



SNOWFIT GROUP BERHAD

(Registration No. 202101026487 (1426787-K))

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 MAY 2024**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY SNOWFIT GROUP BERHAD (“SNOWFIT” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

SNOWFIT GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2024⁽¹⁾

	Unaudited As at 31/05/2024 RM'000	Audited As at 31/5/2023 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	9,550	4,029
Right-of-use assets	1,969	3,061
Goodwill	105	105
Total non-current assets	11,624	7,195
Current assets		
Inventories	3,826	3,355
Trade receivables	3,626	312
Other receivables	3,741	3,116
Fixed deposits from licensed bank	733	733
Cash and cash equivalents	522	1,078
Total current assets	12,448	8,594
Total assets	24,072	15,789
<u>LIABILITIES AND EQUITY</u>		
Equity		
Share capital	4,432	4,432
Retained earnings/(Accumulated losses)	(369)	(378)
Total equity	4,063	4,054
Non-current liabilities		
Term loans	8,774	2,904
Finance lease liabilities	790	658
Lease liabilities	2,419	1,164
Deferred tax liabilities	119	119
Total non-current liabilities	12,102	4,845

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	Unaudited As at 31/05/2024 RM'000	Audited As at 31/5/2023 RM'000
Current liabilities		
Trade payables	1,314	62
Other payables and accruals	295	645
Bankers' acceptances	4,460	4,329
Finance lease liabilities	195	201
Lease liabilities	1,138	1,255
Term loans	352	245
Current tax liabilities	153	153
Total current liabilities	7,907	6,890
Total liabilities	20,009	11,735
Total liabilities and equity	24,072	15,789
Net assets per share (sen)⁽²⁾	1.92	1.92

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2024 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net assets per share is calculated based on the Company's total number of issued shares of 211,100,002 ordinary shares as at 31 May 2023 and 31 May 2024.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED (“FPE”) 31 MAY 2024⁽¹⁾

	Individual 6 months ended		Cumulative Period	
	31/05/2024	31/05/2023	31/05/2024	31/05/2023
	RM'000	RM'000	RM'000	RM'000
Revenue	14,223	13,060	28,919	27,483
Cost of sales	(7,338)	(5,163)	(13,811)	(13,424)
Gross profit	6,885	7,897	15,108	14,059
Other income	98	36	98	38
Administrative expenses	(6,644)	(6,430)	(12,797)	(11,624)
Other operating expenses	(838)	(1,193)	(1,703)	(1,471)
Profit from operation	(499)	310	706	1,002
Finance costs	(482)	(271)	(692)	(457)
Profit before tax	(981)	39	14	545
Taxation	200	(333)	(5)	(430)
Profit for the financial period, representing total comprehensive income for the financial period	(781)	(294)	9	115
Total comprehensive income for the financial period attributable to owners of the Company	(781)	(294)	9	115
Earnings per share (“EPS”) (sen):				
- Basic and diluted ⁽²⁾	(0.37)	(0.14)	0.01	0.05

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2024 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) *EPS is calculated based on the Company's weighted average number of issued shares of 211,100,002 ordinary shares for the FPE 31 May 2023 and FPE 31 May 2024. Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FPE 31 MAY 2024⁽¹⁾

	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
Balance as at 1 June 2023	4,432	224	4,656
Profit for the financial year, representing total comprehensive income for the financial year	-	398	398
Total	4,432	622	5,054
Transaction with owners, recognised directly in equity			
Dividends paid	-	(359)	(359)
Total	-	(359)	(359)
Balance as at 31 May 2024	4,432	263	4,695
Balance as at 1 June 2023	4,432	(378)	4,054
Profit for the financial period, representing total comprehensive income for the financial period	-	9	9
Total	4,432		4,063
Balance as at 31 May 2024	4,432	(369)	4,063

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2024 of the Company and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 MAY 2024⁽¹⁾

	Unaudited	audited
	31/05/2024	31/05/2023
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	14	545
Adjustments for:		
Deposit forfeited	-	20
Depreciation of property, plant and equipment	691	308
Depreciation of right-of-use assets	1,012	1,163
Interest expenses	692	457
Interest received	(1)	(1)
Interest on fixed deposits	(11)	(11)
Operating profit before working capital changes	<u>2,397</u>	<u>2,481</u>
Changes in working capital:		
Inventories	(471)	(1,036)
Trade receivables	(3,314)	(272)
Other receivables, deposits and prepayments	1,604	(2,133)
Trade payables	1,252	(495)
Other payables and accruals	(221)	(239)
Cash used in operations	<u>1,247</u>	<u>(1,694)</u>
Tax paid	-	(437)
Net cash used in operating activities	<u>1,247</u>	<u>(2,131)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(6,012)	(827)
Interest received	1	1
Interest on fixed deposit	11	11
Purchase of right-of-use assets	(48)	(29)
Placement on fixed deposit	-	(47)
Net cash used in investing activities	<u>(6,048)</u>	<u>(891)</u>
Cash Flows from Financing Activities		
Dividends paid	-	(718)
Interest paid	(692)	(457)
Net changes in bank acceptances	132	3,485
Net changes of bank borrowings	5,820	737
Repayment of finance lease liabilities	(202)	(197)
Repayment of lease liabilities	(899)	(842)
Net cash from financing activities	<u>4,159</u>	<u>2,008</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 MAY 2024⁽¹⁾ (CONT'D)

	Unaudited 31/05/2024 RM'000	Audited 31/05/2023⁽²⁾ RM'000
Net decrease in cash and cash equivalents	(642)	(1,014)
Cash and cash equivalents at the beginning of the financial period	<u>1,164</u>	<u>2,178</u>
Cash and cash equivalents at the end of the financial period	<u>522</u>	<u>1,164</u>

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2024 of the Company and the accompanying explanatory notes attached to this interim financial report.*

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MAY 2024

A1. BASIS OF PREPARATION

The interim financial statements of Snowfit and its subsidiary (the “**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the first interim financial report on the consolidated results for the current 6-month financial period ended 31 May 2024 announced by the Company in compliance with Rule 6.12 of the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).

The interim financial report should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 May 2024 of the Company and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Consolidated Financial Statements for the financial year ended 31 May 2024 of the Company, except for the following:

MFRSs effective for annual periods commencing on or after 1 January 2023 (Including the consequential amendments)	Effective date
MFRS 17, Insurance Contracts	1 January 2023
Amendments to MFRS 17, Insurance Contracts	1 January 2023
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 101, Presentation of Financial Statements — Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 10 and MFRS 128, Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONT'D)**A3. SEASONAL AND CYCLICAL FACTORS**

The Group did not experience any material seasonality or cyclical effects in its business operations for the current 6-month financial period under review.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current 6-month financial period under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current 6-month financial period under review.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current 6-month financial period under review.

A7. SEGMENTAL INFORMATION

The Group's revenue based on product segments is presented as follows:

	Individual 6 months ended				Cumulative 12 months ended			
	31/05/2024		31/05/2023		31/05/2024		31/05/2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Massage and wellness equipment	14,223	100.0	13,044	99.9	28,909	99.9	27,404	99.7
Musical instruments and accessories	-	-	16	0.1	10	0.1	79	0.3
Total	14,223	100.0	13,060	100.0	28,919	100.0	27,483	100.0

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT 6-MONTH FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current 6-month financial period under review.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. CAPITAL COMMITMENTS

Trade in two old lorry to new lorry

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

For the current 6-month FPE 31 May 2024, the Group achieved a revenue of RM14.2 million as compared to RM13 million in the previous 6-month FPE 31 May 2023, representing an increase of RM1.2 million or 8.4%. The increase in revenue was mainly due the Group reducing the selling price of its products to clear off its inventories in anticipation of launching new models later in the year.

The Group recorded loss before tax of RM0.9 million for the current 6-month FPE 31 May 2024 as compared to a profit before taxation of RM0.04 million in the previous 6-month FPE 31 May 2023, representing an decrease of RM0.94 million or 104.0%, mainly due to the selling price reduce as explained above.

B2. COMMENTARY ON PROSPECTS

The Group has in place the following future plan and strategy to further expand its business:

- (i) Strengthen its presence in the massage and wellness equipment industry in Malaysia
- Introduction of new model with the following:

Enhancement of Features: Features of the products sold by the Group will be enhanced in order to provide its customers with more features in order to compete with other brands as well as to differentiate it from competitors.

Improve Quality: Investment in new and higher quality materials and processes to boost the Group's product durability, performance, and aesthetic appeal.

Leverage Technology: Incorporate new technologies or innovations that can be used to enhance the Group's product functionality or convenience.

- (ii) Introduction of new products
- The Group plans to introduce smart mattresses which the Group is of the opinion that there is a high market demand. The smart mattresses would cater to customers who experiences sleeping issues which includes difficulty falling asleep and loud snoring.

Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 May 2025 will remain favourable.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B4. STATUS OF CORPORATE PROPOSALS

There were no other corporate proposals announced as at the date of this report.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B5. MATERIAL LITIGATION

There were no material litigations pending as at the date of this announcement.

B6. DIVIDENDS

There were no dividend proposed by the Board for the current 6-month financial period under review.

B7. EPS

The basic and diluted EPS for the current 6-month financial period are computed as follows:

	Individual 6 months ended		Cumulative 12 months ended	
	31/05/2024	31/05/2023	31/05/2024	31/05/2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	(781)	(294)	9	115
Weighted average number of ordinary shares in issue	211,100	211,100	211,100	211,100
Basic and diluted EPS (sen)	(0.37)	(0.14)	0.01	0.05