



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2023

28 NOVEMBER 2023



Scanwolf Corporation Berhad (Company no. 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 September 2023
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30 September		30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	7,732	9,649	7,732	9,649
Other operating income	1	5	-	5
Operating expenses	(9,955)	(11,054)	(9,955)	(11,054)
Depreciation & amortisation	(994)	(950)	(994)	(950)
Results from operating activities	(3,216)	(2,350)	(3,216)	(2,350)
Finance costs	(384)	(327)	(384)	(327)
Profit /(Loss) before taxation	(3,600)	(2,677)	(3,600)	(2,677)
Taxation	-	16	-	16
Profit /(Loss) for the period & total comprehensive loss attributed to the Company	(3,600)	(2,661)	(3,600)	(2,661)
Profit /(Loss) per share attributable to equity holders of the Company:				
Profit/(Loss) per share (sen)	(1.81)	(1.36)	(1.81)	(1.35)

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 30 September 2023
(The figures have not been audited)

	As at 30 Sept 2023 RM'000	(Audited) As at 30 June 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,466	42,972
Right-of-use assets	2,094	2,336
Deferred tax assets	154	154
Inventories	8,732	8,732
Total non-current assets	53,446	54,194
Current assets		
Inventories	44,782	43,866
Trade and other receivables	6,463	8,402
Cash and bank balances	256	200
Total current assets	51,501	52,468
TOTAL ASSETS	104,947	106,662
EQUITY AND LIABILITIES		
Share capital	82,019	82,019
ICULS equity	1,972	1,972
Warrant reserve	3,499	3,499
Share options reserve	7,613	7,613
Other reserves	(14,007)	(14,007)
Accumulated losses	(27,300)	(23,700)
Total Equity	53,796	57,396
Non-current liabilities		
Lease liabilities	4,270	3,934
Borrowings	1,389	1,388
Deferred tax liabilities	2,107	2,107
Total non-current liabilities	7,766	7,429
Current liabilities		
Trade and other payables	29,684	24,357
Lease liabilities	749	1,486
Borrowings	12,297	15,334
ICULS liabilities	643	643
Tax payables	12	17
Total current liabilities	43,385	41,837
Total liabilities	51,151	49,266
TOTAL EQUITY AND LIABILITIES	104,947	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 first quarter ended 30 September 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

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 first quarter ended 30 September 2023
(The figures have not been audited)

	Cumulative 3 months ended Sept	
	2023	2022
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(3,600)	(2,677)
Adjustments for:		
Allowance for expected credit losses	89	105
Depreciation	994	950
Equity settled share based payment	-	(33)
Interest expense	384	327
Realised loss / (gain) on foreign exchange - cash and cash equivalents	(3)	10
Unrealised (gain) / loss on foreign exchange	26	(18)
	<u>(2,110)</u>	<u>(1,336)</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(915)	(33)
Trade & other receivables	2,795	785
Increase / (Decrease) in:		
Trade and other payables	3,447	1,169
Cash generated from / (used in) operations	<u>3,217</u>	<u>585</u>
Income tax paid	<u>(5)</u>	<u>-</u>
Net cash generated from / (used in) operating activities	<u>3,212</u>	<u>585</u>
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	-	(1,377)
Acquisition of right-of-use assets	-	(74)
Net cash (used in) / generated from investing activities	<u>-</u>	<u>(1,451)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid	(187)	(402)
Proceeds from issuance of share	-	5
Proceeds from bankers' acceptances	6,600	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	(5,892)	(12,837)
Repayment of bridging and term loans	(3,593)	(3,265)
Repayment of lease liabilities	(369)	(242)
Net cash (used in) / generated from financing activities	<u>(3,441)</u>	<u>(2,843)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(229)</u>	<u>(3,709)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>(5,031)</u>	<u>(1,296)</u>
EFFECT OF EXCHANGE DIFFERENCES	<u>3</u>	<u>(10)</u>
CASH AND CASH EQUIVALENTS AT END	<u><u>(5,257)</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 first quarter ended 30 September 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.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2023
(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 2023

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	<u>7,732</u>	<u>-</u>	<u>-</u>	<u>7,732</u>
Results				
Segment results	(2,463)	(500)	(253)	(3,216)
Finance costs	(253)	(86)	(45)	(384)
Loss before tax	<u>(2,716)</u>	<u>(586)</u>	<u>(298)</u>	<u>(3,600)</u>
Tax expenses				-
Loss after tax				<u>(3,600)</u>

3 Months ended 30 September 2022

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	<u>9,649</u>	<u>-</u>	<u>-</u>	<u>9,649</u>
Results				
Segment results	(1,658)	(258)	(434)	(2,350)
Finance costs	(179)	(130)	(18)	(327)
Loss before tax	<u>(1,837)</u>	<u>(388)</u>	<u>(452)</u>	<u>(2,677)</u>
Tax expenses				16
Loss after tax				<u>(2,661)</u>

Geographical Area	3 Months ended 30 Sept 2023 RM'000	3 Months ended 30 Sept 2022 RM'000
Revenue		
Asia	1,094	1,484
Oceania	180	743
Middle East	137	97
Others	17	147
Total export	<u>1,428</u>	<u>2,471</u>
Malaysia	<u>6,304</u>	<u>7,178</u>
Total revenue	<u>7,732</u>	<u>9,649</u>

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 28 November 2023.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2023
(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 28 November 2023.

13. Capital commitments

As at 28 November 2023, 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 2023 RM'000	As at 30 Sept 2022 RM'000
Cash & bank balances	257	290
Bank overdraft	(5,514)	(5,305)
	<u>(5,257)</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 30 Sept 2023	Corresponding quarter ended 30 Sept 2022	3 months 30 Sept 2023 RM'000	3 months 30 Sept 2022 RM'000	Variation %
Revenue	7,732	9,649	7,732	9,649	-20%
Loss before tax	(3,600)	(2,677)	(3,600)	(2,677)	34%

1Q2024 vs 1Q2023

For the first quarter ended 30 September 2023, the Group recorded a revenue of RM7.73 million, an decrease of RM1.92 million against previous year's corresponding quarter which due to decrease of revenue in Manufacturing Division in current quarter.

During this quarter under review, loss before tax ("LBT") of RM3.60 million is recorded as compared to LBT of RM2.68 million in previous year's corresponding quarter. A higher LBT recorded during the 1Q2024 was mainly due to lower revenue recorded.

Manufacturing Division

During current quarter ended 30 September 2023, Manufacturing Division recorded a revenue of RM7.73 million, a decrease of RM1.92 million from RM9.65 million in previous year's corresponding quarter. The division recorded a LBT of RM2.71 million as compared to LBT of RM1.84 million in previous year's corresponding quarter which was mainly due to lower revenue recorded.

Property Division

During current quarter ended 30 Sept 2023 and previous year's corresponding quarter, Property Division did not record any revenue. The division recorded a LBT of RM0.68 million, an increase of RM0.29 million as compared to LBT of RM0.39 million in previous year's corresponding quarter.

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Notes To The Interim Report
For the first quarter ended 30 September 2023
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2. Variation of results against preceding quarter

	Current quarter ended 30 Sept 2023 RM'000	Preceding quarter ended 30 June 2023 RM'000	Variation %
Revenue	7,732	8,750	-11.63%
Loss before taxation	<u>(3,600)</u>	<u>(671)</u>	<u>436.51%</u>

For the first quarter ended 30 September 2023, the Group recorded revenue of RM7.73 million, an decrease of RM1.02 million as compared to the preceding quarter due to decrease of revenue recorded in Manufacturing Division.

The Group recorded a higher LBT of RM3.60 million for the current quarter as compared to LBT of RM0.67 million in the preceding quarter. Higher LBT recorded in current quarter was mainly due to lower revenue recorded.

3. Prospects for next financial year

The first quarter of 2024 will continue to be challenging with global inflation, heightened geopolitical tensions and persistent strengthening of the US dollar against Ringgit that may hinder current economic growth.

The slowdown in the US sector and weaker furniture spendings will likely continue for some time and will impact on our operations and financial performance. We are now working with our customers to develop newer range of products, particularly for the office segment which has weathered the slowdown better whilst anticipating a pick-up in our home furnishing orders toward the year end.

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 30 Sept 2023 RM'000	As at 30 June 2023 RM'000
Secured:		
Bridging loans	(24)	3,018
Bankers' acceptances	6,668	6,866
Term loans	1,528	1,606
Bank overdrafts	<u>5,514</u>	<u>5,231</u>
	13,686	16,721
Less: Amount due within 12 months	<u>(12,297)</u>	<u>(15,333)</u>
	<u>1,389</u>	<u>1,388</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2023
(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 30 Sept 2023	Year to Date 30 Sept 2023
Loss attributable to shareholders (RM'000)	(3,600)	(3,600)
Weighted average number of ordinary shares ('000)	198,767	198,767
Loss per share (sen)	<u>(1.81)</u>	<u>(1.81)</u>

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 30 Sept 2023 RM'000	Year to Date 30 Sept 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	373	373
(d) Depreciation and amortization	994	994
(e) Provision for and write off of receivable	89	89
(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 properties	-	-
(i) Property, plant and equipment written off /impairment of asset	-	-
(j) Foreign exchange gain/(loss)	23	23
(k) Gain or (loss) on derivatives	-	-
(l) Share options vested under SIS	-	-

11. 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 28 November 2023