

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Financial Position
As At 31 December 2023

	Unaudited As At 31.12.2023 (12 months) RM	Audited As At 31.12.2022 (12 months) RM
ASSETS		
Non-current Assets		
Property, plant and equipment	28,215,045	31,958,898
Investment properties	2,305,000	2,265,000
Right-of-use asset	<u>82,337,560</u>	<u>73,991,530</u>
Sub-total	<u>112,857,605</u>	<u>108,215,428</u>
Current Assets		
Inventories	44,333,121	48,369,474
Trade receivables	21,657,973	21,649,595
Other receivables	2,749,438	2,218,812
Tax Recoverable	1,952,091	2,683,748
Cash and bank balances	20,442,869	16,381,489
Fixed deposits with licensed bank	<u>4,123,274</u>	<u>4,023,991</u>
Sub-total	<u>95,258,766</u>	<u>95,327,109</u>
TOTAL ASSETS	<u>208,116,371</u>	<u>203,542,537</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	133,180,692	125,325,602
Share-based payment reserve	-	1,440,170
Warrant reserve	-	68,816,475
Other reserve	-	(68,816,475)
Revaluation reserve	25,373,941	20,431,932
Accumulated losses	<u>(11,656,844)</u>	<u>(6,296,383)</u>
Sub-total	146,897,789	140,901,321
Non-controlling interest	<u>-</u>	<u>349,554</u>
Total Equity	<u>146,897,789</u>	<u>141,250,875</u>
LIABILITIES		
Non-current Liabilities		
Loans and borrowings	8,395,092	4,191,986
Lease liabilities	2,715,970	3,904,121
Deferred tax liabilities	<u>4,491,700</u>	<u>4,048,043</u>
Sub-total	<u>15,602,762</u>	<u>12,144,150</u>
Current Liabilities		
Trade payables	9,724,231	10,970,002
Other payables	6,237,405	4,612,036
Tax payables	66,716	58,506
Loans and borrowings	27,856,717	32,466,920
Lease liabilities	<u>1,730,751</u>	<u>2,040,048</u>
Sub-total	<u>45,615,820</u>	<u>50,147,512</u>
Net Current Assets	49,642,946	45,179,597
Total Liabilities	<u>61,218,582</u>	<u>62,291,662</u>
Net Assets	<u>146,897,789</u>	<u>141,250,875</u>
TOTAL EQUITY AND LIABILITIES	<u>208,116,371</u>	<u>203,542,537</u>
Net asset per share attributable to Owners of the Parent (In RM)	0.49	0.46

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the period ended 31 December 2022)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
As At 31 December 2023
(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Revenue	28,893,901	31,616,632	124,502,086	158,403,273
Cost of Sales	(24,451,914)	(27,395,314)	(101,341,143)	(130,542,580)
Gross Profit	4,441,987	4,221,318	23,160,943	27,860,693
Administration expenses	(4,163,894)	(3,906,548)	(15,370,101)	(14,194,117)
Selling and distribution expenses	(1,312,223)	(1,253,869)	(5,634,212)	(6,710,341)
Other income / (expenses)	(3,549,944)	(267,351)	(3,051,318)	(40,588)
Net gain on impairment of financial instruments	(576,956)	(128,123)	(571,669)	(97,882)
Operating (loss) / profit	(5,161,030)	(1,334,573)	(1,466,357)	6,817,765
Finance costs	(632,310)	(441,534)	(2,269,148)	(2,243,353)
(Loss) / Profit before tax	(5,793,340)	(1,776,107)	(3,735,505)	4,574,412
Taxation	(688,473)	288,043	(2,636,224)	(1,665,981)
(Loss) / Profit after tax for the financial period	(6,481,813)	(1,488,064)	(6,371,729)	2,908,431
Other comprehensive income net of tax	5,598,190	13,584,946	5,598,190	13,672,859
Total comprehensive (loss) / income for the financial period	(883,623)	12,096,882	(773,539)	16,581,290
(Loss) / Profit attributable to :				
Owners of the Parent	(6,481,813)	(1,529,850)	(6,617,836)	2,611,948
Non-Controlling Interest	-	41,786	246,107	296,483
	(6,481,813)	(1,488,064)	(6,371,729)	2,908,431
Total comprehensive (loss) / income attributable to :				
Owners of the Parent	(883,623)	12,056,228	(1,019,646)	16,284,807
Non-Controlling Interest	-	40,654	246,107	296,483
	(883,623)	12,096,882	(773,539)	16,581,290
Basic (loss) / earning per share (in sen)	(2.14)	(0.56)	(2.19)	0.95
Fully diluted (loss) / earning per share (in sen)	(2.14)	(0.56)	(2.19)	0.95

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the period ended 31 December 2022)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Changes In Equity
As At 31 December 2023
(Unaudited)

	Attributable to Owners of the Parent						Non-Controlling Interests	Total Equity	
	Non-distributable					Accumulated Losses			Total
	Share Capital	Share-based Payment Reserve	Warrant Reserve	Other Reserve	Revaluation Reserve				
RM	RM	RM	RM	RM	RM	RM	RM		
Balance as at 1 January 2023	125,325,602	1,440,170	68,816,475	(68,816,475)	20,431,933	(6,296,384)	140,901,321	349,554	141,250,875
(Loss) / Profit after tax for the financial period	-	-	-	-	-	(6,617,836)	(6,617,836)	246,107	(6,371,729)
Revaluation of land and building	-	-	-	-	5,598,191	-	5,598,191	-	5,598,191
Realisation of revaluation surplus upon depreciation	-	-	-	-	(656,183)	656,183	-	-	-
Changes in ownership interest in a subsidiary companies	-	-	-	-	-	(191,887)	(191,887)	(595,661)	(787,548)
ESOS forfeited	647,090	(1,440,170)	-	-	-	793,080	-	-	-
Warrant expired	-	-	(68,816,475)	68,816,475	-	-	-	-	-
Issuance of ordinary shares pursuant to exercise of Private Placement	7,208,000	-	-	-	-	-	7,208,000	-	7,208,000
Balance as at 31 December 2023	133,180,692	-	-	-	25,373,941	(11,656,844)	146,897,789	-	146,897,789
	-	-	-	-	-	-	-	-	-
Balance as at 1 January 2022	109,971,602	1,440,170	68,816,475	(68,816,475)	7,204,580	(9,353,838)	109,262,514	53,071	109,315,585
Profit after tax for the financial period	-	-	-	-	-	2,611,948	2,611,948	296,483	2,908,431
Revaluation of lands and buildings	-	-	-	-	13,672,859	-	13,672,859	-	13,672,859
Realisation of revaluation surplus upon depreciation	-	-	-	-	(445,507)	445,507	-	-	-
Issuance of ordinary shares pursuant to exercise of Private Placement	15,354,000	-	-	-	-	-	15,354,000	-	15,354,000
Balance as at 31 December 2022	125,325,602	1,440,170	68,816,475	(68,816,475)	20,431,932	(6,296,383)	140,901,321	349,554	141,250,875

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Annual Financial Report for the period ended 31 December 2022)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Cash Flows Statement
As At 31 December 2023
(Unaudited)

	CUMULATIVE QUARTER	
	31.12.2023	31.12.2022
	RM	RM
Cash flows from operating activities		
(Loss) / Profit before tax	(3,735,505)	4,574,412
Adjustments for :		
Allowance for doubtful debts	(461,184)	-
Amortisation of right-of-use asset	570,522	2,346,986
Bad debts recovered	(20,287)	-
Deposit written off	(1,900)	-
Depreciation of property, plant and equipment	7,130,244	4,817,506
Finance costs	2,245,227	2,243,353
Finance income	(275,532)	(206,198)
Gain from fair value adjustments of investment properties	(40,000)	-
Gain on disposal of property, plant & equipment	(107,800)	(8,225)
Gain on lease modification of lease term	-	(4,069)
Impairment loss on property, plant & equipment	3,666,839	-
Impairment loss on trade receivables	13,389	230,582
Interest expense on lease liabilities	23,922	-
Inventories written down	263,426	-
Inventories written off	146,764	1,143,614
Property, plant and equipment written off	-	2,375
Reversal of impairment loss on trade receivables	-	(132,700)
Unrealised loss on foreign exchange	103,883	51,147
Operating profit before changes in working capital	<u>9,522,008</u>	<u>15,058,783</u>
Changes in working capital:		
- Inventories	3,626,163	6,922,416
- Trade and other receivables	459,707	4,074,313
- Other current assets	(528,725)	-
- Trade and other payables	379,601	(8,022,720)
Cash flows generated from operations	<u>13,458,754</u>	<u>18,032,792</u>
Tax paid	<u>(1,747,341)</u>	<u>(2,177,901)</u>
Net cash flows from operating activities	<u>11,711,413</u>	<u>15,854,891</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,683,387)	(2,317,075)
Acquisition of right-of-use assets	-	(418,997)
Proceeds from disposal of property, plant and equipment	895,746	132,968
Proceeds from disposal of derivatives financial assets	-	6,429
Acquisition of non-controlling interest	(787,549)	-
Interest received	275,532	206,198
(Withdrawal) / Placement of deposits with licensed banks	(82,198)	1,875,537
Net cash flows used in investing activities	<u>(2,381,856)</u>	<u>(514,940)</u>

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Cash Flows Statement (cont'd)
As At 31 December 2023
(Unaudited)

	CUMULATIVE QUARTER	
	31.12.2023	31.12.2022
	RM	RM
Cash flows from financing activities		
Repayment of borrowings	(5,340,000)	(11,021,000)
Repayment of lease liabilities	(9,702,882)	(1,899,940)
Drawdown / (Repayment) of term loans	3,203,433	(1,468,665)
Interest paid	(2,245,227)	(2,243,353)
Proceeds from issuance of ordinary shares pursuant to private placement	7,208,000	15,354,000
Net cash flows used in financing activities	<u>(6,876,676)</u>	<u>(1,278,958)</u>
Net increase in cash and cash equivalents	2,452,881	14,060,993
Effect of exchange rate changes on cash and cash equivalents	(103,887)	(78,988)
Cash and cash equivalents at beginning of financial period	15,740,387	1,758,382
Cash and cash equivalents at end of financial period	<u>18,089,381</u>	<u>15,740,387</u>
Cash and cash equivalents included in the cash flow statements comprise the followings:		
Deposit, bank and cash balances	24,566,143	20,405,480
Less: Bank overdrafts	<u>(3,926,247)</u>	<u>(2,196,776)</u>
	20,639,896	18,208,704
Less: Deposits pledged with banks	<u>(2,550,515)</u>	<u>(2,468,317)</u>
	<u>18,089,381</u>	<u>15,740,387</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the period ended 31 December 2022)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023****PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL
REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING****A1. BASIS OF PREPARATION**

These condensed consolidation interim financial statements, for the financial period ended 31 December 2023, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The audited financial statements of the Group for the financial year ended 31 December 2022 are available upon request from the Company registered office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2022 and include the adoption of MFRS Framework and Interpretation which applicable to the Group. The adoption of MFRS, amendments to MFRSs and Interpretation Committee Interpretations do not have material impact on the financial statement in the period of initial application.

A3. AUDITORS’ REPORT

The audited financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The Group's operation is seasonal and cyclical in nature whereby the performance is normally higher during back-to-school, Christmas, New Year and Hari Raya celebration.

A5. EXTRAORDINARY AND EXCEPTIONAL ITEMS

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows for the current quarter under review and financial period to-date.

A6. CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no material changes in estimates of amounts reported in prior financial periods that have a material effect on the current quarter under review and financial period to-date.

A7. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business segment.

Revenue and Expenses	12 months ended 31 December 2023				
	Other RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Eliminations RM	Consolidated RM
External sales	0	44,433,021	80,069,065	0	124,502,086
Management income	384,000	0	0	(384,000)	0
Inter-company transaction	0	3,418,597	14,206,551	(17,625,148)	0
Total	384,000	47,851,618	94,275,616	(18,009,148)	124,502,086

Results	12 months ended 31 December 2023				
	Other RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Eliminations RM	Consolidated RM
Finance income	966,680	210,889	83,828	(985,865)	275,532
Finance costs	0	(1,153,698)	(2,077,394)	985,865	(2,245,227)
Interest expense on lease liabilities	0	(32,595)	(11,522)	20,195	(23,922)
Depreciation of property, plant and equipment	0	(2,014,817)	(4,777,395)	(338,032)	(7,130,244)
Amortisation of right-of-use assets	0	(894,507)	0	323,986	(570,522)
Taxation	(245,282)	(479,920)	(1,755,913)	0	(2,481,114)
Other non-cash items	0	50,350	(53,537)	0	(3,187)
Segment (loss) / profit	(1,316,047)	(7,782,615)	5,363,157	0	(3,735,505)
Segment assets	103,573,639	88,430,236	132,429,869	(116,317,373)	208,116,371
Segment liabilities	260,660	40,748,141	60,583,413	(40,373,632)	61,218,582

A8. CHANGES IN DEBT AND EQUITY SECURITIES

There was no issuance, repurchase and repayment of debt and equity securities for the current quarter under review and financial period to-date, other than as disclosed in Note B8.

A9. DIVIDENDS PAID

There were no dividends paid during the current quarter under review.

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORT

There were no material events subsequent to the end of the interim reporting period reported.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period under review.

A12. CHANGES IN CONTINGENT LIABILITIES/ASSETS

There were no changes in contingent liabilities/assets since previous reporting date and there were no contingent liabilities pending at the date of this report.

A13. CAPITAL COMMITMENTS

There were no material capital commitments during the current quarter under review.

A14. RELATED PARTY TRANSACTIONS

The Group's related party transactions during the current quarter under review and financial year to-date are as follows:

Subsidiaries	Transacting parties	Relationship	Nature of transactions	Current quarter (RM)	Financial year to-date (RM)
Ee-Lian Enterprise (M) Sdn Bhd ("ELE")	Ee Jia Housewares (M) S/B ("EJ")	Director of ELE	Sales of plastic wares and other household products	Nil	2,602,313
			Purchases of plastic wares and other household products	Nil	306,214
ELE	E Sponge Household S/B ("ES")	Director of ELE	Sales of plastic wares and other household products	Nil	(23)
			Purchases of cleaning products	Nil	77,003
ELE	Ebottles Marketing (M) S/B ("EBM")	Director of ELE	Purchases of water bottles and tumblers	Nil	Nil
Ee-Lian Plastic Industries (M) Sdn Bhd ("ELP")	EJ	Director of ELP	Sales of plastic wares and other household products	Nil	1,775
			Purchases of plastic wares and other household products	Nil	120,000
ELP	EBM	Director of ELP	Sales of printing services	Nil	91,406

The Group's key management personnel compensation during the current quarter under review and financial year to-date is as follows:

Compensation paid/payable to key management personnel	Current quarter (RM)	Financial year to-date (RM)
Short term employee benefits	694,300	2,260,524
Other employee benefits	15,120	104,113

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

Revenue	Individual quarter		+/- (%)	Cumulative quarter		+/- (%)
	31- Dec -23 (RM)	31- Dec -22 (RM)		31- Dec -23 (RM)	31- Dec -22 (RM)	
Furniture Division	11,977,829	11,068,970		44,433,021	59,368,955	
Plastic Wares Division	16,916,072	20,547,662		80,069,065	99,034,318	
Total	28,893,901	31,616,632	(9)	124,502,086	158,403,273	(21)

In financial year ended (“FYE”) 31 December 2023, the Group’s revenue decreased by 21.4% to RM124.50 million as compared to RM158.40 million recorded in the previous year.

Furniture division recorded revenue of RM44.43 million for FYE 2023, 25.2% decreased as compared to previous year of RM59.37 million. Furniture division suffered slowdown in export market especially United State of America (“US”) and Euro who are suffering the negative effects from high inflation rate and supply chain disruptions. Additionally, heightened market uncertainty resulting from political instability and conflicts has further impacted demand for furniture products.

The revenue contribution from the plastic wares division decreased by 19.1% to RM80.07 million as compared to previous year of RM99.03 million. The decreased in local sales during the second half of 2023 was primarily a result of economic factors and shifts in consumer spending behaviour. The export sales decreased mainly due to logistical disruptions and Increased competition from alternative suppliers.

For current quarter under review ended on 31 December 2023, the Group's turnover decreased to RM28.89 million, as compared to RM31.62 million in the corresponding quarter of the previous year, which ended on 31 December 2022. Furniture and plastic wares division contributed RM11.98 million and RM16.92 million respectively.

Profit / (Loss) Before Tax	Individual quarter		+/- (%)	Cumulative quarter		+/- (%)
	31- Dec -23 (RM)	31- Dec -22 (RM)		31- Dec -23 (RM)	31- Dec -22 (RM)	
Furniture Division	(5,008,117)	(1,209,347)		(7,782,615)	(2,364,795)	
Plastic Wares Division	(228,186)	(465,746)		5,363,157	7,262,955	
Others	(557,037)	(101,014)		(1,316,047)	(323,748)	
Total	(5,793,340)	(1,776,107)	(226)	(3,735,505)	4,574,412	(182)

In FYE 2023, the Group recorded a total gross profit of RM23.16 million as compared to RM27.86 million recorded in the previous year.

Furniture division's gross profit margin decreased from 10.5% in FYE 2022 to 8.7% in FYE 2023, recorded RM3.86 million gross profit. The decreased in gross profit margin mainly due to insufficient sales orders to cover the fixed operation overhead. Plastic wares division's gross profit margin increased from 21.8% in FYE 2022 to 24.1% in FYE 2023, recorded RM19.30 million gross profit. The increased in gross profit margin mainly due to fluctuation of raw material cost and improvement in monitoring of production efficiency and quality.

For the quarter under review, the Group recorded a total gross profit of RM4.44 million, compared to RM4.22 million in Q4 2022. The gross profit margin increased from 13.2% in Q4 2022 to 15.4% in Q4 2023. Furniture and plastic wares division contributed RM0.98 million and RM3.46 million respectively.

In FYE 2023, the Group recorded loss before tax of RM3.74 million as compared to profit before tax of RM4.57 million recorded in the previous year. Furniture division recorded loss before tax of RM7.78 million as compared to loss before tax of RM2.36 million in FYE 2022. Plastic wares division's profit before tax decreased by 26.2% to RM5.36 million as compared to previous year of RM7.26 million.

In Q4 2023, the Group reported loss before tax of RM5.79 million, compared to loss before tax of RM1.78 million for Q4 2022. Furniture and plastic wares division contributed loss before tax RM5.01 million and RM0.23 million respectively.

B2. VARIANCE IN PROFIT / (LOSS) BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter 31-Dec-23 (RM)	Preceding quarter 30-Sept-23 (RM)	+ / - (RM)
Furniture Division	(5,008,117)	(1,238,074)	(3,770,043)
Plastic Wares Division	(228,186)	896,482	(1,124,668)
Others	(557,037)	(648,583)	91,546
Total	(5,793,340)	(990,175)	(4,803,165)

The Group recorded a higher turnover of RM28.89 million during the quarter under review against turnover of RM28.39 million in the preceding quarter ended 30 September 2023. Gross profit margin was lower at 15.4% against 17.8% in the preceding quarter while absolute amount was lower at RM4.44 million against RM5.06 million in the preceding quarter.

The gross profit margin for furniture division increased from 6.3% in preceding quarter to 8.3% in Q4 2023. Gross profit margin of plastic wares division decreased from 25.3% in preceding quarter to 20.5% in Q4 2023. In addition, the Group has recorded loss before tax of RM5.79 million for the quarter under review compared to loss before tax of RM0.99 million registered in the preceding quarter.

B3. PROSPECT

The projected GDP growth rate of 4% to 5% for Malaysia in 2024 indicates a positive outlook for the country's economy. Under the theme "Economic Reform, Empowering People," the Budget 2024 and the supportive policies from the government aim to enhance economic recovery and resilience. These measures are expected to encourage investment, consumer spending, and business activity, thereby contributing to the growth of GDP.

The plastic wares division is encountering slowdown in both local and export markets. The high inflation and cost of living changes the consumer spending behaviour contributed to the slowdown. The furniture division anticipates ongoing challenges in export market conditions. The elevated inflation rates in the US and Eurozone, coupled with increased interest rates and ongoing military conflicts, are adversely affecting both demand and supply.

The Management is actively developing effective marketing strategies to maintain the Group's performance. This includes conducting comprehensive market research to identify and target potential market segments, enhancing customer relationship management, introducing additional value-added and sustainable products, and harnessing digital marketing and e-commerce channels.

The Group is committed to implementing strategies aimed at seizing growth opportunities. This includes expanding capacity and capabilities to enhance competitiveness. Additionally, steps are being taken to ensure optimal utilization of existing capacity.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial period under review.

B5. TAXATION

	Current quarter RM	Financial year to-date RM
Current taxation	(533,363)	(2,481,114)
Deferred taxation	(155,110)	(155,110)
	<u>(688,473)</u>	<u>(2,636,224)</u>

The Group's effective tax rate for the quarter under review was higher than the statutory tax rate mainly due to tax effects of non-deductible expenses and deferred tax assets not recognised.

B6. SALE OR PURCHASE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties by the Group for the current quarter under review.

B7. QUOTED SECURITIES

There was no purchase or disposal of quoted securities by the Group for the financial period under review.

B8. STATUS OF CORPORATE PROPOSALS

On 27 October 2023, the Board of Directors of SWS ("Board") announce that the Company proposes to undertake a private placement of up to 10% of the issued ordinary shares of SWS ("SWS Share(s)" or "Share(s)") ("Placement Share(s)") at an issue price to be determined later ("Proposed Private Placement").

On 3 November 2023, the Board announce that Bursa Securities had vide its letter dated 3 November 2023, resolved to approve the listing and quotation of up to 27,507,816 Placement Shares to be issued pursuant to the Proposed Private Placement, subject to the following conditions:

1. SWS and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
2. Malacca Securities to furnish Bursa Securities with details of the placees in accordance with paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the Placement Shares;
3. SWS and Malacca Securities are required to inform Bursa Securities upon the completion of the Proposed Private Placement; and
4. SWS is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

On 8 November 2023, the Board resolved to fix the issue price for the Private Placement at RM0.2650 per Placement Share. The issue price of RM0.2650 per Placement Share represents a discount of RM0.0291 or approximately 9.89% to the five (5)-day volume weighted average market price of SWS Shares for the last five (5) market days up to and including 7 November 2023 of RM0.2941 per SWS Share.

On 16 November 2023, the Board announce that the first tranche of the Private Placement comprising 27,200,000 Placement Share were listed and quoted on the Main Market of BURSA Securities. Out of up to 27,507,816 new SWS Shares approved by Bursa Securities vide its letter dated 3 November 2023, only 27,200,000 new SWS Shares had been placed out pursuant to the Private Placement. The Board has confirmed that there will be no additional Placement Shares to be placed out pursuant to the Private Placement. Therefore, the Board announced that the Private Placement is deemed completed.

Details of the proposal can be obtained from the website of Bursa Malaysia Berhad.

B9. GROUP'S BORROWINGS

The Group's borrowings as at 31 December 2023 are as follows:

	RM
Secured Short Term Borrowings	
- denominated in Ringgit Malaysia	27,856,717
- denominated in US Dollar	0
Secured Long Term Borrowings	
- denominated in Ringgit Malaysia	8,395,092
Total Borrowings	<u>36,251,809</u>

B10. FINANCIAL INSTRUMENTS - DERIVATIVES

The Group uses derivative financial instruments, mainly foreign currency forward contracts to hedge its exposure to fluctuations in foreign exchange arising from sales. The Group does not hold or issue derivative financial instruments for trading purposes.

There were no outstanding foreign currency forward contracts as at 31 December 2023.

The above instruments are executed with credit worthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength. There are also no cash requirements risks as the Group only uses foreign currency forward contracts as its hedging instruments. The fair value changes have been recognised in the profit and loss.

B11. MATERIAL LITIGATION

There was no material litigation during the financial period under review.

B12. DIVIDEND

No dividend was proposed by the Board of Directors for the current quarter under review.

B13. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit / (Loss) before tax for the financial period has been arrived at after charging / (crediting):-

	Current quarter RM	Financial year to-date RM
Allowance for doubtful debts	(456,184)	(461,184)
Amortisation of right-of-use asset	155,036	570,522
Bad debts recovered	(1,000)	(20,287)
Deposit written off	(1,900)	(1,900)

Profit / (Loss) before tax for the financial period has been arrived at after charging / (crediting):- (cont'd)

	Current quarter RM	Financial year to-date RM
Depreciation of property, plant and equipment	1,796,862	7,130,244
Finance costs	598,105	2,245,227
Finance income	(77,166)	(275,532)
(Gain)/Loss on foreign exchange		
Realised	28,334	(14,307)
Unrealised	202,310	103,883
Gain on fair value adjustment on investment property	(40,000)	(40,000)
Gain on disposal of property, plant and equipment	(22,966)	(107,800)
Impairment loss on property, plant & equipment	3,666,839	3,666,839
Impairment loss on trade receivables	13,389	13,389
Interest expense on lease liabilities	13,638	23,922
Inventories written-off	263,426	263,426
Inventories write-down value	146,764	146,764
Rental received	(100,404)	(163,404)

B14. EARNINGS PER SHARE

Basic earnings / (loss) per share

Basic earnings / (loss) per share amount are calculated by dividing the profit / (loss) attributable to Owners of the Parent by the weighted average number of ordinary shares outstanding during the period.

		Current quarter	Financial year-to-date
Loss attributable to			
Owners of the Parent	(RM)	(6,481,813)	(6,617,836)
Weighted average number of shares	(shares)	302,278,160	302,278,160
Basic loss per share	(sen)	(2.14)	(2.19)

Diluted earnings per share

There is no dilutive effect of the potential ordinary shares convertible under warrants and ESOS issued during the financial period. Warrants and ESOS have dilutive effect only when the average market price of ordinary share during the financial period under review exceeds the exercise price of the warrant.

Board of Directors
SWS Capital Berhad
28th February 2024