

SDS GROUP BERHAD

COMPANY NO. 201701026951 (1241117-T)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED

30 JUNE 2024

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 JUNE 2024

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000
Revenue	9	83,014	71,274	83,014	71,274
Cost of sales		(54,022)	(49,533)	(54,022)	(49,533)
Gross profit		28,992	21,741	28,992	21,741
Other income		413	300	413	300
Administrative expenses		(4,470)	(3,868)	(4,470)	(3,868)
Selling and distribution expenses		(12,791)	(10,800)	(12,791)	(10,800)
Other operating expenses		(7)	(392)	(7)	(392)
Finance costs		(225)	(216)	(225)	(216)
Profit before taxation	25	11,912	6,765	11,912	6,765
Income tax expense	19	(2,865)	(1,759)	(2,865)	(1,759)
Profit after taxation		9,047	5,006	9,047	5,006
Other comprehensive income					
<u>Item that will be reclassified</u>					
<u>subsequently to profit or loss</u>					
Foreign currency translation differences		(50)	97	(50)	97
Total comprehensive income for the period		8,997	5,103	8,997	5,103
Profit after taxation attributable to:-					
Owners of the Company		8,940	4,947	8,940	4,947
Non-controlling interests		107	59	107	59
		9,047	5,006	9,047	5,006
Total comprehensive income attributable to:-					
Owners of the Company		8,890	5,044	8,890	5,044
Non-controlling interests		107	59	107	59
		8,997	5,103	8,997	5,103
Earnings per share attributable to owners of the Company (Sen):					
- Basic/ Diluted	24	2.18	1.21	2.18	1.21

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to these interim financial statements.

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Unaudited As at 30 June 2024 RM'000	Audited As at 31 March 2024 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	122,335	120,684
Right-of-use assets	17,364	15,368
Goodwill	162	162
Deferred tax assets	23	24
	<u>139,884</u>	<u>136,238</u>
CURRENT ASSETS		
Inventories	8,192	8,597
Trade receivables	13,172	13,051
Other receivables, deposits and prepayments	6,007	5,383
Current tax assets	172	177
Fixed deposit with a licensed bank	2,782	-
Short-term investment	2,005	-
Cash and bank balances	34,285	29,975
	<u>66,615</u>	<u>57,183</u>
TOTAL ASSETS	<u><u>206,499</u></u>	<u><u>193,421</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	54,413	54,413
Reserves	80,820	73,364
Equity attributable to owners of the Company	135,233	127,777
Non-controlling interests	849	742
TOTAL EQUITY	<u>136,082</u>	<u>128,519</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Lease liabilities	21 11,536	9,995
Term loans	21 3,376	3,461
Deferred tax liabilities	7,385	7,006
Contract liabilities	412	421
	<u>22,709</u>	<u>20,883</u>

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 (CONT'D)**

	Unaudited As at 30 June 2024 RM'000	Audited As at 31 March 2024 RM'000
	Note	
CURRENT LIABILITIES		
Trade payables	24,948	23,933
Other payables and accruals	13,172	11,324
Lease liabilities	21 6,008	5,588
Term loans	21 451	577
Contract liabilities	726	699
Current tax liabilities	2,403	1,898
	<u>47,708</u>	<u>44,019</u>
TOTAL LIABILITIES	<u>70,417</u>	<u>64,902</u>
TOTAL EQUITY AND LIABILITIES	<u>206,499</u>	<u>193,421</u>
Net assets per ordinary share attributable to owners of the Company (RM) ⁽¹⁾	<u>0.33</u>	<u>0.31</u>

Note:

- (1) Net assets per ordinary shares as at 30 June 2024 and 31 March 2024 are calculated based on ordinary shares in issuance in the Company of 409,630,765 shares.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to these interim financial statements.

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2024**

	<----- Non-distributable ----->			<u>Distributable</u>		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		
Balance at 1 April 2024	54,413	(27,760)	858	100,266	127,777	742	128,519
Profit after taxation for the financial period	-	-	-	8,940	8,940	107	9,047
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	(50)	-	(50)	-	(50)
Total comprehensive income for the financial period	-	-	(50)	8,940	8,890	107	8,997
Distribution to owners of the Company: - Dividend	-	-	-	(1,434)	(1,434)	-	(1,434)
Balance at 30 June 2024 (Unaudited)	54,413	(27,760)	808	107,772	135,233	849	136,082

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)**

	<u><---- Non-distributable ----></u>			<u>Distributable</u>		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		
Balance at 1 April 2023	54,413	(27,760)	661	76,112	103,426	652	104,078
Profit after taxation for the financial period	-	-	-	4,947	4,947	59	5,006
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	97	-	97	-	97
Total comprehensive income for the financial period	-	-	97	4,947	5,044	59	5,103
Distribution to owners of the Company: - Dividend:	-	-	-	(3,072)	(3,072)	(245)	(3,317)
Balance at 30 June 2023 (Unaudited)	54,413	(27,760)	758	77,987	105,398	466	105,864

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 March 2024 and the accompanying explanatory notes attached to these interim financial statements.

SDS GROUP BERHAD**Company No: 201701026951 (1241117-T)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024**

	3 months ended Unaudited 30 June 2024 RM'000	3 months ended Unaudited 30 June 2023 RM'000
Cash flows from operating activities		
Profit before taxation	11,912	6,765
Adjustments for:		
Depreciation of property, plant and equipment	3,207	2,864
Depreciation of right-of-use assets	1,496	1,407
Interest expenses	225	216
Property, plant and equipment written off	1	1
Gain on disposal of property, plant and equipment	(62)	(37)
Gain on disposal of short-term investment	(91)	-
Gain on lease termination	(46)	-
Interest income	(121)	(86)
Unrealised (gain)/loss on foreign exchange	(7)	22
Operating profit before working capital changes	16,514	11,152
(Decrease)/Increase in inventories	405	(82)
Increase in trade and other receivables	(275)	(944)
Increase in trade and other payables	2,581	2,515
Increase in contract liabilities	18	42
Cash from operations	19,243	12,683
Income tax paid	(1,973)	(1,907)
Net cash from operating activities	17,270	10,776
Cash flows for investing activities		
Deposit paid for future purchase of property, plant and equipment	(1,363)	(2,860)
Interest received	121	86
Placement of short-term investment	(14,000)	-
Proceeds from disposal of property, plant and equipment		
- current financial period	20	44
- previous financial period	64	-
Purchase of property, plant and equipment:		
- current financial period	(3,378)	(2,457)
- previous financial period	(320)	(1,785)
Withdrawal of short-term investment	14,091	-
Net cash for investing activities	(4,765)	(6,972)

SDS GROUP BERHAD**Company No: 201701026951 (1241117-T)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)**

	3 months ended Unaudited 30 June 2024 RM'000	3 months ended Unaudited 30 June 2023 RM'000
Cash flows for financing activities		
Dividend paid	(1,434)	(3,317)
Drawdown of term loans	-	100
Interest paid	(225)	(216)
Repayment of lease liabilities	(1,485)	(1,522)
Repayment of term loans	(211)	(346)
Net cash for financing activities	(3,355)	(5,301)
Net increase/(decrease) in cash and cash equivalents	9,150	(1,497)
Effect of foreign exchange translation	(53)	85
Cash and cash equivalents at beginning of the financial period	29,975	27,519
Cash and cash equivalents at end of the financial period	<u>39,072</u>	<u>26,107</u>
Cash and cash equivalents comprise the followings:		
Fixed deposit with a licensed bank	2,782	-
Short-term investment	2,005	-
Cash and bank balances	34,285	26,107
	<u>39,072</u>	<u>26,107</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to these interim financial statements.

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024**

Part A: Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The condensed consolidated interim financial statements (“Condensed Report”) of SDS Group Berhad (“SDS” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and the accompanying notes attached to this Condensed Report.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of this Condensed Report are consistent with those adopted in the preparation of the Group’s audited financial statement for the financial year ended 31 March 2024, except for the following:

- 1) New applicable accounting standards adopted during the financial period

MFRSs (including the consequential amendments)	Effective date
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

- 2) New applicable accounting standards issued but not yet effective

At the date of authorisation for issue of this Condensed Report, the new accounting standards, which were in issue but not yet effective and have not been early adopted by the Group are as follow:-

MFRSs (including the consequential amendments)	Effective date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

3. Auditors’ Report on Preceding Annual Audited Financial Statements

The audited financial statements of the Group for the financial year ended 31 March 2024 was not subject to any qualification.

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)**

Part A: Explanatory Notes Pursuant to MFRS 134 (Cont'd)

4. Seasonal or Cyclical Factors

The Group generally experience higher sales during festive seasons and special occasions such as Chinese New Year, Mid-Autumn Festival, Mother's Day and Father's Day. The Group is also affected by the Muslim fasting month, where the sales of bakery, confectionery and other food and beverage ("F&B") products are typically lower than those registered outside the fasting month.

5. Material Unusual Items

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

6. Material Changes in Estimates

There were no material changes in the estimates that have a material effect to the Group in the current financial quarter under review and financial period.

7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and financial period.

8. Dividend Paid

A fourth interim single tier dividend of 0.35 sen per ordinary share amounting to RM1,433,708 in respect of financial year ended 31 March 2024 was declared and paid on 24 May 2024 and 24 June 2024 respectively.

SDS GROUP BERHAD**Company No: 201701026951 (1241117-T)**

(Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)****Part A: Explanatory Notes Pursuant to MFRS 134 (Cont'd)****9. Segment Information**

The Group's segment information for the current financial period ended 30 June 2024 is as follows:

Analysis of revenue by business segments

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000
Retail segment	33,449	26,986	33,449	26,986
Wholesale segment	49,565	44,288	49,565	44,288
	83,014	71,274	83,014	71,274

10. Significant Related Party Transactions

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000
Repayment of lease liabilities	145	130	145	130

11. Capital Commitments

	Unaudited 30 June 2024 RM'000	Audited 31 March 2024 RM'000
Purchase of property, plant and equipment	3,838	795

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)**

Part A: Explanatory Notes Pursuant to MFRS 134 (Cont'd)

12. Contingent Assets and Liabilities

There are no material contingent liabilities and contingent assets to be disclosed at the end of the financial period.

13. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

14. Significant Events after the Reporting Period

There were no significant events subsequent to the end of the current financial quarter under review that have not been reflected in this Condensed Report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

SDS GROUP BERHAD

Company No: 201701026951 (1241117-T)

(Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)**

Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of Performance

The Group recorded revenue and profit before tax of RM83.01 million (2024: RM71.27 million) and RM11.91 million (2023: RM6.77 million) respectively for the current financial quarter ended 30 June 2024.

The Group's revenue was principally derived from the wholesale segment accounting for approximately 59.71% of the total revenue for current financial quarter ended 30 June 2024.

16. Comparison with Immediate Preceding Quarter's Results

The Group's revenue for the current financial quarter ended 30 June 2024 increased by RM0.81 million (or 0.99%) from RM82.20 million to RM83.01 million as compared with the immediate preceding financial quarter.

Profit before taxation for the current financial quarter under review increased by RM1.28 million (or 12.04%) to RM11.91 million as compared to RM10.63 million in the immediate preceding financial quarter.

The increase in revenue and profit before tax was primarily due to higher revenue in the current financial quarter under review as demands recovered after the fasting month in early April 2024.

17. Commentary on Prospects

The Group expects the outlook of the bakery products and cafeterias in Malaysia to be cautiously optimistic albeit global economic uncertainty and inflationary pressure. The Group will continue to expand its business presence for both the wholesale and retail segments while being cautious on its operational costs.

18. Profit Forecast

The Group does not issue any profit forecast or profit guarantee during the current financial quarter under review.

SDS GROUP BERHAD**Company No: 201701026951 (1241117-T)**

(Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad
(Cont'd)****19. Income Tax Expense**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000
Income tax	2,486	1,588	2,486	1,588
Deferred tax	379	171	379	171
	<u>2,865</u>	<u>1,759</u>	<u>2,865</u>	<u>1,759</u>

Notes:

- (1) Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period. The taxation of other jurisdiction is calculated at the rate prevailing in the respective jurisdiction.
- (2) Income tax expense is recognised based on management's best estimate.

20. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this Condensed Report.

21. Borrowings and Debt Securities

The Group's borrowings were as follows:

	Unaudited 30 June 2024 RM'000	Audited 31 March 2024 RM'000
Secured:		
Current liabilities		
Lease liabilities	6,008	5,588
Term loans	451	577
	<u>6,459</u>	<u>6,165</u>
Non-current liabilities		
Lease liabilities	11,536	9,995
Term loans	3,376	3,461
	<u>14,912</u>	<u>13,456</u>
Total Borrowings	<u>21,371</u>	<u>19,621</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)**

**Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad
(Cont'd)**

22. Material Litigation

There was no material litigation against the Group as at the end of the current financial quarter under review.

23. Dividend

The Board of Directors had declared a fourth interim single tier dividend of 0.35 sen per ordinary share amounting to RM1,433,708 in respect of financial year ended 31 March 2024 on 24 May 2024, which had been paid on 24 June 2024.

On 23 August 2024, the Board of Directors has declared a first interim single tier dividend of 0.40 sen per ordinary share amounting to RM1,638,523 in respect of financial year ending 31 March 2025, to be paid on 24 September 2024. The entitlement date is 11 September 2024.

24. Earnings per Share ("EPS")

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 30 June 2024	Unaudited 30 June 2023	Unaudited 30 June 2024	Unaudited 30 June 2023
Profit after taxation attributable to owners of the Company (RM'000)	8,940	4,947	8,940	4,947
Weighted average number of ordinary shares in issue ('000)	409,631	409,631	409,631	409,631
Basic EPS (sen) ⁽¹⁾	2.18	1.21	2.18	1.21
Diluted EPS (sen) ⁽²⁾	2.18	1.21	2.18	1.21

Notes:

(1) Basic EPS is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period under review.

(2) The diluted EPS is equal to the basic EPS as the Company does not have any convertible options as at the end of the reporting period.

SDS GROUP BERHAD**Company No: 201701026951 (1241117-T)**

(Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2024 (CONT'D)****Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad
(Cont'd)****25. Profit before Taxation**

Included in profit for the financial period are as follows:

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000
Depreciation of property, plant and equipment	3,207	2,864	3,207	2,864
Depreciation of right-of-use assets	1,496	1,407	1,496	1,407
Interest expenses	225	216	225	216
Property, plant and equipment written off	1	1	1	1
Bad debts recovered	1	-	1	-
(Gain)/Loss on foreign exchange:				
- Realised	(3)	-	(3)	-
- Unrealised	(7)	22	(7)	22
Gain on disposal of property, plant and equipment	(62)	(37)	(62)	(37)
Gain on disposal of short-term investment	(91)	-	(91)	-
Gain on lease termination	(46)	-	(46)	-
Interest income	(121)	(86)	(121)	(86)

26. Authorised for Issue

The Condensed Report was authorised for issue by the Board in accordance with a resolution of the Directors on 23 August 2024.