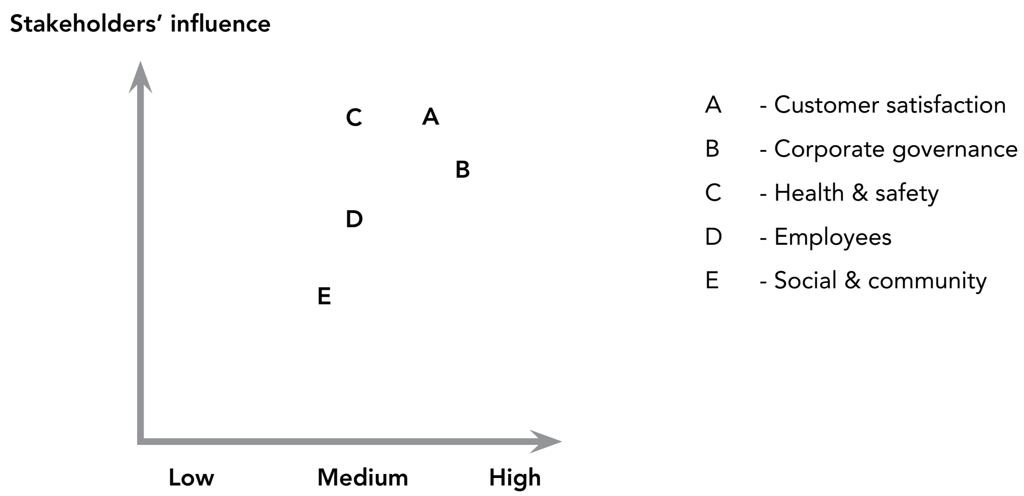
Senior Management oversees the implementation of the organisation's sustainability approach and ensures that key targets are being met. The respective division's management heads are responsible for identifying, evaluating, monitoring and managing economic, environmental and social risks and opportunities directly.

The table below lists the engagement with our stakeholders, which are identified based on their influence on our Group businesses.

Stakeholder	Method	Frequency
Customers	• Customer feedback • Individual meeting • Market analysis & trend	• Regularly
Suppliers	• Regular evaluation to conform to ISO standard • Meeting with supplier • On-site inspection • In-person meeting	• Regularly • Yearly
Regulator/Government	• Licensing, inspection and auditing	• Regularly • Yearly
Employees	• Employee performance appraisal • Festive celebrations • Management business meeting • Lunch discussion	• Regularly • Monthly • Yearly
Investors	• Annual general meeting • Quarter announcement	• Yearly • Quarterly

Material Sustainability

Our Group manages its sustainability issues by collecting and prioritising them in connection to their relationship with business operations. More importantly, assessing the materiality impact to the Group and managing the outcome effectively.



Economic, Environmental and Social

1. Economic

1.1 Code of Conduct

The Group is also aware that ethics, integrity and transparency have increasingly become the mainstream business issue in today's business environment. The Group adopted the Code of Conduct and Ethics for Directors as a guide for all directors to conduct business ethically and sustainably.

The Company acknowledges the importance of policies and procedures on whistleblowing and thereby, set out a Whistleblowing Policy to delineate whistleblowing procedures as an independent feedback avenue for employees and stakeholders to raise matters of concern in good faith and without fear of reprisal should they require to use the available whistleblowing channels. The details of the procedures are set out within the Whistleblowing Policy.

1.2 Product

At Scanwolf Corporation Berhad ("Scanwolf"), innovation in technology which integrates environmental considerations into our process of product vital in this changing environment to improve efficiency and reduces wastages, electricity and water.

CERTIFICATE

Business Systems Certification

This is to certify that

Scanwolf Plastic Industries Sdn. Bhd.

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

Quality Management System has been assessed and registered as conforming with the requirements of the ISO 9001:2015.

Scope:
Manufacture of PVC Profile Products Through Extrusion Process

Certificate Registration No. 000688-1-MY-1-QMS

Certified Since	05.04.2019
Valid from	05.04.2019
Valid until	04.04.2022

Managing Director

JAS-ANZ

IAF

Scanwolf is ISO 9001:2015 certified on quality management system on our products through extrusion process.

Our Group's products which are sold in oversea with metal testing from SGS to ensure that our component parts are safe, reliable and meet stringent regulatory standards.

2. Environmental

2.1 Waste and Environment

Production waste is an inevitable part of our manufacturing process.

In preserving the waste and environment:-

- Material wastes generated by production process will be recycle and use back by the production immediately.
- Industrial waste will only be disposed and carried out by authorized collector which has been approved by Department of Environment under Environmental Quality Act 1974.
- Employees are encouraged to practice 3R (Reduce, Reuse, Recycle).
- Light-emitting diode (LED) lights are used throughout our production facilities to save energy.
- Most of the forklifts used in production facilities are which utilize rechargeable batteries with no emissions of carbon dioxide.
- The air-conditioning system in our office building is set to be auto turned-off during lunch hours.

Economic, Environmental and Social (Cont'd)

2. Environmental (Cont'd)

2.2 Compliance

Scanwolf has always been committed to comply with the legal and regulatory requirements of the Department of Environment, Malaysia and other regulators and authorities. Environmental protection measures and considerations have long been embedded in our plant and manufacturing processes and day to day operations.

3. Social

Scanwolf has always believed in the need to strike a balance between profitability and fulfilling its social responsibilities.

3.1 Workforce

Scanwolf welcomes talented employees as we believe that the skill, expertise and work ethic of the employees are the attributes that will ultimately determine their success within the Group.

The Group continues to value its employees and emphasis given to crafting staff programs that foster positive work cultures and promoting continuing education amongst staff.

Scanwolf upholds equal opportunity. The number of our employees categorised by gender is shown in the table below:-

	Male	Female	Total	%
Local	116	29	145	59
Foreigner	100	-	100	41
Total	216	29	245	100

3.2 Employee Development

We actively create opportunities for our employees to develop and realise their true potential through formal and informal training opportunities, whether on the job or outside the job. This includes participation in external or internally organised trainings in various job-related areas.

Date	Topic	Number of attendants
8.7.2018	To achieve Company Target Via Teamwork	20
5.8.2018	Increase of Productivity by Self Improvement Program	20
13 & 14.9.2018	ISO 9001:2015 QMS Process Approach Internal Audits	14

3.3 Community

Scanwolf had sponsored few school's activity, provide morale and material support local authorities in criminal prevention such as "Hari Pencegahan Jenayah" which was organised by local police station.

3.4 Safety and Occupational Health Management

We have in place an occupational safety and health policy that highlights our commitment to:

- To provide and maintain our working system in safety and healthy environment.
- To ensure all employees being brief, trained, and supervised in the way of doing job as accordance to safety procedure and risk free.
- To investigate all workplace accident, illness, potential threat and to take necessary preventive actions from time to time.
- To obey all requirements under the Act of Occupational Safety & Health 1994.
- To provide safety equipment to the employees.
- To provide safety training to the employees.

Economic, Environmental and Social (Cont'd)

3. Social (Cont'd)

3.4 Safety and Occupational Health Management (Cont'd)

The following are the safety and occupational health programmes conducted in the financial year under review:-

Date	Topic	Number of attendants
27.1.2019	Safety Training: Handling Chemical Spillage and Understanding Safety Data Sheet	20
10.2.2019	Safety Training: Handling Chemical Spillage and Understanding Safety Data Sheet	20

3.5 Work-Life Balance

Scanwolf encourage employees to divide their time on the basis on priorities and maintain a balance by devoting time to family, health, vacations along with making a career, business travel. This helps to motivate the employees and increases their loyalty towards the Group.

Employees are being offer to go off earlier for preparation of study, important dinners and family matters. Our Group recruited few employees who is pursuing their Association of Chartered Certified Accountants examination and is encourage them to continue their study.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 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 Management 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 were also brought up those unidentified risks which they felt were significant for management's consideration and action. The board is of the opinion that the risk management practices during the financial year under review were sufficient to meet the Group's risk objectives and risk appetite.

INTERNAL CONTROL

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

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

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

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

REVIEW OF EFFECTIVENESS

The Board has received assurance from the executive directors and the Chief Financial Officer 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 were 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 2019 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 8 October 2019.

AUDIT COMMITTEE REPORT

The Audit Committee currently comprises the following members:-

<u>Chairman</u>
Mr Ong Sing Guan (Independent Non-Executive Director)

<u>Members</u>
Dato' Ibrahim Bin Saleh (Independent Non-Executive Director)
Tuan 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 2019 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 2019, 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
Tuan 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 2019 in discharging its functions and duties:-

Financial Performance & Reporting

- Reviewed the unaudited quarterly financial results 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

- On 28 May 2019, the Audit Committee reviewed the Audit Planning Memorandum ("APM") prepared by the external auditor, Russell Bedford LC & Company in relation to the audit on the Group's financial statements for the financial year ended 30 June 2019. The said APM covered the following:-

  (i) The objective of the APM.
  (ii) Responsibilities in respect of financial reporting, which comprised the responsibilities of directors and management, responsibilities of independent auditors, fraud considerations, independence and confidentiality.
  (iii) Overview of audit approach, which comprised of planning, accumulation of audit evidence as well as form audit opinion and complete report and render management letter.
  (iv) Objective and scope of audit.
  (v) Current developments.
  (vi) Significant risks and areas of audit focus of the Group, comprised of significant risks, other significant risks and areas of audit focus.
  (vii) Audit engagement team, covered the engagement team and role of audit engagement partner.
  (viii) Accounting and auditing developments, which comprised the convergence with International Financial Reporting Standards and changes affecting companies reporting under Malaysian Financial Reporting Standards Framework.
  (ix) Timetable.
  (x) Fees.

  The proposed audit fees for the external auditors in respect of their audit of the financial statements of the Company and its subsidiaries were reviewed by the Audit Committee for recommendation to the Board for approval.

- The Audit Committee met twice with the external auditors on 28 August 2018 and 28 May 2019 respectively without the presence of any executive directors or management of the Company to review the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit.
- On 28 August 2018, the Audit Committee reviewed the audit summary memorandum in relation to the audit on the Group's financial statements for the financial year ended 30 June 2018 prepared by the external auditors, Deloitte PLT.
- On 28 August 2018, the Audit Committee also evaluated the performance and independence of the external auditors covering (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 having been satisfied with the performance and independence of the external auditors, Deloitte PLT, had recommended their re-appointment of Deloitte PLT as external auditors to the Board for approval by the shareholders.

Internal Audit

- On 28 August 2018, the Audit Committee undertook an assessment on the internal audit function of the Company covering the adequacy of scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- The internal auditors presented its findings together with recommendation and management action plan to the Audit Committee for review on 26 February 2019 and 28 May 2019 respectively. The Internal Auditors have conducted review on internal control of on the following subsidiaries of the Company focusing on the following areas:-

Company	Audit Areas	Reporting Date
Scanwolf Plastic Industries Sdn. Bhd.	a) Financial Reporting	26 February 2019
Scanwolf Properties Sdn. Bhd.	a) Financial Reporting	26 February 2019
Scanwolf Development Sdn. Bhd.	a) Financial Reporting	26 February 2019
Scanwolf Plastic Industries Sdn. Bhd.	a) Customer relationship management b) Accounts receivable and collection c) Sales transactions	28 May 2019

The Management was invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address the areas of weaknesses. The internal auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

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

Internal Audit (Cont'd)

- On 28 May 2019, the Audit Committee reviewed and approved the internal audit plan for financial year ending 30 June 2020.

Related Party Transaction

- The Audit Committee also 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.

Other matters considered by Audit Committee

- On 27 November 2018, the Audit Committee reviewed and recommended the draft external auditors assessment policy to the Board for approval.
- On 26 April 2019, the Audit Committee reviewed the letter of resignation of external auditors, Deloitte PLT on their resignation as Auditors of the Company with effect from 26 April 2019.
- On 26 April 2019, the Audit Committee proposed to the Board to appoint Russell Bedford LC & Company as new auditors of the Company. Russell Bedford LC & Company was appointed as Auditors of the Company on 15 May 2019.

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 2019 was RM30,630.

During the financial year ended 30 June 2019 the internal auditors have carried out audits to assess the adequacy of the internal controls of the main operating subsidiaries, 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 internal auditors monitored the progress of the implementation and reported the same to the Audit Committee for deliberation.

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

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

a) Presented and obtained approval from the Audit Committee the annual internal audit plan, its audit strategy and scope of audit work;
b) Performed audits according to the annual internal audit plan, to review the adequacy and effectiveness of the internal control system, compliance with policies and procedures and reported ineffective and inadequate controls and made recommendations to improve their effectiveness; and
c) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

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

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, Malaysian 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 2019, 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.

The Directors approved the financial statements for the year ended 30 June 2019 on 8 October 2019.

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 2019 by Russell Bedford LC & Company and/or their affiliates are as follows:-

	Company (RM)	Group (RM)
Audit services rendered by Russell Bedford LC & Company	36,500	100,500
Non-audit services rendered by Russell Bedford LC & Company and their affiliates for:	4,000	4,000
- Review of Statement on Risk Management and Internal Control		

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 2019 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 2019.

5. **Employee Share Scheme**
There was no Employee Share Scheme implemented by the Company during the financial year ended 30 June 2019.

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 12 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	5,630,604	1,146,205

In the opinion of the directors, the results of the operations of the Group and 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 shares and debentures during the financial year.

TREASURY SHARES

There were no shares repurchased by the Company during the financial year.

As at 30 June 2019, the Company held a total of 780,900 out of its total of 96,209,300 issued ordinary shares. The treasury shares are held at a carrying amount of RM307,138. The shares repurchased are being held as a treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. Further relevant details on treasury shares are disclosed in Note 23.3 to the financial statements.

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 at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Dato' Ong Boon Aun @ Jaymes Ong	
Dato' Loo Bin Keong	
Dato' Tan Sin Keat	
Tuan Abdul Hamid Bin Abdul Shukor	
Dato' Ibrahim Bin Saleh	
Ong Sing Guan	
Dato' Lai Kok Heng (Alternate to Dato' Loo Bin Keong)	Appointed on 26.2.2019; Resigned on 10.9.2019
Ng Chee Wai	Appointed on 1.7.2019
Teoh Teik Kean	Resigned on 1.7.2019

DIRECTORS' INTERESTS IN SHARES

The shareholdings in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares			
	Balance as at 1.7.2018/ date of appointment	Bought	Sold	Balance as at 30.6.2019
Direct interest				
Dato' Loo Bin Keong	9,723,121	-	-	9,723,121
Dato' Tan Sin Keat	3,177,781	-	-	3,177,781
Tuan Abdul Hamid Bin Abdul Shukor	2,519,100	-	-	2,519,100
Dato' Lai Kok Heng	6,865,000	-	-	6,865,000
Teoh Teik Kean	467,999	-	-	467,999
Other shareholdings in which directors are deemed to have interest				
Dato' Loo Bin Keong	30,000	-	-	30,000
Dato' Tan Sin Keat	150,000	-	-	150,000

Other than as stated, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related companies during the financial year, according to the register required to be kept under Section 59 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director 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 director, and a company in which a director has interest as disclosed in Note 28.1 to the financial statements.

The details of the directors' remuneration are disclosed in Note 5 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

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

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

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

No contingent or other liability of the Group and the Company 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 affect the ability of the Group and the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

AUDITORS' REMUNERATION

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 6 to the financial statements.

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

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DATO' LOO BIN KEONG

____
DATO' TAN SIN KEAT

Kuala Lumpur,
Dated: 8 October 2019

STATEMENT BY DIRECTORS

The directors of SCANWOLF CORPORATION BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year ended on that date.

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

DATO' LOO BIN KEONG

DATO' TAN SIN KEAT

Kuala Lumpur,
Dated: 8 October 2019

STATUTORY DECLARATION

I, NG CHEE WAI (MIA membership number: 23200), being the director primarily responsible for the financial management of SCANWOLF CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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.

Subscribed and solemnly declared by the above named)
NG CHEE WAI at **Kuala Lumpur** in Wilayah Persekutuan)
on **8 October 2019.**)

NG CHEE WAI

Before me,

MOHAN A.S. MANIAM (W710)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

(Incorporated in Malaysia)

1. Report on the audit of the financial statements

1.1 Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 30 June 2019, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with the Companies Act 2016 (the "Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in the paragraph 1.6.

We are independent of the Group in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA 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 MIA By-Laws and the IESBA Code.

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

1.3 Key audit matters

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

1.3.1 Valuation of inventories in relation to property development activities

The Group carries inventories at the lower of cost and net realisable value. As at the reporting date, the Group held inventories of property development activities of RM60,592,820 (Note 15 to the financial statements) representing 53% of total assets of the Group. The valuation of these inventories is a key audit matter given the significance of the amount involved.

How the matter was addressed in the audit

Our audit procedures included, amongst others:

- assessed that the costs of development and completed properties have been appropriately recognised, accumulated and allocated or where the completed properties are brought forward from the previous reporting period, agreed the unit costs with the brought forward amounts;
- assessed the properties sold by verifying to sale and purchase agreements entered into during and after the reporting period;
- compared management's assessment of the net realisable value by reference to recent transacted prices of comparable units under the same project or comparable completed properties in the area, taking into consideration estimated cost to completion and estimated selling price less cost to sell.

We are satisfied with the results of our procedures performed.

1.3.2 Going concern

The design and manufacturing of plastic extrusions business of the Group has continued to incur losses in the current financial year. The less than desirable level of take up rate for property units developed by the Group has resulted in high level of inventories being carried.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)

1. Report on the audit of the financial statements (Cont'd)

1.3 Key audit matters (Cont'd)

1.3.2 Going concern (Cont'd)

At 30 June 2019, the Group also has contractual debt payment obligations to its financial institution lenders of RM23,719,033 that are due within the next 12 months.

In view of the above, we have, therefore, focused on assessing whether there are sufficient cash resources in place to allow the Group and consequently, the Company, to respectively continue as a going concern.

<u>How the matter was addressed in the audit</u>

Our audit procedures included, amongst others:

- reviewed the cash flow requirements of the Group over the next 12 months based on approved business plan and budgets;
- understood the budget revenue expected and expenditure committed over the next 12 months;
- considered the liquidity of existing assets on the statement of financial position;
- reviewed the terms associated with the debt agreements and the amount of the facility available for drawdown.

We have concluded that the directors' use of the going concern basis is appropriate.

The management assessment of the Group's ability to continue as a going concern is disclosed in Note 3 to the financial statements.

1.3.3 Transition to MFRS Framework

The Group and the Company fall within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate and are referred to as Transitioning Entities and therefore were exempted from adopting the Malaysian Financial Reporting Standards ("MFRS"). During the reporting period, the Group and the Company prepared their respective financial statements in accordance with the MFRS Framework for the first time. This area is a key audit matter because it required a significant amount of auditing time due to the new accounting policies and disclosures as well as new judgements and estimates involved.

The explanation of the transition to MFRS Framework is disclosed in Note 36 to the financial statements.

<u>How the matter was addressed in the audit</u>

Our audit procedures included, amongst others:

- evaluated the appropriateness of the accounting policies based on the requirements of the new standards, our business understanding and industry practice;
- gained understanding on the transition approach;
- assessed the completeness, accuracy and relevance of data used in preparing the transition adjustments;
- assessed the completeness, accuracy and relevance of the transition disclosures and requirements of new standards.

We are satisfied with the results of our procedures performed and appropriateness of the transition disclosures made in the financial statements.

1. Report on the audit of the financial statements (Cont'd)

1.4 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report and annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in regard to the directors' report.

1.5 Responsibilities of management and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Act and the Malaysian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the 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 the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 internal control.

1. Report on the audit of the financial statements (Cont'd)

1.6 Auditors' responsibilities for the audit of the financial statements (Cont'd)

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

- Conclude on the appropriateness of management's 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 and/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 on our auditors' report to the related disclosures in the financial statements 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 and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of 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.

2. Other matter

The financial statements for the year ended 30 June 2018 were audited by another firm of auditors whose report dated 24 October 2018 expressed an unmodified audit opinion.

3. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Loh Kok Leong.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

LOH KOK LEONG
01965/06/2021 J
CHARTERED ACCOUNTANT

Kuala Lumpur,
Date: 8 October 2019

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	4	**48,700,867**	57,512,558	**805,000**	420,000
Other operating income		**433,233**	484,386	**32,400**	8,668
Changes in inventories of completed projects		**(707,420)**	(954,237)	-	-
Changes in inventories of finished goods and work in progress		**(1,302,383)**	1,629,109	-	-
Raw materials and consumables used		**(20,039,672)**	(22,471,990)	-	-
Changes in inventories of trading merchandise		**(2,557,943)**	(2,527,541)	-	-
Property development costs recognised		**(8,615,145)**	(8,871,558)	-	-
Staff costs	5	**(11,491,977)**	(11,651,526)	**(1,708,460)**	(1,554,950)
Depreciation		**(1,619,819)**	(1,604,815)	-	-
Net allowance for expected credit losses		**(146,981)**	(24,649)	-	-
Other operating expenses		**(6,957,411)**	(8,500,229)	**(275,145)**	(1,435,561)
(Loss)/Profit from operations	6	**(4,304,651)**	3,019,508	**(1,146,205)**	(2,561,843)
Finance income	7	**351,307**	277,108	-	-
Finance costs	8	**(1,709,074)**	(1,171,450)	-	-
Net finance costs		**(1,357,767)**	(894,342)	-	-
Share in loss of equity accounted associate, net of tax		**(129,370)**	(606,574)	-	-
(Loss)/Profit before tax		**(5,791,788)**	1,518,592	**(1,146,205)**	(2,561,843)
Income tax expense	9	**161,184**	(1,359,492)	-	-
Net (loss)/profit/Total comprehensive (loss)/income for the year		**(5,630,604)**	159,100	**(1,146,205)**	(2,561,843)
Basic (loss)/earnings per share (sen)	10	**(5.90)**	0.18		

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

Group	Note	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Non current assets				
Property, plant and equipment	11	**28,565,176**	28,624,663	26,315,999
Investment in an associate	13	**-**	129,370	212,444
Deferred tax assets	14	**1,483,221**	1,333,766	1,719,794
Inventories	15	**10,175,459**	10,149,129	10,111,119
Other receivable	19	**7,808,983**	4,950,645	3,095,614
		48,032,839	45,187,573	41,454,970
Current assets				
Inventories	15	**57,015,625**	61,737,476	50,654,973
Contract assets	16	**425,000**	156,000	5,889,195
Contract costs	17	**-**	170,033	198,314
Trade receivables	18	**6,068,259**	8,357,776	10,760,300
Other receivables, deposits and prepayments	19	**1,921,426**	2,654,348	2,596,708
Tax recoverable		**15,099**	96,217	179,031
Fixed deposits with licensed banks	20	**283,610**	1,007,051	977,090
Cash and bank balances	21	**773,849**	521,662	2,058,488
		66,502,868	74,700,563	73,314,099
Total assets		**114,535,707**	119,888,136	114,769,069
Equity				
Share capital	22	**49,056,011**	49,056,011	46,887,186
Reserves	23	**(13,030,392)**	(7,399,788)	(7,558,888)
Total equity		**36,025,619**	41,656,223	39,328,298
Non current liabilities				
Other payable	27	**1,063,362**	1,287,523	1,536,202
Hire purchase liabilities	24	**1,169,015**	947,511	1,063,883
Borrowings	25	**5,891,156**	10,721,278	14,796,862
Deferred tax liabilities	14	**1,596,599**	1,637,840	1,682,976
		9,720,132	14,594,152	19,079,923
Current liabilities				
Trade payables	26	**35,899,673**	32,102,669	24,069,308
Other payables and accruals	27	**8,230,750**	10,123,152	7,201,606
Contract liabilities	16	**-**	6,770,123	10,721,622
Hire purchase liabilities	24	**523,551**	391,845	354,719
Borrowings	25	**23,553,621**	13,074,883	12,685,343
Tax payable		**582,361**	1,175,089	1,328,250
		68,789,956	63,637,761	56,360,848
Total liabilities		**78,510,088**	78,231,913	75,440,771
Total equity and liabilities		**114,535,707**	119,888,136	114,769,069

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 30 June 2019

Company	Note	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Non current assets				
Investment in subsidiaries	12	**20,841,777**	20,841,777	21,924,076
Other receivables	19	**17,593,542**	-	-
		38,435,319	20,841,777	21,924,076
Current assets				
Trade receivables	18	**3,395,844**	2,550,943	-
Other receivables, deposits and prepayments	19	**26,516**	19,687,576	21,402,445
Tax recoverable		**-**	-	28,710
Cash and bank balances		**21,516**	5,606	10,420
		3,443,876	22,244,125	21,441,575
Total assets		**41,879,195**	43,085,902	43,365,651
Equity				
Share capital	22	**49,056,011**	49,056,011	46,887,186
Reserves	23	**(7,548,757)**	(6,402,552)	(3,840,709)
Total equity		**41,507,254**	42,653,459	43,046,477
Current liability				
Other payables and accruals	27	**371,941**	432,443	319,174
Total liabilities		**371,941**	432,443	319,174
Total equity and liabilities		**41,879,195**	43,085,902	43,365,651

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2019

Group	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Revaluation reserve RM	Retained earnings RM	Total RM
At 1 July 2017	46,887,186	(307,138)	(19,524,076)	4,717,425	7,554,901	39,328,298
Issuance of shares	2,168,825	-	-	-	-	2,168,825
Net profit/Total comprehensive income for the year	-	-	-	-	159,100	159,100
At 30 June 2018	49,056,011	(307,138)	(19,524,076)	4,717,425	7,714,001	41,656,223
Net loss/Total comprehensive loss for the year	-	-	-	-	(5,630,604)	(5,630,604)
At 30 June 2019	**49,056,011**	**(307,138)**	**(19,524,076)**	**4,717,425**	**2,083,397**	**36,025,619**

Company	Share capital RM	Treasury shares RM	Accumulated losses RM	Total RM
At 1 July 2017	46,887,186	(307,138)	(3,533,571)	43,046,477
Issuance of shares	2,168,825	-	-	2,168,825
Net loss/Total comprehensive loss for the year	-	-	(2,561,843)	(2,561,843)
At 30 June 2018	49,056,011	(307,138)	(6,095,414)	42,653,459
Net loss/Total comprehensive loss for the year	-	-	(1,146,205)	(1,146,205)
At 30 June 2019	**49,056,011**	**(307,138)**	**(7,241,619)**	**41,507,254**

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

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from/(used in) operating activities				
(Loss)/Profit before tax	**(5,791,788)**	1,518,592	**(1,146,205)**	(2,561,843)
Adjustments for:				
Allowance for expected credit losses no longer required	**(11,829)**	-	**-**	-
Allowance for expected credit losses	**158,810**	24,649	**-**	-
Allowance for slow moving inventories	**129,082**	391,898	**-**	-
Bad debts written off	**-**	220,534	**-**	-
Changes in fair value on amount due from an associate	**389,728**	80,455	**-**	-
Depreciation	**1,619,819**	1,604,815	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**-**	1,082,299
Gain on disposal of plant and equipment	**(5,998)**	-	**-**	-
Interest income	**(351,307)**	(277,108)	**-**	-
Interest expense	**1,709,074**	1,171,231	**-**	-
Inventories written down	**199,660**	14,590	**-**	-
Plant and equipment written off	**2,021**	-	**-**	-
Realised (gain)/loss on foreign exchange - cash and cash equivalents	**(1,517)**	9,923	**-**	-
Share of loss of an associate	**129,370**	606,574	**-**	-
Unrealised (gain)/loss on foreign exchange	**(29,110)**	345,143	**-**	-
Operating (loss)/profit before working capital changes	**(1,853,985)**	5,711,296	**(1,146,205)**	(1,479,544)
Decrease/(Increase) in inventories	**5,039,854**	(10,534,522)	**-**	-
(Increase)/Decrease in contract assets	**(269,000)**	5,733,195	**-**	-
Decrease in contract costs	**170,033**	28,281	**-**	-
Decrease/(Increase) in trade and other receivables	**2,902,983**	1,785,070	**(848,838)**	5,699
Decrease in contract liabilities	**(6,770,123)**	(3,951,499)	**-**	-
Increase/(Decrease) in trade and other payables	**2,863,506**	9,877,714	**(60,502)**	113,269
Cash generated from/(used in) operations	**2,083,268**	8,649,535	**(2,055,545)**	(1,360,576)
Income tax paid	**(674,190)**	(1,503,021)	**-**	-
Income tax refunded	**133,068**	414,074	**-**	28,710
Net cash generated from/(used in) operating activities	**1,542,146**	7,560,588	**(2,055,545)**	(1,331,866)

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

STATEMENTS OF CASH FLOWS (CONT'D)

For the year ended 30 June 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from/(used in) investing activities				
Advances to an associate	**(3,248,066)**	(2,458,986)	**-**	(8,424)
Decrease in fixed deposit pledged	**723,441**	-	**-**	-
Interest received	**351,307**	247,147	**-**	-
Proceeds from disposal of plant and equipment	**5,999**	-	**-**	-
Purchase of plant and equipment	**(1,679,276)**	(2,602,019)	**-**	-
Repayments from/(Advances to) subsidiaries	**-**	-	**2,071,455**	(833,349)
Net cash (used in)/from investing activities	**(3,846,595)**	(4,813,858)	**2,071,455**	(841,773)
Cash flows from/(used in) financing activities				
Interest paid	**(2,382,149)**	(2,163,710)	**-**	-
Proceeds from				
- issuance of shares	**-**	2,168,825	**-**	2,168,825
- bankers' acceptances	**4,676,000**	-	**-**	-
- term loans	**1,000,000**	1,000,000	**-**	-
Repayments of				
- back to back loan arrangement with a company in which a director has interest	**(203,970)**	(233,458)	**-**	-
- bankers' acceptances	**-**	(376,000)	**-**	-
- bridging loans	**(1,353,457)**	(6,556,917)	**-**	-
- hire purchases liabilities	**(507,378)**	(359,246)	**-**	-
- term loans	**(728,023)**	(475,720)	**-**	-
Net cash from/(used in) financing activities	**501,023**	(6,996,226)	**-**	2,168,825
Net (decrease)/increase in cash an cash equivalents	**(1,803,426)**	(4,249,496)	**15,910**	(4,814)
Cash and cash equivalents at beginning of year	**(3,379,630)**	879,789	**5,606**	10,420
Effect of exchange differences	**1,517**	(9,923)	**-**	-
Cash and cash equivalents at end of year	**(5,181,539)**	(3,379,630)	**21,516**	5,606
Cash and cash equivalents comprise:				
Cash and bank balances	**773,849**	521,662	**21,516**	5,606
Fixed deposits with licensed banks	**283,610**	1,007,051	**-**	-
Bank overdrafts	**(5,955,388)**	(3,901,292)	**-**	-
	(4,897,929)	(2,372,579)	**21,516**	5,606
Less: Fixed deposits pledged	**(283,610)**	(1,007,051)	**-**	-
	(5,181,539)	(3,379,630)	**21,516**	5,606

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

STATEMENTS OF CASH FLOWS (CONT'D)

For the year ended 30 June 2019

Reconciliation of liabilities arising from financing activities

Group	1.7.2018 RM	Cash flows RM	Non cash changes RM	30.6.2019 RM
Bankers' acceptances	4,024,000	4,676,000	-	**8,700,000**
Back to back arrangement with a company in which a director has interest	2,526,768	(203,970)	-	**2,322,798**
Bridging loans	9,445,983	(1,353,457)	-	**8,092,526**
Hire purchase liabilities	1,339,356	(507,378)	860,588	**1,692,566**
Term loans	6,424,886	271,977	-	**6,696,863**
Total liabilities from financing activities	23,760,993	2,883,172	860,588	**27,504,753**

Group	1.7.2017 RM	Cash flows RM	Non cash changes RM	30.6.2018 RM
Bankers' acceptances	4,400,000	(376,000)	-	4,024,000
Back to back arrangement with a company in which a director has interest	2,760,226	(233,458)	-	2,526,768
Bridging loans	16,002,900	(6,556,917)	-	9,445,983
Hire purchase liabilities	1,418,602	(359,246)	280,000	1,339,356
Term loans	5,900,606	524,280	-	6,424,886
Total liabilities from financing activities	30,482,334	(7,001,341)	280,000	23,760,993

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

1. GENERAL INFORMATION

The Company is principally involved in investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 12.

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

The registered office 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 were approved and authorised for issue by the board of directors on 8 October 2019.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards ("MFRS").

The financial statements of the Group and of the Company also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised in Note 2.2.2.

These are the first financial statements prepared in accordance with MFRS. In the previous years, the financial statements were prepared in accordance with the Financial Reporting Standards in Malaysia. The first-time adoption of MFRS does not have any significant impact on previously reported financial positions, financial performance and cash flows other than as disclosed in Note 36.

In accordance with MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, the Group and the Company presented their opening MFRS statements of financial position at 1 July 2017 (date of transition to MFRS) together with their underlying notes in this first set of financial statements prepared in accordance with the MFRS.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group upon their initial application other than following:

(i) MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019)

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemptions for lessees – leases of low value assets and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.1 Basis of accounting (Cont'd)

(i) MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019) (Cont'd)

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases which is operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted.

(ii) IFRIC Tentative Agenda Decision ("TAD") – Over time transfer of constructed goods, which may have impact on the Group's financial statements on adoption

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in MFRS 123 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded on 20 March 2019 that, in the fact pattern described in the request:

a) Any receivable and contract asset that the entity recognises is not a qualifying asset; and
b) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The Malaysian Accounting Standards Board announced on 20 March 2019 that an entity shall apply the change in accounting policies as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of making an assessment of the financial impact that may arise from the adoption of above new standard and the agenda decision.

2.2.2 Significant accounting policies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the reporting periods in which the costs are incurred and the services are received.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is loss. Subsequently, it is accounted for as equity accounted investee or as an equity investment at fair value depending on the level of influence retained.

Business Combination - Reverse Acquisition

For business combination, one of the entities shall be identified as the acquirer. In a reverse acquisition, the legal acquirer is identified as the acquiree for accounting purposes. Consolidated financial statements prepared following a reverse acquisition are issued under the name of legal acquirer (accounting acquiree) but described as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. Comparative information presented in the consolidated financial statements is also retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or service taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Revenue from contracts with customers (Cont'd)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

(ii) Exchange rates

The principal exchange rates for every unit of foreign currency used are as follows:

	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Chinese Renminbi	**0.6040**	0.6175	0.6332
Euro	**4.6745**	4.6545	4.9867
Singapore Dollar	**3.0495**	2.9748	3.1188
United States Dollar	**4.1815**	3.9825	4.2940

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Employee benefits

(i) Short term benefits

Wages, allowances, salaries, bonuses and social security contributions are recognised as an expense in the reporting period 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. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised as an expense in profit or loss as incurred.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Impairment of non-financial assets

The carrying amount of assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which they arise.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

The Group adopted the revaluation method to measure its entire class of leasehold land and buildings of its manufacturing business segment. These leasehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. These leasehold land and buildings are revalued at a regular interval of every five (5) years with additional valuations in the interval years where market conditions indicate that the carrying amounts of these properties materially differ from the market value.

An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity under revaluation reserve. Any decrease arising is first offset against the revaluation surplus on an earlier valuation in respect of the same property and thereafter charged to profit or loss.

Any revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously charged as an expense. Upon the disposal of the revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

Any accumulated depreciation and impairment losses as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

No depreciation is provided on assets under construction until the asset is ready for intended use.

Depreciation on other property, plant and equipment is calculated on a straight line basis to write off the cost of each asset to its residual value over the following estimated useful lives:

Leasehold land and factory buildings	1.25% - 2%
Office building	2%
Furniture, fittings and equipment	8% - 20%
Motor vehicles	20%
Plant and machinery	10% - 20%
Renovation and signboards	10%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the rights, or exposed, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Investment in an associate

An associate is a company in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The Group's investment in associates is accounted for under the equity method of accounting based on the audited or management financial statements of the associates made up to the reporting date. Under this method of accounting, the investment in an associate is measured in the consolidated statement of financial position at cost plus the Group's post acquisition share of the associate's profit or loss and other comprehensive income while dividend received is reflected as a reduction of the investment.

Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associates' profit or loss in the reporting period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of the associates to ensure consistency of accounting policies with the Group.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

Inventories

(i) Property development

Properties held for 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 the lower of cost and net realisable value.

Properties held for development is reclassified as current assets at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. These assets are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Property development costs of unsold units are transferred to completed development units once the development is completed.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Inventories (Cont'd)

(ii) Manufacturing

Inventories comprising raw materials, work in progress, finished goods and production supplies are stated at the lower of cost and net realisable value. Cost of inventories is determined on a first in, first out basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost of raw materials and production supplies comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprise the cost of raw materials used, direct labour, other direct costs and appropriate production overheads.

Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In the case of property development, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment losses, if any.

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. In the case of property development, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

Contract costs

(i) Contract fulfilment costs

A contract cost that relate directly to a contract or to an anticipated contract is recognised as an asset when the cost generates or enhances resources of the Group that will be used in satisfying performance obligations in the future and it is expected to be recovered.

(ii) Incremental cost of obtaining a contract

Incremental costs of obtaining a contract for the sale of development properties are capitalised as contract costs only if:

(a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify;
(b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) these costs are expected to be recovered.

Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Leases

Assets acquired under leases which transfer substantially all the risks and rewards incidental to ownership of the assets are recognised under properties, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

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

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised in profit or loss on a straight line basis over the terms of the relevant lease.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight line basis over the lease term.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows: and

(b) the 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.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

(ii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

(a) contingent consideration of an acquirer in a business combination;
(b) financial guarantee contracts;
(c) loan commitments;
(d) designated at fair value through profit or loss; or
(e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if sold or reissued, is recognised in equity.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Expected credit losses

The Group recognises an allowance for expected credit losses ("ECL") on the following items:

(a) financial assets at amortised cost; and
(b) contract assets.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Where appropriate, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Low credit risk

A financial instrument is determined to have low credit risk if:

(a) the financial instrument has a low risk of default;
(b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
(c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

Significant increase in credit risk

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Expected credit losses (Cont'd)

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Definition of default

The Group considers a debt instrument to be in default when:

(a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or

(b) The financial asset is more than 90 days past due.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

(a) Significant financial difficulties of the debtor;
(b) A breach of contract, such as a default or past due event;
(c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
(d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
(e) Disappearance of an active market for that financial asset because of financial difficulties.

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

(a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
(b) Held primarily for the purpose of trading;
(c) Expected to be realised within twelve months after the reporting period, or
(d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(a) It is expected to be settled in the normal operating cycle;
(b) It is held primarily for the purpose of trading;
(c) It is due to be settled within twelve months after the reporting period; or
(d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis of preparation of the financial statements (Cont'd)

2.2.2 Significant accounting policies (Cont'd)

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of fixed deposits pledged and bank overdrafts.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is 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.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(i) Impairment of non financial assets

The Group assesses impairment of property, plant and equipment when events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the assets.

(ii) Recognition of development property revenue and cost

Property development revenue is recognised over time by selecting an appropriate method for measuring the Group's progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured using an input method, by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract.

Significant judgement is required in determining the progress based on actual cost incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example scope of work and costs to completion. In making the judgements, the Group evaluates based on past experience.

(iii) Net realisable value of inventories

The Group writes down inventories based on an assessment of the recoverability of the inventories through sales. Write downs are applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable. Significant judgement is required in determining the net realisable value of the inventories.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(iv) Measurement of ECL allowance for financial assets

The Group uses a provision matrix to calculate ECLs for trade receivables. The loss allowances or provision for financial assets are based on assumptions about risk of default and expected loss rates for groupings of customer segments. The Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical observed default rates as well as forward looking estimates at the end of reporting period.

(v) Assessment of ability to continue as a going concern

The Group incurred a total comprehensive loss of RM5,630,604 during the reporting period ended 30 June 2019. The less than desirable level of take up rate for property units developed by the Group has resulted in high level of inventories being carried.

At 30 June 2019, the Group also has contractual debt payment obligations to its financial institution lenders of RM23,719,033 that are due within the next 12 months.

The financial statements have been prepared on a going concern basis. In making the assessment that the Group is a going concern, the directors have considered the Group's cash flows requirements and the available resources to support the assertion that the Group will have sufficient funds to continue for a period of at least 12 months from the reporting date.

4. REVENUE

4.1 Disaggregation of revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Type of goods and services				
Property development activities				
- sale of development properties	**10,678,299**	19,115,376	**-**	-
- sale of completed properties	**805,487**	1,302,400	**-**	-
Management fees	**-**	-	**805,000**	420,000
Sale of manufactured goods	**34,031,658**	33,496,588	**-**	-
Sale of trading goods	**3,185,423**	3,598,194	**-**	-
Total revenue from contracts with customers	**48,700,867**	57,512,558	**805,000**	420,000

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Geographical markets				
Africa	**176,896**	212,443	**-**	-
Asia	**8,743,459**	9,094,544	**-**	-
Middle East	**1,625,885**	1,281,518	**-**	-
Oceania	**3,675,012**	2,970,393	**-**	-
Malaysia	**34,180,529**	43,928,871	**805,000**	420,000
Others	**299,086**	24,789	**-**	-
Total revenue from contracts with customers	**48,700,867**	57,512,558	**805,000**	420,000

4. REVENUE (Cont'd)

4.1 Disaggregation of revenue (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Timing of revenue recognition				
Goods transferred at a point in time	**38,022,568**	38,397,182	**-**	-
Goods transferred over time	**10,678,299**	19,115,376	**-**	-
Services transferred over time	**-**	-	**805,000**	420,000
Total revenue from contracts with customers	**48,700,867**	57,512,558	**805,000**	420,000

4.2 Performance obligations

Segment	Nature of goods or services	Timing of transfer of goods or services	Significant payment terms	Warranty
Property development	Sale of development properties	Revenue is recognised over time using input method on the basis of the actual property development costs incurred to date to the estimated total property development costs	Generally due within 14 days from invoice date	Defect liability covers a period of 12 calendar months after issuance of notice of delivery of vacant possession to the customers
Property development	Sale of completed properties	Revenue is recognised at a point in time, when the control of the properties has been transferred and delivered to the purchasers	Generally due within 14 days from invoice date	Defect liability covers a period of 12 calendar months after issuance of notice of delivery of vacant possession to the customers
Manufacturing	Sale of manufactured goods	Revenue is recognised upon delivery of products	Generally due within 30 to 120 days from invoice date	Not applicable
Trading	Sale of trading goods	Revenue is recognised upon delivery of goods	Generally due within 30 to 120 days from invoice date	Not applicable
Others	Management fees	Revenue is recognised over time when subsidiaries simultaneously receive and consume the benefits	Generally due within 120 days from invoice date	Not applicable

4.3 Transaction price allocated to the remaining performance obligations

For practical expediency, no information is provided on the remaining performance obligation at the reporting date that have an original expected duration of one year or less as allowed under the paragraph 121(a) of MFRS 15.

The transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as of 30 June 2018 and 1 July 2017 is not disclosed using the transition provision in paragraph C5(d) of MFRS 15.

4.4 Financing components

The Group does not have any contract where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

5. STAFF COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Defined contribution plan	**863,561**	904,037	**186,532**	165,018
Other employees related expenses	**258,280**	321,430	**11,129**	8,756
Salaries, wages, bonus and allowances	**10,370,136**	10,426,059	**1,510,799**	1,381,176
	11,491,977	11,651,526	**1,708,460**	1,554,950

The remuneration received and receivable by the directors of the Company during the reporting period are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors:				
Remuneration other than fees	**1,728,043**	1,504,853	**1,099,657**	1,020,505
Fees	**92,000**	92,000	**92,000**	92,000
	1,820,043	1,596,853	**1,191,657**	1,112,505
Non executive directors:				
Remuneration other than fees	**35,600**	28,500	**35,600**	28,500
Fees				
- current year	**149,000**	149,000	**149,000**	149,000
- prior years	**-**	20,000	**-**	20,000
	184,600	197,500	**184,600**	197,500
Total	**2,004,643**	1,794,353	**1,376,257**	1,310,005

6. (LOSS)/PROFIT FROM OPERATIONS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit operations is arrived at after charging/(crediting):				
Allowance for slow moving inventories	**129,082**	391,898	**-**	-
Auditors' remuneration				
- statutory				
- current year	**110,750**	116,000	**48,500**	45,500
- under provision in prior years	**-**	13,500	**-**	13,500
- non statutory				
- current year	**20,000**	32,000	**12,000**	29,000
- under provision in prior years	**-**	3,000	**-**	3,000

6. (LOSS)/PROFIT FROM OPERATIONS (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bad debts written off	**-**	220,534	**-**	-
Changes in fair value on amount due from an associate	**389,728**	80,455	**-**	-
Gain on disposal of plant and equipment	**(5,998)**	-	**-**	-
Inventories written down	**199,660**	14,590	**-**	-
Loss/(Gain) on foreign exchange				
- realised	**75,637**	(49,564)	**-**	-
- unrealised	**(29,110)**	355,066	**-**	-
Operating lease expense				
- office equipment	**3,168**	3,170	**-**	-
- premises	**73,595**	67,600	**36,000**	36,000
Plant and equipment written off	**2,021**	-	**-**	-
Rental income				
- premises	**(356,400)**	(305,100)	**(32,400)**	(8,100)
- motor vehicles	**-**	(3,000)	**-**	-

7. FINANCE INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income from				
- advances to an associate	**326,075**	191,861	**-**	-
- fixed deposits with licensed banks	**22,182**	29,961	**-**	-
- housing development accounts	**3,050**	3,502	**-**	-
- back to back arrangement (Note 27)	**-**	51,784	**-**	-
	351,307	277,108	**-**	-

8. FINANCE COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expense on				
- back to back arrangement (Note 27)	**245,253**	252,477	-	-
- bank overdrafts	**565,528**	129,736	-	-
- bankers' acceptances	**302,576**	243,635	-	-
- bridging loans	**673,075**	992,479	-	-
- hire purchase liabilities	**116,217**	86,695	-	-
- term loans	**479,500**	458,688	-	-
Bank charges	**-**	219	-	-
	2,382,149	2,163,929	-	-
Less: Interest capitalised under property development assets	**(673,075)**	(992,479)	-	-
	1,709,074	1,171,450	-	-

9. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Expected income tax payable				
- current year	**(237,401)**	(1,769,557)	-	-
- over provision in prior years	**207,889**	750,957	-	-
Deferred tax (Note 14)				
- current year	**193,696**	101,866	-	-
- under provision in prior years	**(3,000)**	(442,758)	-	-
	161,184	(1,359,492)	-	-

9. INCOME TAX EXPENSE (Cont'd)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before tax	**(5,791,788)**	1,518,592	**(1,146,205)**	(2,561,843)
Taxation at statutory tax rate of 24% (2018: 24%)	**1,390,000**	(364,000)	**275,000**	615,000
Expenses not deductible for tax purposes	**(500,160)**	(738,691)	**(58,000)**	(319,000)
Deferred tax assets not recognised	**(933,545)**	(565,000)	**(217,000)**	(296,000)
Over/(Under) provision in prior years				
- income tax	**207,889**	750,957	**-**	-
- deferred tax	**(3,000)**	(442,758)	**-**	-
	161,184	(1,359,492)	**-**	-

10. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per ordinary share is calculated based on the net (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	2019 RM	2018 RM
Net (loss)/profit attributable to owners of the Company	**(5,630,604)**	159,100
Weighted average number of ordinary shares in issue (net of treasury shares held)	**95,428,400**	89,644,867
Basic (loss)/earnings per ordinary share (sen)	**(5.90)**	0.18

Diluted

Diluted loss per share are not presented in the financial statements since there are no dilutive potential ordinary shares as at 30 June 2019 and 30 June 2018.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land (at valuation) RM	Short term leasehold land (at valuation) RM	Long term leasehold land and factory buildings (at valuation) RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Buildings under construction RM	Renovation and signboards RM	Total RM
Cost (unless otherwise indicated)										
At 1 July 2017	410,000	3,710,000	15,042,405	2,300,000	2,865,657	1,915,224	27,805,803	-	365,088	54,414,177
Additions	-	-	-	-	125,165	-	1,482,247	2,306,067	-	3,913,479
Write offs	-	-	-	-	-	-	(152,132)	-	-	(152,132)
At 30 June 2018	410,000	3,710,000	15,042,405	2,300,000	2,990,822	1,915,224	29,135,918	2,306,067	365,088	58,175,524
Additions	-	-	353,707	-	181,219	60,000	967,428	-	-	1,562,354
Disposals	-	-	-	-	-	(83,400)	-	-	-	(83,400)
Reclassification	-	-	2,306,067	-	-	-	-	(2,306,067)	-	-
Write offs	-	-	-	-	(1,729,273)	(69,428)	(19,999,068)		(30,538)	(21,828,307)
At 30 June 2019	**410,000**	**3,710,000**	**17,702,179**	**2,300,000**	**1,442,768**	**1,822,396**	**10,104,278**	**-**	**334,550**	**37,826,171**
Accumulated depreciation										
At 1 July 2017	816	15,840	87,243	53,667	2,183,395	1,444,341	24,257,906	-	54,970	28,098,178
Charge for the year	4,895	95,043	269,599	46,000	131,671	158,325	865,827	-	33,455	1,604,815
Write offs	-	-	-	-	-	-	(152,132)	-	-	(152,132)
At 30 June 2018	5,711	110,883	356,842	99,667	2,315,066	1,602,666	24,971,601	-	88,425	29,550,861
Charge for the year	4,895	95,043	304,882	46,000	140,865	130,392	864,287	-	33,455	1,619,819
Disposals	-	-	-	-	-	(83,399)	-	-	-	(83,399)
Write offs	-	-	-	-	(1,728,751)	(69,420)	(19,997,584)	-	(30,531)	(21,826,286)
At 30 June 2019	**10,606**	**205,926**	**661,724**	**145,667**	**727,180**	**1,580,239**	**5,838,304**	**-**	**91,349**	**9,260,995**

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

	Long term leasehold land (at valuation) RM	Short term leasehold land (at valuation) RM	Long term leasehold land and factory buildings (at valuation) RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Buildings under construction RM	Renovation and signboards RM	Total RM
Carrying amount										
At 30 June 2019	**399,394**	**3,504,074**	**17,040,455**	**2,154,333**	**715,588**	**242,157**	**4,265,974**	**-**	**243,201**	**28,565,176**
At 30 June 2018	404,289	3,599,117	14,685,563	2,200,333	675,756	312,558	4,164,317	2,306,067	276,663	28,624,663
At 1 July 2017	409,184	3,694,160	14,955,162	2,246,333	682,262	470,883	3,547,897	-	310,118	26,315,999

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

At the reporting date:

(i) The property, plant and equipment of the Group which have been charged as collaterals to secure the banking facilities and term loans referred to in Note 25 are as follows:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Carrying amount			
Leasehold land	**9,017,021**	9,274,594	9,207,155
Leasehold buildings	**11,437,508**	9,010,086	9,442,167
Office buildings	**2,154,333**	2,200,333	2,246,333
	22,608,862	20,485,013	20,895,655

(ii) Included under property, plant and equipment are asset items with carrying amount of RM2,355,326 (30.6.2018: RM1,847,657; 1.7.2017: RM1,838,816) acquired under hire purchase arrangements.

During the reporting period, cash payments made to purchase plant and equipment are as follows:

	Group	
	1.7.2018 to 30.6.2019 RM	1.7.2017 to 30.6.2018 RM
Total additions	1,562,354	3,913,479
Additions through:		
- hire purchase	(860,588)	(280,000)
- other payables	(53,950)	(1,031,460)
	647,816	2,602,019
Payments made for previous year acquisitions	1,031,460	-
Cash payments	1,679,276	2,602,019

11.1 Revaluation

The leasehold land and buildings for the manufacturing business segment of the Group were revalued in April 2017 by the directors based upon valuations carried out by independent professional valuers using the fair value method which is determined by reference to "Comparison Method", "Depreciation Replacement Cost" and "Cost Method" basis.

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.

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

11.1 Revaluation (Cont'd)

Had the leasehold land and buildings been carried at historical cost, the carrying amount that would have been included in the financial statements of the Group as at reporting date would be as follows:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Long-term leasehold land			
At cost	**350,000**	350,000	350,000
Less: Accumulated depreciation	**(29,446)**	(25,340)	(21,235)
Carrying amount	**320,554**	324,660	328,765
Short-term leasehold land			
At cost	**2,560,000**	2,560,000	2,560,000
Less: Accumulated depreciation	**(418,118)**	(359,850)	(301,582)
Carrying amount	**2,141,882**	2,200,150	2,258,418
Factory buildings			
At cost	**11,730,774**	9,071,000	9,071,000
Less: Accumulated depreciation	**(1,449,745)**	(1,220,974)	(1,027,485)
Carrying amount	**10,281,029**	7,850,026	8,043,515
Total carrying amount	**12,743,465**	10,374,836	10,630,698

11.2 Impairment review of property, plant and equipment

In the current reporting period

The recoverable amount of the property, plant and equipment of the manufacturing business segment is determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a five-year period and the following are the key assumptions:

i) The discount rates used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the business segment at rate of 8.2%.

ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the property, plant and equipment to materially exceed its recoverable amount.

In the previous reporting period

The manufacturing business segment has been making losses for the past few reporting periods, which is considered as a triggering event for impairment review on the business segment's property, plant and equipment.

The recoverable amount of the property, plant and equipment is determined from a value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates and expected changes in sales volume and fixed and variable costs. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risk specific to this business segment. These calculations use a five-year pre-tax cash flow projection based on financial budgets prepared by management. The pre-tax rate used to discount the forecasted cash flows is 7.89%.

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

11.2 Impairment review of property, plant and equipment (Cont'd)

In the previous reporting period (Cont'd)

Management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the property, plant and equipment to materially exceed its recoverable amount.

12. INVESTMENT IN SUBSIDIARIES

	Company 30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Unquoted shares, at cost			
At beginning/end of year	**21,924,076**	21,924,076	
Accumulated impairment losses			
At beginning of year	**1,082,299**	-	
Impairment for the year	**-**	1,082,299	
At end of year	**1,082,299**	1,082,299	
Carrying amount	**20,841,777**	20,841,777	21,924,076

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective and voting interest 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal activities
Subsidiaries of the Company					
Scanwolf Plastic Industries Sdn Bhd ("SPI")	Malaysia	100	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	100	Property development
Subsidiary of Scanwolf Plastic Industries Sdn Bhd					
Scanwolf Construction Sdn Bhd	Malaysia	-	100	100	Sales and marketing of PVC extruded building materials, trading of other building materials and manufacturing of foam profile

12. INVESTMENT IN SUBSIDIARIES (Cont'd)

	Country of incorporation	Group's effective and voting interest 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal activities
Subsidiary of Scanwolf Properties Sdn Bhd					
Scanwolf Development Sdn Bhd	Malaysia	100	100	100	Property development

12.1 Strike off of a subsidiary and subscription of shares in a subsidiary

During the reporting period, Scanwolf Construction Sdn Bhd has been struck off from the register of the Companies Commission of Malaysia.

In the previous reporting period, Scanwolf Properties Sdn Bhd had further subscribed for an additional 1,250,000 ordinary shares in its subsidiary, Scanwolf Development Sdn Bhd ("SDSB") for a total consideration of RM1,250,000. The equity interest of the Group in SDSB remained unchanged.

12.2 Impairment review of investment in subsidiaries

In the current reporting period

SPI has been making losses for the past few reporting periods which is considered as a triggering event for impairment review on the investment cost in SPI amounting to RM21,824,076. The recoverable amount of the investment cost is determined using SPI as a cash generating unit ("CGU").

Recognising that the recoverable amount of the investment cost is determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a five year period and the following are the key assumptions:

i) The discount rates used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the SPI at rate of 8.2%.

ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the investment cost of SPI to materially exceed its recoverable amount.

In the previous reporting period

SPI has been making losses for the past few reporting periods which is considered as a triggering event for impairment review on the investment cost in SPI amounting to RM21,824,076 (1.7.2017: RM21,824,076). The recoverable amount of the investment cost is determined using SPI as a CGU.

Recognising that the recoverable amount of the investment cost is sensitive to changes in assumptions over future discount rates and cash flow projections which require judgement, the directors have performed a detailed impairment review to determine that the judgement used are consistent with both market and operating model.

12. INVESTMENT IN SUBSIDIARIES (Cont'd)

12.2 Impairment review of investment in subsidiaries (Cont'd)

In the previous reporting period (Cont'd)

Based on review, the Company recognised an impairment loss of RM1,082,299 in previous reporting period.

The principal assumptions used for the impairment review are as follows:

- Discount rate – a pre-tax discount rate of 7.89% was used in the calculation of recoverable amount that reflects the current market assessment and the risks specific to SPI.
- Revenue growth rate – based on management's expectations of revenue, drawing from the past experience and current assessment of the market growth.
- Variable factory overhead – estimated after taking into account of the related production volume, production efficiency and reasonable increment rates.
- Fixed operating costs (include fixed factory overhead, administrative and marketing expenses) – mostly constant but reflect inflation effects in activity level.

13. INVESTMENT IN AN ASSOCIATE

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Unquoted shares, at cost	**872,500**	872,500	
Share in post acquisition loss of associate	**(872,500)**	(743,130)	
Carrying amount, representing share of net assets	**-**	129,370	212,444

The details of the associate are as follows:

	Country of incorporation	Group's effective and voting interest 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal activities
Held through Scanwolf Plastic Industries Sdn Bhd					
Scanwolf Flooring Industries Sdn Bhd (formerly known as Nissha Flooring Industries Sdn Bhd)	Malaysia	35	35	35	Manufacturing of plastic related products, in particular luxury vinyl titles, calendar moulding related products, construction materials and its related products

In previous reporting period, SPI further subscribed for an additional 523,500 ordinary shares in Scanwolf Flooring Industries Sdn Bhd ("SFI") by setting off the amount due by the associate of RM523,500. The equity interest of the Group in SFI remained unchanged.

The financial year end of the associate is 31 December. This was reporting date established when the associate was incorporated. For the purpose of applying the equity method of accounting, appropriate adjustments have been made for the effects of significant transactions made up until 30 June.

14. DEFERRED TAX ASSETS/LIABILITIES

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
At beginning of the year	**(304,074)**	36,818	
Recognised in profit or loss (Note 9)			
- current year	**193,696**	101,866	
- under provision in prior years	**(3,000)**	(442,758)	
	190,696	(340,892)	
At end of the year	**(113,378)**	(304,074)	36,818

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Deferred tax assets	**3,182,721**	2,912,857	2,792,660
Deferred tax liabilities	**(3,296,099)**	(3,216,931)	(2,755,842)
	(113,378)	(304,074)	36,818
Presented after appropriate offsetting as follows:			
Deferred tax assets	**(1,483,221)**	(1,333,766)	(1,719,794)
Deferred tax liabilities	**(1,596,599)**	(1,637,840)	(1,682,976)

Deferred tax assets of the Group and the Company are in respect of the following:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Gross:			
Unabsorbed business loss to be utilised up to the financial year ending			
- no expiry	**-**	4,798,000	3,182,000
- 30 June 2026	**8,798,000**	-	-
Unabsorbed capital allowances	**3,726,200**	2,115,000	1,633,000
Development cost capitalised for tax purposes	**2,035,200**	2,215,658	2,403,525
Unrealised loss on foreign exchange	**-**	355,000	-
Other deductible temporary differences	**5,115,000**	5,260,746	6,374,557
	19,674,200	14,744,404	13,593,082
Less: Deferred tax assets not recognised	**(6,411,000)**	(2,610,000)	(1,957,000)
	13,263,200	12,134,404	11,636,082

14. DEFERRED TAX ASSETS/LIABILITIES (Cont'd)

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Tax effects of:			
Unabsorbed business loss to be utilised up to the financial year ending			
- no expiry	**-**	1,152,000	764,000
- 30 June 2026	**2,111,517**	-	-
Unabsorbed capital allowances	**894,000**	508,000	392,000
Development cost capitalised for tax purposes	**488,000**	531,758	576,846
Unrealised loss on foreign exchange	**-**	85,000	-
Other deductible temporary differences	**1,228,204**	1,263,099	1,529,814
	4,721,721	3,539,857	3,262,660
Less: Deferred tax assets not recognised	**(1,539,000)**	(627,000)	(470,000)
	3,182,721	2,912,857	2,792,660

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Gross:			
Unabsorbed business loss to be utilised up to the financial year ending			
- no expiry	**-**	1,459,000	224,000
- 30 June 2026	**2,364,000**	-	-
	2,364,000	1,459,000	224,000
Less: Deferred tax assets not recognised	**(2,364,000)**	(1,459,000)	(224,000)
	-	-	-
Tax effects of:			
Unabsorbed business loss to be utilised up to the financial year ending			
- no expiry	**-**	350,000	54,000
- 30 June 2026	**567,000**	-	-
	567,000	350,000	54,000
Less: Deferred tax assets not recognised	**(567,000)**	(350,000)	(54,000)
	-	-	-

Portion of the deferred tax assets has not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these benefits.

14. DEFERRED TAX ASSETS/LIABILITIES (Cont'd)

Deferred tax liabilities of the Group are in respect of the following:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Tax effects of:			
Excess of tax capital allowances over related depreciation of property, plant and equipment	**1,694,500**	1,579,091	1,072,866
Unrealised gain on foreign exchange	**5,000**	-	-
Other taxable temporary differences			
- property revaluation reserve	**1,596,599**	1,637,840	1,682,976
	3,296,099	3,216,931	2,755,842

15. INVENTORIES

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Manufacturing:			
- raw materials			
- on hand	**2,143,067**	2,944,574	3,532,528
- in transit	-	168,495	-
- work in progress	**2,092,655**	2,958,304	1,927,836
- finished goods	**2,114,208**	2,790,052	2,167,702
- production supplies	**248,334**	260,715	231,561
	6,598,264	9,122,140	7,859,627
Properties:			
- properties held for development	**10,175,459**	10,149,129	10,111,119
- properties under development	-	43,961,351	35,079,966
- properties held for sale			
- at cost	**49,124,864**	8,238,788	7,452,980
- at net realisable value	**1,292,497**	415,197	262,400
	60,592,820	62,764,465	52,906,465
	67,191,084	71,886,605	60,766,092
Less: non current portion	**(10,175,459)**	(10,149,129)	(10,111,119)
	57,015,625	61,737,476	50,654,973

	Group	
	1.7.2018 to 30.6.2019 RM	1.7.2017 to 30.6.2018 RM
Amount of inventories recognised as an expense	44,289,573	44,742,077

16. CONTRACT ASSETS/LIABILITIES

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Revenue recognised to date	**425,000**	42,400,643	41,669,898
Less: Progress billing issued to date	-	(49,014,766)	(46,502,325)
	425,000	(6,614,123)	(4,832,427)
Contract liabilities	-	6,770,123	10,721,622
Contract assets	**425,000**	156,000	5,889,195

The contract assets primarily relate to the Group's right to consideration for work completed on property development activities but not yet billed at the reporting date. The amount will be billed progressively based on achievement of billing milestones established in the contracts. Conversely, if the Group billed to the contract customers but revenue has yet to be recognised, then the obligation is recognised as contract liabilities.

17. CONTRACT COSTS

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Contract fulfilment costs	-	170,033	198,314

Land and its related development costs that are attributable to the sold units are capitalised as contract fulfilment costs.

Costs to obtain contracts represent incremental sales agent commission fees incurred in obtaining contracts.

Contract costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised.

	Group	
	2019 RM	2018 RM
Amount of contract costs amortised to profit or loss:		
Contract fulfilment costs	**8,039,589**	8,665,285
Costs to obtain contracts	**575,556**	206,273
	8,615,145	8,871,558

18. TRADE RECEIVABLES

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Amount due from an associate	**62,422**	-	-
Third parties	**6,177,467**	8,382,425	15,425,946
	6,239,889	8,382,425	15,425,946
Less: Allowance for expected credit losses	**(171,630)**	(24,649)	(4,665,646)
	6,068,259	8,357,776	10,760,300

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Amount due from subsidiaries	**3,395,844**	2,550,943	-

The normal trade credit terms range from 30 to 120 days (30.6.2018: 30 to 120 days; 1.7.2017: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis. Trade receivables are not secured by any collateral or credit enhancements.

The following table details the credit risk exposure on trade receivables.

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Not impaired or past due	**3,002,545**	3,842,998	6,428,228
1 - 30 days past due not impaired	**1,782,188**	3,197,840	1,075,769
31 - 60 days past due not impaired	**850,890**	711,205	692,478
61 - 90 days past due not impaired	**333,145**	225,460	921,472
More than 90 days past due not impaired	**271,121**	404,922	6,307,999
	6,239,889	8,382,425	15,425,946
Impaired	**(171,630)**	(24,649)	(4,665,646)
	6,068,259	8,357,776	10,760,300

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Not impaired or past due	**275,600**	218,400	-
1 - 30 days past due not impaired	**137,800**	222,600	-
61 - 90 days past due not impaired	**68,900**	-	-
More than 90 days past due not impaired	**2,913,544**	2,109,943	-
	3,395,844	2,550,943	-

18. TRADE RECEIVABLES (Cont'd)

The movements in the allowance for expected credit losses of trade receivables during the reporting period are as follows:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
At beginning of year	**24,649**	4,665,646	
Allowance during the year	**158,810**	24,649	
Allowance no longer required	**(11,829)**	-	
Written off during the year	**-**	(4,665,646)	
	171,630	24,649	4,665,646

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Current:			
Advance payments to suppliers	**-**	459,961	407,189
Amount due from an associate	**5,600**	119,692	-
Deposits	**302,875**	371,074	518,617
Goods and service tax recoverable	**368,730**	453,362	117,313
Non refundable deposits payment for landowner's entitlement	**800,000**	800,000	800,000
Other receivables	**110,885**	114,339	221,564
Prepayments	**333,336**	335,920	584,055
	1,921,426	2,654,348	2,648,738
Less: Allowance for expected credit losses	**-**	-	(52,030)
	1,921,426	2,654,348	2,596,708

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Non current:			
Amount due from an associate	**7,808,983**	4,950,645	3,095,614

The effective interest rate for non current portion of the amount due from an associate is 4.50% (30.6.2018: 4.50%; 1.7.2017: 4.50%).

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

The non current portion of the amount due from an associate is receivable as follows:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Later than 1 year and not later than 2 years	**941,610**	174,500	1,374
Later than 2 years and not later than 5 years	**6,273,720**	4,776,145	3,055,890
Later than 5 years	**593,653**	-	38,350
	7,808,983	4,950,645	3,095,614

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Current:			
Amount due from an associate	**5,600**	8,424	-
Amount due from subsidiaries	**-**	19,664,997	21,382,591
Deposits refundable from			
- a subsidiary	**3,000**	3,000	3,000
- others	**1,000**	1,000	1,000
Goods and service tax recoverable	**6,918**	157	5,856
Prepayments	**9,998**	9,998	9,998
	26,516	19,687,576	21,402,445

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Non current:			
Amount due from subsidiaries	**17,593,542**	-	-

In conformance with the Financial Reporting Standards Implementation Committee ("FRSIC"), FRSIC Consensus 31-Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand by The Malaysian Institute of Accountants on 4 July 2018, amount due from subsidiaries of RM17,593,542 have been presented under non current assets as these advances are not expected to be realised within 12 months after the reporting date.

The movements in the allowance for expected credit losses of other receivables during the reporting period are as follows:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
At beginning of year	-	52,030	
Written off during the year	-	(52,030)	
At end of year	-	-	52,030

20. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks of a subsidiary are pledged to secure bank guarantee facilities.

21. CASH AND BANK BALANCES

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Included under cash and bank balances are:			
- amount held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and restricted from use in other operations	**134,008**	151,150	228,723

22. SHARE CAPITAL

	Group and Company		
	No. of ordinary shares 30.6.2019	No. of ordinary shares 30.6.2018	No. of ordinary shares 1.7.2017
Issued and fully paid:			
At beginning of year	**96,209,300**	87,534,000	
Issuance of shares pursuant to private placement	-	8,675,300	
At end of year	**96,209,300**	96,209,300	87,534,000

	Group and Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Issued and fully paid:			
At beginning of year	**49,056,011**	46,887,186	
Issuance of shares pursuant to private placement	-	2,168,825	
At end of year	**49,056,011**	49,056,011	46,887,186

In the previous reporting period, the Company increased its issued and paid up share capital from RM46,887,186 to RM49,056,011 by way of issuance of 8,675,300 new ordinary shares at an issue price of RM0.25 per share pursuant to a private placement exercise. The shares were issued for working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

23. RESERVES

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Distributable:			
Retained profits	**2,083,397**	7,714,001	7,554,901
Non distributable:			
Revaluation reserve	**4,717,425**	4,717,425	4,717,425
Reverse acquisition reserve	**(19,524,076)**	(19,524,076)	(19,524,076)
Treasury shares	**(307,138)**	(307,138)	(307,138)
	(15,113,789)	(15,113,789)	(15,113,789)
	(13,030,392)	(7,399,788)	(7,558,888)

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Accumulated losses	**(7,241,619)**	(6,095,414)	(3,533,571)
Non distributable:			
Treasury shares	**(307,138)**	(307,138)	(307,138)
	(7,548,757)	(6,402,552)	(3,840,709)

23.1. Revaluation reserve

The revaluation reserve represents revaluation surplus arising from leasehold land and buildings. The revaluation reserve is used to record increase in the fair value of leasehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

23.2 Reserve acquisition reserve

The reserve acquisition reserve arising from the reverse acquisition of the Company by Scanwolf Plastic Industries Sdn Bhd in 2008.

23.3 Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(4)(b) of the Companies Act 2016 and are presented as a deduction from shareholders' equity.

Of total 96,209,300 (30.6.2018: 96,209,300; 1.7.2017: 87,534,000) issued and fully paid ordinary shares as at 30 June 2019, 780,900 (30.6.2018: 780,900; 1.7.2017: 780,900) are held as treasury shares by the Company. As at 30 June 2019, the number of outstanding shares in issue after the setoff is therefore 95,428,400 (30.6.2018: 95,428,400; 1.7.2017: 86,753,100).

24. HIRE PURCHASE LIABILITIES

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Total outstanding	**1,887,979**	1,510,953	1,622,275
Less: Interest in suspense	**(195,413)**	(171,597)	(203,673)
Principal outstanding	**1,692,566**	1,339,356	1,418,602
Portion due within one year	**(523,551)**	(391,845)	(354,719)
Non current portion	**1,169,015**	947,511	1,063,883
The non current portion of the hire purchase obligations is payable as follows:			
Later than 1 year and not later than 2 years	**482,018**	363,292	344,083
Later than 2 years and not later than 5 years	**686,997**	584,219	719,800
	1,169,015	947,511	1,063,883

The weighted average effective interest rate of the hire purchase obligations is 6.56% (30.6.2018: 6.67%; 1.7.2017: 6.58%)

25. BORROWINGS

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Non current:			
Bridging loans	**-**	4,878,555	9,255,046
Term loans	**5,891,156**	5,842,723	5,541,816
	5,891,156	10,721,278	14,796,862
Current:			
Bank overdrafts	**5,955,388**	3,901,292	1,178,699
Bankers' acceptances	**8,700,000**	4,024,000	4,400,000
Bridging loans	**8,092,526**	4,567,428	6,747,854
Term loans	**805,707**	582,163	358,790
	23,553,621	13,074,883	12,685,343
	29,444,777	23,796,161	27,482,205
The non current portion of the borrowings is payable as follows:			
Later than 1 year and not later than 2 years	**859,674**	5,494,341	7,087,901
Later than 2 years and not later than 5 years	**3,629,288**	1,979,305	3,923,207
Later than 5 years	**1,402,194**	3,247,632	3,785,754
	5,891,156	10,721,278	14,796,862

25. BORROWINGS (Cont'd)

The weighted average effective interest rates are as follows:

	Group		
	30.6.2019 %	30.6.2018 %	1.7.2017 %
Bank overdrafts	**7.20**	7.65	7.22
Bankers' acceptances	**4.68**	4.89	4.63
Bridging loans	**8.15**	8.15	7.90
Term loans	**6.89**	5.56	4.29

The borrowings are secured by way of:

(i) the property development assets;
(ii) leasehold land and buildings and office buildings as disclosed in Note 11;
(iii) pledged of fixed deposits with licensed banks as disclosed in Note 20;
(iv) for borrowings of subsidiaries, corporate guarantee by the Company; and
(v) joint and several guarantee by all directors of subsidiaries.

26. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days (30.6.2018: 30 to 120 days; 1.7.2017: 30 to 120 days).

27. OTHER PAYABLES AND ACCRUALS

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Other accruals	**4,095,782**	4,485,740	2,979,318
Accruals of tax penalty	**39,060**	39,610	-
Amount payable for purchase of plant and equipment	**53,950**	1,031,460	-
Amount due to a company in which a director of the Company has interest			
- back to back arrangement	**2,322,798**	2,526,768	2,760,226
- others	**2,882**	-	-
Amount due to a director of subsidiaries	**-**	100,000	-
Deposits received from customers - non refundable	**1,027,129**	1,138,477	767,018
Goods and service tax payable	**-**	-	125,083
Other payables	**1,453,538**	1,892,476	2,055,426
Service tax payable	**111,096**	-	-
Statutory liabilities	**187,877**	196,144	50,737
	9,294,112	11,410,675	8,737,808
Less: non current portion	**(1,063,362)**	(1,287,523)	(1,536,202)
	8,230,750	10,123,152	7,201,606

27. OTHER PAYABLES AND ACCRUALS (Cont'd)

The non current portion of the back to back arrangement is payable as follows

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Later than 1 year and not later than 2 years	**275,975**	265,418	254,773
Later than 2 years and not later than 5 years	**787,387**	877,256	838,392
Later than 5 years	**-**	144,849	443,037
	1,063,362	1,287,523	1,536,202

Back to back arrangement represents term loan and bank overdraft facilities of RM4,500,000 and RM1,000,000 respectively granted to a joint venture partner which were utilised by a subsidiary. Under the arrangement, interest expense arising from the utilisation of such facilities are borne by the subsidiary. These facilities are secured by a charge on 8 completed units of three storey shop office included in inventories with carrying amount of RM4,310,419 (30.6.2018: RM4,310,419; 1.7.2018: RM4,310,419).

The effective interest rates for the back to back arrangement are as follows:

	Group		
	30.6.2019 %	30.6.2018 %	1.7.2017 %
Bank overdraft	**4.98**	4.86	4.60
Term loan	**7.98**	7.85	7.60

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Accruals	**277,500**	316,049	273,000
Other payables	**42,782**	75,052	16,613
Service tax payable	**7,800**	-	-
Statutory liabilities	**43,859**	41,342	29,561
	371,941	432,443	319,174

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

28. SIGNIFICANT RELATED PARTY DISCLOSURES

28.1 Related party transactions

Significant transactions with related parties are as follows:

Name of company	Type of transactions	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
With subsidiaries					
Scanwolf Plastic Industries Sdn Bhd	Management fee income	-	-	**205,000**	120,000
Scanwolf Properties Sdn Bhd	Management fee income	-	-	**180,000**	90,000
	Rental expense	-	-	**36,000**	36,000
Scanwolf Development Sdn Bhd	Management fee income	-	-	**420,000**	210,000
With a company in which a director has interest					
Alma Development (M) Sdn Bhd	Interest expense	**245,253**	252,477	-	-
With a director					
Dato' Loo Bin Keong	Rental expense	**31,800**	30,450	-	-
With an associate					
Scanwolf Flooring Industries Sdn Bhd (formerly known as Nissha Flooring Indusries Sdn Bhd)	Interest income	**326,075**	191,681	-	-
	Rental income	**324,000**	300,000	-	-
	Sales	**52,338**	3,409	-	-
	Purchases	**4,688**	1,000	-	-

28. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

28.2 Related party balances

Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:

Name of company	Type of transactions	Group 30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Financial asset				
With an associate				
Scanwolf Flooring Industries Sdn Bhd (formerly known as Nissha Flooring Industries Sdn Bhd)	Advances	**7,808,983**	4,950,645	3,095,614
	Rental receivable	**5,600**	119,692	-
Financial liabilities				
With a company in which a director has interest				
Alma Development (M) Sdn Bhd	Payments on behalf	**2,882**	-	-
	Loan payable	**2,322,798**	2,526,768	2,760,226
With a director of subsidiaries				
Dato' Lai Kok Heng	Advances	-	100,000	-

Name of company	Type of transactions	Company 30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Financial assets				
With subsidiaries				
Scanwolf Plastic Industries Sdn Bhd	Advances	**5,899,359**	8,265,434	7,336,948
Scanwolf Properties Sdn Bhd	Advances	**10,861,383**	10,839,563	12,235,643
	Refundable deposit	**3,000**	3,000	3,000
Scanwolf Development Sdn Bhd	Advances	**832,800**	560,000	1,810,000
With an associate				
Scanwolf Flooring Industries Sdn Bhd (formerly known as Nissha Flooring Industries Sdn Bhd)	Rental receivable	**5,600**	8,424	-

Other than the loan payable where the terms are disclosed in Note 27, all the other related party balances are unsecured, interest free and receivable/repayable on demand.

28.3 Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 5.

29. EVENT SUBSEQUENT TO THE REPORTING DATE

Subsequent to 30 June 2019, the Group completed the acquisition of the remaining of 1,627,500 ordinary shares, representing 65% equity interest in Scanwolf Flooring Industries Sdn Bhd ("SFI") (formerly known as Nissha Flooring Industries Sdn Bhd), for a cash consideration of RM1. Consequently, SFI became a wholly owned subsidiary of the Group.

30. COMMITMENTS

	Group	
	30.6.2019 RM	30.6.2018 RM
Capital commitments		
Capital expenditure not provided for in the financial statements are as follows:		
Authorised and contracted for	-	53,816
Authorised but not contracted for	-	564,407
	-	618,223
Analysed as follows:		
Property, plant and equipment	-	618,223

31. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their nature of business and has three reportable operating segments as follows:

Business segments

Property development
Manufacturing
Investment and others

The above reportable segments operate in Malaysia.

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.

31. SEGMENTAL INFORMATION (Cont'd)

30.6.2019	Property development RM	Manufacturing RM	Investment and others RM	Elimination RM	Consolidated RM
Revenue					
Revenue from external customers	11,483,786	37,217,081	-	-	48,700,867
Inter-segment revenue	-	-	805,000	(805,000)	-
	11,483,786	37,217,081	805,000	(805,000)	48,700,867
Results					
Loss from operations before finance income	(218,647)	(2,786,108)	(1,152,034)	(147,862)	(4,304,651)
Finance income	25,232	326,075	-	-	351,307
Loss from operations	(193,415)	(2,460,033)	(1,152,034)	(147,862)	(3,953,344)
Finance costs	(347,888)	(1,361,186)	-	-	(1,709,074)
Share in loss of equity accounted associate, net of tax	-	(129,370)	-	-	(129,370)
Loss before tax	(541,303)	(3,950,589)	(1,152,034)	(147,862)	(5,791,788)
Income tax expense	87,058	74,126	-	-	161,184
Net loss for the year	(454,245)	(3,876,463)	(1,152,034)	(147,862)	(5,630,604)
Assets and liabilities					
Segment assets	66,929,125	47,561,550	41,879,195	(41,834,163)	114,535,707
Segment liabilities	62,165,436	36,965,097	371,941	(20,992,386)	78,510,088
Other information					
Additions to non current assets	3,400	1,558,954	-	-	1,562,354
Depreciation	123,723	1,496,096	-	-	1,619,819
Non-cash items other than depreciation and amortisation:					
Allowance for slow moving inventories	-	129,082	-	-	129,082
Changes in fair value on amount due from an associate	-	389,728	-	-	389,728
Inventories written down	199,660	-	-	-	199,660
Net allowances for expected credit losses	-	146,981	-	-	146,981
Plant and equipment written off	-	2,021	-	-	2,021

31. SEGMENTAL INFORMATION (Cont'd)

30.6.2018	Property development RM	Manufacturing RM	Investment and others RM	Elimination RM	Consolidated RM
Revenue					
Revenue from external customers	20,417,776	37,094,782	-	-	57,512,558
Inter-segment revenue	-	-	420,000	(420,000)	-
	20,417,776	37,094,782	420,000	(420,000)	57,512,558
Results					
Profit/(Loss) from operations before finance income	7,788,134	(3,281,307)	(2,569,618)	1,082,299	3,019,508
Finance income	85,247	191,861	-	-	277,108
Profit/(Loss) from operations	7,873,381	(3,089,446)	(2,569,618)	1,082,299	3,296,616
Finance costs	(361,223)	(810,227)	-	-	(1,171,450)
Share in loss of equity accounted associate, net of tax	-	(606,574)	-	-	(606,574)
Profit/(Loss) before tax	7,512,158	(4,506,247)	(2,569,618)	1,082,299	1,518,592
Income tax expense	(1,371,196)	11,704	-	-	(1,359,492)
Net profit/(loss) for the year	6,140,962	(4,494,543)	(2,569,618)	1,082,299	159,100

31. SEGMENTAL INFORMATION (Cont'd)

30.6.2018	Property development RM	Manufacturing RM	Investment and others RM	Elimination RM	Consolidated RM
Assets and liabilities					
Segment assets	71,353,275	48,603,172	43,343,393	(43,411,704)	119,888,136
Segment liabilities	66,135,341	34,130,256	436,243	(22,469,927)	78,231,913
Other information					
Additions to non current assets	1,840	3,911,639	-	-	3,913,479
Depreciation	125,144	1,479,671	-	-	1,604,815
Non-cash items other than depreciation and amortisation:					
Allowance for slow moving inventories	-	391,878	-	-	391,878
Bad debts written off	-	220,534			220,534
Changes in fair value on amount due from an associate	-	80,455	-	-	80,455
Impairment loss on investment in subsidiaries	-		1,082,299	(1,082,299)	-
Inventories written down	14,590	-	-	-	14,590
Net allowances for expected credit losses	-	24,649	-	-	24,649
1.7.2017					
Assets and liabilities					
Segment assets	70,222,154	44,592,323	43,631,543	(43,676,951)	114,769,069
Segment liabilities	71,145,182	25,624,864	323,600	(21,652,875)	75,440,771

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT

32.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Financial assets			
Amortised cost:			
- trade and other receivables	**14,296,602**	13,913,526	14,544,065
- fixed deposits with licensed banks	**283,610**	1,007,051	977,090
- cash and bank balances	**773,849**	521,662	2,058,488
	15,354,061	15,442,239	17,579,643
Financial liabilities			
Amortised cost:			
- borrowings	**29,444,777**	23,796,161	27,482,205
- hire purchase liabilities	**1,692,566**	1,339,356	1,418,602
- trade and other payables			
- non interest bearing	**41,505,825**	39,612,345	29,104,052
- interest bearing	**2,322,798**	2,526,768	2,760,226
	74,965,966	67,274,630	60,765,085

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Financial assets			
Amortised cost:			
- trade and other receivables	**20,998,986**	22,228,364	21,386,591
- cash and bank balances	**21,516**	5,606	10,420
	21,020,502	22,233,970	21,397,011
Financial liabilities			
Amortised cost:			
- other payables	**320,282**	391,101	289,613

32.2 Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

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

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (Cont'd)

32.2 Financial risk management objectives and policies (Cont'd)

Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with its expected cash flows arising from sales and purchases give rise to foreign exchange exposures.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-functional Currencies				
Functional currency of the Group	Chinese Renminbi RM	Euro RM	Singapore Dollar RM	United States Dollar RM	Net RM
30.6.2019					
Ringgit Malaysia	**(125,000)**	**(4,000)**	**42,000**	**1,601,000**	**1,514,000**
30.6.2018					
Ringgit Malaysia	(1,000)	(346,000)	29,000	1,691,000	1,373,000
1.7.2017					
Ringgit Malaysia	(41,000)	121,000	277,000	2,986,000	3,343,000

There is no such exposure for the Company.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective functional currencies of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the respective functional currencies of the Group, profitability before tax will (decrease)/increase by:

	Group	
	2019 RM	2018 RM
Chinese Renminbi	**(12,500)**	(100)
Euro	**(400)**	(34,600)
Singapore Dollar	**4,200**	2,900
United States Dollar	**160,100**	169,100

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (Cont'd)

32.2 Financial risk management objectives and policies (Cont'd)

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below have been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A change of 50 basis points in interest rate with all other variables being held constant would have increased or decreased the Group's profitability before tax by RM167,000 (2018: RM138,000).

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finance their operations by a combination of equity and bank borrowings.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (Cont'd)

32.2 Financial risk management objectives and policies (Cont'd)

Liquidity risk management (Cont'd)

Group	Carrying amount RM	Contractual cash flows (including interest payments) Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
30.6.2019						
Non interest bearing debts	**41,505,825**	**41,505,825**	**41,505,825**	**-**	**-**	**-**
Interest bearing debts	**33,460,141**	**37,561,365**	**26,670,260**	**2,206,827**	**6,142,286**	**2,541,992**
	74,965,966	**79,067,190**	**68,176,085**	**2,206,827**	**6,142,286**	**2,541,992**
30.6.2018						
Non interest bearing debts	39,612,345	39,612,345	39,612,345	-	-	-
Interest bearing debts	27,662,285	32,779,759	15,863,236	7,401,944	4,820,489	4,694,090
	67,274,630	72,392,104	55,475,581	7,401,944	4,820,489	4,694,090
1.7.2017						
Non interest bearing debts	29,104,052	29,104,052	29,104,052	-	-	-
Interest bearing debts	31,661,033	38,268,689	15,744,517	9,092,771	7,474,559	5,956,842
	60,765,085	67,372,741	44,848,569	9,092,771	7,474,559	5,956,842

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (Cont'd)

32.2 Financial risk management objectives and policies (Cont'd)

Liquidity risk management (Cont'd)

Company	Carrying amount RM	Contractual cash flows (including interest payments) Total RM	On demand or within 1 year RM
30.6.2019			
Non interest bearing debts	**320,282**	**320,282**	**320,282**
30.6.2018			
Non interest bearing debts	391,101	391,101	391,101
1.7.2017			
Non interest bearing debts	289,613	289,613	289,613

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than the following:

	Group 30.6.2019 RM	Group 30.6.2018 RM	Group 1.7.2017 RM
Amount due from an associate	**7,877,005**	5,070,337	3,095,614

	Company 30.6.2019 RM	Company 30.6.2018 RM	Company 1.7.2017 RM
Amount due from three subsidiaries	**20,989,386**	22,215,940	21,382,591

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (Cont'd)

32.2 Financial risk management objectives and policies (Cont'd)

Liquidity risk management (Cont'd)

(i) Trade receivables

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. Where appropriate, the Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. In determining the ECL of other trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

(ii) Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

(iii) Cash and bank balances

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

33. CAPITAL STRUCTURE AND CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of debt-to-equity ratio, where the ratio is arrived at net debts (total borrowings less cash and bank balances) divided by total equity. The Group's strategy is to maintain the debt-to-adjusted capital ratio at a healthy level. The debt-to-equity ratio is as follows:

33. CAPITAL STRUCTURE AND CAPITAL RISK MANAGEMENT (Cont'd)

	Group		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Total debts	**33,460,141**	27,662,285	31,661,033
Less: Cash and bank balances including fixed deposits	**(1,057,459)**	(1,528,713)	(3,035,578)
Net debts	**32,402,682**	26,133,572	28,625,455
Total equity	**36,025,619**	41,656,223	39,328,298
Gearing ratio (%)	**89.9**	62.7	72.8

	Company		
	30.6.2019 RM	30.6.2018 RM	1.7.2017 RM
Total debts	**-**	-	-
Less: Cash and bank balances	**(21,516)**	(5,606)	(10,420)
Net cash	**(21,516)**	(5,606)	(10,420)
Total equity	**41,507,254**	42,653,459	43,046,477
Gearing ratio (%)	**N/A**	N/A	N/A

34. FAIR VALUE MEASUREMENTS

34.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and other liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments.

The fair values of the Group's borrowings, hire purchase liabilities and advances to an associate (non-current) approximates their carrying amount. Floating rate borrowings are re-priced to market interest rates by the lenders when circumstances dictate. Hire purchase liabilities and advances to an associate (non-current) approximate their carrying amounts as the effective interest rates for these instruments are reasonable approximation of the market interest rates on or near reporting date.

34.2 Non financial assets carried at fair value

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

34. FAIR VALUE MEASUREMENTS (Cont'd)

34.2 Non financial assets carried at fair value (Cont'd)

Fair value hierarchy (Cont'd)

The following table provides an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group 30.6.2019 Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Non-recurring fair values measurement				
Long-term leasehold land	-	**410,000**	-	**410,000**
Short-term leasehold land	-	**3,710,000**	-	**3,710,000**
Long-term leasehold land and factory building	-	**5,802,405**	-	**5,802,405**
Factory buildings	-	-	**9,240,000**	**9,240,000**
	-	**9,922,405**	**9,240,000**	**19,162,405**

	Group 30.6.2018 Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Non-recurring fair values measurement				
Long-term leasehold land	-	410,000	-	410,000
Short-term leasehold land	-	3,710,000	-	3,710,000
Long-term leasehold land and factory building	-	5,802,405	-	5,802,405
Factory buildings	-	9,240,000	-	9,240,000
	-	19,162,405	-	19,162,405

	Group 1.7.2017 Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Non-recurring fair values measurement				
Long-term leasehold land	-	410,000	-	410,000
Short-term leasehold land	-	3,710,000	-	3,710,000
Long-term leasehold land and factory building	-	5,802,405	-	5,802,405
Factory buildings	-	9,240,000	-	9,240,000
	-	19,162,405	-	19,162,405

There were no transfers between these levels of fair values in the current and previous reporting period.

35. COMPARATIVE FIGURES

The below comparative figures as at 30 June 2018 and 2017 have been reclassified to arrive at their presentation as at 30 June 2018 and 1 July 2017 respectively.

Group	As previously reported RM	Reclassification RM	As restated RM
Statement of comprehensive income for the year ended 30 June 2018			
Investment revenue	221,822	(221,822)	-
Other losses	385,957	(385,957)	-
Other operating income	490,108	(5,722)	484,386
Changes in inventories of finished goods, work in progress and completed development units held for sale	689,814	(689,814)	-
Changes in inventories of completed projects	-	954,237	954,237
Changes in inventories of finished goods and work in progress	-	1,629,109	1,629,109
Purchase of trading goods	2,551,250	(2,551,250)	-
Changes in inventories of trading merchandise	-	2,527,541	2,527,541
Property development costs recognised	(Note 36)	(Note 36)	(Note 36)
Directors' remuneration	2,325,562	(2,325,562)	-
Employee benefit expenses	9,692,614	(9,692,614)	-
Staff costs	-	11,651,526	11,651,526
Depreciation	1,590,499	14,316	1,604,815
Net allowance for expected credit losses	-	24,649	24,649
Other operating expenses	(Note 36)	(Note 36)	(Note 36)
Finance income	-	277,108	277,108
Finance costs	1,322,056	(150,606)	1,171,450

35. COMPARATIVE FIGURES (Cont'd)

Group	As previously reported RM	Reclassification RM	As restated RM
Statement of financial position as at 30 June 2018			
Non current assets			
Deferred tax assets	(Note 36)	(Note 36)	(Note 36)
Other receivable	4,612,521	338,124	4,950,645
Current assets			
Trade and other receivables	11,468,919	(11,468,919)	-
Trade receivables	(Note 36)	(Note 36)	(Note 36)
Other receivables, deposits and prepayments	-	2,654,348	2,654,348
Amount owing by an associate	457,816	(457,816)	-
Non current liabilities			
Deferred tax liabilities	1,128,173	509,667	1,637,840
Current liabilities			
Trade and other payables	39,653,921	(39,653,921)	-
Trade payables	(Note 36)	(Note 36)	(Note 36)
Other payables and accruals	(Note 36)	(Note 36)	(Note 36)
Statement of financial position as at 1 July 2017			
Non current assets			
Property, plant and equipment	26,301,683	14,316	26,315,999
Deferred tax assets	(Note 36)	(Note 36)	(Note 36)
Current assets			
Trade and other receivables	19,308,203	(19,308,203)	-
Trade receivables	(Note 36)	(Note 36)	(Note 36)
Other receivables, deposits and prepayments	-	2,596,708	2,596,708
Non current liabilities			
Deferred tax liabilities	1,139,976	543,000	1,682,976
Current liabilities			
Trade and other payables	28,843,003	(28,843,003)	-
Trade payables	(Note 36)	(Note 36)	(Note 36)
Other payables and accruals	(Note 36)	(Note 36)	(Note 36)

35. COMPARATIVE FIGURES (Cont'd)

Company	As previously reported RM	Reclassification RM	As restated RM
Statement of comprehensive income for the year ended 30 June 2018			
Directors' remuneration	1,308,544	(1,308,544)	-
Employee benefit expenses	237,650	(237,650)	-
Staff costs	-	1,554,950	1,554,950
Impairment loss on investment in a subsidiary	1,082,299	(1,082,299)	-
Other operating expenses	362,018	1,073,543	1,435,561
Statement of financial position as at 30 June 2018			
Current assets			
Trade and other receivables	14,155	(14,155)	-
Trade receivables	-	2,550,943	2,550,943
Other receivables, deposits and prepayments	-	19,687,576	19,687,576
Amount owing by subsidiaries	22,215,940	(22,215,940)	-
Amount owing by an associate	8,424	(8,424)	-
Statement of financial position as at 1 July 2017			
Current assets			
Trade and other receivables	19,854	(19,854)	-
Other receivables, deposits and prepayments	-	21,402,445	21,402,445
Amount owing by subsidiaries	21,382,591	(21,382,591)	-

36. EXPLANATION OF TRANSITION TO MFRS

The accounting policies set out in Note 2.2.2 have been applied in preparing the financial statements of the Group for the reporting period ended 30 June 2019, and the comparative information presented in these financial statements for the reporting period ended 30 June 2018 and in the preparation of the opening MFRS statement of financial position at 1 July 2017.

The transition to MFRS does not have financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 July 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous Financial Reporting Standards in Malaysia ("FRS").

An explanation of how the transition from previous FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out as follows:

36. EXPLANATION OF TRANSITION TO MFRS (Cont'd)

Group	As previously reported RM	MFRS transitioning adjustment RM	Reclassification RM	As restated RM
Statement of comprehensive income for the year ended 30 June 2018				
Revenue	62,465,753	(4,953,195)	-	57,512,558
Property development costs recognised	10,555,276	(1,678,169)	(5,549)	8,871,558
Other operating expenses	10,784,627	(3,237,175)	952,777	8,500,229
Income tax expense	1,046,526	312,966	-	1,359,492
Statement of financial position as at 30 June 2018				
Non current assets				
Land held for property development	10,149,129	(10,149,129)	-	-
Deferred tax assets	-	824,099	509,667	1,333,766
Inventories	-	10,149,129	-	10,149,129
Current assets				
Inventories	17,784,125	43,953,351	-	61,737,476
Property development projects	37,187,383	(37,187,383)	-	-
Contract assets	-	156,000	-	156,000
Contract costs	-	170,033	-	170,033
Trade receivables	-	(156,000)	8,513,776	8,357,776
Current liabilities				
Trade payables	-	36,490	32,066,179	32,102,669
Other payables and accruals	-	2,853,379	7,269,773	10,123,152
Progress billings	598,986	(598,986)	-	-
Contract liabilities	-	6,770,123	-	6,770,123
Tax payable	951,064	224,025	-	1,175,089
Statement of financial position as at 1 July 2017				
Non current assets				
Land held for property development	10,111,119	(10,111,119)	-	-
Deferred tax assets	-	1,176,794	543,000	1,719,794
Inventories	-	10,111,119	-	10,111,119
Current assets				
Inventories	15,591,774	35,063,199	-	50,654,973
Property development projects	31,513,939	(31,513,939)	-	-
Contract assets	-	5,889,195	-	5,889,195
Contract costs	-	198,314	-	198,314
Trade receivables	-	5,707,195	5,053,105	10,760,300

36. EXPLANATION OF TRANSITION TO MFRS (Cont'd)

Group	As previously reported RM	MFRS transitioning adjustment RM	Reclassification RM	As restated RM
Statement of financial position as at 1 July 2017 (cont'd)				
Current liabilities				
Trade payables	-	36,491	24,032,817	24,069,308
Other payables and accruals	-	2,303,517	4,898,089	7,201,606
Progress billings	7,284,620	(7,284,620)	-	-
Contract liabilities	-	10,721,622	-	10,721,622
Tax payable	1,064,496	263,754	-	1,328,250
Statement of changes in equity				
Retained profits as at				
- 30 June 2018	9,341,450	(1,627,449)	-	7,714,001
- 1 July 2017	8,806,884	(1,251,983)	-	7,554,901

Consequent to the reclassification and the above MFRS transitioning adjustments, certain comparative figures in the related notes and statement of cash flows of the Group have also been reclassified for consistency in presentation.

LIST OF GROUP'S PROPERTIES

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 30-Jun-19 RM	Date of Valuation	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	22 and 15	7,636,475.12	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	12	3,501,290.46	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 warehouse	Warehouse	2.9 acres	Lease period expiring on 26/5/2052	1	3,803,816.07	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	399,393.82	17 April 2017	Scanwolf Plastic Industries Sdn. Bhd.
5	No. 19, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak	Four storey shop office	Office	185 sq mtr	Freehold	3	2,154,333.46	2 December 2015	Scanwolf Property 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	2	5,602,947.49	28 March 2016	Scanwolf Plastic Industries Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

As at 3 October 2019

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)

	Number of Shares Held			
Name	Direct	%	Deemed	%
CEDRIC WONG KING TI	7,000,000	7.34	-	-
DATO' LOO BIN KEONG	9,580,121	10.04	30,000*	0.03
YII LONG GING	8,200,000	8.59	-	-
DATO' LAI KOK HENG	6,865,000	7.19	-	-

Note:

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

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

(Excluding 780,900 Treasury Shares)

	Number of Shares Held			
Name	Direct	%	Deemed	%
DATO' LOO BIN KEONG	9,580,121	10.04	30,000*	0.03
DATO' TAN SIN KEAT	3,177,781	3.33	150,000#	0.16
ABDUL HAMID BIN ABDUL SHUKOR	2,519,100	2.64	-	-
DATO' IBRAHIM BIN SALEH	-	-	-	-
ONG SING GUAN	-	-	-	-
DATO' ONG BOON AUN @ JAYMES ONG	-	-	-	-
NG CHEE WAI	-	-	-	-

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	0.57	300	0.00
100 to 1,000 shares	232	21.91	186,200	0.19
1,001 to 10,000 shares	399	37.68	2,200,000	2.31
10,001 to 100,000 shares	340	32.10	12,710,400	13.32
100,001 to less than 5% of issued shares	78	7.36	51,548,060	54.02
5% and above of issued shares	4	0.38	28,783,440	30.16
Total	**1,059**	**100.00**	**95,428,400**	**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	8.59
2	CEDRIC WONG KING TI	7,000,000	7.34
3	LAI KOK HENG	6,865,000	7.19
4	LOO BIN KEONG	6,718,440	7.04
5	NG CHOI HA	3,461,599	3.63
6	TAN SIN KEAT	3,177,781	3.33
7	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOO BIN KEONG*	2,861,681	3.00
8	OW KOK CHEE	2,749,700	2.88
9	PHOON YEE LY	2,550,300	2.67
10	ABDUL HAMID BIN ABDUL SHUKOR	2,519,100	2.64
11	MD.SHAH BIN ABU HASAN	2,332,900	2.44
12	LAW TEIK SUAT	2,300,000	2.41
13	TAN SWEE EAN	1,997,000	2.09
14	GO WINSTON DY	1,794,000	1.88
15	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA (003)*	1,776,000	1.86
16	VINCENT HOOI WY-HON	1,375,300	1.44
17	TAN SWEE EAN	1,319,000	1.38
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)*	1,031,500	1.08
19	YU WOON GIN	938,000	0.98
20	TAI YEE FONG	857,000	0.90
21	LOO SOON KOOI	800,000	0.84
22	TAN YEAN CHOW	760,000	0.80
23	LEE YUET CHIN	710,000	0.74
24	CHOW YOW CHOY	709,000	0.74
25	TAN AH LIM	700,000	0.73
26	OOI LEE PENG	634,100	0.66
27	LOO SOON KOOI	582,000	0.61
28	LIEW KHIM SHIN	566,700	0.59
29	ONG SOI TAT	555,400	0.58
30	YEOH JUN WOOI	546,600	0.57

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SCANWOLF CORPORATION BERHAD

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

PROXY FORM

CDS Account No.		No. of ordinary shares held	

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

of ……...…………………………….…………………..…………………….………….…………….……
(Full Address)

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

……………...….. NRIC No./Company No.………….........................……………………………………………………… of

……………………...………………………………………………………………………..…
(Full Address)

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

………………………………………………………………………………………...........................…… or failing him, the Chairman
(Full Address)

of the meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Conference 1, Level 2, WEIL Hotel Ipoh, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak on Friday, 29 November 2019 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 2019 and the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1	Re-election of Dato' Loo Bin Keong as Director		
2	Re-election of Dato' Tan Sin Keat as Director		
3	Re-election of Dato' Ong Boon Aun @ Jaymes Ong as Director		
4	Re-election of Mr Ng Chee Wai as Director		
5	Re-appointment of Russell Bedford LC & Company as Auditors and to authorise the Directors to fix the Auditors' remuneration		
6	Approval of payment of Directors' fees and Directors' benefits for the financial year ended 30 June 2019		
7	Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to issue shares		
8	Proposed Adoption of the New Constitution of the Company		

(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 ………………… 2019

....
Signature of Member(s)/Common Seal

* Strike out whichever is not desired

Contact No.: ______________________

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 21 November 2019. Only a depositor whose name appears on the Record of Depositors as at 21 November 2019 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 Thirteenth Annual General Meeting are to be voted by poll.

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AFFIX
STAMP

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

1st fold here

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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