



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2019**

29 NOVEMBER 2019



Scanwolf Corporation Berhad (Company no: 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 September 2019
(The figures have not been audited)

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 3 months ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	9,493	10,841	9,493	10,841
Other operating income	13,008	199	13,008	199
Operating expenses	(10,860)	(11,755)	(10,860)	(11,755)
Depreciation & amortisation	(839)	(412)	(839)	(412)
Results from operating activities	10,802	(1,127)	10,802	(1,127)
Finance costs	(448)	(440)	(448)	(440)
Share of result in an associate, net of tax	-	(129)	-	(129)
Profit/(Loss) before taxation	10,354	(1,696)	10,354	(1,696)
Taxation	15	-	15	-
Profit/(Loss) for the year & total comprehensive income/(loss) attributed to the Company	10,369	(1,696)	10,369	(1,696)
Earnings per share attributable to equity holder of the Company:				
Profit/(Loss) per share (sen)	10.87	(1.76)	10.87	(1.76)

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 30 September 2019
(The figures have not been audited)

	As at 30 Sept 2019 RM'000	(Audited) As at 30 June 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,957	28,565
Other receivable	-	7,809
Deferred tax assets	1,483	1,483
Inventories	10,176	10,176
Total non-current assets	57,616	48,033
Current assets		
Inventories	57,138	57,016
Contract assets	288	425
Trade and other receivables	7,599	7,989
Current tax assets	15	15
Fixed deposit, cash and bank balances	810	1,057
Total current assets	65,850	66,502
TOTAL ASSETS	123,466	114,535
EQUITY AND LIABILITIES		
Share capital	49,056	49,056
Treasury shares	(307)	(307)
Reserves	(2,355)	(12,724)
Total Equity	46,394	36,025
Non-current liabilities		
Other payables	11,608	1,063
Hire-purchase payables	1,041	1,169
Borrowings	5,686	5,891
Deferred tax liabilities	1,581	1,597
Total non-current liabilities	19,916	9,720
Current liabilities		
Trade and other payables	32,460	44,130
Hire-purchase payables	516	524
Current tax liabilities	555	582
Borrowings	23,625	23,554
Total current liabilities	57,156	68,790
Total Liabilities	77,072	78,510
TOTAL EQUITY AND LIABILITIES	123,466	114,535
Net Assets per share (RM)	0.49	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 first quarter ended 30 September 2019
(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

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 first quarter ended 30 September 2019
(The figures have not been audited)

	Cumulative	
	3 months ended September	
Note	2019	2018
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before taxation	10,354	(1,696)
Adjustments for:		
Depreciation	839	412
Loss in disposal of plant and equipment	16	-
Share of loss in an associate	-	129
Allowance for expected credit losses	75	13
Interest income	(21)	(87)
Plant and equipment written off	7	-
Gain on bargain purchase	(12,992)	-
Finance costs	448	440
	(1,274)	(789)
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(122)	210
Trade & other receivables	390	694
Contract assets	137	(6,410)
Increase/(Decrease) in:		
Trade and other payables	(1,644)	(3,213)
Contract liabilities	-	6,246
	(2,513)	(3,262)
Cash (used in) from operations	(2,513)	(3,262)
Income tax refunded	-	89
Interest income received	21	30
Income tax paid	(28)	(230)
Net Cash (Used In) Operating Activities	(2,520)	(3,373)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Advances granted to an associated company	-	(1,556)
Acquisition of subsidiary, net cash and cash equivalent acquired	3,072	-
Purchase of property, plant and equipment	(134)	(675)
Proceed from disposal of plant and equipment	50	-
Net Cash Generated From/(Used In) Investing Activities	2,988	(2,231)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
(Repayment)/Proceed of bankers' acceptances	(1)	629
Repayment of bridging and term loans	(288)	(650)
Repayment of hire-purchase payables	(136)	(107)
Proceed from bank overdraft	-	5,957
Proceed from term loans	-	1,000
Finance costs paid	(448)	(440)
Net Cash (Used In)/Generated From Financing Activities	(873)	6,389
NET (DECREASE)/INCREASE IN CASH AND CASH	(405)	785
CASH AND CASH EQUIVALENTS AT BEGINNING	(5,182)	522
CASH AND CASH EQUIVALENTS AT END	A14 (5,587)	1,307

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 first quarter ended 30 September 2019
(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 30 September 2019, 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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Notes To The Interim Report
For the first quarter ended 30 September 2019
(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 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

3 Months ended 30 September 2018

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	8,726	2,115	-	10,841
Results				
Segment results	(654)	5	(478)	(1,127)
Finance costs	(349)	(91)	-	(440)
	(1,003)	(86)	(478)	(1,567)
Share of result in an associate	(129)	-	-	(129)
Loss before tax	(1,132)	(86)	(478)	(1,696)
Tax expenses				-
Loss after tax				(1,696)

Geographical Area

Revenue

	3 Months ended 30 Sept 2019	3 Months ended 30 Sept 2018
Asia	1,434	1,731
Oceania	2,349	618
Middle East	164	270
Africa	7	-
Others	67	42
Total export	4,021	2,661
Malaysia	5,472	8,180
Total revenue	9,493	10,841

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 2019
(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 25 November 2019.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review, other than the following:-

On 1 July 2019, Scanwolf Plastic Industries Sdn Bhd ("SPI"), a wholly owned subsidiary, 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 RM1.00. Consequently, SFI became a wholly owned subsidiary of SPI.

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 2019.

13. Capital commitments

As of 25 November 2019, the Group has the following capital commitment in respect of property, plant and equipment:

	RM'000
Approved and contracted for	<u><u>870</u></u>

14. Cash and cash equivalents

	As at 30 Sept 2019 RM'000	As at 30 Sept 2018 RM'000
Cash & bank balances	525	1,307
Fixed deposits with licensed bank	285	993
Bank overdraft	(6,112)	-
	<u>(5,302)</u>	<u>2,300</u>
Fixed deposits pledged	(285)	(993)
	<u><u>(5,587)</u></u>	<u><u>1,307</u></u>

15. Related party transaction

The following is the related party transaction:

	3 months ended 30 Sept 2019 RM	Year to Date 30 Sept 2019 RM
Rental paid to a Director of Group	<u><u>7,950</u></u>	<u><u>7,950</u></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 2019	Corresponding quarter ended 30 Sept 2018	3 Months 30 Sept 2019 RM'000	3 Months 30 Sept 2018 RM'000	Variation %
Revenue	9,493	10,841	9,493	10,841	-12%
Profit/(Loss) before taxation	10,354	(1,696)	10,354	(1,696)	-710%

Group

For the first quarter ended 30 September 2019, the Group recorded a revenue of RM9.5 million, a decrease of RM1.3 million or 12% against preceding year's corresponding quarter which was mainly due to decrease of revenue in Property Division.

During this quarter under review, the Group recorded a profit before tax ("PBT") of RM10.4 million against LBT of RM1.7 million in preceding year's corresponding quarter. Significant increase in PBT is mainly due to gain on bargain purchase on an associate company during the quarter.

Manufacturing Division

During current quarter ended 30 September 2019, Manufacturing Division recorded a revenue of RM8.8 million, a minor increase of RM0.1 million from RM8.7 million in preceding year's corresponding quarter. Current quarter recorded a PBT of RM11.1 million when compare to loss before tax ("LBT") of RM1.1 million in preceding year's corresponding quarter, mainly due to gain on bargain purchase on an associate company during the quarter.

Property Division

During current quarter ended 30 September 2019, Property Division recorded a revenue of RM0.7 million, a decrease of RM1.4 million from revenue of RM2.1 million in preceding year's corresponding quarter, due to lower take-up rate. Current quarter recorded a LBT of RM0.3 million when compare to LBT of RM0.09 million in preceding year's corresponding quarter.

2. Variation of results against preceding quarter

	Current quarter ended 30 Sept 2019 RM'000	Preceding quarter ended 30 June 2019 RM'000	Variation %
Revenue	9,493	15,822	-40.0%
Profit/(Loss) before taxation	10,354	(742)	1495.4%

For the first quarter ended 30 September 2019, the Group recorded the revenue of RM9.5 million, a decrease of RM6.3 million as compared to the preceding quarter. The decrease of revenue is mainly due to lower take-up rate in Property Division.

The Group recorded a PBT of RM10.4 million for the current quarter as compare to LBT of RM0.7 million in the immediate preceding quarter is due to gain on bargain purchase on an associate company during the quarter.

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

3. Current year prospects

Manufacturing Division is operating in global economic uncertainties as well as facing increases in production costs and fluctuation in foreign exchange rates. However, the management will continue effort to develop new products and better cost efficiencies in all department.

In Property Division, the current sentiments of the property sector remains challenging. The management will continue to strive on driving sales for on-going project and inventory units.

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

	30 Sept 2019	30 June 2019
	RM'000	RM'000
Secured:		
Bridging loans	7,996	8,093
Bankers' acceptances	8,699	8,700
Term loans	6,504	6,697
Bank overdrafts	6,112	5,955
	<u>29,311</u>	<u>29,445</u>
Less: Amount due within 12 months	(23,625)	(23,554)
	<u>5,686</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
	30 Sept 2019	30 Sept 2019
Profit attributable to shareholders (RM'000)	10,369	10,369
Weighted average number of ordinary shares ('000)	95,428	95,428
Profit per share (sen)	<u>10.87</u>	<u>10.87</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2019
(The figures have not been audited)

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 30 Sept 2019 RM'000	Year to Date 30 Sept 2019 RM'000
The profit /(loss) has been arrived at after accounting for the following items		
(a) Interest income	2	2
(b) Other income including investment income	-	-
(c) Interest expense	448	448
(d) Depreciation and amortization	839	839
(e) Provision for and write off of receivable	75	75
(f) Provision for and write off of inventories	(158)	(158)
(g) Loss on disposal of property, plant and equipment	(16)	(16)
(h) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(i) Impairment of asset	-	-
(j) Foreign exchange gain/(loss)	(4)	(4)
(k) Gain or (loss) on derivatives	-	-
(l) Exceptional item	-	-

11. Authorisation for issue

The unaudited interim financial reports were authorised for issue by the Board of Directors.

By Order of the Board
Dato' Loo Bin Keong
Executive Director

29 November 2019