

SYNERGY HOUSE BERHAD

(Registration No: 202101025778 (1426078 - V))

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Current Year To-Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Revenue	113,982	69,249	275,013	179,401
Operating expenses	(99,416)	(57,846)	(259,203)	(155,518)
Other income	1,997	878	8,453	2,543
Finance costs	(998)	(900)	(2,856)	(2,979)
Profit before tax	15,565	11,381	21,407	23,447
Income tax expense	(4,565)	(3,315)	(6,159)	(6,569)
Profit after tax and total comprehensive income for the financial period	11,000	8,066	15,248	16,878
Earnings per share ⁽²⁾				
- Basic/Diluted earnings per share (sen)	2.20	1.61	3.05	3.38

Notes:

(1) *The basis of preparation of the unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*

(2) *Basic/Diluted earnings per share (“EPS”) is calculated based on the Company’s total number of 500,000,000 ordinary shares as at 30 September 2024 (as at 30 September 2023: 500,000,000 shares). Basic EPS and diluted EPS are the same as the Company does not have any outstanding convertible securities as at the end of the current quarter and financial period under review.*

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited as at 30.09.2024 RM'000	Audited as at 31.12.2023 RM'000
Assets		
Non-current assets		
Property, plant and equipment	35,851	33,621
Right-of-use assets	21,865	21,965
Total non-current assets	<u>57,716</u>	<u>55,586</u>
Current assets		
Inventories	73,905	48,625
Trade receivables	37,305	63,488
Other receivables, deposits and prepayments	9,113	5,754
Derivative assets	10,960	74
Current tax assets	5,059	218
Short-term investment	25,470	21,316
Deposits with licensed banks	8,077	11,892
Cash and bank balances	32,855	13,450
Total current assets	<u>202,744</u>	<u>164,817</u>
Total assets	<u>260,460</u>	<u>220,403</u>
Equity and liabilities		
Equity		
Share capital	67,419	67,419
Reserves	45,648	33,400
Total equity	<u>113,067</u>	<u>100,819</u>
Non-current liabilities		
Bank borrowings	26,563	26,227
Lease liabilities	587	201
Deferred tax liabilities	2,688	2,688
Total non-current liabilities	<u>29,838</u>	<u>29,116</u>
Current liabilities		
Trade payables	45,502	29,094
Other payables and accruals	15,499	19,886
Bank borrowings	50,211	37,545
Lease liabilities	697	464
Current tax liabilities	5,646	3,479
Total current liabilities	<u>117,555</u>	<u>90,468</u>
Total liabilities	<u>147,393</u>	<u>119,584</u>
Total equity and liabilities	<u>260,460</u>	<u>220,403</u>
Net assets per share (RM)	0.23 ⁽²⁾	0.20 ⁽²⁾

Notes:

- (1) The basis of preparation of the unaudited Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's number of 500,000,000 ordinary shares as at 30 September 2024 (as at 31 December 2023: 500,000,000 shares).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	Share capital	Non-distributable Reorganisation reserve	Revaluation reserve	Distributable Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	2,610	-	7,655	36,085	46,350
Profit after tax for the financial year	-	-	-	16,878	16,878
Total comprehensive income for the financial year	-	-	-	16,878	16,878
Contributions by and distributions to owners of the Company:-					
- Issuance of ordinary shares pursuant to acquisition of subsidiaries	34,398	-	-	-	34,398
- Proceed from issuance of new shares	34,400	-	-	-	34,400
- Adjustment on the acquisition of subsidiaries	(2,610)	(31,788)	-	-	(34,398)
- Share issuance expenses	(1,379)	-	-	-	(1,379)
- Dividends	-	-	-	(700)	(700)
At 30 September 2023	67,419	(31,788)	7,655	52,263	95,549
At 1 January 2024	67,419	(31,788)	7,655	57,533	100,819
Profit after tax for the financial period	-	-	-	15,248	15,248
Total comprehensive income for the financial period	-	-	-	15,248	15,248
Contributions by and distributions to owners of the Company:					
- Dividends	-	-	-	(3,000)	(3,000)
At 30 September 2024	67,419	(31,788)	7,655	69,781	113,067

Note:

(1) *The basis of preparation of the unaudited Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	Current Year To- Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Cash flows for operating activities		
Profit before tax	21,407	23,447
Adjustments for:		
Depreciation of property, plant and equipment	1,363	938
Depreciation of right-of-use assets	568	495
Gain on reassessment and modification of leases	-	(2)
Gain on disposal of property, plant and equipment	-	(9)
Fair value gain on derivative	(10,886)	-
Allowance for impairment loss on trade receivable	13,398	-
Trade credit insurance receivable	(3,150)	-
Inventories written off	550	-
Unrealised loss on foreign exchange	5,448	186
Interest expenses	2,856	2,743
Interest income	(822)	(142)
Operating profit before working capital changes	30,732	27,656
Changes in working capital:		
Inventories	(25,830)	(30,568)
Trade and other receivables	9,268	(19,148)
Trade and other payables	17,131	23,139
Cash generated from operations	31,301	1,079
Interest received	822	142
Tax paid	(8,954)	(5,575)
Tax refunded	121	93
Net cash from/(for) operating activities	23,290	(4,261)
Cash flows for investing activities		
Additions/Modifications right-of use assets	(468)	(32)
Net decrease/(increase) in fixed deposit pledged	6,868	(3,874)
Purchase of property, plant and equipment	(3,592)	(1,792)
Proceeds from disposal of property, plant and equipment	-	38
Net cash from/(for) investing activities	2,808	(5,660)
Cash flows from financing activities		
Dividends paid	(8,000)	(700)
Drawdown/(repayment) of borrowings (net)	13,059	(677)
Interest paid	(2,856)	(2,742)
Payment of share issue expenses	-	(1,379)
Proceeds from issuance of ordinary shares	-	34,400
Drawdown/(repayment) of lease liabilities (net)	619	(409)
Net cash from financing activities	2,822	28,493
Net increase in cash and cash equivalents	28,920	18,572
Effects of foreign exchange differences	(2,308)	(595)
Cash and cash equivalents at beginning of period	34,766	16,800
Cash and cash equivalents at end of period	61,378	34,777

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(1)

	Current Year To- Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Cash and cash equivalents comprise the following:		
Short-term investment ⁽²⁾	25,470	-
Deposits with licensed banks	8,077	35,388
Cash and bank balances	32,855	13,890
	<u>66,402</u>	<u>49,278</u>
Less:		
Deposits pledged to licensed banks	(5,024)	(14,501)
	<u>61,378</u>	<u>34,777</u>

Notes:

- (1) *The basis of preparation of the unaudited Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*
- (2) *The short-term investment represents the money market funds at fair value. The money market funds represent investment in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with five (5) day notice at known amounts of cash and are subject to an insignificant risk of changes in value.*

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements of Synergy House Berhad (“**Synergy**” or the “**Company**”) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”) and Chapter 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the financial year ended 31 December 2023.

The Group has not applied in advance the following accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ended 31 December 2023:

MFRSs and/or Interpretations Committee (“IC”) Interpretations (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 16	: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	: Classification of Liabilities as Current or Noncurrent	1 January 2024
Amendments to MFRS 101	: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107	: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	: The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
MFRS 18	: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	: Subsidiaries without Public Accountability: Disclosures	1 January 2027

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group.

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

A4 Seasonal and Cyclical Factors

The business operations of the Company are not materially affected by any seasonal or cyclical factors during the current financial quarter and current financial year-to-date.

A5 Extraordinary and Exceptional Items

There were no extraordinary and exceptional items of unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and the current financial year-to-date, except the net allowance for impairment losses on trade receivables and expected trade credit insurance receivables of RM10.25 million which were reported in second financial quarter ended 30 June 2024. As at the third financial quarter ended 30 September 2024, the trade credit insurance is still being processed by the insurer.

A6 Material Changes in Estimates

There were no material changes in estimates that have a material effect on the current financial quarter and current financial year-to-date.

A7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and current financial year-to-date.

A8 Dividends Paid

The first single-tier interim cash dividend of 1.0 sen per ordinary share amounting to RM5.0 million in respect of the financial year ended 31 December 2023 was declared on 28 December 2023 and was paid on 31 January 2024.

The second interim single tier dividend of 0.6 sen per ordinary share amounting to approximately RM3.0 million for the financial year ended 31 December 2023 was declared on 27 February 2024 and was paid on 22 March 2024.

A9 Segmental Reporting

The Group is principally engaged in the design, development and sale of ready-to-assemble (“RTA”) home furniture. RTA home furniture is a form of furniture where furniture parts are flat-packed form for ease of storage and transportation. RTA home furniture requires customers to assemble themselves upon purchase.

Segmental assets are not presented, as all non-current assets are located in Malaysia. Segmental revenue is presented based on geographical location of the customers as follows:

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Current Year To-Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Asia (excluding Malaysia)	108	119	1,431	1,343
United Arab Emirates	9,015	8,643	21,254	23,085
United Kingdom	33,774	27,631	92,042	64,340
United States of America	65,338	30,877	146,973	83,808
Malaysia	2,847	1,826	7,787	6,511
Others	2,900	153	5,526	314
Total	113,982	69,249	275,013	179,401

A10 Capital Commitments

There were no material capital commitments in respect of property, plant and equipment as at 30 September 2024.

A11 Material Events after the End of the Reporting Period

There were no material events subsequent to the end of the current financial quarter which have not been reflected in this interim financial report as at the date of this report.

A12 Changes in the Composition of the Group

On 23 January 2024, Synergy House Furniture Sdn. Bhd. (“**SHF**”), a wholly-owned subsidiary of the Company, subscribed for additional 70,000 ordinary shares of United States Dollar (“**USD**”) 1.00 each representing 100.0% of the paid-up share capital in Synergy House Furniture Inc (“**Synergy US**”) for a total cash consideration of USD70,000.00.

Other than the above, there were no other material changes in the composition of the Group for the current financial period and the financial year-to-date.

A13 Contingent Liabilities

As at 30 September 2024, a nominal amount of RM82.69 million (as at 31 December 2023: RM86.6 million) relating to corporate guarantees has been provided by the Company to banks for its subsidiaries’ loans and borrowings.

A14 Significant Related Party Transactions

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
	Unaudited 30.09.2024 RM’000	Unaudited 30.09.2023 RM’000	Unaudited 30.09.2024 RM’000	Unaudited 30.09.2023 RM’000
Holding company				
Dividend paid	-	-	5,920	700
Companies in which certain directors have substantial financial interest				
Rental expenses	26	26	78	78

PART B - ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Group's Performance

The table below illustrates the Group's performance review for current quarter and financial period against the preceding year corresponding quarter and financial period:

	Individual Quarter 3-Month Ended				Cumulative Quarter 9-Month Ended			
	30.09.2024	30.09.2023	Variance		30.09.2024	30.09.2023	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
B2B segment	66,848	42,759	24,089	56.3%	142,360	102,263	40,097	39.2%
B2C segment	47,134	26,490	20,644	77.9%	132,653	77,138	55,515	72.0%
Total	113,982	69,249	44,733	64.6%	275,013	179,401	95,612	53.3%
Profit before tax	15,565	11,381	4,184	36.8%	21,407	23,447	(2,040)	(8.7%)

The Group recorded a revenue of RM114.0 million for the current financial quarter ended 30 September 2024, increased by RM44.7 million or 64.6% as compared with the corresponding financial period in prior year. The Group generates its revenue from both the business-to-business ("B2B") and the business-to-consumer ("B2C") market segments. The B2B segment recorded a revenue of RM66.8 million which is an increase of 56.3% as compared to the corresponding financial quarter in the prior year of RM42.8 million due to higher sales from the B2B segment in United States of America ("USA"). The B2C segment recorded a revenue of RM47.1 million which is an increase of 77.9% as compared to the corresponding financial quarter in the prior year of RM26.5 million due to higher sales contribution from the B2C segment in USA and United Kingdom ("UK").

The Group recorded a profit before tax ("PBT") of RM15.6 million for the current financial quarter as compared to PBT of RM11.4 million in the corresponding financial quarter in the prior year. The higher PBT recorded in the current financial quarter ended 30 September 2024 were mainly contributed by:

- An increase in PBT is in tandem with an increase in revenue,
- Under the current financial quarter under review, the Group received compensation from the third party logistics ("3PL") service provider amounting RM0.53 million for the damage of inventories in the fire incident in a 3PL warehouse which happened in the immediate preceding financial quarter.
- The Group recorded a net foreign exchange gain of RM2.3 million which included the fair value gain on derivative in the current financial quarter.

Despite the encouraging performance in the current financial quarter, the group reported a lower PBT of RM21.4 million for the 9 months financial period ended 30 September 2024, which decreased by RM2.0 million as compared to the preceding year's corresponding financial period mainly due to net provision of doubtful debts and trade credit insurance receivables of RM10.25 million provided in the immediate preceding financial quarter.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter 3-Month Ended		Variance	
	30.09.2024	30.06.2024	RM'000	%
	RM'000	RM'000		
Revenue				
B2B segment	66,848	35,498	31,350	88.3%
B2C segment	47,134	41,856	5,278	12.6%
Total	113,982	77,354	36,628	47.4%
Profit/(loss) before tax	15,565	(6,417)	21,982	342.56%

The Group's revenue for the current financial quarter ended 30 September 2024 increased by approximately RM36.6 million or 47.4% to RM114.0 million compared to RM77.4 million in the preceding financial quarter ended 30 June 2024 whereby both business segments recorded higher revenue.

For the B2B business segment, the Group recorded higher revenue in the current financial quarter by RM31.4 million which represents an increase of approximately 88.3% as compared to immediate preceding's financial quarter. The higher contribution is mainly from the USA, UK and Middle East markets.

For the B2C business segment, the Group recorded a higher revenue in the current financial quarter by RM5.3 million which represents an increase of approximately 12.6% as compared to immediate preceding's financial quarter. The higher contribution is mainly from the USA and UK markets.

The Group recorded an increase of PBT by RM22.0 million as compared to immediate preceding financial quarter's loss before tax of RM6.4 million which is in tandem with the increase of revenue, the net of foreign currency gains contributed from derivatives in the current period and the net provision of doubtful debts and trade credit insurance receivables provided in immediate preceding financial quarter.

B3 Prospects

The Group intends to focus on the following future plans and business strategies for the future growth and expansion of its business:

- (i) to continue growing the Group's B2C segment with the following strategies:
 - (a) expansion of customer reach through listing and selling products on additional third party e-commerce platforms, explore new product categories and higher price range and penetration to new countries;
 - (b) enhancement of revenue through more advertisements and promotions;
 - (c) establishment of e-commerce fulfilment centre locally to cater for overseas B2C sales;
 - (d) purchase of inventories for third party e-commerce fulfilment centres in overseas countries and proposed new warehouse in Muar, Johor in anticipation of increasing B2C sales; and
 - (e) leverage more on technology and artificial intelligence (AI) to obtain the latest and updated information on evolving market trends as well as improving efficiency in expanding the B2C sales segment. This includes amongst others, subscription of market intelligence software to keep abreast of the latest market trends and demands for home furniture.
- (ii) to continue to expand the Group's range of home furniture through continuous design and development efforts including home furnitures at a higher price range.

The Group is cautiously optimistic on the potential of the global furniture e-commerce market. The Group believes that with its strategies, it can effectively capitalise on this potential and expand its market share. The Group also views that the current strategies being implemented will positively contribute to the long-term growth and expansion of its B2C segment.

Despite the ongoing global economic challenges, the Group anticipates a lesser impact on its business, given that its home furniture products are priced affordably. Moreover, the Group is well positioned in the B2C sales segment, having established a robust presence on third-party e-commerce platforms in the USA, UK, Canada and Germany.

The Group is working on growing the e-commerce enabler project which is the collaboration with Wayfair and onboarding of vendors after concluding the inaugural cross border e-commerce conference as per the announcement made on Bursa Securities on 3 July 2024. Currently, the Group is at the product development stage with vendors who have signed up.

B4 Profit Forecast

The Group did not issue any profit forecasts or guarantees during the current financial quarter under review and the financial year to-date.

B5 Taxation

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Current Year To- Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Malaysia income tax:				
Current income tax expense	4,054	3,315	6,159	6,569
Under provision in prior year	511	-	-	-
	<u>4,565</u>	<u>3,315</u>	<u>6,159</u>	<u>6,569</u>
Effective tax rate	29.3% ⁽¹⁾	29.1%	28.8% ⁽¹⁾	28.0%

Note:

- (1) *The Group's effective tax rate in the current financial quarter under review was higher than the statutory tax rate of 24% mainly due to certain expenses that were not deductible for tax purposes and under provision of tax expense in prior year.*

B6 Status of Corporate Proposals

There were no corporate proposals announced by the Company but not completed as at the date of this report.

B7 Utilisation of Proceeds

The gross proceeds from the Company's Initial Public Offering amounting to RM34.40 million is intended to be utilised in the following manner:

Details of Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Re-allocation (1) RM'000	Variation RM'000	Balance RM'000	Estimated Timeframe for Utilisation from Listing (3)
E-commerce fulfilment centres in Muar, Johor and overseas countries						
- Purchase of inventories	10,000	(10,000)	-	⁽²⁾ 1,500	1,500	Within 18 months
E-commerce fulfilment centre in Muar, Johor						
- Purchase of racking system and forklifts	1,500	-	-	⁽²⁾ (1,500)	-	Within 18 months
E-commerce advertising and promotions	1,000	(1,000)	-	-	-	Within 18 months
Repayment of borrowings	10,000	(10,000)	-	-	-	Within 6 months
Working capital	7,700	(7,821)	121	-	-	Within 12 Months
Estimated listing expenses	4,200	(4,079)	(121)	-	-	Within 1 month
Total	34,400	(32,900)	-	-	1,500	

B7 Utilisation of Proceeds (Cont'd)

Notes:

- (1) The unutilised balance of RM0.12 million from the estimated listing expenses was reallocated for working capital purposes.
- (2) The Initial Public Offering (“IPO”) Proceeds of RM1.50 million were initially earmarked for the purchase of racking systems and forklift for the Group’s new warehouse in Muar, Johor. The Company has resolved to vary the utilisation of the RM1.50 million to fund the purchase of inventories for the Group’s e-commerce fulfilment centres in overseas countries as per the announcement dated 1 October 2024 in Bursa Securities. The Group has yet to identify a suitable location for its e-commerce fulfilment center in Muar, Johor that meets the Company’s internal requirements. Nonetheless, the delay in securing a location for the Group’s new warehouse in Muar, Johor is not expected to significantly impact the operations of the Group’s B2C segment due to the Group’s existing operational capability and support system to manage the B2C segment supply chain.
- (3) There is no change in the timeframe for the use of proceeds.

B8 Group Borrowings and Debt Securities

The Group’s borrowings as at 30 September 2024 are as follows:

	Unaudited as at 30.09.2024 RM’000	Audited as at 31.12.2023 RM’000
Non-current		
<u>Secured</u>		
Bank borrowings	26,563	26,227
<u>Unsecured</u>		
Lease liabilities	587	201
	27,150	26,428
Current		
<u>Secured</u>		
Bank borrowings	50,211	37,545
<u>Unsecured</u>		
Lease liabilities	697	464
	50,908	38,009
Total borrowings	78,058	64,437

Included in the Group’s borrowings are foreign currency denominated borrowings as follows:

	Amount denominated in foreign currency As at 30.09.2024 ’000	As at 30.09.2024 RM’000	Amount denominated in foreign currency As at 31.12.2023 ’000	As at 31.12.2023 RM’000
USD	359	1,474	381	1,757
RM	-	76,584	-	62,680
Total	359	78,058	381	64,437

B9 Derivatives

The Group's outstanding derivatives as at 30 September 2024 are as follows:

	Unaudited As at 30.09.2024			Audited As at 31.12.2023		
	Contract/ notional amount RM'000	Fair value RM'000	Fair value change amount RM'000	Contract/ notional amount RM'000	Fair value RM'000	Fair value change amount RM'000
Forward foreign exchange contracts - Less than 1 year	91,400	80,440	10,960	6,029	5,955	74

The Group uses forward foreign exchange contracts to manage some of its transaction exposure associated with foreign currency fluctuations.

There have been no other significant changes in respect of the following:

- (i) the credit risk, market risk and liquidity risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

B10 Material Litigation

There were no material litigations pending as at the date of this interim financial report.

B11 Earnings Per Share

The basic and diluted EPS for the current and cumulative quarter is computed as follows:

		Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
		Current Year Quarter 30.09.2024	Preceding Year Corresponding Quarter 30.09.2023	Current Year To-Date 30.09.2024	Preceding Year Corresponding Period 30.09.2023
Profit after tax	(RM'000)	11,000	8,066	15,248	16,878
Number of ordinary shares	('000)	500,000	500,000	500,000	500,000
Basic/Diluted EPS ⁽¹⁾	(sen)	2.20	1.61	3.05	3.38

Notes:

- (1) Basic/Diluted EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 30 September 2024 (as at 30 September 2023: 500,000,000 shares).
- (2) Basic EPS and diluted EPS are the same as the Company does not have any outstanding convertible securities as at the end of the current quarter and financial period under review.

B12 Notes to the Statement of Profit and Loss and Other Comprehensive Income

Profit before tax has been arrived at after (crediting) / charging:

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Current Year To-Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Depreciation of property, plant and equipment	486	324	1,363	938
Depreciation of right-of-use assets	215	157	568	495
Unrealised loss on foreign exchange	6,940	252	5,448	186
Realised loss on foreign exchange	1,808	(467)	(2,380)	(1,629)
Interest expenses	1,056	786	2,856	2,743
Fair value gain on derivatives	(11,090)	-	(10,886)	-
Allowance for impairment loss on trade receivable	-	-	13,398	-
Trade credit insurance receivable	-	-	(3,150)	-
Inventories written off	-	-	550	-
Gain on reassessment and modification of leases	-	-	-	(2)
Interest income	(261)	(93)	(822)	(142)

Save as disclosed above, the other disclosure items as required under paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

B13 Dividend

On 22 November 2024, the Board of Directors of the Company had declared a first interim single tier dividend after tax of 0.9 sen per ordinary share amounting to approximately RM4.5 million in respect of the financial year ending 31 December 2024 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 9 December 2024, which is payable on 19 December 2024.

BY ORDER OF THE BOARD**SYNERGY HOUSE BERHAD****22 November 2024**