



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2020**

22 FEBRUARY 2021



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

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 6 months ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	11,412	9,999	21,363	19,492
Other operating income	35	-	117	13,002
Operating expenses	(10,097)	(14,555)	(20,358)	(25,409)
Depreciation & amortisation	(823)	(827)	(1,655)	(1,666)
Results from operating activities	527	(5,383)	(533)	5,419
Finance costs	(78)	(803)	(625)	(1,251)
Profit / (Loss) before taxation	449	(6,186)	(1,158)	4,168
Taxation	(66)	11	(51)	26
Profit / (Loss) for the year & total comprehensive income / (loss) attributed to the Company	383	(6,175)	(1,209)	4,194
Earnings per share attributable to equity holder of the Company:				
Profit / (Loss) per share (sen)	0.36	(6.47)	(1.15)	4.39

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 December 2020
(The figures have not been audited)

	As at 31 December 2020 RM'000	(Audited) As at 30 June 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,438	41,599
Right of use assets	3,132	2,966
Inventories	8,732	8,732
Total non-current assets	52,302	53,297
Current assets		
Inventories	53,003	55,666
Trade and other receivables	6,402	6,161
Cash and bank balances	545	468
Total current assets	59,950	62,295
TOTAL ASSETS	112,252	115,592
EQUITY AND LIABILITIES		
Share capital	49,724	49,724
Treasury shares	(307)	(307)
Reserves	(13,311)	(12,102)
Total Equity	36,106	37,315
Non-current liabilities		
Other payables	3,218	1,290
Lease liabilities	686	1,344
Borrowings	4,925	5,236
Deferred tax liabilities	1,525	1,551
Total non-current liabilities	10,354	9,421
Current liabilities		
Trade and other payables	40,317	43,675
Contract liabilities	-	468
Lease liabilities	1,218	675
Borrowings	23,642	23,516
Tax payable	615	522
Total current liabilities	65,792	68,856
Total Liabilities	76,146	78,277
TOTAL EQUITY AND LIABILITIES	112,252	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 second quarter ended 31 December 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
Profit/Total comprehensive profit for the period					383	383
As at 31 December 2020	49,724	(307)	(19,524)	4,717	1,496	36,106

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 second quarter ended 31 December 2020
(The figures have not been audited)

Note	Cumulative 6 months ended December	
	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,158)	4,168
Adjustments for:		
Allowance for expected credit losses	(64)	27
Depreciation	1,655	1,666
Gain on bargain purchase	-	(12,992)
Loss on disposal of plant and equipment	1	16
Interest income	-	(22)
Interest expense	625	1,251
Inventories written down	33	-
Property inventories written off	-	1,590
Property held for development written off	-	2,196
	<u>1,092</u>	<u>(2,100)</u>
Movements in working capital:		
Decrease/(Increase) in:		
Inventories	2,630	(3,261)
Contract assets	-	137
Trade & other receivables	(177)	4,347
Decrease in:		
Contract liabilities	(468)	-
Trade and other payables	(993)	(270)
Cash generated from/(used in) operations	<u>2,084</u>	<u>(1,147)</u>
Income tax paid	-	(49)
Income tax refunded	16	-
Net cash generated from/(used in) operating activities	<u>2,100</u>	<u>(1,196)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	-	22
Proceed from disposal of plant and equipment	2	50
Purchase of property, plant and equipment	(266)	(475)
Additions of right of use assets	(396)	-
Net cash inflow arising from business combination	-	3,072
Net cash (used In)/generated from investing activities	<u>(660)</u>	<u>2,669</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(625)	(1,251)
Repayment of back to back loan arrangement	(437)	-
Repayment of bankers' acceptances	(213)	(536)
Repayment of bridging and term loans	(179)	(289)
Repayment of lease liabilities	(115)	(274)
Net cash used in financing activities	<u>(1,569)</u>	<u>(2,350)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(129)</u>	<u>(877)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>(5,089)</u>	<u>(5,182)</u>
CASH AND CASH EQUIVALENTS AT END	<u>A14 <u>(5,218)</u></u>	<u>(6,059)</u>

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
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(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 141, Agriculture	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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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 December 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:

6 Months ended 31 December 2020

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	18,270	3,093	-	21,363
Results				
Segment results	349	(287)	(595)	(533)
Finance costs	(649)	24	-	(625)
Loss before tax	(300)	(263)	(595)	(1,158)
Tax expenses				(51)
Loss after tax				(1,209)

6 Months ended 31 December 2019

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	18,773	719	-	19,492
Results				
Segment results	10,432	(4,133)	(880)	5,419
Finance costs	(648)	(603)	-	(1,251)
Profit/(Loss) before tax	9,784	(4,736)	(880)	4,168
Tax expenses				26
Profit after tax				4,194

Geographical Area	6 Months ended 31 Dec 2020	6 Months ended 30 Dec 2019
Revenue		
Asia	3,230	3,044
Oceania	1,231	3,743
Middle East	216	488
Africa	(3)	53
Others	254	160
Total export	4,928	7,488
Malaysia	16,435	12,004
Total revenue	21,363	19,492

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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 18 February 2021.

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 18 February 2021.

13. Capital commitments

As at 18 February 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 31 Dec 2020 RM'000	As at 30 Dec 2019 RM'000
Cash & bank balances	545	586
Fixed deposits with licensed bank	-	309
Bank overdraft	(5,763)	(6,645)
	<u>(5,218)</u>	<u>(5,750)</u>
Fixed deposits pledged	-	(309)
	<u>(5,218)</u>	<u>(6,059)</u>

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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 Dec 2020	Corresponding quarter ended 31 Dec 2019	6 months 31 Dec 2020 RM'000	6 months 31 Dec 2019 RM'000	Variation %
Revenue	11,412	9,999	21,363	19,492	10%
Profit/(loss) before taxation	449	(6,186)	(1,158)	4,168	-128%

Group

For the second quarter ended 31 December 2020, the Group recorded a revenue of RM11.4 million, an increase of RM1.4 million against previous year's corresponding quarter which was mainly due to increase of revenue in both Manufacturing and Property Division.

During this quarter under review, the Group recorded a profit before tax ("PBT") of RM0.45 million against loss before tax ("LBT") of RM6.2 million in previous year's corresponding quarter. A PBT was recorded for this current quarter was mainly due to improvement in gross profit margin in Manufacturing and increase in revenue of Property Division.

Manufacturing Division

During current quarter ended 31 December 2020, the Manufacturing Division recorded a revenue of RM10.5 million, an increase of RM0.5 million from RM10 million in previous year's corresponding quarter. The division recorded a PBT of RM0.55 million compared to LBT of RM1.4 million in previous year's corresponding quarter, mainly due to improvement in gross profit margin.

Property Division

During current quarter ended 31 December 2020, the Property Division recorded a revenue of RM0.93 million as compared to zero revenue in previous year's corresponding quarter. The division recorded a PBT of RM0.15 million compared to LBT of RM4.3 million in previous year's corresponding quarter, mainly due to increase of revenue.

2. Variation of results against preceding quarter

	Current quarter ended 31 Dec 2020 RM'000	Preceding quarter ended 30 Sept 2020 RM'000	Variation %
Revenue	11,412	9,951	14.7%
Profit/(loss) before taxation	449	(1,607)	127.9%

For the second quarter ended 31 December 2020, the Group recorded revenue of RM11.4 million, an increase of RM1.45 million as compared to the preceding quarter is due to increase of revenue in both Manufacturing and Property Division.

The Group recorded a PBT of RM0.45 million for the current quarter as compared to LBT of RM1.6 million in the preceding quarter. The PBT achieved was mainly due to improvement in gross profit margin and increase of revenue.

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3. Current year prospects

With the on going vaccination programme globally including our country, it is hope that the Covid-19 pandemic will be contained and abated. As at the date of this report, there is a slow down in new infected cases as well as a reduction in the mortality rate worldwide with the exception of a few countries. However, in the near-term, the outlook remains challenging pending the economic recovery in a post-pandemic situation.

Notwithstanding, the Group will continue to contain cost and work on improving productivity and at the same putting in all effort to increase market share of its plastic products and sale of its property inventory.

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 Dec 2020	30 June 2020
	RM'000	RM'000
Secured:		
Bridging loans	8,314	8,395
Bankers' acceptances	8,477	8,689
Term loans	6,013	6,111
Bank overdrafts	5,763	5,557
	<u>28,567</u>	<u>28,752</u>
Less: Amount due within 12 months	<u>(23,642)</u>	<u>(23,516)</u>
	<u>4,925</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
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(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 31 Dec 2020	Year to Date 31 Dec 2020
Profit/(loss) attributable to shareholders (RM'000)	383	(1,209)
Weighted average number of ordinary shares ('000)	104,971	104,971
Profit/(loss) per share (cents)	<u>0.36</u>	<u>(1.15)</u>

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Dec 2020 RM'000	Year to Date 31 Dec 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	78	625
(d) Depreciation and amortization	823	1,655
(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)	31	109
(k) Gain or (loss) on derivatives	-	-
(l) Exceptional item	<u>-</u>	<u>-</u>

11. Corporate Proposal

On 2 February 2021, the Company announced to Bursa the following proposals:

- (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.

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 22 February 2021.