

SDS GROUP BERHAD

COMPANY NO. 201701026951 (1241117-T)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SECOND QUARTER ENDED

30 SEPTEMBER 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 SECOND QUARTER ENDED 30 SEPTEMBER 2024

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000
Revenue	9	90,936	84,849	173,950	156,123
Cost of sales		(58,556)	(55,149)	(112,578)	(104,682)
Gross profit		32,380	29,700	61,372	51,441
Other income		452	269	865	569
Administrative expenses		(5,039)	(4,284)	(9,509)	(8,152)
Selling and distribution expenses		(14,444)	(12,389)	(27,235)	(23,189)
Other operating expenses		(9)	(590)	(16)	(982)
Finance costs		(258)	(199)	(483)	(415)
Profit before taxation	25	13,082	12,507	24,994	19,272
Income tax expense	19	(3,176)	(3,002)	(6,041)	(4,761)
Profit after taxation		9,906	9,505	18,953	14,511
Other comprehensive income					
<u>Item that will be reclassified</u>					
<u>subsequently to profit or loss</u>					
Foreign currency translation differences		(510)	19	(560)	116
Total comprehensive income for the period		9,396	9,524	18,393	14,627
Profit after taxation attributable to:-					
Owners of the Company		9,816	9,413	18,756	14,360
Non-controlling interests		90	92	197	151
		9,906	9,505	18,953	14,511
Total comprehensive income attributable to:-					
Owners of the Company		9,306	9,432	18,196	14,476
Non-controlling interests		90	92	197	151
		9,396	9,524	18,393	14,627
Earnings per share attributable to owners of the Company (Sen):					
- Basic/ Diluted	24	2.40	2.30	4.58	3.51

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 SEPTEMBER 2024**

	Unaudited As at 30 September 2024	Audited As at 31 March 2024
Note	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	128,172	120,684
Right-of-use assets	18,461	15,368
Goodwill	162	162
Deferred tax assets	23	24
	<u>146,818</u>	<u>136,238</u>
CURRENT ASSETS		
Inventories	8,007	8,597
Trade receivables	14,506	13,051
Other receivables, deposits and prepayments	7,491	5,383
Current tax assets	105	177
Fixed deposit with a licensed bank	3,221	-
Short-term investments	17,748	-
Cash and bank balances	21,110	29,975
	<u>72,188</u>	<u>57,183</u>
TOTAL ASSETS	<u>219,006</u>	<u>193,421</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	54,413	54,413
Reserves	88,488	73,364
Equity attributable to owners of the Company	142,901	127,777
Non-controlling interests	939	742
TOTAL EQUITY	<u>143,840</u>	<u>128,519</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Lease liabilities	21 12,572	9,995
Term loans	21 3,290	3,461
Deferred tax liabilities	8,076	7,006
Contract liabilities	400	421
	<u>24,338</u>	<u>20,883</u>

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

	Note	Unaudited As at 30 September 2024 RM'000	Audited As at 31 March 2024 RM'000
CURRENT LIABILITIES			
Trade payables		26,466	23,933
Other payables and accruals		13,696	11,324
Lease liabilities	21	6,111	5,588
Term loans	21	676	577
Contract liabilities		762	699
Current tax liabilities		3,117	1,898
		<u>50,828</u>	<u>44,019</u>
TOTAL LIABILITIES		<u>75,166</u>	<u>64,902</u>
TOTAL EQUITY AND LIABILITIES		<u>219,006</u>	<u>193,421</u>
Net assets per ordinary share attributable to owners of the Company (RM) ⁽¹⁾		<u>0.35</u>	<u>0.31</u>

Note:

- (1) Net assets per ordinary shares as at 30 September 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 SECOND QUARTER ENDED 30 SEPTEMBER 2024**

	<----- Non-distributable ----->			<u>Distributable</u>			
	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	Non- Controlling Interests RM'000	Total Equity 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	-	-	-	18,756	18,756	197	18,953
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	(560)	-	(560)	-	(560)
Total comprehensive income for the financial period	-	-	(560)	18,756	18,196	197	18,393
Distribution to owners of the Company: - Dividend	-	-	-	(3,072)	(3,072)	-	(3,072)
Balance at 30 September 2024 (Unaudited)	54,413	(27,760)	298	115,950	142,901	939	143,840

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

	<u><---- Non-distributable ----></u>			<u>Distributable</u>			
	Share	Merger	Foreign Exchange	Retained	Attributable to	Non-	Total Equity
	Capital	Deficit	Translation	Profits	Owners of the	Controlling	
	RM'000	RM'000	Reserve	RM'000	Company	Interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	14,360	14,360	151	14,511
Other comprehensive income for the financial period:							
- Foreign currency translation differences	-	-	116	-	116	-	116
Total comprehensive income for the financial period	-	-	116	14,360	14,476	151	14,627
Distribution to owners of the Company:							
- Dividend:	-	-	-	(4,506)	(4,506)	(245)	(4,751)
Balance at 30 September 2023 (Unaudited)	54,413	(27,760)	777	85,966	113,396	558	113,954

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)**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2024**

	6 months ended Unaudited 30 September 2024 RM'000	6 months ended Unaudited 30 September 2023 RM'000
Cash flows from operating activities		
Profit before taxation	24,994	19,272
Adjustments for:		
Deposit written off	-	291
Depreciation of property, plant and equipment	6,689	5,801
Depreciation of right-of-use assets	3,158	2,741
Interest expenses	483	415
Inventories written down	-	81
Property, plant and equipment written off	1	158
Gain on disposal of property, plant and equipment	(82)	(42)
Gain on disposal of short-term investment	(91)	-
Gain on lease termination	(47)	(5)
Interest income	(275)	(182)
Unrealised gain on foreign exchange	(62)	(14)
Operating profit before working capital changes	34,768	28,516
Decrease/(Increase) in inventories	590	(344)
Increase in trade and other receivables	(325)	(781)
Increase in trade and other payables	4,307	2,721
Increase in contract liabilities	42	118
Cash from operations	39,382	30,230
Income tax paid	(3,714)	(3,238)
Income tax refunded	61	624
Net cash from operating activities	35,729	27,616
Cash flows for investing activities		
Deposit paid for future purchase of property, plant and equipment	(4,279)	(13,444)
Interest received	275	182
Placement of short-term investment	(14,000)	-
Proceeds from disposal of property, plant and equipment:		
- current financial period	82	49
- previous financial period	64	12
Purchase of property, plant and equipment:		
- current financial period	(12,221)	(8,440)
- previous financial period	(320)	(1,915)
Withdrawal of short-term investment	14,091	-
Net cash for investing activities	(16,308)	(23,556)

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

	6 months ended Unaudited 30 September 2024 RM'000	6 months ended Unaudited 30 September 2023 RM'000
Cash flows for financing activities		
Dividend paid	(3,072)	(4,751)
Drawdown of term loans	350	600
Interest paid	(483)	(415)
Repayment of lease liabilities	(3,104)	(3,001)
Repayment of term loans	(422)	(537)
Net cash for financing activities	(6,731)	(8,104)
Net increase/(decrease) in cash and cash equivalents	12,690	(4,044)
Effect of foreign exchange translation	(586)	125
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>42,079</u>	<u>23,600</u>
Cash and cash equivalents comprise the followings:		
Fixed deposit with a licensed bank	3,221	-
Short-term investment	17,748	9,097
Cash and bank balances	21,110	14,503
	<u>42,079</u>	<u>23,600</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 SECOND QUARTER ENDED 30 SEPTEMBER 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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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-to-date.

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-to-date.

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-to-date.

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.

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 was declared and paid on 23 August 2024 and 24 September 2024 respectively.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 September 2024 is as follows:

Analysis of revenue by business segments

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000
Retail segment	35,877	31,509	69,326	58,495
Wholesale segment	55,059	53,340	104,624	97,628
	90,936	84,849	173,950	156,123

10. Significant Related Party Transactions

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000
Repayment of lease liabilities	148	139	293	269

11. Capital Commitments

	Unaudited 30 September 2024 RM'000	Audited 31 March 2024 RM'000
	Purchase of property, plant and equipment	2,446

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 RM90.94 million (2024: RM84.85 million) and RM13.08 million (2024: RM12.51 million) respectively for the current financial quarter ended 30 September 2024. For the cumulative financial quarter ended 30 September 2024, the Group recorded revenue and profit before tax of RM173.95 million (2024: RM156.12 million) and RM24.99 million (2024: RM19.27 million) respectively.

The Group's revenue was principally derived from the wholesale segment accounting for approximately 60.55% and 60.15% of the total revenue for current and cumulative financial quarter ended 30 September 2024 respectively.

16. Comparison with Immediate Preceding Quarter's Results

The Group's revenue for the current financial quarter ended 30 September 2024 increased by RM7.93 million (or 9.55%) from RM83.01 million to RM90.94 million as compared with the immediate preceding financial quarter.

Profit before taxation for the current financial quarter under review increased by RM1.17 million (or 9.82%) to RM13.08 million as compared to RM11.91 million in the immediate preceding financial quarter.

The increase in revenue and profit before tax was primarily driven by higher sales in the current financial quarter. This growth can be attributed to the expansion of our delivery fleet in the wholesale segment and sales of mid-autumn festive products in the retail segment, as compared to lower revenue due to the fasting month in the previous financial quarter.

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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 6 months ended	
	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000
Income tax	2,484	2,445	4,970	4,033
Deferred tax	692	557	1,071	728
	3,176	3,002	6,041	4,761

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 September 2024 RM'000	Audited 31 March 2024 RM'000
Secured:		
Current liabilities		
Lease liabilities	6,111	5,588
Term loans	676	577
	6,787	6,165
Non-current liabilities		
Lease liabilities	12,572	9,995
Term loans	3,290	3,461
	15,862	13,456
Total Borrowings	22,649	19,621

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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.

The Board of Directors had 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 on 23 August 2024, which had been paid on 24 September 2024.

On 22 November 2024, the Board of Directors has declared a second interim single tier dividend of 0.60 sen per ordinary share amounting to RM2,457,785 in respect of financial year ending 31 March 2025, to be paid on 24 December 2024. The entitlement date is 10 December 2024.

24. Earnings per Share (“EPS”)

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30 September 2024	Unaudited 30 September 2023	Unaudited 30 September 2024	Unaudited 30 September 2023
Profit after taxation attributable to owners of the Company (RM'000)	9,816	9,413	18,756	14,360
Weighted average number of ordinary shares in issue ('000)	409,631	409,631	409,631	409,631
Basic EPS (sen) ⁽¹⁾	2.40	2.30	4.58	3.51
Diluted EPS (sen) ⁽²⁾	2.40	2.30	4.58	3.51

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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 6 months ended	
	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000
Deposit written off	-	291	-	291
Depreciation of property, plant and equipment	3,482	2,937	6,689	5,801
Depreciation of right-of-use assets	1,662	1,334	3,158	2,741
Impairment loss on trade receivables	-	81	-	81
Interest expenses	258	199	483	415
Inventories written down	-	94	-	94
Property, plant and equipment written off	-	157	1	158
Bad debts recovered	-	-	1	-
(Gain)/Loss on foreign exchange:				
- Realised	4	71	1	71
- Unrealised	(55)	(36)	(62)	(14)
Gain on disposal of property, plant and equipment	(20)	(5)	(82)	(42)
Gain on disposal of short-term investment	-	-	(91)	-
Gain on lease termination	(1)	(5)	(47)	(5)
Interest income	(154)	(96)	(275)	(182)

26. Authorised for Issue

The Condensed Report was authorised for issue by the Board in accordance with a resolution of the Directors on 22 November 2024.