



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2023**

30 MAY 2023



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

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 9 months ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	7,220	13,260	27,800	29,410
Other operating income	(52)	1,424	(26)	1491
Operating expenses	(12,658)	(21,278)	(33,113)	(41,817)
Depreciation & amortisation	(949)	(865)	(2,860)	(2,545)
Results from operating activities	(6,439)	(7,459)	(8,199)	(13,461)
Finance costs	(382)	(366)	(1,122)	(1,279)
Profit /(Loss) before taxation	(6,821)	(7,825)	(9,321)	(14,740)
Taxation	(1)	(72)	48	(57)
Profit /(Loss) for the period & total comprehensive profit / (loss) attributed to the Company	(6,822)	(7,897)	(9,273)	(14,797)
Profit /(Loss) per share attributable to equity holders of the Company:				
Profit/(Loss) per share (sen)	(3.44)	(4.51)	(5.29)	(8.84)

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 31 March 2023
(The figures have not been audited)

	As at 31 Mar 2023 RM'000	(Audited) As at 30 June 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,183	37,342
Right-of-use assets	2,244	3,577
Deferred tax assets	154	160
Inventories	8,732	8,732
Total non-current assets	<u>53,313</u>	<u>49,811</u>
Current assets		
Inventories	45,366	50,202
Trade and other receivables	7,503	9,442
Cash and bank balances	156	212
Total current assets	<u>53,025</u>	<u>59,856</u>
TOTAL ASSETS	<u>106,338</u>	<u>109,667</u>
EQUITY AND LIABILITIES		
Share capital	82,019	81,125
ICULS equity	1,972	2,189
Warrant reserve	3,499	3,499
Share options reserve	7,693	7,819
Other reserves	(13,835)	(13,835)
Accumulated losses	(22,754)	(13,481)
Total Equity	<u>58,594</u>	<u>67,316</u>
Non-current liabilities		
Other payables	1,700	959
Lease liabilities	3,758	1,199
Borrowings	1,439	8,028
Deferred tax liabilities	2,074	2,124
Total non-current liabilities	<u>8,971</u>	<u>12,310</u>
Current liabilities		
Trade and other payables	20,211	19,307
Lease liabilities	1,318	859
Borrowings	16,584	9,170
ICULS liabilities	643	668
Tax payables	17	37
Total current liabilities	<u>38,773</u>	<u>30,041</u>
Total liabilities	47,744	42,351
TOTAL EQUITY AND LIABILITIES	<u>106,338</u>	<u>109,667</u>
Net Assets per share (RM)	<u>0.33</u>	<u>0.39</u>

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 third quarter ended 31 March 2023
(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	-	-	-	-	-	-	(2,451)	(2,451)
Conversion of ICULS	7	(2)	-	-	-	-	-	5
Share options exercised	187	-	-	(68)	-	-	-	119
Share options forfeited	-	-	-	(33)	-	-	-	(33)
As at 31 December 2022	81,319	2,187	3,499	7,718	(19,524)	5,689	(15,932)	64,956
Loss, representing total comprehensive loss for the period	-	-	-	-	-	-	(6,822)	(6,822)
Conversion of ICULS	700	(215)	-	(25)	-	-	-	460
As at 31 March 2023	82,019	1,972	3,499	7,693	(19,524)	5,689	(22,754)	58,594

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 third quarter ended 31 March 2023
(The figures have not been audited)

	Cumulative	
	9 months ended March	
Note	2023	2022
	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(9,321)	(14,740)
Adjustments for:		
Allowance for expected credit losses	164	(27)
Depreciation	2,860	2,545
Equity settled share based payment	(58)	-
Gain on disposal of plant and equipment	43	(1,377)
Interest expense	1,071	1,279
Realised loss / (gain) on foreign exchange - cash and cash equivalents	62	(2)
Share options vested under SIS	-	7,897
Unrealised (gain) / loss on foreign exchange	(23)	(1)
	<u>(5,202)</u>	<u>(4,426)</u>
Movements in working capital:		
Decrease in:		
Inventories	4,836	660
Trade & other receivables	1,772	(409)
Increase / (Decrease) in:		
Trade and other payables	1,678	(18,307)
Amount due to Directors	-	(1,762)
Cash generated from / (used in) operations	<u>3,084</u>	<u>(24,244)</u>
Income tax paid	(20)	(360)
Net cash generated from / (used in) operating activities	<u>3,064</u>	<u>(24,604)</u>
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(6,741)	(2,017)
Acquisition of right-of-use assets	(74)	(1,059)
Proceeds from disposal of plant and equipment	403	6,849
Net cash used in investing activities	<u>(6,412)</u>	<u>3,773</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid	(1,055)	(1,249)
Issuance of ICULS and creditor capitalisation	-	13,497
Proceeds from issuance of share	472	14,118
Proceeds from disposal of treasury share	-	309
Proceeds from bankers' acceptances	34,764	30,737
Proceeds from lease liabilities	3,578	1,109
Proceeds from share options exercised	119	-
Repayment of back to back loan arrangement	-	(27)
Repayment of bankers' acceptances	(34,671)	(30,823)
Repayment of bridging and term loans	(3,380)	(4,389)
Repayment of lease liabilities	(560)	(629)
Net cash (used in) / generated from financing activities	<u>(733)</u>	<u>22,653</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,081)	1,822
CASH AND CASH EQUIVALENTS AT BEGINNING	(1,296)	(6,011)
EFFECT OF EXCHANGE DIFFERENCES	(62)	2
CASH AND CASH EQUIVALENTS AT END	<u>(5,439)</u>	<u>(4,187)</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 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 third quarter ended 31 March 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 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 third quarter ended 31 March 2023
(The figures have not been audited)

8. Segmental information

Segmental information is presented in respect of the Group's business segment as follows:

9 Months ended 31 March 2023

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	24,693	3,107	-	27,800
Results				
Segment results	(6,567)	(322)	(1,310)	(8,199)
Finance costs	(656)	(358)	(108)	(1,122)
Loss before tax	(7,223)	(680)	(1,418)	(9,321)
Tax expenses				48
Loss after tax				(9,273)

9 Months ended 31 March 2022

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	25,220	4,190	-	29,410
Results				
Segment results	(4,779)	1,310	(9,992)	(13,461)
Finance costs	(584)	(566)	(129)	(1,279)
Loss before tax	(5,363)	744	(10,121)	(14,740)
Tax expenses				(57)
Loss after tax				(14,797)

Geographical Area	9 Months ended 31 Mar 2023 RM'000	9 Months ended 31 Mar 2022 RM'000
Revenue		
Asia	3,572	3,593
Oceania	1,458	1,758
Middle East	380	415
Africa	87	38
Others	387	430
Total export	5,884	6,234
Malaysia	21,916	23,176
Total revenue	27,800	29,410

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 26 May 2023.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 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 26 May 2023.

13. Capital commitments

As at 26 May 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 31 Mar 2023 RM'000	As at 31 Mar 2022 RM'000
Cash & bank balances	156	325
Bank overdraft	(5,595)	(4,512)
	<u>(5,439)</u>	<u>(4,187)</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2023
(The figures have not been audited)

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 Mar 2023	Corresponding quarter ended 31 Mar 2022	9 months 31 Mar 2023 RM'000	9 months 31 Mar 2022 RM'000	Variation %
Revenue	7,220	13,260	27,800	29,410	-5%
Profit / (Loss) before taxation	(6,821)	(7,825)	(9,321)	(14,740)	-37%

3Q2023 vs 3Q2022

For the third quarter ended 31 March 2023, the Group recorded a revenue of RM7.22 million, an decrease of RM6.04 million against previous year's corresponding quarter which was mainly due to no revenue recorded in Property Division.

During this quarter under review, loss before tax ("LBT") of RM6.82 million is recorded as compared to LBT of RM7.83 in previous year's corresponding quarter. A lower LBT recorded was mainly due to lower cost of sales in Manufacturing Division.

Manufacturing Division

During current quarter ended 31 March 2023, Manufacturing Division recorded a revenue of RM7.22 million, a decrease of RM2.90 million from RM10.12 million in previous year's corresponding quarter. The division recorded a LBT of RM5.52 million as compared to LBT of RM0.45 million in previous year's corresponding quarter which was mainly due to higher cost of raw materials and lower revenue.

Property Division

During current quarter ended 31 March 2023, Property Division recorded no revenue. The division recorded a LBT of RM0.84 million as compared to profit before tax ("PBT") of RM0.95 million in previous year's corresponding quarter due to no revenue recorded.

9M2023 vs 9M2022 (Cumulative Quarter Performances)

The Group recorded revenue of RM27.80 million, an decrease of RM1.61 million from RM29.41 million for the nine months period ended 31 March 2023. A decrease in revenue was mainly due to lower sales recorded in both Manufacturing and Property Division.

The Group recorded a LBT of RM9.32 million for the nine months period ended 31 March 2023 ("9M2023"), a decrease of RM5.42 million as compared to LBT of RM14.74 million recorded in corresponding period of the preceding financial year ("9M2022"). Lower LBT recorded in 9M2023 was mainly due to lower cost of raw materials.

Manufacturing Division

For 9M2023, Manufacturing Division recorded a revenue of RM24.69 million, decrease of RM0.53 million from RM25.22 million in 9M2022. The division recorded a higher LBT of RM7.22 million as compared to LBT of RM5.36 million in 9M2022. A higher LBT recorded in 9M2023 was mainly due to lower revenue recorded and higher operating costs.

Property Division

For 9M2023, Property Division recorded a revenue of RM3.11 million, an decrease of RM1.08 million from RM4.19 million in 9M2022. The division recorded a LBT of RM0.68 million as compared to PBT of RM0.74 million in 9M2022 due to lower revenue recorded.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2023
(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 31 Mar 2023 RM'000	Preceding quarter ended 31 Dec 2022 RM'000	Variation %
Revenue	7,220	10,931	-33.95%
Profit / (Loss) before taxation	<u>(6,821)</u>	<u>177</u>	<u>-3953.67%</u>

For the third quarter ended 31 March 2023, the Group recorded revenue of RM7.22 million, decrease of RM3.71 million as compared to the preceding quarter mainly due to no revenue recorded in Property Division.

The Group recorded a LBT of RM6.82 million for the current quarter as compared to PBT of RM0.18 million in the preceding quarter. LBT recorded in current quarter was mainly due to no revenue recorded in Property Division and higher costs of operating expenses as compared to preceding quarter.

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 with continue to secure more contracts and boost its order book in the near term to improve the Group's performance.

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 Mar 2023 RM'000	30 June 2022 RM'000
Secured:		
Bridging loans	3,178	6,713
Bankers' acceptances	7,568	6,966
Term loans	1,683	2,011
Bank overdrafts	5,594	1,508
	<u>18,023</u>	<u>17,198</u>
Less: Amount due within 12 months	<u>(16,584)</u>	<u>(9,170)</u>
	<u>1,439</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.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the third quarter ended 31 March 2023
(The figures have not been audited)

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 Mar 2023	Year to Date 31 Mar 2023
Loss attributable to shareholders (RM'000)	(6,822)	(9,273)
Weighted average number of ordinary shares ('000)	198,100	175,149
Loss per share (sen)	<u>(3.44)</u>	<u>(5.29)</u>

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Mar 2023 RM'000	Year to Date 31 Mar 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	382	1,122
(d) Depreciation and amortization	949	2,860
(e) Provision for and write off of receivable	88	163
(f) Provision for and write off of inventories	-	-
(g) (Gain) / Loss on disposal of property, plant and equipment	43	43
(h) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
(i) Impairment of asset	-	-
(j) Foreign exchange gain/(loss)	23	(118)
(k) Gain or (loss) on derivatives	-	-
(l) Share options vested under SIS	<u>-</u>	<u>(126)</u>

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 30 May 2023.