



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2022

29 NOVEMBER 2022



Scanwolf Corporation Berhad (Company no. 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 30 September 2022
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	9,649	6,584	9,649	6,584
Other operating income	5	65	5	65
Operating expenses	(11,054)	(9,111)	(11,054)	(9,111)
Depreciation & amortisation	(950)	(828)	(950)	(828)
Results from operating activities	(2,350)	(3,290)	(2,350)	(3,290)
Finance costs	(327)	(553)	(327)	(553)
Loss before taxation	(2,677)	(3,843)	(2,677)	(3,843)
Taxation	16	4.0	16	4
Loss for the period & total comprehensive loss attributed to the Company	(2,661)	(3,839)	(2,661)	(3,839)
Loss per share attributable to equity holders of the Company:				
Loss per share (sen)	(1.36)	(2.66)	(1.35)	(2.33)

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 2022 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 2022
(The figures have not been audited)

	As at	(Audited)
	30 Sept 2022	As at
	RM'000	30 June 2022
		RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,557	37,342
Right-of-use assets	2,863	3,577
Deferred tax assets	160	160
Inventories	8,732	8,732
Total non-current assets	50,312	49,811
Current assets		
Inventories	50,235	50,202
Trade and other receivables	8,554	9,442
Cash and bank balances	290	212
Total current assets	59,079	59,856
TOTAL ASSETS	109,391	109,667
EQUITY AND LIABILITIES		
Share capital	81,319	81,125
ICULS equity	2,187	2,189
Warrant reserve	3,499	3,499
Share options reserve	7,718	7,819
Other reserves	(13,835)	(13,835)
Accumulated losses	(16,142)	(13,481)
Total Equity	64,746	67,316
Non-current liabilities		
Other payables	1,725	959
Lease liabilities	1,470	1,199
Borrowings	1,469	8,028
Deferred tax liabilities	2,108	2,124
Total non-current liabilities	6,772	12,310
Current liabilities		
Trade and other payables	19,606	19,307
Lease liabilities	926	859
Borrowings	16,637	9,170
ICULS liabilities	667	668
Tax payables	37	37
Total current liabilities	37,873	30,041
Total liabilities	44,645	42,351
TOTAL EQUITY AND LIABILITIES	109,391	109,667
Net Assets per share (RM)	0.33	0.39

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 2022 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 2022
 (The figures have not been audited)

	Non-distributable					Distributable	Total RM'000	
	Share capital 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 2022	81,125	2,189	3,499	7,819	(19,524)	5,689	(13,481)	67,316
Loss, representing total comprehensive loss for the period	-	-	-	-	-	-	(2,661)	(2,661)
Conversion of ICULS	7	(2)	-	-	-	-	-	5
Share options exercised	187	-	-	(68)	-	-	-	119
Share options forfeited	-	-	-	(33)	-	-	-	(33)
As at 30 September 2022	81,319	2,187	3,499	7,718	(19,524)	5,689	(16,142)	64,746

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 2022 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 2022
(The figures have not been audited)

	Cumulative	
	3 months ended September	
Note	2022	2021
	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(2,677)	(3,843)
Adjustments for:		
Allowance for expected credit losses	105	60
Depreciation	950	828
Equity settled share based payment	(33)	-
Interest expense	327	553
Realised loss / (gain) on foreign exchange - cash and cash equivalents	10	(2)
Unrealised (gain) / loss on foreign exchange	(18)	34
	<u>(1,336)</u>	<u>(2,370)</u>
Movements in working capital:		
(Increase) / Decrease in:		
Inventories	(33)	1,053
Trade & other receivables	785	3,379
Increase / (Decrease) in:		
Trade and other payables	1,169	(15,084)
Amount due to Directors	-	(1,762)
Cash generated from / (used in) operations	<u>585</u>	<u>(14,784)</u>
Income tax paid	-	(11)
Net cash generated from / (used in) operating activities	<u>585</u>	<u>(14,795)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of plant and equipment	(1,377)	(630)
Acquisition of right-of-use assets	(74)	(191)
Net cash used in investing activities	<u>(1,451)</u>	<u>(821)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid	(402)	(450)
Issuance of ICULS and creditor capitalisation	-	13,497
Proceeds from issuance of share	5	13,182
Proceeds from disposal of treasury share	-	309
Proceeds from bankers' acceptances	13,212	11,192
Proceeds from lease liabilities	580	-
Proceeds from share options exercised	119	-
Repayment of back to back loan arrangement	(13)	-
Repayment of bankers' acceptances	(12,837)	(13,409)
Repayment of bridging and term loans	(3,265)	(1,059)
Repayment of lease liabilities	(242)	-
Net cash (used in) / generated from financing activities	<u>(2,843)</u>	<u>23,262</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,709)	7,646
CASH AND CASH EQUIVALENTS AT BEGINNING	(1,296)	(6,011)
EFFECT OF EXCHANGE DIFFERENCES	(10)	2
CASH AND CASH EQUIVALENTS AT END	A14 (5,015)	1,637

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 2022 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 2022
(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 2022. 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 2022.

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 2022. 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 2022 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

Shares Issuance Scheme ("SIS")

The Company has implemented a SIS of up to fifteen percent (15%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) for the eligible directors and employees of the Group effective from 5 November 2021. On 31 March 2022, the Company offered 25,320,000 options at an exercise price of RM0.5445 each to its eligible employees under the SIS.

As at the end of the current financial quarter, 218,000 options granted have been exercised.

Save as disclosed above, 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 2022
(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 2022

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

3 Months ended 30 September 2021

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	6,584	-	-	6,584
Results				
Segment results	(2,186)	38	(1,142)	(3,290)
Finance costs	(245)	(205)	(103)	(553)
Loss before tax	(2,431)	(167)	(1,245)	(3,843)
Tax expenses				4
Loss after tax				(3,839)

Geographical Area	3 Months ended 30 Sept 2022 RM'000	3 Months ended 30 Sept 2021 RM'000
Revenue		
Asia	1,484	1,267
Oceania	743	654
Middle East	97	186
Others	147	66
Total export	2,471	2,173
Malaysia	7,178	4,411
Total revenue	9,649	6,584

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 25 November 2022.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2022
(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 25 November 2022.

13. Capital commitments

As at 25 November 2022, the Group has the following capital commitment in respect of property, plant and equipment.

	RM'000
Approved and contracted for - Machineries	<u>475</u>

14. Cash and cash equivalents

	As at 30 Sept 2022 RM'000	As at 30 Sept 2021 RM'000
Cash & bank balances	290	2,122
Bank overdraft	<u>(5,305)</u>	<u>(485)</u>
	<u>(5,015)</u>	<u>1,637</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 2022 RM'000	Corresponding quarter ended 30 Sept 2021 RM'000	3 months 30 Sept 2022 RM'000	3 months 30 Sept 2021 RM'000	Variation %
Revenue	9,649	6,584	9,649	6,584	47%
Loss before taxation	(2,677)	(3,843)	(2,677)	(3,843)	-30%

1Q2023 vs 1Q2022

For the first quarter ended 30 September 2022, the Group recorded a revenue of RM9.65 million, an increase of RM3.07 million against previous year's corresponding quarter which was mainly due to increase of revenue in Manufacturing Division.

During this quarter under review, loss before tax ("LBT") of RM2.68 million is recorded, decrease by RM1.16 million as compared to preceding year's corresponding quarter. The decrease in LBT was mainly due to higher revenue recorded in Manufacturing Division.

Manufacturing Division

During current quarter ended 30 September 2022, the division recorded a revenue of RM9.65 million, an increase of RM3.07 million from RM6.58 million in previous year's corresponding quarter. The division recorded a LBT of RM1.84 million, a decrease of RM0.59 million as compared to LBT of RM2.43 million in previous year's corresponding quarter which was mainly due to increase in revenue and partly offset by increase in cost of materials.

Property Division

During current quarter ended 30 September 2022 and previous year's corresponding quarter, Property Division did not record any revenue. The division recorded a LBT of RM0.39 million, an increase of RM0.22 million as compared to LBT of RM0.17 million in previous year's corresponding quarter.

2. Variation of results against preceding quarter

	Current quarter ended 30 Sept 2022 RM'000	Preceding quarter ended 30 June 2022 RM'000	Variation %
Revenue	9,649	9,807	-1.61%
Loss before taxation	(2,677)	(2,277)	17.57%

For the first quarter ended 30 September 2022, the Group recorded revenue of RM9.65 million, an decrease of RM0.16 million as compared to the preceding quarter mainly due to decrease of revenue in Manufacturing Division.

The Group recorded a LBT of RM2.68 million for the current quarter, an increase of RM0.40 million as compared to LBT of RM2.28 million in the preceding quarter. The slight increase LBT recorded in current quarter was mainly due to lower revenue and increase in cost of materials.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2022
(The figures have not been audited)

3. Current year prospects

The global economy is increasingly at risk of sliding into recession, as consumers faced with generation-high inflation rein in spending while central banks are tightening policy aggressively just when support is needed. Volatile raw material prices will continue to be an issue, electricity and minimum wage have also been significantly adjusted upward, which will add on to further uncertainties.

The management will continue to focus on operational efficiencies and expansion of new products to improve the Group's performance. Barring unforeseen circumstances, the Board of Directors are cautiously optimistic of the Group's performance for the remaining financial year.

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 2022 RM'000	As at 30 June 2022 RM'000
Secured:		
Bridging loans	3,568	6,713
Bankers' acceptances	7,341	6,966
Term loans	1,892	2,011
Bank overdrafts	5,305	1,508
	<u>18,106</u>	<u>17,198</u>
Less: Amount due within 12 months	<u>(16,637)</u>	<u>(9,170)</u>
	<u>1,469</u>	<u>8,028</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:

	Quarter Ended 30 Sept 2022	Year to Date 30 Sept 2022
Loss attributable to shareholders (RM'000)	(2,661)	(2,661)
Weighted average number of ordinary shares ('000)	196,353	196,413
Loss per share (sen)	<u>(1.36)</u>	<u>(1.35)</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the first quarter ended 30 September 2022
(The figures have not been audited)

10. Notes to the Condensed Consolidated Income Statement

	Quarter Ended 30 Sept 2022 RM'000	Year to Date 30 Sept 2022 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	327	327
(d) Depreciation and amortization	950	950
(e) Provision for and write off of receivable	105	105
(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) Impairment of asset	-	-
(j) Foreign exchange gain/(loss)	(77)	(77)
(k) Gain or (loss) on derivatives	-	-
(l) Share options vested under SIS	(101)	(101)

11. Status of Corporate Proposal

Save as disclosed below, there were no corporate proposals announced but not completed at the date of this report:

Proposed Private Placement

On 9 March 2022, on behalf of our Board, Malacca Securities Sdn. Bhd. has announced that the Company proposes to undertake a private placement of up to 17,461,010 new Shares ("Placement Shares"), representing 10% of the total number of issued Shares of Scanwolf.

Bursa Securities had vide its letter dated 16 March 2022, granted the approval for the listing and quotation of up to 17,461,010 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities subject to certain conditions.

On 31 March 2022, on behalf of the Board, Malacca Securities Sdn Bhd has announced that the Board has fixed the issue price for the Placement Shares to be issued pursuant to the Proposed Private Placement at RM0.5445 per Placement Share. The issue price represents a discount of 9.99% to the 5-day volume weighted average market price of Scanwolf Shares up to and including 30 March 2022 of RM0.6049, being the last market day immediately before the price-fixing date.

The Proposed Private Placement had been completed following the listing of 17,461,010 Placement Shares on the Main Market of Bursa Securities on 12 April 2022.

At the date of this report, the status of utilisation of proceeds from private placement is as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Capital expenditure	4,600	2,072	2,528	within 12
Purchase of raw materials for Stone Plastic Composite production	2,000	2,000	-	within 12 months
Working capital	2,707	2,707	-	within 12
Estimated expenses in relation to the Proposed Private Placement	200	200	-	within 1 month
Total	9,507	6,979	2,528	

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 29 November 2022.