



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2021

30 NOVEMBER 2021



Scanwolf Corporation Berhad (Company no. 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 September 2021
(The figures have not been audited)

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 3 months ended 30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	6,584	9,951	6,584	9,951
Other operating income	65	82	65	82
Operating expenses	(9,111)	(10,261)	(9,111)	(10,261)
Depreciation & amortisation	(828)	(832)	(828)	(832)
Results from operating activities	(3,290)	(1,060)	(3,290)	(1,060)
Finance costs	(553)	(547)	(553)	(547)
Loss before taxation	(3,843)	(1,607)	(3,843)	(1,607)
Taxation	4	15	4	15
Loss for the period & total comprehensive loss attributed to the Company	(3,839)	(1,592)	(3,839)	(1,592)
(Loss)/earning per share attributable to equity holders of the Company:				
Loss per share (sen)	(2.66)	(1.52)	(2.33)	(1.52)

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 2021 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 2021
(The figures have not been audited)

	As at 30 Sept 2021 RM'000	(Audited) As at 30 June 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,641	34,716
Right-of-use assets	2,813	2,745
Deferred tax assets	178	-
Inventories	8,732	8,732
Total non-current assets	<u>46,364</u>	<u>46,193</u>
Current assets		
Inventories	48,284	49,337
Trade and other receivables	4,215	7,655
Cash and bank balances	2,122	140
Total current assets	<u>54,621</u>	<u>57,132</u>
Assets classified as held for sale	5,470	5,470
TOTAL ASSETS	<u>106,455</u>	<u>108,795</u>
EQUITY AND LIABILITIES		
Share capital	69,504	49,724
Treasury shares	-	(307)
ICULS equity	2,836	-
Warrant reserve	3,499	-
Reserves	(16,158)	(12,319)
Total Equity	<u>59,681</u>	<u>37,098</u>
Non-current liabilities		
Other payables	1,777	3,170
Liability component of ICULS	744	-
Lease liabilities	902	947
Borrowings	4,055	11,749
Deferred tax liabilities	1,491	1,506
Total non-current liabilities	<u>8,969</u>	<u>17,372</u>
Current liabilities		
Trade and other payables	21,581	35,134
Lease liabilities	681	637
Borrowings	15,109	16,358
Amount due to directors	-	1,762
Tax payables	434	434
Total current liabilities	<u>37,805</u>	<u>54,325</u>
Total liabilities	46,774	71,697
TOTAL EQUITY AND LIABILITIES	<u>106,455</u>	<u>108,795</u>
Net Assets per share (RM)	<u>0.41</u>	<u>0.35</u>

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 2021 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 2021
(The figures have not been audited)

	Share capital RM'000	Treasury shares RM'000	Non-distributable				Distributable	Total RM'000
			ICULS equity RM'000	Warrant reserve RM'000	Reverse acquisition reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
As at 01 July 2021	49,724	(307)	-	-	(19,524)	3,788	3,417	37,098
Total comprehensive loss for the period	-	-	-	-	-	-	(3,839)	(3,839)
Disposal of treasury share	2	307	-	-	-	-	-	309
Issuance of ICULS	-	-	8,892	3,499	-	-	-	12,391
Conversion of ICULS	19,778	-	(6,056)	-	-	-	-	13,722
As at 30 September 2021	69,504	-	2,836	3,499	(19,524)	3,788	(422)	59,681

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 2021 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 2021
(The figures have not been audited)

	Cumulative	
	3 months ended September	
	2021	2020
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before tax	(3,843)	(1,607)
Adjustments for:		
Allowance for expected credit losses	60	(36)
Depreciation	828	832
Loss on disposal of plant and equipment	-	1
Interest expense	553	547
Inventories written down	-	33
Realised (gain) / loss on foreign exchange	(2)	2
Unrealised loss / (gain) on foreign exchange	34	(81)
	<u>(2,370)</u>	<u>(309)</u>
Movements in working capital:		
Decrease in:		
Inventories	1,053	1,138
Trade & other receivables	3,379	843
Decrease in:		
Contract liabilities	-	(468)
Trade and other payables	(15,084)	(189)
Amount due to directors	(1,762)	-
Cash generated (used in) / from operations	<u>(14,784)</u>	<u>1,015</u>
Income tax paid	(11)	-
Income tax refunded	-	16
Net cash (used in) / generated from operating activities	<u>(14,795)</u>	<u>1,031</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceed from disposal of plant and equipment	-	2
Acquisition of plant and equipment	(630)	(245)
Acquisition of right-of-use assets	(191)	(23)
Net cash used in investing activities	<u>(821)</u>	<u>(266)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Issuance of ICULS	13,497	-
Proceed from issuance of share capital	13,182	-
Proceed from disposal of treasury share	309	-
Interest paid	(450)	(547)
Proceeds from bankers' acceptances	11,192	4,974
Repayment of back to back loan arrangement	-	22
Repayment of bankers' acceptances	(13,409)	(5,392)
Repayment of bridging and term loans	(1,059)	118
Repayment of lease liabilities	-	(172)
Net cash generated from / (used in) financing activities	<u>23,262</u>	<u>(997)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7,646	(232)
CASH AND CASH EQUIVALENTS AT BEGINNING	(6,011)	(5,089)
EFFECT OF EXCHANGE DIFFERENCES	2	(2)
CASH AND CASH EQUIVALENTS AT END	A14 1,637	(5,323)

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 2021 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 2021
(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 2021 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 2021.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 30 June 2021. The adoption of the new MFRS, amendments/improvements to MFRSs and new IC Interpretations does not have any significant impact on the financial performance and financial position of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 June 2021 was not subject to any qualification.

3. Comments about Seasonality or Cyclical 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

On 9 August 2021, the Company sold all its treasury shares, 780,900 ordinary shares at range of RM0.396 to RM0.400 per share with total proceeds of RM308,660.

Save for the above, there were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter.

7. Dividend paid

No dividend was paid during this quarter.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2021
(The figures have not been audited)

8. Segmental information

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

3 Months ended 30 September 2021

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	6,584	-	-	6,584
Results				
Segment results	(2,186)	38	(1,142)	(3,290)
Finance costs	(245)	(205)	(103)	(553)
Loss before tax	(2,431)	(167)	(1,245)	(3,843)
Tax expenses				4
Loss after tax				(3,839)

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)

Geographical Area	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2020
Revenue		
Asia	1,267	1,228
Oceania	654	570
Middle East	186	154
Africa	-	(4)
Others	66	35
Total export	2,173	1,983
Malaysia	4,411	7,968
Total revenue	6,584	9,951

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 first quarter ended 30 September 2021
(The figures have not been audited)

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 22 November 2021.

11. Changes in the composition of the Group

The Company had on 2 July 2021 incorporated a new wholly-owned subsidiary under the Companies Act 2016, known as Scanwolf Marketing Sdn. Bhd.

Save for the above, 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 25 November 2021.

13. Capital commitments

As at 25 November 2021, 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 30 Sept 2021 RM'000	As at 30 Sept 2020 RM'000
Cash & bank balances	2,122	480
Bank overdraft	(485)	(5,803)
	<u>1,637</u>	<u>(5,323)</u>

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 2021	Corresponding quarter ended 30 Sept 2020	3 months 30 Sept 2021 RM'000	3 months 30 Sept 2020 RM'000	Variation %
Revenue	6,584	9,951	6,584	9,951	-34%
Loss before taxation	(3,843)	(1,607)	(3,843)	(1,607)	139%

1Q2022 vs 1Q2021

For the first quarter ended 30 September 2021, the Group recorded a revenue of RM6.58 million, a decrease of RM3.37 million against previous year's corresponding quarter which was mainly due to decrease in revenue in both Manufacturing and Property Division. The decrease in revenue was due to the government imposed lockdown from 1 June 2021 to 15 August 2021 as a measure to curb the spread of Covid 19.

During this quarter under review, loss before tax ("LBT") of RM3.8 million is recorded, increase by RM2.2 million when compared to preceding year's corresponding quarter. The increase in LBT was mainly due to decrease in revenue and higher cost of material.

Manufacturing Division

During current quarter ended 30 September 2021, Manufacturing Division recorded a revenue of RM6.58 million, a decrease of RM1.2 million from RM7.8 million in previous year's corresponding quarter. The division recorded a LBT of RM2.4 million as compared to LBT of RM0.85 million in previous year's corresponding quarter is mainly due to decrease in revenue and higher cost of materials.

Property Division

During current quarter ended 30 September 2021, Property Division did not record any revenue as compare to RM2.1 million in preceding year's corresponding quarter. Current quarter recorded a LBT of RM0.17 million as compare to LBT of RM0.42 million in preceding year's corresponding quarter.

2. Variation of results against preceding quarter

	Current quarter ended 30 Sept 2021 RM'000	Preceding quarter ended 30 June 2021 RM'000	Variation %
Revenue	6,584	15,605	-57.81%
(Loss)/profit before taxation	(3,843)	184	-2188.59%

For the first quarter ended 30 September 2021, the Group recorded revenue of RM6.58 million, a decrease of RM9 million as compared to the preceding quarter mainly due to decrease of revenue in Property and Manufacturing Division. The decrease in revenue was due to the government imposed lockdown from 1 June 2021 to 15 August 2021 as a measure to curb the spread of Covid 19.

The Group recorded a LBT of RM3.8 million for the current quarter as compared to profit before tax ("PBT") of RM0.18 million in the preceding quarter. A higher loss was recorded during this current quarter was mainly due to decrease of revenue and higher cost of materials.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2021
(The figures have not been audited)

3. Current year prospects

The outlook is expected to remain challenging given the adverse market conditions left behind during the prolonged Covid 19 pandemic.

However, the Group will continue to be cautious and continue to take prudent measures to cushion the impact and adapt to the new environment resulted from the pandemic in order to sustain the businesses.

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 2021	30 June 2021
	RM'000	RM'000
Secured:		
Bridging loans	7,742	8,174
Bankers' acceptances	5,991	8,208
Term loans	4,946	5,574
Bank overdrafts	485	6,151
	<u>19,164</u>	<u>28,107</u>
Less: Amount due within 12 months	<u>(15,109)</u>	<u>(16,358)</u>
	<u>4,055</u>	<u>11,749</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
	30 Sept 2021	30 Sept 2021
Loss attributable to shareholders (RM'000)	(3,843)	(3,843)
Weighted average number of ordinary shares ('000)	144,208	164,811
Loss per share (sen)	<u>(2.66)</u>	<u>(2.33)</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2021
(The figures have not been audited)

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 30 Sept 2021 RM'000	Year to Date 30 Sept 2021 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	553	553
(d) Depreciation and amortization	828	828
(e) Provision for and write off of receivable	60	60
(f) Provision for and write off of inventories	-	-
(g) Loss on disposal of plant and equipment	-	-
(h) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(i) Impairment of asset	-	-
(j) Foreign exchange gain/(loss)	(52)	(52)
(k) Gain or (loss) on derivatives	-	-
(l) Exceptional item	-	-

11. Corporate Proposal

Multiple proposals

On 9 August 2021, on behalf of our Board, AmInvestment Bank Berhad has announced that the Right Issue of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") with Warrants and the Creditor Capitalisation have been completed following the listing of and quotation for 134,971,200 ICULS and 52,485,600 Warrants on the Main Market of Bursa Securities on 9 August 2021.

104,971.200 ICULS were issued pursuant to the Right Issue of ICULS with Warrants and the total proceeds raised was RM10,497,120.

At the date of this report, the status of utilisation of proceeds from Right Issue of ICULS with Warrants are as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation
Capital expenditure	3,680	1,740	within 12 months
Repayment of bank borrowings	3,000	3,000	within 12 months
Working capital	2,967	2,967	within 12 months
Estimated expenses in relation to the Proposals	850	850	within 2 weeks
Total	10,497	8,557	

On 5 November 2021, on behalf of our Board, AmInvestment Bank Berhad has announced that the effective date for the implementation of the Share Issuance Scheme ("SIS") is 5 November 2021, being the date on which the Company is in full compliance with Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Securities.

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 30 November 2021.