



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2020

26 JUNE 2020



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 March 2020
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	9 months ended		9 months ended	
	31 March		31 March	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue	8,168	8,908	27,660	32,879
Other operating income	40	6	13,042	258
Operating expenses	(9,272)	(10,164)	(34,681)	(35,460)
Depreciation & amortisation	(807)	(411)	(2,473)	(1,220)
Results from operating activities	(1,871)	(1,661)	3,548	(3,543)
Finance costs	(582)	(377)	(1,833)	(1,378)
Share of result in an associate, net of tax	-	-	-	(129)
(Loss)/Profit before taxation	(2,453)	(2,038)	1,715	(5,050)
Taxation	12	(400)	38	(378)
(Loss)/Profit for the year & total comprehensive (loss)/income attributed to the Company	(2,441)	(2,438)	1,753	(5,428)
Earnings per share attributable to equity holder of the Company:				
(Loss)/Profit per share (sen)	(2.56)	(2.55)	1.84	(5.69)

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 2019 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 31 March 2020
(The figures have not been audited)

	As at 31 March 2020 RM'000	(Audited) As at 30 June 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,004	28,565
Other receivable	-	7,809
Deferred tax assets	1,483	1,483
Inventories	8,731	10,176
Total non-current assets	55,218	48,033
Current assets		
Inventories	53,514	57,016
Contract assets	288	425
Trade and other receivables	5,246	7,989
Current tax assets	15	15
Fixed deposit, cash and bank balances	671	1,057
Total current assets	59,734	66,502
TOTAL ASSETS	114,952	114,535
EQUITY AND LIABILITIES		
Share capital	49,056	49,056
Treasury shares	(307)	(307)
Reserves	(10,971)	(12,724)
Total Equity	37,778	36,025
Non-current liabilities		
Other payables	3,687	1,063
Hire-purchase payables	802	1,169
Borrowings	5,250	5,891
Deferred tax liabilities	1,559	1,597
Total non-current liabilities	11,298	9,720
Current liabilities		
Trade and other payables	39,710	44,130
Hire-purchase payables	1,266	524
Current tax liabilities	529	582
Borrowings	24,371	23,554
Total current liabilities	65,876	68,790
Total Liabilities	77,174	78,510
TOTAL EQUITY AND LIABILITIES	114,952	114,535
Net Assets per share (RM)	0.40	0.38

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 2019 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 third quarter ended 31 March 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 30 June 2019	49,056	(307)	(19,524)	4,717	2,083	36,025
Profit/Total comprehensive income for the period	-	-	-	-	10,369	10,369
As at 30 September 2019	49,056	(307)	(19,524)	4,717	12,452	46,394
Loss/Total comprehensive loss for the period	-	-	-	-	(6,175)	(6,175)
As at 31 December 2019	49,056	(307)	(19,524)	4,717	6,277	40,219
Loss/Total comprehensive loss for the period	-	-	-	-	(2,441)	(2,441)
As at 31 March 2020	49,056	(307)	(19,524)	4,717	3,836	37,778

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 2019 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 third quarter ended 31 March 2020
(The figures have not been audited)

		Cumulative	
		9 months ended March	
		2020	2019
	Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) before taxation		1,715	(5,050)
Adjustments for:			
Allowance for expected credit losses		133	115
Bad debt written off		6	-
Deposit written off		751	-
Depreciation		2,473	1,220
Finance costs		1,842	1,378
Gain on bargain purchase		(12,992)	-
Gain on disposal of plant and equipment		(9)	(6)
Interest income		(9)	(258)
Inventories written down		1,642	-
Plant and equipment written off		625	-
Property held for development written off		1,445	-
Share of loss of an associate		-	129
		(2,378)	(2,472)
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		3,435	2,778
Trade & other receivables		10,435	19,043
Contract assets		137	(10,463)
(Decrease)/Increase in:			
Trade and other payables		(12,396)	(14,449)
Contract liabilities		-	5,714
Cash generated (used in)/from operations		(767)	151
Income tax refunded		-	90
Interest income received		2	258
Income tax paid		(53)	(622)
Net cash used in operating activities		(818)	(123)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received		7	258
Advances granted to an associated company		-	(2,997)
Acquisition of subsidiary, net cash and cash equivalent acquired		3,072	-
Purchase of property, plant and equipment		(1,431)	(1,562)
Proceed from disposal of plant and equipment		75	6
(Placement)/ Withdrawal of fixed deposit		(7)	220
Net cash generated from/(used In) investing activities		1,716	(4,075)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Proceed of bankers' acceptances		20	4,796
Repayment of bridging and term loans		(374)	(3,610)
Proceed of hire-purchase payables		375	489
Proceed from bank overdraft		-	2,955
Proceed from term loans		-	1,000
Finance costs paid		(1,842)	(1,378)
Net cash (used in)/generated from financing activities		(1,821)	4,252
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(923)	54
CASH AND CASH EQUIVALENTS AT BEGINNING		(5,182)	522
CASH AND CASH EQUIVALENTS AT END	A14	(6,105)	576

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 2019 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 third quarter ended 31 March 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 2019 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 2019.

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.
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
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 2019 was not subject to any qualification.

3. Comments about Seasonality or Cyclicity of Operations

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

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

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

5. Changes in estimates

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

6. Debt and equity securities

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

As at 31 March 2020, the number of treasury shares held is 780,900 ordinary shares.

7. Dividend paid

No dividend was paid during this quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
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(The figures have not been audited)

8. Segmental information

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

9 Months ended 31 March 2020

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	25,447	2,213	-	27,660
Results				
Segment results	8,822	(3,648)	(1,626)	3,548
Finance costs	(973)	(860)	-	(1,833)
Profit/(Loss) before tax	7,849	(4,508)	(1,626)	1,715
Tax expenses				38
Profit after tax				1,753

9 Months ended 31 March 2019

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	28,103	4,776	-	32,879
Results				
Segment results	(2,372)	450	(1,510)	(3,432)
Investment revenue	239	20	-	259
Finance costs	(1,101)	(647)	-	(1,748)
	(3,234)	(177)	(1,510)	(4,921)
Share of result in an associate	(129)	-	-	(129)
Loss before tax	(3,363)	(177)	(1,510)	(5,050)
Tax expenses				(378)
Loss after tax				(5,428)

Geographical Area	9 Months ended 31 Mar 2020	9 Months ended 31 Mar 2019
<u>Revenue</u>		
Asia	4,121	6,849
Oceania	4,458	2,630
Middle East	537	1,130
Africa	52	167
Others	172	250
Total export	9,340	11,026
Malaysia	18,320	21,853
Total revenue	27,660	32,879

9. Valuation of property, plant and equipment

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

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2020
(The figures have not been audited)

10. Material events subsequent to the end of the quarter

Save as disclosed in Part B: 11, in the opinion of the Directors, there were no material events between the end of the current quarter and the date of this report, which is likely to substantially affect the current quarter results under review.

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 22 June 2020.

13. Capital commitments

As at 22 June 2020, there is no significant commitment for capital expenditure by the Group which might have a material impact on the financial position or business of the Group.

14. Cash and cash equivalents

	As at 31 Mar 2020 RM'000	As at 31 Mar 2019 RM'000
Cash & bank balances	381	576
Fixed deposits with licensed bank	290	970
Bank overdraft	(6,486)	-
	<u>(5,815)</u>	<u>1,546</u>
Fixed deposits pledged	(290)	(970)
	<u>(6,105)</u>	<u>576</u>

15. Related party transaction

The following is the related party transaction:

	3 months ended 31 Mar 2020 RM	Year to Date 31 Mar 2020 RM
Rental paid to a Director of Group	<u>7,950</u>	<u>23,850</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 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 31 Mar 2020	Corresponding quarter ended 31 Mar 2019	9 months 31 Mar 2020 RM'000	9 months 31 Mar 2019 RM'000	Variation %
Revenue	8,168	8,908	27,660	32,879	-16%
(Loss)/Profit before taxation	(2,453)	(2,038)	1,715	(5,050)	-134%

Group

For the third quarter ended 31 March 2020, the Group recorded a revenue of RM8.2 million, a decrease of RM0.74 million or 8% against preceding year's corresponding quarter which was mainly due to decrease of revenue in Manufacturing Division due to Movement Control Order ("MCO") which required the factories to close on 18 March 2020 until end of the period, 31 March 2020.

During this quarter under review, the Group recorded a loss before tax ("LBT") of RM2.4 million against LBT of RM2.0 million in preceding year's corresponding quarter. The increase in LBT was mainly due to loss increase in Manufacturing Division, particular in Flooring section.

Manufacturing Division

During current quarter ended 31 March 2020, Manufacturing Division recorded a revenue of RM6.7 million, a decrease of RM1.6 million from RM8.3 million in preceding year's corresponding quarter due to impact from the MCO. During this quarter under review, the division recorded a LBT of RM1.9 million, an increase of RM0.8 million as compare to LBT of RM1.1 million in preceding year's corresponding quarter due to decrease in revenue.

Property Division

During current quarter ended 31 March 2020, Property Division recorded a revenue of RM1.5 million, a increase of RM0.9 million from RM0.6 million in preceding year's corresponding quarter. During current quarter under review, this division recorded a profit before tax of RM0.2 million compare to LBT of RM0.4 million in preceding year's corresponding quarter.

2. Variation of results against preceding quarter

	Current quarter ended 31 Mar 2020 RM'000	Preceding quarter ended 31 Dec 2019 RM'000	Variation %
Revenue	8,168	9,999	-18.3%
Loss before taxation	(2,453)	(6,186)	60.3%

For the third quarter ended 31 March 2020, the Group recorded the revenue of RM8.2 million, a decrease of RM1.8 million as compared to the preceding quarter. The decrease in revenue was mainly due to sales recorded in Manufacturing Division due to MCO which required the factories to close on 18 March 2020 until end of the period, 31 March 2020.

The Group recorded a LBT of RM2.4 million for the current quarter as compare to LBT of RM6.2 million in the immediate preceding quarter. The higher LBT in the immediate preceding quarter was mainly due to write-off on the cost on property held for development, other deposit and written down of property inventories in Property Division, amounting to a total of RM3.8 million.

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Notes To The Interim Report
For the third quarter ended 31 March 2020
(The figures have not been audited)

3. Current year prospects

The Manufacturing Division is expected to experiencing tough challenges in view of the prevailing global economic condition due to COVID-19 pandemic. We foresee continue disruption in global supply chain. Malaysia was under Movement Control Order and our factories were shut down from 18 March 2020. However, one of the subsidiary's factories obtained approval from Ministry of International Trade and Industry to commenced 50% manpower capacity on 04 April 2020.

The Property Division continue to be sluggish amid weak consumer demand. The Group will instead continue to focus on driving sales for on-going and completed projects while managing cost to achieve better results.

Nonetheless, the Group will to exercise cautions in order to navigate through the challenging environment by implementation of key initiatives to optimise cost and improve operational efficiencies.

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 taxation provided due to non-taxable income.

6. Group's borrowings and debt securities

	31 Mar 2020	30 June 2019
	RM'000	RM'000
Secured:		
Bridging loans	8,266	8,093
Bankers' acceptances	8,720	8,700
Term loans	6,149	6,697
Bank overdrafts	6,486	5,955
	<u>29,621</u>	<u>29,445</u>
Less: Amount due within 12 months	<u>(24,371)</u>	<u>(23,554)</u>
	<u>5,250</u>	<u>5,891</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.

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	Year to Date
	31 Mar 2020	31 Mar 2020
(Loss)/Profit attributable to shareholders (RM'000)	(2,441)	1,753
Weighted average number of ordinary shares ('000)	95,428	95,428
(Loss)/Profit per share (cents)	<u>(2.56)</u>	<u>1.84</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2020
(The figures have not been audited)

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Mar 2020 RM'000	Year to Date 31 Mar 2020 RM'000
The profit /(loss) has been arrived at after accounting for the following items		
(a) Interest income	3	9
(b) Other income including investment income	-	-
(c) Interest expense	582	1,833
(d) Depreciation and amortization	807	2,473
(e) Provision for and write off of receivable	106	884
(f) Provision for and write off of inventories	-	2,422
(g) Gain on disposal of property, plant and equipment	25	9
(h) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(i) Impairment of asset	-	-
(j) Foreign exchange gain/(loss)	(1)	(2)
(k) Gain or (loss) on derivatives	-	-
(l) Exceptional item	-	-

11. Corporate proposals

On 25 February 2020, the Board of Directors of SCB approved the proposal to undertake a private placement of up to 10% of the issued and paid-up share capital in SCB comprising of 9,542,800 new ordinary shares to investors. The Private Placement of 9,542,800 new ordinary shares was fully subscribed and completed on 3 April 2020.

12. 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 26 June 2020.