



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2021**

24 MAY 2021



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 March 2021
(The figures have not been audited)

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 9 months ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	11,840	8,168	33,203	27,660
Other operating income	106	40	223	13,042
Operating expenses	(9,925)	(9,272)	(30,283)	(34,681)
Depreciation & amortisation	(819)	(807)	(2,474)	(2,473)
Results from operating activities	1,202	(1,871)	669	3,548
Finance costs	(492)	(582)	(1,117)	(1,833)
Profit / (Loss) before taxation	710	(2,453)	(448)	1,715
Taxation	13	12	(38)	38
Profit / (Loss) for the year & total comprehensive income / (loss) attributed to the Company	723	(2,441)	(486)	1,753
Earnings per share attributable to equity holders of the Company:				
Profit / (Loss) per share (sen)	0.69	(2.56)	(0.46)	1.84

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 31 March 2021
(The figures have not been audited)

	As at 31 March 2021 RM'000	(Audited) As at 30 June 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,557	41,599
Right of use assets	3,027	2,966
Inventories	8,732	8,732
Total non-current assets	<u>52,316</u>	<u>53,297</u>
Current assets		
Inventories	53,203	55,666
Trade and other receivables	6,174	6,161
Cash and bank balances	177	468
Total current assets	<u>59,554</u>	<u>62,295</u>
TOTAL ASSETS	<u>111,870</u>	<u>115,592</u>
EQUITY AND LIABILITIES		
Share capital	49,724	49,724
Treasury shares	(307)	(307)
Reserves	(12,588)	(12,102)
Total Equity	<u>36,829</u>	<u>37,315</u>
Non-current liabilities		
Other payables	3,197	1,290
Lease liabilities	579	1,344
Borrowings	4,654	5,236
Deferred tax liabilities	1,514	1,551
Total non-current liabilities	<u>9,944</u>	<u>9,421</u>
Current liabilities		
Trade and other payables	38,639	43,675
Amount owing to Directors	1,500	-
Contract liabilities	-	468
Lease liabilities	1,166	675
Borrowings	23,280	23,516
Tax payable	512	522
Total current liabilities	<u>65,097</u>	<u>68,856</u>
Total Liabilities	<u>75,041</u>	<u>78,277</u>
TOTAL EQUITY AND LIABILITIES	<u>111,870</u>	<u>115,592</u>
Net Assets per share (RM)	<u>0.35</u>	<u>0.36</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 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 third quarter ended 31 March 2021
(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
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
Total comprehensive profit for the period	-	-	-	-	383	383
As at 31 December 2020	49,724	(307)	(19,524)	4,717	1,496	36,106
Total comprehensive profit for the period	-	-	-	-	723	723
As at 31 March 2021	49,724	(307)	(19,524)	4,717	2,219	36,829

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 third quarter ended 31 March 2021
(The figures have not been audited)

Note	Cumulative 9 months ended March	
	2021 RM'000	2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss)/Profit before tax	(448)	1,715
Adjustments for:		
Allowance for expected credit losses	(107)	133
Bad debt written off	-	6
Deposit written off	-	751
Depreciation	2,474	2,473
Gain on bargain purchase	-	(12,992)
Loss/(gain) on disposal of plant and equipment	1	(9)
Interest income	-	(9)
Interest expense	1,117	1,842
Inventories written down	33	1,642
Plant and equipment written off	-	625
Property held for development written off	-	1,445
	3,070	(2,378)
Movements in working capital:		
Decrease in:		
Inventories	2,430	3,435
Contract assets	-	137
Trade & other receivables	94	10,435
(Decrease) / Increase in:		
Contract liabilities	(468)	-
Trade and other payables	(2,690)	(12,396)
Amount due to directors	1,500	-
Cash generated from/(used in) operations	3,936	(767)
Income tax paid	(101)	(53)
Income tax refunded	16	-
Net cash generated from/(used in) operating activities	3,851	(820)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	-	9
Proceed from disposal of plant and equipment	2	75
Purchase of property, plant and equipment	(1,030)	(1,431)
Additions of right of use assets	(467)	-
Placement of fixed deposit	-	(7)
Net cash inflow arising from business combination	-	3,072
Net cash (used In)/generated from investing activities	(1,495)	1,718
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Interest paid	(1,117)	(1,842)
Proceeds from bankers' acceptances	-	20
Proceeds from hire purchase payables	-	375
Repayment of back to back loan arrangement	(439)	-
Repayment of bankers' acceptances	(323)	-
Repayment of bridging and term loans	(455)	(374)
Repayment of lease liabilities	(273)	-
Net cash used in financing activities	(2,607)	(1,821)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(251)	(923)
CASH AND CASH EQUIVALENTS AT BEGINNING	(5,089)	(5,182)
CASH AND CASH EQUIVALENTS AT END	A14	
	(5,340)	(6,105)

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 third quarter ended 31 March 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 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 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 2020. 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 2020 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

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

As at 31 March 2021, the number of treasury shares held is 780,900 ordinary shares.

7. Dividend paid

No dividend was paid during this quarter.

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8. Segmental information

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

9 Months ended 31 March 2021

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	27,681	5,522	-	33,203
Results				
Segment results	418	1,209	(958)	669
Finance costs	(914)	(203)	-	(1,117)
(Loss)/Profit before tax	(496)	1,006	(958)	(448)
Tax expenses				(38)
Loss after tax				(486)

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

Geographical Area	9 Months ended 31 Mar 2021	9 Months ended 31 Mar 2020
Revenue		
Asia	4,539	4,121
Oceania	2,264	4,458
Middle East	272	537
Africa	-	52
Others	310	172
Total export	7,385	9,340
Malaysia	25,818	18,320
Total revenue	33,203	27,660

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 2021
(The figures have not been audited)

10. Material events subsequent to the end of the quarter

Save as disclosed below, 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.

On 30 April 2021, Scanwolf Plastic Industries Sdn Bhd, a wholly owned subsidiary of Scanwolf Corporation, had entered into a sale and purchase agreement with Dolphin Paint (KL) Sdn Bhd for the disposal of a piece of leasehold land (99 years lease expiring on 11 December 2096) held under individual title, Pajakan Negeri 17230 Lot 40302 Mukim Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan, measuring an area approximately 2,051 square metres together with a corner detached factory erected thereon known as No.16, Jalan U5/16, Bandar Pinggiran Subang Seksyen U5/16, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan for a total sale consideration of RM6.8 million.

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 21 May 2021.

13. Capital commitments

As at 21 May 2021, the Group has the following capital commitment in respect of property, plant and equipment.

	RM'000
Approved and contracted for	
- 1 unit of lorry	<u><u>233</u></u>

14. Cash and cash equivalents

	As at 31 Mar 2021 RM'000	As at 31 Mar 2020 RM'000
Cash & bank balances	177	381
Fixed deposits with licensed bank	-	290
Bank overdraft	(5,517)	(6,486)
	<u>(5,340)</u>	<u>(5,815)</u>
Fixed deposits pledged	-	(290)
	<u><u>(5,340)</u></u>	<u><u>(6,105)</u></u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
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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 2021	Corresponding quarter ended 31 Mar 2020	9 months 31 Mar 2021 RM'000	9 months 31 Mar 2020 RM'000	Variation %
Revenue	11,840	8,168	33,203	27,660	20%
Profit/(loss) before taxation	710	(2,453)	(448)	1,715	-126%

Group

For the third quarter ended 31 March 2021, the Group recorded a revenue of RM11.8 million, an increase of RM3.6 million against previous year's corresponding quarter which was mainly due to increase in revenue of both Manufacturing and Property Division.

During this quarter under review, the Group recorded a profit before tax ("PBT") of RM0.71 million against loss before tax ("LBT") of RM2.45 million in previous year's corresponding quarter. A PBT was recorded for this current quarter was mainly due to increase in revenue of both Manufacturing and Property Division.

Manufacturing Division

During current quarter ended 31 March 2021, Manufacturing Division recorded a revenue of RM9.4 million, an increase of RM2.7 million from RM6.7 million in previous year's corresponding quarter. The division recorded a LBT of RM0.19 million as compared to LBT of RM1.9 million in previous year's corresponding quarter due to increase in revenue.

Property Division

During current quarter ended 31 March 2021, Property Division recorded a revenue of RM2.4 million, an increase of RM0.9 million from RM1.5 million in previous year's corresponding quarter. The division recorded a PBT of RM1.27 million, an increase of RM1.04 million as compared to PBT of RM0.23 million in previous year's corresponding quarter, mainly due to increase in revenue.

2. Variation of results against preceding quarter

	Current quarter ended 31 Mar 2021 RM'000	Preceding quarter ended 31 Dec 2020 RM'000	Variation %
Revenue	11,840	11,412	3.75%
Profit before taxation	710	449	58.13%

For the third quarter ended 31 March 2021, the Group recorded revenue of RM11.8 million, an increase of RM0.43 million as compared to the preceding quarter is due to increase in revenue of both Manufacturing and Property Division.

The Group recorded a PBT of RM0.71 million for the current quarter as compared to PBT of RM0.45 million in the preceding quarter. The PBT achieved was mainly due to increase in revenue of Property Division.

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Notes To The Interim Report
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(The figures have not been audited)

3. Current year prospects

The prolonged Covid-19 pandemic has caused disruption to manufacturing outputs resulting in shortages of chips, and other raw materials worldwide. Our manufacturing division is presently facing a shortage and delay in raw material supplies which has hampered fulfilling customers' orders. Nevertheless, the Group remains focus to overcome this challenge and to further reduce cost, as well as to strive for more market share for its products.

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

	31 Mar 2021	30 June 2020
	RM'000	RM'000
Secured:		
Bridging loans	8,301	8,395
Bankers' acceptances	8,365	8,689
Term loans	5,751	6,111
Bank overdrafts	5,517	5,557
	<u>27,934</u>	<u>28,752</u>
Less: Amount due within 12 months	<u>(23,280)</u>	<u>(23,516)</u>
	<u>4,654</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.

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 2021	31 Mar 2021
Profit/(loss) attributable to shareholders (RM'000)	723	(486)
Weighted average number of ordinary shares ('000)	104,971	104,971
Earnings/(loss) per share (sen)	<u>0.69</u>	<u>(0.46)</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2021
(The figures have not been audited)

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Mar 2021 RM'000	Year to Date 31 Mar 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	(492)	(1,117)
(d) Depreciation and amortization	(819)	(2,474)
(e) Provision for and write off of receivable	-	-
(f) Provision for and write off of inventories	-	33
(g) Loss on disposal of plant and equipment	-	1
(h) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(i) Impairment of asset	-	-
(j) Foreign exchange gain/(loss)	16	125
(k) Gain or (loss) on derivatives	-	-
(l) Exceptional item	-	-

11. Corporate Proposal

Multiple proposals

On 2 February 2021, on behalf of our Board of Directors, AmlInvestment Bank Berhad has announced that the Company proposes to undertake the following:

- (i) Proposed renounceable rights issue of up to RM10,497,120 nominal value of 5-year 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") on the basis of 2 ICULS for every 2 existing ordinary shares in Scanwolf ("Scanwolf Shares"), together with up to 52,485,600 free warrants ("Warrants") on the basis of 1 Warrant for every 2 ICULS subscribed for Proposed Rights Issue of ICULS with Warrants;
- (ii) Proposed settlement of amount owing to Choong Nam Father & Sons Construction Sdn Bhd, a creditor of Scanwolf Development Sdn Bhd, a wholly-owned subsidiary of Scanwolf, via the issuance of 30,000,000 ICULS by Scanwolf; and
- (iii) Proposed establishment of a share issuance scheme of up to 15% of the total number of issued Scanwolf Shares (excluding treasury shares, if any) for the eligible directors and employees of Scanwolf and its subsidiaries.

On 4 February 2021, on behalf of our Board, AmlInvestment Bank has announced that the listing application in relation to the Proposals had been submitted to Bursa Securities on 3 February 2021.

On 8 February 2021, on behalf of our Board, AmlInvestment Bank has announced that the application for the issuance of ICULS pursuant to the Proposed Rights Issue of ICULS with Warrants and the Proposed Creditor Capitalisation has been submitted to the Securities Commission (SC) on 8 February 2021.

On 7 May 2021, on behalf of our Board, AmlInvestment Bank has announced that the SC had, vide its letter dated 7 May 2021, granted its approval under Section 214(1) of the Capital Markets & Services Act 2007 for the issuance of the ICULS pursuant to the Proposed Rights Issue of ICULS with Warrants and the Proposed Creditor Capitalisation, subject to the compliance with the standard conditions and continuing obligations as stipulated in the SC's Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors.

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Notes To The Interim Report
For the third quarter ended 31 March 2021
(The figures have not been audited)

11. Corporate Proposal (Cont'd)

On 18 May 2021, on behalf of our Board, AmInvestment Bank has announced that Bursa Securities had, vide its letter dated 18 May 2021, approved the following:

(i) Admission to the Official List and listing of and quotation for up to 134,971,200 new ICULS, comprising of up to 104,971,200 new ICULS to be issued pursuant to the Proposed Rights Issue of ICULS with Warrants and 30,000,000 new ICULS to be issued pursuant to the Proposed Creditor Capitalisation on the Main Market of Bursa Securities;

(ii) Admission to the Official List and listing of and quotation for up to 52,485,600 new Warrants to be issued pursuant to the Proposed Rights Issue of ICULS with Warrants on the Main Market of Bursa Securities; and

(iii) Listing of and quotation for the following on the Main Market of Bursa Securities comprising:

1. Up to 134,971,200 new Scanwolf Shares to be issued upon the conversion of the ICULS;
2. Up to 52,485,600 new Scanwolf Shares to be issued upon the exercise of the Warrants; and
3. Up to 15% of the total number of issued Scanwolf Shares to be issued upon the exercise of SIS Options pursuant to the Proposed SIS.

The approval by Bursa Securities is subject to the following conditions:

1. Scanwolf and AmInvestment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposals;
2. Scanwolf and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposals respectively;
3. Scanwolf and AmInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed respectively;
4. Scanwolf to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposals;
5. Scanwolf to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the ICULS, exercise of Warrants and issuance of new shares under the Proposed SIS as at the end of each quarter together with a detailed computation of listing fees payable; and
6. AmInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to Paragraph 6.43(1) of the Main Market Listing Requirements and stating the effective date of implementation.

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 24 May 2021.