



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2020**

27 NOVEMBER 2020



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 September 2020
(The figures have not been audited)

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 3 months ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	9,951	9,493	9,951	9,493
Other operating income	82	13,008	82	13,008
Operating expenses	(10,261)	(10,860)	(10,261)	(10,860)
Depreciation & amortisation	(832)	(839)	(832)	(839)
Results from operating activities	(1,060)	10,802	(1,060)	10,802
Finance costs	(547)	(448)	(547)	(448)
(Loss)/ Profit before taxation	(1,607)	10,354	(1,607)	10,354
Taxation	15	15	15	15
(Loss)/Profit for the year & total comprehensive (loss)/income attributed to the Company	(1,592)	10,369	(1,592)	10,369
Earnings per share attributable to equity holder of the Company:				
(Loss)/Profit per share (sen)	(1.52)	10.87	(1.52)	10.87

Note:

The unaudited condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the Interim Financial Report.



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Financial Position
As at 30 September 2020
(The figures have not been audited)

	As at 30 Sept 2020 RM'000	(Audited) As at 30 June 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,184	41,599
Right of use assets	2,813	2,966
Inventories	8,732	8,732
Total non-current assets	52,729	53,297
Current assets		
Inventories	54,495	55,666
Trade and other receivables	5,354	6,161
Cash and bank balances	480	468
Total current assets	60,329	62,295
TOTAL ASSETS	113,058	115,592
EQUITY AND LIABILITIES		
Share capital	49,724	49,724
Treasury shares	(307)	(307)
Reserves	(13,694)	(12,102)
Total Equity	35,723	37,315
Non-current liabilities		
Other payables	3,604	1,290
Lease liabilities	633	1,344
Borrowings	5,176	5,236
Deferred tax liabilities	1,536	1,551
Total non-current liabilities	10,949	9,421
Current liabilities		
Trade and other payables	41,113	43,675
Contract liabilities	-	468
Lease liabilities	1,214	675
Borrowings	23,522	23,516
Tax payable	537	522
Total current liabilities	66,386	68,856
Total Liabilities	77,335	78,277
TOTAL EQUITY AND LIABILITIES	113,058	115,592
Net Assets per share (RM)	0.34	0.36

Note:

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the Interim Financial Report.



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Changes in Equity
For the first quarter ended 30 September 2020
(The figures have not been audited)

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable		Distributable	Total RM'000
			Reverse Acquisition Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	
As at 01 July 2020	49,724	(307)	(19,524)	4,717	2,705	37,315
Loss/Total comprehensive loss for the period	-	-	-	-	(1,592)	(1,592)
As at 30 September 2020	49,724	(307)	(19,524)	4,717	1,113	35,723

Note:

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the Interim Financial Report.



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Cash Flows
For the first quarter ended 30 September 2020
(The figures have not been audited)

	Cumulative	
	3 months ended September	
Note	2020	2019
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,607)	10,354
Adjustments for:		
Allowance for expected credit losses	(36)	75
Depreciation	832	839
Gain on bargain purchase	-	(12,992)
Loss on disposal of plant and equipment	1	16
Interest income	-	(21)
Interest expense	547	448
Inventories written down	33	-
Plant and equipment written off	-	7
	<u>(230)</u>	<u>(1,274)</u>
Movements in working capital:		
Decrease/(Increase) in:		
Inventories	1,138	(122)
Contract assets	-	137
Trade & other receivables	843	390
(Decrease)/Increase in:		
Contract liabilities	(468)	-
Trade and other payables	(270)	(1,644)
Cash generated from/(used in) operations	<u>1,013</u>	<u>(2,513)</u>
Income tax paid	-	(28)
Income tax refunded	16	-
Net cash generated from/(used in) operating activities	<u>1,029</u>	<u>(2,541)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	-	21
Proceed from disposal of plant and equipment	2	50
Purchase of property, plant and equipment	(245)	(134)
Additions of right of use assets	(23)	-
Net cash inflow arising from business combination	-	3,072
Net cash (used In)/generated from investing activities	<u>(266)</u>	<u>3,009</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Interest paid	(547)	(448)
Repayment of back to back loan arrangement	22	-
Repayment of bankers' acceptances	(418)	(1)
Repayment of bridging and term loans	118	(288)
Repayment of lease liabilities	(172)	(136)
Net cash used in financing activities	<u>(997)</u>	<u>(873)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(234)	(405)
CASH AND CASH EQUIVALENTS AT BEGINNING	(5,089)	(5,182)
CASH AND CASH EQUIVALENTS AT END	A14 (5,323)	(5,587)

Note:

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the Interim Financial Report.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2020
(The figures have not been audited)

Part A - Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2020 which were prepared under Financial Reporting Standards ("FRS"). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2020.

The Group has yet to adopt the following MFRS that have been issued but not yet effective:

	Effective for financial periods beginning on or after.
MFRS 17, Insurance Contracts	1 January 2021
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting	1 January 2022
Amendments to MFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases	1 January 2022
Amendments to MFRS 101, Classification of Liabilities as Current or Noncurrent	1 January 2022
Amendments to MFRS 116, Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of new MFRS and amendments did not have any material impact on the interim financial report of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 June 2020 was not subject to any qualification.

3. Comments about Seasonality or Cyclicity of Operations

The principal business operations of the Group were not affected by any seasonal and cyclical factors.

4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

5. Changes in estimates

There were no changes in estimates of amounts which have a material effect in the current quarter under review.

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Notes To The Interim Report
For the first quarter ended 30 September 2020
(The figures have not been audited)

6. Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter.

As at 30 September 2020, the number of treasury shares held is 780,900 ordinary shares.

7. Dividend paid

No dividend was paid during this quarter.

8. Segmental information

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

3 Months ended 30 September 2020

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	7,793	2,158	-	9,951
Results				
Segment results	(531)	(190)	(339)	(1,060)
Finance costs	(322)	(225)	-	(547)
Loss before tax	(853)	(415)	(339)	(1,607)
Tax expenses				15
Loss after tax				(1,592)

3 Months ended 30 September 2019

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	8,774	719	-	9,493
Results				
Segment results	11,394	(158)	(434)	10,802
Finance costs	(327)	(121)	-	(448)
Profit/(Loss) before tax	11,067	(279)	(434)	10,354
Tax expenses				15
Profit after tax				10,369

Geographical Area	3 Months ended 30 Sept 2020	3 Months ended 30 Sept 2019
Revenue		
Asia	1,228	1,434
Oceania	570	2,349
Middle East	154	164
Africa	(4)	7
Others	35	67
Total export	1,983	4,021
Malaysia	7,968	5,472
Total revenue	9,951	9,493

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Notes To The Interim Report
For the first quarter ended 30 September 2020
(The figures have not been audited)

9. Valuation of property, plant and equipment

There were no valuation of the property, plant and equipment in the current quarter under review.

10. Material events subsequent to the end of the quarter

Neither the Company nor its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

There were no material events subsequent to the statement of financial position date up to 23 November 2020.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

12. Contingent liabilities

The Group has no contingent liabilities which upon crystallisation would have a material impact on the financial position and business of the Group as at 23 November 2020.

13. Capital commitments

As at 23 November 2020, the Group has the following capital commitment in respect of property, plant and equipment.

	RM'000
Approved and contracted for	
- Machinery	<u>482</u>

14. Cash and cash equivalents

	As at 30 Sept 2020 RM'000	As at 30 Sept 2019 RM'000
Cash & bank balances	480	525
Fixed deposits with licensed bank	-	285
Bank overdraft	<u>(5,803)</u>	<u>(6,112)</u>
	(5,323)	(5,302)
Fixed deposits pledged	-	(285)
	<u>(5,323)</u>	<u>(5,587)</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2020
(The figures have not been audited)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

	Current quarter ended 30 Sept 2020	Corresponding quarter ended 30 Sept 2019	3 months 30 Sept 2020 RM'000	3 months 30 Sept 2019 RM'000	Variation %
Revenue	9,951	9,493	9,951	9,493	5%
(Loss)/Profit before taxation	(1,607)	10,354	(1,607)	10,354	-116%

Group

For the first quarter ended 30 September 2020, the Group recorded a revenue of RM9.9 million, an increase of RM0.5 million or 4.8% against preceding year's corresponding quarter which was mainly due to increase of revenue in Property Division.

During this quarter under review, the Group recorded a loss before tax ("LBT") of RM1.6 million against profit before tax ("PBT") of RM10.4 million in preceding year's corresponding quarter. The significant increase in PBT in the preceding year's corresponding quarter was mainly due to gain on bargain purchase of a subsidiary company amounted to RM12.4 million. Excluding the gain, current loss declined by RM0.5 million or 35% from the previous corresponding period.

Manufacturing Division

During current quarter ended 30 September 2020, Manufacturing Division recorded a revenue of RM7.8 million, a decrease of RM1 million from RM8.8 million in preceding year's corresponding quarter, mainly due to Covid-19 pandemic. During this quarter under review, the division recorded a LBT of RM0.85 million, compare to PBT of RM11 million in preceding year's corresponding quarter. The significant increase in PBT in the preceding year's corresponding quarter was mainly due to gain on bargain purchase of a subsidiary company amounted to RM12.4 million. Excluding the gain, current loss declined by RM0.4 million or 20% from the previous corresponding period.

Property Division

During current quarter ended 30 September 2020, Property Division recorded a revenue of RM2.1 million, increase of RM1.4 million from RM0.7 million in preceding year's corresponding quarter, due to higher sales recognise in current quarter. During current quarter under review, this division recorded a LBT of RM0.42 million compare to LBT of RM0.28 million in preceding year's corresponding quarter.

2. Variation of results against preceding quarter

	Current quarter ended 30 Sept 2020 RM'000	Preceding quarter ended 30 June 2020 RM'000	Variation %
Revenue	9,951	3,986	149.6%
(Loss)/Profit before taxation	(1,607)	245	755.9%

For the first quarter ended 30 September 2020, the Group recorded the revenue of RM9.9 million, an increase of RM6.0 million as compared to the preceding quarter is due to increase of revenue in both Manufacturing and Property Division.

The Group recorded a LBT of RM1.6 million for the current quarter as compare to PBT of RM0.24 million in the immediate preceding quarter. A loss was recorded during this current quarter was mainly due to loss recorded in both Property and Manufacturing Division.

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3. Current year prospects

As at the date of this report the COVID-19 pandemic does not seem to be abating but has spiked further instead. However, the breakthrough in the discovery of a vaccine has brought some hope. Notwithstanding, the economy is still very challenging from the disruptions caused by the pandemic and the US-China trade war.

The Group will continue to focus on its core business and has taken measures to reduce cost, upgrade some machines to improve on efficiency and productivity and aggressively marketing its completed property project at Kampar Putra.

Premise on the foregoing and barring any unforeseen circumstances, the board is confident of sustaining its business operations for the next few quarters.

4. Profit forecast and profit guarantee

The Company did not issue any profit forecast or profit guarantee in this quarter and financial year to date.

5. Taxation

There is no tax expense due available of unutilised capital allowances or losses brought forward.

6. Group's borrowings and debt securities

	30 Sept 2020	30 June 2020
	RM'000	RM'000
Secured:		
Bridging loans	8,352	8,395
Bankers' acceptances	8,271	8,689
Term loans	6,272	6,111
Bank overdrafts	5,803	5,557
	<u>28,698</u>	<u>28,752</u>
Less: Amount due within 12 months	<u>(23,522)</u>	<u>(23,516)</u>
	<u>5,176</u>	<u>5,236</u>

7. Material litigation

Neither the Company nor its subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

8. Dividends

No dividend is proposed in this quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2020
(The figures have not been audited)

9. Earnings per share

Basic earnings per share is calculated by dividing net profit attributable to ordinary equity holders by the weighted average number of ordinary shares (excluding treasury shares) in issue during the period.

Weighted average number of ordinary shares for calculation of basic earnings per share:

	3 months ended 30 Sept 2020	Year to Date 30 Sept 2020
Loss attributable to shareholders (RM'000)	(1,592)	(1,592)
Weighted average number of ordinary shares ('000)	104,971	104,971
Loss per share (cents)	<u>(1.52)</u>	<u>(1.52)</u>

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 30 Sept 2020 RM'000	Year to Date 30 Sept 2020 RM'000
The profit/(loss) has been arrived at after accounting for the following items		
(a) Interest income	-	-
(b) Other income including investment income	-	-
(c) Interest expense	547	547
(d) Depreciation and amortization	832	832
(e) Provision for and write off of receivable	-	-
(f) Provision for and write off of inventories	33	33
(g) Loss on disposal of plant and equipment	1	1
(h) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(i) Impairment of asset	-	-
(j) Foreign exchange gain/(loss)	78	78
(k) Gain or (loss) on derivatives	-	-
(l) Exceptional item	<u>-</u>	<u>-</u>

11 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 27 November 2020.