



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2023

27 FEBRUARY 2024



Scanwolf Corporation Berhad (Company no. 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the second quarter ended 31 December 2023
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	9,041	10,931	16,773	20,580
Other operating income	2,419	21	2,420	26
Operating expenses	(10,999)	(9,401)	(20,954)	(20,455)
Depreciation & amortisation	(997)	(961)	(1,991)	(1,911)
Results from operating activities	(536)	590	(3,752)	(1,760)
Finance costs	(288)	(413)	(672)	(740)
Profit /(Loss) before taxation	(824)	177	(4,424)	(2,500)
Taxation		33	-	49
Profit /(Loss) for the period & total comprehensive loss attributed to the Company	(824)	210	(4,424)	(2,451)
Profit /(Loss) per share attributable to equity holders of the Company:				
Profit/(Loss) per share (sen)	(0.41)	0.11	(2.21)	(1.24)

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 2023 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 2023
(The figures have not been audited)

	As at 31 Dec 2023 RM'000	(Audited) As at 30 June 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,977	42,972
Right-of-use assets	2,101	2,336
Deferred tax assets	154	154
Inventories	1,532	8,732
Total non-current assets	45,764	54,194
Current assets		
Inventories	44,888	43,866
Trade and other receivables	6,272	8,402
Cash and bank balances	201	200
Total current assets	51,361	52,468
TOTAL ASSETS	97,125	106,662
EQUITY AND LIABILITIES		
Share capital	82,370	82,019
ICULS equity	1,972	1,972
Warrant reserve	3,226	3,499
Share options reserve	7,613	7,613
Other reserves	(14,007)	(14,007)
Accumulated losses	(28,124)	(23,700)
Total Equity	53,050	57,396
Non-current liabilities		
Lease liabilities	4,147	3,934
Borrowings	1,366	1,388
Deferred tax liabilities	2,107	2,107
Total non-current liabilities	7,620	7,429
Current liabilities		
Trade and other payables	23,340	24,357
Lease liabilities	705	1,486
Borrowings	11,766	15,334
ICULS liabilities	643	643
Tax payables	1	17
Total current liabilities	36,455	41,837
Total liabilities	44,075	49,266
TOTAL EQUITY AND LIABILITIES	97,125	106,662
Net Assets per share (RM)	0.27	0.29

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 2023 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 2023
(The figures have not been audited)

	Share capital RM'000	Non-distributable					Distributable	Total RM'000
		ICULS equity RM'000	Warrant reserve RM'000	Share options reserve RM'000	Reverse acquisition reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
As at 01 July 2023	82,019	1,972	3,499	7,613	(19,524)	5,517	(23,700)	57,396
Loss, representing total comprehensive loss for the period	-	-	-	-	-	-	(3,600)	(3,600)
As at 30 September 2023	82,019	1,972	3,499	7,613	(19,524)	5,517	(27,300)	53,796
Loss, representing total comprehensive loss for the period							(824)	(824)
Conversion of Warrant	351		(273)					78
As at 31 December 2023	82,370	1,972	3,226	7,613	(19,524)	5,517	(28,124)	53,050

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 2023 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 2023
(The figures have not been audited)

	Cumulative 6 months ended Dec	
Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(4,424)	(2,677)
Adjustments for:		
Allowance for expected credit losses	186	105
Depreciation	1,475	950
Gain on disposal of asset	(500)	-
Equity settled share based payment	-	(33)
Interest expense	625	327
Realised loss / (gain) on foreign exchange - cash and cash equivalents	(2)	10
Unrealised (gain) / loss on foreign exchange	26	(18)
	<u>(2,614)</u>	<u>(1,336)</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	6,678	(33)
Trade & other receivables	(373)	785
Increase / (Decrease) in:		
Trade and other payables	<u>(2,934)</u>	<u>1,169</u>
Cash generated from / (used in) operations	757	585
Income tax paid	<u>(15)</u>	<u>-</u>
Net cash generated from / (used in) operating activities	742	585
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	-	(1,377)
Acquisition of right-of-use assets	-	(74)
Proceeds from disposal of assets	3,713	
Net cash (used in) / generated from investing activities	<u>3,713</u>	<u>(1,451)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid	(625)	(402)
Proceeds from issuance of share	445	5
Proceeds from bankers' acceptances	19,984	13,212
Proceeds from lease liabilities	-	580
Proceeds from share options exercised	-	119
Repayment of back to back loan arrangement	-	(13)
Repayment of bankers' acceptances	(20,356)	(12,837)
Repayment of bridging and term loans	(3,472)	(3,265)
Repayment of lease liabilities	(182)	(242)
Net cash (used in) / generated from financing activities	<u>(4,206)</u>	<u>(2,843)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	249	(3,709)
CASH AND CASH EQUIVALENTS AT BEGINNING	(5,031)	(1,296)
EFFECT OF EXCHANGE DIFFERENCES	-	(10)
CASH AND CASH EQUIVALENTS AT END	<u><u>(4,782)</u></u>	<u><u>(5,015)</u></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 2023 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 second quarter ended 31 December 2023
(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 2023. 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 2023.

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 2023. 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 2023 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.

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:

6 Months ended 31 December 2023

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	16,773	-	-	16,773
Results				
Segment results	(4,699)	1,805	(858)	(3,752)
Finance costs	(523)	(104)	(45)	(672)
Profit/(Loss) before tax	(5,222)	1,701	(903)	(4,424)
Tax expenses				-
Loss after tax				(4,424)

6 Months ended 31 December 2022

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	17,473	3,107	-	20,580
Results				
Segment results	(1,297)	406	(868)	(1,759)
Finance costs	(403)	(247)	(91)	(741)
Loss before tax	(1,700)	159	(959)	(2,500)
Tax expenses				49
Loss after tax				(2,451)

Geographical Area	6 Months ended 31 Dec 2023 RM'000	6 Months ended 31 Dec 2022 RM'000
Revenue		
Asia	3,645	2,450
Oceania	399	976
Middle East	359	294
Others	173	407
Total export	4,576	4,127
Malaysia	12,197	16,453
Total revenue	16,773	20,580

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 23 February 2024.

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(The figures have not been audited)

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 23 February 2024.

13. Capital commitments

As at 23 February 2024, 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 2023 RM'000	As at 31 Dec 2022 RM'000
Cash & bank balances	201	290
Bank overdraft	(4,983)	(5,305)
	<u>(4,782)</u>	<u>(5,015)</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 31 Dec 2023	Corresponding quarter ended 31 Dec 2022	6 months 31 Dec 2023 RM'000	6 months 31 Dec 2022 RM'000	Variation %
Revenue	9,041	10,931	16,773	20,580	-18%
Loss before tax	(824)	177	(4,424)	(2,500)	77%

2Q2024 vs 2Q2023

For the second quarter ended 31 December 2023, the Group recorded a revenue of RM9.04 million, decrease of RM1.89 million against previous year's corresponding quarter which due to no revenue recorded in Property Division in current quarter.

During this quarter under review, loss before tax ("LBT") of RM0.84 million is recorded as compared to profit before tax ("PBT") of RM0.18 million in previous year's corresponding quarter.

Manufacturing Division

During current quarter ended 31 December 2023, Manufacturing Division recorded a revenue of RM9.04 million, an increase of RM1.22 million from RM7.82 million in previous year's corresponding quarter. The division recorded a LBT of RM2.51 million as compared to LBT of RM0.14 million in previous year's corresponding quarter which was mainly due to lower revenue and initial set up cost incurred in flooring segment.

Property Division

There are no revenue recorded in the current quarter ended 31 December 2023 while previous year's corresponding quarter recorded a revenue of RM2.11million. The division recorded a PBT of RM2.11 million, an increase of RM1.57 million as compared to PBT of RM0.55 million in previous year's corresponding quarter due to waiver of debt and gain in disposal of a vacant land.

6M2023 vs 6M2022 (Cumulative Quarter Performances)

The Group recorded revenue of RM16.77 million, an decrease of RM3.81 million from RM20.58 million for the six months year ended 31 December 2023. A decrease in revenue was mainly due to lower sales recorded in Manufacturing and no revenue recorded in Property Division.

The Group recorded a LBT of RM4.42 million for the six months year ended 31 December 2023 ("6M2024"), an increase of RM2.42 million as compared to LBT of RM2.5 million recorded in corresponding period of the preceding financial year ("6M2023"). Higher LBT recorded in 6M2024 was mainly due to no revenue recorded in Property Division and initial set up cost incurred in flooring segment.

Manufacturing Division

For 6M2024, Manufacturing Division recorded a revenue of RM16.77 million, decrease of RM0.70 million from RM17.47 million in 6M2023. The division recorded a higher LBT of RM5.22 million as compared to LBT of RM1.65 million in 6M2023. A higher LBT recorded in 6M2024 was mainly due to lower revenue recorded in the period.

Property Division

For 6M2024, there are no revenue recorded in Property while a revenue of RM3.11million was recorded in 6M2023. The division recorded a higher PBT of RM1.86 million as compared to PBT of RM0.46 million in 6M2023 was mainly due to waiver of debt and gain in disposal of a vacant land during the period.

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(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 31 Dec 2023 RM'000	Preceding quarter ended 30 Sept 2023 RM'000	Variation %
Revenue	9,041	7,732	16.93%
Loss before taxation	(824)	(3,600)	-77.11%

For the second quarter ended 31 December 2023, the Group recorded revenue of RM9.04 million, an increase of RM1.31 million as compared to the preceding quarter due to increase of revenue recorded in Manufacturing Division.

The Group recorded a lower LBT of RM0.82 million for the current quarter as compared to LBT of RM3.6 million in the preceding quarter mainly due to improvement in revenue and other income.

3. Current year prospects

The Group will continue to improve the performance of all the segments by improving the demand for its products thus achieving better economies of scales whilst continue implementing measures to reduce expenditure. However, the Group takes cautious approach in view of the weakening local currency as well as continuous rising costs.

The Group is in the view that the export market will remain challenging as world consumption continues to be weakened in 2024 mainly due to the market elevated inflation and soaring prices amid a slowing global economy but demand expects to recover in 2024.

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

	As at 31 Dec 2023 RM'000	As at 30 June 2023 RM'000
Secured:		
Bridging loans	-	3,018
Bankers' acceptances	6,699	6,866
Term loans	1,450	1,606
Bank overdrafts	4,983	5,231
	13,132	16,721
Less: Amount due within 12 months	(11,766)	(15,333)
	1,366	1,388

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(The figures have not been audited)

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 31 Dec 2023	Year to Date 31 Dec 2023
Loss attributable to shareholders (RM'000)	(824)	(4,424)
Weighted average number of ordinary shares ('000)	200,169	200,169
Loss per share (sen)	<u>(0.41)</u>	<u>(2.21)</u>

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Dec 2023 RM'000	Year to Date 31 Dec 2023 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	288	672
(d) Depreciation and amortization	997	1,991
(e) Provision for and write off of receivable	97	186
(f) Provision for and write off of inventories	-	-
(g) (Gain) / Loss on disposal of property, plant and equipment	-	-
(h) Gain/(loss) on disposal of quoted or unquoted investments or prope	-	-
(i) Property, plant and equipment written off /impairment of asset	-	-
(j) Foreign exchange gain/(loss)	100	72
(k) Gain or (loss) on derivatives	-	-
(l) Share options vested under SIS	-	-

11. Corporate Proposal

On 17 January 2024, on behalf of our Board of Directors, AmlInvestment Bank Berhad has announced that the Company proposes to undertake the following proposals:

- (i) proposed termination of the existing employees' share issuance scheme ("Existing SIS:")("Proposed Termination of Existing SIS"); and
- (ii) proposed establishment of a new employees' share scheme ("ESS" or "Scheme") which comprises:-
 - (a) an employees' share option scheme ("ESOS") which entitle Eligible Persons (as defined herein), upon exercise, to subscribe for new and/or existing ordinary shares in Scanwolf (Scanwolf Share(s)" or "Share(s)") at a specified future date at a pre-determined price ("Proposed ESOS"); and
 - (b) an employees' share grant plan which entitles Eligible Persons to receive new and/or existing

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(The figures have not been audited)

Scanwolf Shares at no consideration and/or the equivalent cash value of such Shares or a combination thereof ("Proposed ESGP")

collectively, of up to fifteen percent (15%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Scheme. (The Proposed ESOS and Proposed ESGP are collectively referred as the "Proposed ESS")

On 26 January 2024, 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 26 January 2024.

On 2 February 2024, on behalf of the Board, AmlInvestment Bank had announced that Bursa Securities had vide its letter dated 2 February 2024, resolved to approve the listing and quotation of such number of new Scanwolf Shares representing up to 15% of the total number of issued shares of Scanwolf (excluding treasury shares, if any) to be issued pursuant to the Proposed ESS, subject to among others, the following conditions.

1. Scanwolf and AmlInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESS.
2. AmlInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation, together with the following:
 - (i) A certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposed ESS; and
 - (ii) Letter of compliance in relation to the By-Laws pursuant to Paragraph 2.12 of the Listing Requirements together with a copy of the final By-Laws
3. Scanwolf is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESS as at the end of each quarter together with a detailed computation of listing fees payable.

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 27 February 2024.