



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND TWELVE MONTHS ENDED 30 JUNE 2023**

29 AUGUST 2023



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

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 12 months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	8,750	9,807	36,550	39,217
Other operating income	-	41	(26)	1,532
Operating expenses	(7,963)	(10,818)	(41,076)	(52,635)
Depreciation & amortisation	(1,020)	(977)	(3,880)	(3,522)
Results from operating activities	(233)	(1,947)	(8,432)	(15,408)
Finance costs	(438)	(330)	(1,560)	(1,609)
Profit /(Loss) before taxation	(671)	(2,277)	(9,992)	(17,017)
Taxation	-	-	48	(57)
Profit/(Loss) for the period	(671)	(2,277)	(9,944)	(17,074)
Other comprehensive income:				
Gain arising from revaluation of properties, net of tax	-	2,075	-	2,075
Profit /(Loss) for the period & total comprehensive profit / (loss) attributed to the Company	(671)	(202)	(9,944)	(14,999)
Profit /(Loss) per share attributable to equity holders of the Company:				
Profit/(Loss) per share (sen)	(0.34)	(1.16)	(5.02)	(9.91)

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 June 2023
(The figures have not been audited)

	As at 30 June 2023 RM'000	(Audited) As at 30 June 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,210	37,342
Right-of-use assets	2,485	3,577
Deferred tax assets	154	160
Inventories	8,732	8,732
Total non-current assets	54,581	49,811
Current assets		
Inventories	43,866	50,202
Trade and other receivables	7,831	9,442
Cash and bank balances	200	212
Total current assets	51,897	59,856
TOTAL ASSETS	106,478	109,667
EQUITY AND LIABILITIES		
Share capital	82,019	81,125
ICULS equity	1,972	2,189
Warrant reserve	3,499	3,499
Share options reserve	7,613	7,819
Other reserves	(13,835)	(13,835)
Accumulated losses	(23,425)	(13,481)
Total Equity	57,843	67,316
Non-current liabilities		
Other payables	-	959
Lease liabilities	3,952	1,199
Borrowings	1,410	8,028
Deferred tax liabilities	2,074	2,124
Total non-current liabilities	7,436	12,310
Current liabilities		
Trade and other payables	23,760	19,307
Lease liabilities	1,468	859
Borrowings	15,311	9,170
ICULS liabilities	643	668
Tax payables	17	37
Total current liabilities	41,199	30,041
Total liabilities	48,635	42,351
TOTAL EQUITY AND LIABILITIES	106,478	109,667
Net Assets per share (RM)	0.29	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 fourth quarter ended 30 June 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	-	-	-	-	-	-	(2,661)	(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
Loss, representing total comprehensive loss for the period	-	-	-	-	-	-	210	210
Conversion of ICULS	700	(215)	-	(25)	-	-	-	460
As at 31 December 2022	82,019	1,972	3,499	7,693	(19,524)	5,689	(15,932)	65,416
Loss, representing total comprehensive loss for the period	-	-	-	-	-	-	(6,822)	(6,822)
As at 31 March 2023	82,019	1,972	3,499	7,693	(19,524)	5,689	(22,754)	58,594
Loss, representing total comprehensive loss for the period	-	-	-	-	-	-	(671)	(671)
Share options forfeited	-	-	-	(80)	-	-	-	(80)
As at 30 June 2023	82,019	1,972	3,499	7,613	(19,524)	5,689	(23,425)	57,843

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 fourth quarter ended 30 June 2023
(The figures have not been audited)

	Cumulative	
	12 months ended June	
Note	2023	2022
	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before tax	(9,992)	(17,017)
Adjustments for:		
Allowance for expected credit losses	150	(26)
Depreciation	3,880	3,522
Equity settled share based payment	(139)	-
Gain on disposal of plant and equipment	43	(1,377)
Interest expense	1,529	1,609
Realised loss / (gain) on foreign exchange - cash and cash equivalents	63	(8)
Right-of-use assets written off	-	17
Share options vested under SIS	-	7,819
Unrealised (gain) / loss on foreign exchange	(1)	21
	<u>(4,467)</u>	<u>(5,440)</u>
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	5,941	(865)
Trade & other receivables	1,459	(2,557)
Increase / (Decrease) in:		
Trade and other payables	3,432	(17,296)
Amount due to Directors	-	(1,762)
Cash generated from / (used in) operations	<u>6,365</u>	<u>(27,920)</u>
Income tax paid	(20)	(492)
Net cash generated from / (used in) operating activities	<u>6,345</u>	<u>(28,412)</u>
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(8,412)	(2,738)
Acquisition of right-of-use assets	(268)	(191)
Proceeds from disposal of plant and equipment	403	6,849
Net cash (used in) / generated from investing activities	<u>(8,277)</u>	<u>3,920</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid	(1,442)	(1,535)
Issuance of ICULS and creditor capitalisation	-	13,497
Proceeds from issuance of share	472	24,099
Proceeds from disposal of treasury share	-	309
Proceeds from bankers' acceptances	44,986	40,123
Proceeds from lease liabilities	5,894	-
Proceeds from share options exercised	119	-
Repayment of back to back loan arrangement	-	(42)
Repayment of bankers' acceptances	(45,086)	(41,364)
Repayment of bridging and term loans	(4,132)	(5,023)
Repayment of lease liabilities	(2,551)	(865)
Net cash (used in) / generated from financing activities	<u>(1,740)</u>	<u>29,199</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,672)</u>	<u>4,707</u>
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>(1,296)</u>	<u>(6,011)</u>
EFFECT OF EXCHANGE DIFFERENCES	<u>(63)</u>	<u>8</u>
CASH AND CASH EQUIVALENTS AT END	<u>A14 (5,031)</u>	<u>(1,296)</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 fourth quarter ended 30 June 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

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 fourth quarter ended 30 June 2023
(The figures have not been audited)

8. Segmental information

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

12 Months ended 30 June 2023

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	32,283	4,267	-	36,550
Results				
Segment results	(6,555)	(219)	(1,657)	(8,431)
Finance costs	(930)	(451)	(180)	(1,561)
Loss before tax	(7,485)	(670)	(1,837)	(9,992)
Tax expenses				48
Loss after tax				(9,944)

12 Months ended 30 June 2022

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	35,027	4,190	-	39,217
Results				
Segment results	(6,023)	1,038	(10,423)	(15,408)
Finance costs	(697)	(737)	(175)	(1,609)
Loss before tax	(6,720)	301	(10,598)	(17,017)
Tax expenses				(57)
Loss after tax				(17,074)

Geographical Area	12 Months ended 30 June 2023 RM'000	12 Months ended 30 June 2022 RM'000
Revenue		
Asia	4,390	4,538
Oceania	1,503	3,146
Middle East	630	542
Africa	105	162
Others	540	462
Total export	7,168	8,850
Malaysia	29,382	30,367
Total revenue	36,550	39,217

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 August 2023.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 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 25 August 2023.

13. Capital commitments

As at 25 August 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 June 2023 RM'000	As at 30 June 2022 RM'000
Cash & bank balances	200	212
Bank overdraft	(5,231)	(1,508)
	<u>(5,031)</u>	<u>(1,296)</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 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 30 June 2023	Corresponding quarter ended 30 June 2022	12 months 30 June 2023 RM'000	12 months 30 June 2022 RM'000	Variation %
Revenue	8,750	9,807	36,550	39,217	-7%
Loss before tax	(671)	(2,277)	(9,992)	(17,017)	-41%

4Q2023 vs 4Q2022

For the fourth quarter ended 30 June 2023, the Group recorded a revenue of RM8.75 million, an decrease of RM1.06 million against previous year's corresponding quarter which due to slight decrease of sales in Manufacturing Division in current quarter.

During this quarter under review, loss before tax ("LBT") of RM0.67 million is recorded as compared to LBT of RM2.28 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 30 June 2023, Manufacturing Division recorded a revenue of RM7.60 million, a decrease of RM2.20 million from RM9.80 million in previous year's corresponding quarter. The division recorded a LBT of RM0.3 million as compared to LBT of RM1.4 million in previous year's corresponding quarter which was mainly due to lower cost of raw materials recorded in current quarter.

Property Division

During current quarter ended 30 June 2023, Property Division recorded revenue of RM1.16 million. The division recorded a profit before tax of RM0.01 million as compared to LBT of RM0.40 million in previous year's corresponding quarter due to no revenue was recorded in this previous quarter.

12M2023 vs 12M2022 (Cumulative Quarter Performances)

The Group recorded revenue of RM36.55 million, an decrease of RM2.67 million from RM39.22 million for the twelve months year ended 30 June 2023. A decrease in revenue was mainly due to lower sales recorded in both Manufacturing and Property Division.

The Group recorded a LBT of RM9.99 million for the twelve months year ended 30 June 2023 ("12M2023"), a decrease of RM7.03 million as compared to LBT of RM17.02 million recorded in corresponding period of the preceding financial year ("12M2022"). Higher LBT recorded in 12M2022 was mainly to higher cost of materials and staff costs amounting to RM7.90 million arisen from vesting of share options.

Manufacturing Division

For 12M2023, Manufacturing Division recorded a revenue of RM32.28 million, decrease of RM2.74 million from RM35.03 million in 12M2022. The division recorded a higher LBT of RM7.48 million as compared to LBT of RM6.72 million in 12M2022. A higher LBT recorded in 12M2023 was mainly due to lower revenue recorded during the financial year.

Property Division

For 12M2023, Property Division recorded a revenue of RM4.27 million, an increase of RM0.08 million from RM4.19 million in 12M2022. The division recorded a LBT of RM0.67 million as compared to PBT of RM0.30 million in 12M2022 was mainly due lower gross margin recorded during the financial year.

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 2023
(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 30 June 2023 RM'000	Preceding quarter ended 31 Mar 2023 RM'000	Variation %
Revenue	8,750	7,220	21.19%
Loss before taxation	<u>(671)</u>	<u>(6,821)</u>	<u>-90.16%</u>

For the fourth quarter ended 30 June 2023, the Group recorded revenue of RM8.75 million, increase of RM1.53 million as compared to the preceding quarter mainly due to higher revenue recorded in Property Division.

The Group recorded a lower LBT of RM0.67 million for the current quarter as compared to LBT of RM6.82 million in the preceding quarter. Lower LBT recorded in current quarter was mainly due to lower cost of operating expenses.

3. Prospects for next financial year

The global economy is expected to slow down, remaining weaker than usual due to efforts to control inflation impacting economic activity. As a result, the Group foresees a persistently challenging landscape within the export market, characterized by customer adjustments to procurement practices stemming from elevated stock levels housed within their respective warehouses.

In Malaysia, the high energy costs arising from the electricity tariff adjustments through the Imbalance Cost Pass-Through ("ICPT") mechanism will further dent the Group's performance. The Group has taken precautionary step to increase its ASP amidst the higher cost and will be continuously seeking opportunities to create value.

Against the above backdrop, the Group will remain prudent in all its business operations, implement measures to mitigate risks, closely monitor both local and global developments, and continue to emphasise on cost management and efficiency improvement across its business operations.

Barring any unforeseen circumstances, the Group is confident that it will grow in the next 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

	30 June 2023 RM'000	30 June 2022 RM'000
Secured:		
Bridging loans	3,018	6,713
Bankers' acceptances	6,866	6,966
Term loans	1,606	2,011
Bank overdrafts	<u>5,231</u>	<u>1,508</u>
	16,721	17,198
Less: Amount due within 12 months	<u>(15,311)</u>	<u>(9,170)</u>
	<u>1,410</u>	<u>8,028</u>

Scanwolf Corporation Berhad (Company no: 740909-T)
Notes To The Interim Report
For the fourth quarter ended 30 June 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 June 2023	Year to Date 30 June 2023
Loss attributable to shareholders (RM'000)	(671)	(9,944)
Weighted average number of ordinary shares ('000)	198,767	197,997
Loss per share (sen)	<u>(0.34)</u>	<u>(5.02)</u>

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 30 June 2023 RM'000	Year to Date 30 June 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	438	1,560
(d) Depreciation and amortization	1,020	3,880
(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)	1	(118)
(k) Gain or (loss) on derivatives	-	-
(l) Share options vested under SIS	-	<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 29 August 2023.