



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2024

29 MAY 2024



Scanwolf Corporation Berhad (Company no. 740909-T)
Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 March 2024
(The figures have not been audited)

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 9 months ended 31 March	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	8,685	7,220	25,458	27,800
Other operating income	8	(52)	2,428	-26
Operating expenses	(11,805)	(12,658)	(32,759)	(33,113)
Depreciation & amortisation	(968)	(949)	(2,959)	(2,860)
Results from operating activities	(4,080)	(6,439)	(7,832)	(8,199)
Finance costs	(345)	(382)	(1,017)	(1,122)
Profit /(Loss) before taxation	(4,425)	(6,821)	(8,849)	(9,321)
Taxation	-	(1)	-	48
Profit /(Loss) for the period & total comprehensive loss attributed to the Company	(4,425)	(6,822)	(8,849)	(9,273)
Profit /(Loss) per share attributable to equity holders of the Company:				
Profit/(Loss) per share (sen)	(2.21)	(3.44)	(4.42)	(5.29)

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 31 March 2024
(The figures have not been audited)

	As at 31 Mar 2024 RM'000	(Audited) As at 30 June 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,427	42,972
Right-of-use assets	2,040	2,336
Deferred tax assets	154	154
Inventories	1,532	8,732
Total non-current assets	45,153	54,194
Current assets		
Inventories	44,314	43,866
Trade and other receivables	6,585	8,402
Cash and bank balances	767	200
Total current assets	51,666	52,468
TOTAL ASSETS	96,819	106,662
EQUITY AND LIABILITIES		
Share capital	82,370	82,019
ICULS equity	1,972	1,972
Warrant reserve	3,226	3,499
Share options reserve	7,613	7,613
Other reserves	(14,007)	(14,007)
Accumulated losses	(32,549)	(23,700)
Total Equity	48,625	57,396
Non-current liabilities		
Lease liabilities	4,020	3,934
Borrowings	1,344	1,388
Deferred tax liabilities	2,107	2,107
Total non-current liabilities	7,471	7,429
Current liabilities		
Trade and other payables	19,315	24,357
Lease liabilities	569	1,486
Borrowings	20,195	15,334
ICULS liabilities	643	643
Tax payables	1	17
Total current liabilities	40,723	41,837
Total liabilities	48,194	49,266
TOTAL EQUITY AND LIABILITIES	96,819	106,662
Net Assets per share (RM)	0.24	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 third quarter ended 31 March 2024
(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 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
Loss, representing total comprehensive loss for the period							(824)	(824)
Conversion of Warrant	351		(273)					78
As at 31 December 2023	82,370	1,972	3,226	7,613	(19,524)	5,517	(28,124)	53,050
Loss, representing total comprehensive loss for the period							(4,425)	(4,425)
As at 31 March 2024	82,370	1,972	3,226	7,613	(19,524)	5,517	(32,549)	48,625

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 third quarter ended 31 March 2024
(The figures have not been audited)

	Note	Cumulative 9 months ended Mar	
		2024 RM'000	2023 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
Loss before tax		(8,849)	(9,321)
Adjustments for:			
Allowance for expected credit losses		128	164
Depreciation		2,959	2,860
Gain on disposal of asset		(500)	43
Equity settled share based payment		-	(58)
Interest expense		1,042	1,071
Realised loss / (gain) on foreign exchange - cash and cash equivalents		(26)	62
Unrealised (gain) / loss on foreign exchange		(42)	(23)
		<u>(5,288)</u>	<u>(5,202)</u>
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		6,752	4,836
Trade & other receivables		(1,314)	1,772
Increase / (Decrease) in:			
Trade and other payables		<u>(5,087)</u>	<u>1,678</u>
Cash generated from / (used in) operations		<u>(4,937)</u>	<u>3,084</u>
Income tax paid		<u>(15)</u>	<u>(20)</u>
Net cash (used in)/generated from operating activities		<u>(4,952)</u>	<u>3,064</u>
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		-	(6,741)
Acquisition of right-of-use assets		-	(74)
Proceeds from disposal of assets		3,713	403
Net cash (used in)/ generated from investing activities		<u>3,713</u>	<u>(6,412)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Interest paid		(990)	(1,055)
Proceeds from issuance of share		445	472
Proceeds from bankers' acceptances		32,552	34,764
Proceeds from lease liabilities		-	3,578
Proceeds from share options exercised		-	119
Repayment of back to back loan arrangement		-	-
Repayment of bankers' acceptances		(26,572)	(34,671)
Repayment of bridging and term loans		(3,472)	(3,380)
Repayment of lease liabilities		<u>(182)</u>	<u>(560)</u>
Net cash (used in)/generated from financing activities		<u>1,781</u>	<u>(733)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		542	(4,081)
CASH AND CASH EQUIVALENTS AT BEGINNING		(5,031)	(1,296)
EFFECT OF EXCHANGE DIFFERENCES		-	(62)
CASH AND CASH EQUIVALENTS AT END	A14	<u>(4,489)</u>	<u>(5,439)</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 third quarter ended 31 March 2024
(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.

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8. Segmental information

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

9 Months ended 31 March 2024

	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	25,165	293	-	25,458
Results				
Segment results	(7,928)	1,458	(1,361)	(7,831)
Finance costs	(851)	(122)	(45)	(1,018)
Profit/(Loss) before tax	(8,779)	1,336	(1,406)	(8,849)
Tax expenses				-
Loss after tax				(8,849)

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)

Geographical Area	9 Months ended 31 Mar 2024 RM'000	9 Months ended 31 Mar 2023 RM'000
Revenue		
Asia	3,603	3,572
Oceania	376	1,458
Middle East	316	380
Others	219	474
Total export	4,514	5,884
Malaysia	20,944	21,916
Total revenue	25,458	27,800

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 24 May 2024.

Scanwolf Corporation Berhad (Company no: 740909-T)
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(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 24 May 2024.

13. Capital commitments

As at 24 May 2024, 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 2024 RM'000	As at 31 Mar 2023 RM'000
Cash & bank balances	767	156
Bank overdrafts	(5,256)	(5,595)
	<u>(4,489)</u>	<u>(5,439)</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 31 Mar 2024	Corresponding quarter ended 31 Mar 2023	9 months 31 Mar 2024 RM'000	9 months 31 Mar 2023 RM'000	Variation %
Revenue	8,685	7,220	25,458	27,800	-8%
Loss before tax	(4,425)	(6,821)	(8,849)	(9,321)	-5%

3Q2024 vs 3Q2023

For the third quarter ended 31 March 2024, the Group recorded a revenue of RM8.69 million, an increase of RM1.47 million against previous year's corresponding quarter which due increase of revenue recorded in Manufacturing Division and Property Division in current quarter.

During this quarter under review, loss before tax ("LBT") of RM4.43 million is recorded as compared to LBT of RM6.82 million in previous year's corresponding quarter.

Manufacturing Division

During current quarter ended 31 March 2024, Manufacturing Division recorded a revenue of RM8.39 million, an increase of RM1.17 million from RM7.22 million in previous year's corresponding quarter. The division recorded a LBT of RM3.56 million as compared to LBT of RM5.52 million in previous year's corresponding quarter which was mainly due to higher revenue recorded.

Property Division

During current quarter ended 31 March 2024, Property Division recorded a revenue of RM0.29 while no revenue recorded in previous year's corresponding quarter. The division recorded a LBT of RM0.37 million, an decrease of RM0.47 million as compared to LBT of RM0.84 million in previous year's corresponding quarter due to higher revenue recorded during the current quarter.

9M2023 vs 9M2022 (Cumulative Quarter Performances)

The Group recorded revenue of RM25.46 million, an decrease of RM2.34 million from RM27.80 million for the nine months year ended 31 March 2024. A decrease in revenue was mainly due to lower sales recorded in Property Division.

The Group recorded a LBT of RM8.85 million for the nine months year ended 31 March 2024 ("9M2024"), an decrease of RM0.47 million as compared to LBT of RM9.32 million recorded in corresponding period of the preceding financial year ("9M2023"). Lower LBT recorded in 9M2024 was mainly due higher revenue recorded in Manufacturing Division.

Manufacturing Division

For 9M2024, Manufacturing Division recorded a revenue of RM25.17 million, an increase of RM0.47 million from RM24.69 million in 9M2023. The division recorded a higher LBT of RM8.78 million as compared to LBT of RM7.22 million in 9M2023. A higher LBT recorded in 9M2024 was mainly due to higher cost of goods sold.

Property Division

For 9M2024, Property Division recorded a revenue of RM0.29 million while a revenue of RM3.11million was recorded in 9M2023. The division recorded a higher PBT of RM1.34 million as compared to LBT of RM0.68 million in 6M2023 was mainly due to gain in disposal of a vacant land during the period.

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(The figures have not been audited)

2. Variation of results against preceding quarter

	Current quarter ended 31 Mar 2024 RM'000	Preceding quarter ended 31 Dec 2023 RM'000	Variation %
Revenue	8,685	9,041	-3.94%
Loss before taxation	(4,425)	(824)	437.01%

For the third quarter ended 31 March 2024, the Group recorded revenue of RM8.69 million, a decrease of RM0.36 million as compared to the preceding quarter due to decrease of revenue recorded in Manufacturing Division.

The Group recorded a higher LBT of RM4.43 million for the current quarter as compared to LBT of RM0.82 million in the preceding quarter mainly due to higher cost of goods sold and absence of waiver of debt this current quarter.

3. Current year prospects

The Group is in the view that the export market will remain challenging mainly due to the market elevated inflation and soaring prices amid a slowing global economy, but our edgebands demand is expecting to recover should the United States starts cutting interest rate in second half of 2024.

The Group intends to focus on its core competency in enhancing the efficiency of the existing manufacturing activities and increase the manufacturing capacity to enable the Group to take on opportunities arising from future demand of edgebands and also expanding our market into agriculture and building material market.

While in Property Division, the Group is exploring other business opportunities including forging joint ventures with landowners for property development.

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 31 Mar 2024 RM'000	As at 30 June 2023 RM'000
Secured:		
Bridging loans	-	3,018
Bankers' acceptances	14,855	6,866
Term loans	1,428	1,606
Bank overdrafts	5,256	5,231
	<u>21,539</u>	<u>16,721</u>
Less: Amount due within 12 months	(20,195)	(15,333)
	<u>1,344</u>	<u>1,388</u>

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Notes To The Interim Report
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(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 31 Mar 2024	Year to Date 31 Mar 2024
Loss attributable to shareholders (RM'000)	(4,425)	(8,849)
Weighted average number of ordinary shares ('000)	200,169	200,169
Loss per share (sen)	<u>(2.21)</u>	<u>(4.42)</u>

10. Notes to the Condensed Consolidated Income Statement

	3 months ended 31 Mar 2024 RM'000	Year to Date 31 Mar 2024 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	345	672
(d) Depreciation and amortization	968	1,991
(e) Provision for and write off of receivable	128	186
(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/unquoted investments/properties	-	-
(i) Property, plant and equipment written off /impairment of asset	-	-
(j) Foreign exchange gain/(loss)	29	(43)
(k) Gain or (loss) on derivatives	-	-
(l) Share options vested under SIS	-	-

11. Corporate Proposals

- 1) On 17 January 2024, on behalf of our Board of Directors, AmlInvestment Bank Berhad has announced that the Company proposes to undertake the following proposals:
 - (i) proposed termination of the existing employees' share issuance scheme ("Existing SIS:)(("Proposed Termination of Existing SIS"); and
 - (ii) proposed establishment of a new employees' share scheme ("ESS" or "Scheme") which comprises:-
 - (a) an employees' share option scheme ("ESOS") which entitle Eligible Persons (as defined herein), upon exercise, to subscribe for new and/or existing ordinary shares in Scanwolf (Scanwolf Share(s)" or "Share(s)") at a specified future date at a pre-determined price ("Proposed ESOS"); and
 - (b) an employees' share grant plan which entitles Eligible Persons to receive new and/or existing

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(The figures have not been audited)

Scanwolf Shares at no consideration and/or the equivalent cash value of such Shares or a combination thereof ("Proposed ESGP")

collectively, of up to fifteen percent (15%) of the total number of issued Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Scheme. (The Proposed ESOS and Proposed ESGP are collectively referred as the "Proposed ESS")

On 26 January 2024, on behalf of our Board, AmInvestment Bank has announced that the listing application in relation to the Proposals had been submitted to Bursa Securities on 26 January 2024.

On 2 February 2024, on behalf of the Board, AmInvestment Bank had announced that Bursa Securities had vide its letter dated 2 February 2024, resolved to approve the listing and quotation of such number of new Scanwolf Shares representing up to 15% of the total number of issued shares of Scanwolf (excluding treasury shares, if any) to be issued pursuant to the Proposed ESS, subject to among others, the following conditions.

1. Scanwolf and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESS.
2. AmInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation, together with the following:
 - (i) A certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposed ESS; and
 - (ii) Letter of compliance in relation to the By-Laws pursuant to Paragraph 2.12 of the Listing Requirements together with a copy of the final By-Laws
3. Scanwolf is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESS as at the end of each quarter together with a detailed computation of listing fees payable.

On 8 February 2024, on behalf of our Board, AmInvestment Bank has announced the circular to shareholders in relation to the (i) proposed termination of SCANWOLF CORPORATION BERHADS ("SCANWOLF" OR THE "COMPANY") existing employees' share issuance scheme ("PROPOSED TERMINATION OF EXISTING SIS"); and (ii) proposed establishment of a new employees' share scheme for the eligible directors and executive / employees of the company and its subsidiaries (which are not dormant) ("PROPOSED ESS").

On 2 May 2024, on behalf of our Board, AmInvestment Bank Berhad wishes to announce that the Existing SIS will be terminated with effect from 2 May 2024 ("Existing SIS Termination Date"). As at the Existing SIS Termination Date, 218,000 Existing SIS Options have been exercised and 24,200,000 Existing SIS Options with an exercise price of RM0.5445 were vested but yet to be exercised.

In accordance with the Existing SIS By-Law 19.6, upon termination of the Existing SIS:-

- (i) no further offer shall be made by the SIS Committee from the Existing SIS Termination Date;
- (ii) all offers which have yet to be accepted by any eligible employee or executive director of Scanwolf Group (excluding subsidiaries which are dormant) who meets the criteria of eligibility for participation in the Existing SIS shall automatically lapse on the Existing SIS Termination Date; and
- (iii) all outstanding Existing SIS Options which have yet to be exercised by any Existing Grantees shall be deemed cancelled and be null and void.

The termination of the Existing SIS is in line with the Company's proposal to replace the Existing SIS with the Proposed ESS as disclosed in the Circular and was approved by the shareholders of the Company at the Extraordinary General Meeting held on 27 February 2024 in respect of the Proposed ESS.

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(The figures have not been audited)

Further, all the necessary documents for the implementation of the Proposed ESS had been submitted to Bursa Securities on 2 May 2024 and the effective date for the implementation of the Proposed ESS is 2 May 2024.

- 2) On 10 May 2024, on behalf of our Board of Directors, AmInvestment Bank Berhad has announced that the Company proposes to undertake a diversification of the existing principal activities of Scanwolf and its subsidiaries ("Scanwolf Group") to include construction and construction related activities ("Proposed Diversification").

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 May 2024.