

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Financial Position
As At 30 June 2024

	Unaudited As At 30.06.2024 (6 months) RM	Audited As At 31.12.2023 (12 months) RM
ASSETS		
Non-current Assets		
Property, plant and equipment	27,244,054	28,215,048
Investment properties	2,305,000	2,305,000
Right-of-use asset	81,658,509	82,823,772
Sub-total	111,207,563	113,343,820
Current Assets		
Other investments	2,084,622	2,050,215
Inventories	41,272,622	44,333,122
Trade receivables	30,184,374	24,260,960
Other receivables	1,930,326	2,731,486
Tax Recoverable	2,242,323	1,952,090
Cash and bank balances	21,029,769	18,528,141
Fixed deposits with licensed bank	4,172,162	4,123,275
Sub-total	102,916,198	97,979,289
TOTAL ASSETS	214,123,761	211,323,109
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	133,180,692	133,180,692
Revaluation reserve	24,972,470	25,373,942
Accumulated losses	(12,571,032)	(11,652,181)
Total Equity	145,582,130	146,902,453
LIABILITIES		
Non-current Liabilities		
Loans and borrowings	8,286,802	8,453,545
Lease liabilities	3,249,862	3,257,820
Deferred tax liabilities	4,486,876	4,491,699
Sub-total	16,023,540	16,203,064
Current Liabilities		
Loans and borrowings	27,692,139	27,798,262
Lease liabilities	760,357	1,670,775
Trade payables	17,460,307	12,856,481
Other payables	6,569,955	5,825,358
Tax payables	35,333	66,716
Sub-total	52,518,091	48,217,592
Net Current Assets	50,398,107	49,761,697
Total Liabilities	68,541,631	64,420,656
Net Assets	145,582,130	146,902,453
TOTAL EQUITY AND LIABILITIES	214,123,761	211,323,109
Net asset per share attributable to Owners of the Parent (In RM)	0.48	0.49

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the period ended 31 December 2023)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
As At 30 June 2024
(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Revenue	30,642,298	31,733,609	68,207,403	67,221,397
Cost of Sales	(26,157,226)	(25,341,005)	(57,314,010)	(53,567,298)
Gross Profit	4,485,072	6,392,604	10,893,393	13,654,099
Administration expenses	(3,835,671)	(3,581,336)	(7,589,100)	(7,032,418)
Selling and distribution expenses	(1,773,442)	(1,431,095)	(3,629,765)	(2,996,220)
Other income	583,338	225,147	1,154,676	522,161
Net (loss)/gain on impairment of financial instruments	(47,000)	-	(99,000)	5,287
Operating (loss) / profit	(587,703)	1,605,320	730,204	4,152,909
Finance costs	(574,506)	(547,074)	(1,145,365)	(1,104,900)
(Loss) / Profit before tax	(1,162,209)	1,058,246	(415,161)	3,048,009
Taxation	(380,081)	(409,708)	(905,162)	(1,370,559)
(Loss) / Profit after tax for the financial period	(1,542,290)	648,538	(1,320,323)	1,677,450
Other comprehensive income net of tax	-	-	-	-
Total comprehensive (loss) / income for the financial period	(1,542,290)	648,538	(1,320,323)	1,677,450
(Loss) / Profit attributable to :				
Owners of the Parent	(1,542,290)	623,455	(1,320,323)	1,431,343
Non-Controlling Interest	-	25,083	-	246,107
	(1,542,290)	648,538	(1,320,323)	1,677,450
Total comprehensive (loss) / income attributable to :				
Owners of the Parent	(1,542,290)	623,455	(1,320,323)	1,431,343
Non-Controlling Interest	-	25,083	-	246,107
	(1,542,290)	648,538	(1,320,323)	1,677,450
Basic (loss) / earning per share (in sen)	(0.51)	0.21	(0.44)	0.47
Fully diluted (loss) / earning per share (in sen)	(0.51)	0.21	(0.44)	0.47

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the period ended 31 December 2023)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Changes In Equity
As At 30 June 2024
(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 2024	133,180,692	-	-	-	25,373,942	(11,652,181)	146,902,453	-	146,902,453
Loss after tax for the financial period	-	-	-	-	-	(1,320,323)	(1,320,323)	-	(1,320,323)
Realisation of revaluation surplus upon depreciation	-	-	-	-	(401,472)	401,472	-	-	-
Balance as at 30 June 2024	133,180,692	-	-	-	24,972,470	(12,571,032)	145,582,130	-	145,582,130
Balance as at 1 January 2023	125,972,692	793,080	68,816,475	(68,816,475)	20,431,933	(6,296,383)	140,901,322	349,554	141,250,876
Profit after tax for the financial period	-	-	-	-	-	1,431,343	1,431,343	246,107	1,677,450
Realisation of revaluation surplus upon depreciation	-	-	-	-	(60,024)	60,024	-	-	-
Changes in ownership interest in a subsidiary companies	-	-	-	-	-	(191,888)	(191,888)	(595,661)	(787,549)
Balance as at 30 June 2023	125,972,692	793,080	68,816,475	(68,816,475)	20,371,909	(4,996,904)	142,140,777	-	142,140,777

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Annual Financial Report for the period ended 31 December 2023)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Cash Flows Statement
As At 30 June 2024
(Unaudited)

	CUMULATIVE QUARTER	
	30.06.2024	30.06.2023
	RM	RM
Cash flows from operating activities		
(Loss) / Profit before tax	(415,161)	3,048,009
Adjustments for :		
Allowance for doubtful debts	(99,000)	(12,000)
Amortisation of right-of-use asset	452,736	276,949
Bad debts recovered	-	(5,287)
Bad debts written off	-	3,000
Depreciation of property, plant and equipment	3,365,625	3,544,533
Finance costs	1,127,222	1,096,921
Finance income	(177,878)	(148,742)
Gain on disposal of property, plant & equipment	(86,587)	(127,000)
Interest expense on lease liabilities	18,144	7,979
Property, plant and equipment written off	2,722	-
Unrealised gain on foreign exchange	(78,882)	(68,474)
Operating profit before changes in working capital	<u>4,108,941</u>	<u>7,615,888</u>
Changes in working capital:		
- Inventories	3,060,499	1,725,951
- Trade and other receivables	(5,824,414)	(8,522,730)
- Other current assets	801,161	(436,719)
- Trade and other payables	5,348,421	4,102,185
Cash flows generated from operations	<u>7,494,608</u>	<u>4,484,575</u>
Tax paid	(1,231,601)	(640,364)
Net cash flows from operating activities	<u>6,263,007</u>	<u>3,844,211</u>
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(808,513)	(909,611)
Proceeds from disposal of property, plant and equipment	163,122	138,155
Acquisition of non-controlling interest	-	(787,549)
Interest received	143,471	148,742
Placement of deposits with licensed banks	(42,363)	(33,000)
Net cash flows used in investing activities	<u>(544,283)</u>	<u>(1,443,263)</u>
Cash flows used in financing activities		
Withdrawal / (Repayment) of borrowings	2,944,000	(1,244,692)
Repayment of lease liabilities	(1,889,367)	(5,868,234)
Repayment of term loans	(300,269)	(1,575,000)
Interest paid	(1,127,222)	(1,104,900)
Net cash flows used in financing activities	<u>(372,858)</u>	<u>(9,792,826)</u>
Net increase / (decrease) in cash and cash equivalents	5,345,866	(7,391,878)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Cash Flows Statement (cont'd)
As At 30 June 2024
(Unaudited)

	CUMULATIVE QUARTER	
	30.06.2024	30.06.2023
	RM	RM
Net increase / (decrease) in cash and cash equivalents	5,345,866	(7,391,878)
Effect of exchange rate changes on cash and cash equivalents	78,882	68,474
Cash and cash equivalents at beginning of financial period	15,231,472	15,740,387
Cash and cash equivalents at end of financial period	<u>20,656,220</u>	<u>8,416,983</u>
Cash and cash equivalents included in the cash flow statements comprise the followings:		
Deposit, bank and cash balances	25,201,931	16,899,682
Less: Bank overdrafts	<u>(1,009,650)</u>	<u>(5,981,382)</u>
	24,192,281	10,918,300
Less: Deposits pledged with banks	<u>(3,536,061)</u>	<u>(2,501,317)</u>
	<u>20,656,220</u>	<u>8,416,983</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the period ended 31 December 2023)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2024****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 30 June 2024, 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 2023 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 2023.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023.

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 2023 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 2023 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	6 months ended 30 June 2024				
	Others RM	Manufacturing of plastic wares RM	Manufacturing of furniture RM	Eliminations RM	Consolidated RM
External sales	-	41,763,336	26,444,067	-	68,207,403
Management income	-	-	-	-	-
Inter-company transaction	-	9,757,290	1,964,582	(11,721,872)	-
Total	-	51,520,626	28,408,649	(11,721,872)	68,207,403

Results	6 months ended 30 June 2024				
	Others RM	Manufacturing of plastic wares RM	Manufacturing of furniture RM	Eliminations RM	Consolidated RM
Finance income	570,243	37,761	111,353	(541,479)	177,878
Finance costs	-	(1,062,656)	(606,045)	541,479	(1,127,222)
Interest expense on lease liabilities	-	(6,357)	(11,787)	-	(18,144)
Depreciation of property, plant and equipment	-	(2,496,052)	(700,557)	(169,016)	(3,365,625)
Amortisation of right-of-use assets	-	-	(452,736)	-	(452,736)
Taxation	(109,998)	(310,276)	(485,000)	112	(905,162)
Other non-cash items	-	(2,722)	(78,882)	-	(81,604)
Segment (loss) / profit	(148,396)	2,256,734	(2,523,499)	-	(415,161)
Segment assets	100,080,173	139,066,559	85,128,068	(110,151,039)	214,123,761
Segment liabilities	106,374	65,449,646	40,556,701	(37,571,090)	68,541,631

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

There were no related party transactions during the current quarter under review and financial year to-date.

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	540,734	1,148,605
Other employee benefits	44,250	92,784

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		+/- (%)
	30-Jun-24 (RM)	30-Jun-23 (RM)		30-Jun-24 (RM)	30-Jun-23 (RM)	
Plastic Wares Division	18,575,966	18,845,932		41,763,336	45,915,600	
Furniture Division	12,066,332	12,887,677		26,444,067	21,305,797	
Total	30,642,298	31,733,609	(3)	68,207,403	67,221,397	1

For current quarter under review ended on 30 June 2024, the Group's revenue decreased by 3.4% to RM30.64 million as compared to RM31.73 million recorded in the corresponding quarter of the previous year, which ended on 30 June 2023.

The revenue contribution from the plastic wares division decreased by 1.4% to RM18.58 million as compared to Q2 2023 of RM18.85 million. The decreased in local sales 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.

Furniture division recorded revenue of RM12.07 million for Q2 2024, 6.4% decreased as compared to Q2 2023 of RM12.89 million. The export market mainly derived from United State of America.

Profit / (Loss) Before Tax	Individual quarter		+/- (%)	Cumulative quarter		+/- (%)
	30-Jun-24 (RM)	30-Jun-23 (RM)		30-Jun-24 (RM)	30-Jun-23 (RM)	
Plastic Wares Division	556,727	905,041		2,256,734	4,694,861	
Furniture Division	(1,630,892)	212,999		(2,523,500)	(1,536,425)	
Others	(88,044)	(59,794)		(148,395)	(110,427)	
Total	(1,162,209)	1,058,246	(210)	(415,161)	3,048,009	(114)

In Q2 2024, the Group recorded a total gross profit of RM4.49 million as compared to RM6.39 million recorded in Q2 2023. The gross profit margin decreased from 20.1% in Q2 2023 to 14.6% in Q2 2024. The decreased in gross profit margin mainly due to fluctuation of raw material cost.

Plastic wares division's gross profit margin decreased from 22.8% in Q2 2023 to 22.4% in Q2 2024, recorded RM4.15 million gross profit. Furniture division's gross profit margin decreased from 16.3% in Q2 2023 to 2.7% in Q2 2024, recorded RM0.33 million gross profit.

In Q2 2024, the Group recorded loss before tax of RM1.16 million as compared to profit before tax of RM1.06 million recorded in Q2 2023. Plastic wares division's profit before tax decreased by 38.5% to RM0.56 million as compared to Q2 2023 of RM0.91 million. Furniture division recorded loss before tax of RM1.63 million as compared to profit before tax of RM0.21 million in Q2 2023.

B2. VARIANCE IN PROFIT / (LOSS) BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter	Preceding quarter	
	30-Jun-24 (RM)	31-Mar-24 (RM)	+/- (RM)
Plastic Wares Division	556,727	1,700,007	(1,143,280)
Furniture Division	(1,630,892)	(892,608)	(738,284)
Others	(88,044)	(60,352)	(27,692)
Total	(1,162,209)	747,047	(1,909,256)

The Group recorded a lower turnover of RM30.64 million during the quarter under review against turnover of RM37.57 million in the preceding quarter ended 31 March 2024. In Q2 2024, the gross profit margin was lower at 14.6% against 17.1% in Q1 2024 while absolute amount was lower at RM4.49 million against RM6.41 million in Q1 2024.

In addition, the Group has recorded loss before tax of RM1.16 million for the quarter under review compared to profit before tax of RM0.75 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. Domestic consumption and supply are expected to continue rising, supported by healthy labour market conditions. Additionally, external demand will recover as Malaysia stands to benefit from improvement in global production and international trade.

However, 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 Management is actively developing effective marketing strategies to sustain the Group's performance. This involves conducting comprehensive market research to identify and target potential market segments, address evolving consumer preferences, enhance brand visibility, and stimulate demand for the divisions' products.

The Group is committed to implementing strategies that capture growth opportunities. This includes expanding capacity and capabilities to boost competitiveness and ensuring the optimal utilization of the business's existing resources.

By focusing on these strategic initiatives, the Group aims to achieve sustainable growth and success in an ever-evolving market landscape. Through innovation, diversification, and prudent resource allocation, the Group is committed to maximizing value for its stakeholders while maintaining a strong competitive edge in the industry.

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	(380,137)	(905,274)
Deferred taxation	56	112
	<u>(380,081)</u>	<u>(905,162)</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

There was no corporate proposal by the Group for the financial period under review.

B9. GROUP'S BORROWINGS

The Group's borrowings as at 30 June 2024 are as follows:

	RM
Secured Short Term Borrowings	27,692,139
Secured Long Term Borrowings	8,286,802
Total Borrowings	<u>35,978,941</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 30 June 2024.

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	Financial year to-date
	RM	RM
Allowance for doubtful debts	(47,000)	(99,000)
Amortisation of right-of-use asset	228,993	452,736
Depreciation of property, plant and equipment	1,683,533	3,365,625
Finance costs	561,855	1,127,222
Finance income	(89,139)	(177,878)
Gain on foreign exchange		
Realised	(25,008)	(103,081)
Unrealised	20,246	(78,882)
Gain on disposal of property, plant & equipment	(45,587)	(86,587)
Interest expense on lease liabilities	12,650	18,144
Property, plant and equipment written off	75,655	(2,722)
Rental received	(126,300)	(144,600)

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)	(1,542,290)	(1,320,323)
Weighted average number of shares	(shares)	302,278,160	302,278,160
Basic loss per share	(sen)	(0.51)	(0.44)

Board of Directors
SWS Capital Berhad
26th August 2024