

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

	Unaudited As At 30.09.2024 (9 months) RM	Audited As At 31.12.2023 (12 months) RM
ASSETS		
Non-current Assets		
Property, plant and equipment	26,452,034	28,215,048
Investment properties	2,305,000	2,305,000
Right-of-use asset	81,805,415	82,823,772
	<u>110,562,449</u>	<u>113,343,820</u>
Sub-total		
Current Assets		
Other investments	2,102,138	2,050,215
Inventories	39,108,394	44,333,122
Trade receivables	27,596,715	24,260,960
Other receivables	1,815,294	2,731,486
Tax Recoverable	2,695,575	1,952,090
Derivatives financial instruments at fair value	9,905	-
Cash and bank balances	17,545,073	18,528,141
Fixed deposits with licensed bank	4,194,302	4,123,275
	<u>95,067,396</u>	<u>97,979,289</u>
Sub-total		
	<u>205,629,845</u>	<u>211,323,109</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	133,180,692	133,180,692
Revaluation reserve	24,927,704	25,373,942
Accumulated losses	(13,957,886)	(11,652,181)
	<u>144,150,510</u>	<u>146,902,453</u>
Total Equity		
LIABILITIES		
Non-current Liabilities		
Loans and borrowings	8,231,897	8,453,545
Lease liabilities	3,120,337	3,257,820
Deferred tax liabilities	4,484,464	4,491,699
	<u>15,836,698</u>	<u>16,203,064</u>
Sub-total		
Current Liabilities		
Loans and borrowings	26,682,471	27,798,262
Lease liabilities	1,197,390	1,670,775
Trade payables	11,766,723	12,856,481
Other payables	5,972,719	5,825,358
Tax payables	23,334	66,716
	<u>45,642,637</u>	<u>48,217,592</u>
Sub-total		
Net Current Assets	49,424,759	49,761,697
Total Liabilities	61,479,335	64,420,656
	<u>144,150,510</u>	<u>146,902,453</u>
Net Assets		
	<u>205,629,845</u>	<u>211,323,109</u>
TOTAL EQUITY AND LIABILITIES		
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 September 2024
(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Revenue	27,056,850	28,386,788	95,264,253	95,608,185
Cost of Sales	(22,949,382)	(23,321,931)	(80,263,392)	(76,889,230)
Gross Profit	4,107,468	5,064,857	15,000,861	18,718,955
Administration expenses	(3,189,334)	(4,173,790)	(10,778,432)	(11,206,208)
Selling and distribution expenses	(1,822,368)	(1,325,768)	(5,452,133)	(4,321,988)
Other income	53,365	(23,535)	1,208,039	498,626
Net (loss) / gain on impairment of financial instruments	(3,000)	-	(102,000)	5,287
Operating (loss) / profit	(853,869)	(458,236)	(123,665)	3,694,672
Finance costs	(458,502)	(531,939)	(1,603,867)	(1,636,838)
(Loss) / Profit before tax	(1,312,371)	(990,175)	(1,727,532)	2,057,834
Taxation	(119,249)	(577,193)	(1,024,411)	(1,947,751)
(Loss) / Profit after tax for the financial period	(1,431,620)	(1,567,368)	(2,751,943)	110,083
Other comprehensive income net of tax	-	30,012	-	90,036
Total comprehensive (loss) / income for the financial period	(1,431,620)	(1,537,356)	(2,751,943)	200,119
(Loss) / Profit attributable to :				
Owners of the Parent	(1,431,620)	(1,567,368)	(2,751,943)	(136,024)
Non-Controlling Interest	-	-	-	246,107
	(1,431,620)	(1,567,368)	(2,751,943)	110,083
Total comprehensive (loss) / income attributable to :				
Owners of the Parent	(1,431,620)	(1,537,356)	(2,751,943)	(45,988)
Non-Controlling Interest	-	-	-	246,107
	(1,431,620)	(1,537,356)	(2,751,943)	200,119
Basic loss per share (in sen)	(0.47)	(0.52)	(0.91)	(0.04)
Fully diluted loss per share (in sen)	(0.47)	(0.52)	(0.91)	(0.04)

(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 September 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	-	-	-	-	-	(2,751,943)	(2,751,943)	-	(2,751,943)
Realisation of revaluation surplus upon depreciation	-	-	-	-	(446,238)	446,238	-	-	-
Balance as at 30 September 2024	133,180,692	-	-	-	24,927,704	(13,957,886)	144,150,510	-	144,150,510
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
(Loss) / Profit after tax for the financial period	-	-	-	-	-	(136,024)	(136,024)	246,107	110,083
Realisation of revaluation surplus upon depreciation	-	-	-	-	(90,036)	90,036	-	-	-
Changes in ownership interest in a subsidiary companies	-	-	-	-	-	(191,888)	(191,888)	(595,661)	(787,549)
Balance as at 30 September 2023	125,972,692	793,080	68,816,475	(68,816,475)	20,341,897	(6,534,259)	140,573,410	-	140,573,410

(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 September 2024
(Unaudited)

	CUMULATIVE QUARTER	
	30.09.2024	30.09.2023
	RM	RM
Cash flows from operating activities		
(Loss) / Profit before tax	(1,727,532)	2,057,834
Adjustments for :		
Allowance for doubtful debts	(102,000)	(5,000)
Amortisation of right-of-use asset	629,245	415,486
Bad debts recovered	-	(5,287)
Bad debts written off	-	(14,000)
Depreciation of property, plant and equipment	5,029,038	5,333,383
Fair value gain on derivatives	(9,905)	-
Finance costs	1,570,790	1,626,555
Finance income	(260,967)	(198,366)
Gain on disposal of property, plant & equipment	(166,663)	(130,767)
Interest expense on lease liabilities	33,077	10,283
Property, plant and equipment written off	2,721	-
Unrealised gain on foreign exchange	256,842	(98,423)
Operating profit before changes in working capital	<u>5,254,646</u>	<u>8,991,698</u>
Changes in working capital:		
- Inventories	5,224,728	3,240,414
- Trade and other receivables	(2,267,540)	(2,079,736)
- Other current assets	(50,022)	(253,647)
- Trade and other payables	(942,397)	(174,462)
Cash flows generated from operations	<u>7,219,415</u>	<u>9,724,267</u>
Tax paid	<u>(1,818,513)</u>	<u>(1,128,042)</u>
Net cash flows from operating activities	<u>5,400,902</u>	<u>8,596,225</u>
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(1,445,482)	(2,030,576)
Proceeds from disposal of property, plant and equipment	519,622	257,746
Acquisition of non-controlling interest	-	(787,549)
Interest received	209,044	198,366
Placement of deposits with licensed banks	(61,162)	(52,719)
Net cash flows used in investing activities	<u>(777,978)</u>	<u>(2,414,732)</u>
Cash flows used in financing activities		
Withdrawal / (Repayment) of borrowings	1,695,000	(3,713,000)
Repayment of lease liabilities	(2,431,054)	(8,853,667)
(Repayment) / Drawdown of term loans	(553,208)	3,465,790
Interest paid	(1,570,790)	(1,636,839)
Net cash flows used in financing activities	<u>(2,860,052)</u>	<u>(10,737,716)</u>
Net increase / (decrease) in cash and cash equivalents	1,762,872	(4,556,223)

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

	CUMULATIVE QUARTER	
	30.09.2024	30.09.2023
	RM	RM
Net increase / (decrease) in cash and cash equivalents	1,762,872	(4,556,223)
Effect of exchange rate changes on cash and cash equivalents	(256,842)	98,423
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>16,737,502</u>	<u>11,282,587</u>
Cash and cash equivalents included in the cash flow statements comprise the followings:		
Deposit, bank and cash balances	21,739,375	18,979,693
Less: Bank overdrafts	<u>(1,447,015)</u>	<u>(5,176,070)</u>
	20,292,360	13,803,623
Less: Deposits pledged with banks	<u>(3,554,858)</u>	<u>(2,521,036)</u>
	<u>16,737,502</u>	<u>11,282,587</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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	9 months ended 30 September 2024				
	Others RM	Manufacturing of plastic wares RM	Manufacturing of furniture RM	Eliminations RM	Consolidated RM
External sales	-	57,057,753	38,206,500	-	95,264,253
Management income	-	-	-	-	-
Inter-company transaction	-	12,015,818	3,018,523	(15,034,341)	-
Total	-	69,073,571	41,225,023	(15,034,341)	95,264,253

Results	Others RM	Manufacturing of plastic wares RM	Manufacturing of furniture RM	Eliminations RM	Consolidated RM
Finance income	859,349	56,645	165,281	(820,308)	260,967
Finance costs	-	(1,486,872)	(904,226)	820,308	(1,570,790)
Interest expense on lease liabilities	-	(17,472)	(15,605)	-	(33,077)
Depreciation of property, plant and equipment	-	(3,730,796)	(1,044,718)	(253,524)	(5,029,038)
Amortisation of right-of-use assets	-	-	(629,245)	-	(629,245)
Taxation	(158,097)	(351,481)	(515,001)	168	(1,024,411)
Other non-cash items	-	2,721	246,937	-	249,658
Segment (loss) / profit	(197,014)	1,321,538	(2,852,056)	-	(1,727,532)
Segment assets	100,203,282	131,808,739	83,796,522	(110,178,698)	205,629,845
Segment liabilities	96,088	59,158,537	39,748,912	(37,524,202)	61,479,335

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	532,402	1,681,007
Other employee benefits	44,250	137,034

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-Sep-24 (RM)	30-Sep-23 (RM)		30-Sep-24 (RM)	30-Sep-23 (RM)	
Plastic Wares Division	15,294,417	17,237,393		57,057,753	63,152,993	
Furniture Division	11,762,433	11,149,395		38,206,501	32,455,192	
Total	27,056,850	28,386,788	(5)	95,264,254	95,608,185	(0.4)

For current quarter under review ended on 30 September 2024, the Group's revenue decreased by 4.7% to RM27.06 million as compared to RM28.39 million recorded in the corresponding quarter of the previous year, which ended on 30 September 2023.

The revenue contribution from the plastic wares division decreased by 11.3% to RM15.29 million as compared to Q3 2023 of RM17.24 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 RM11.76 million for Q3 2024, 5.5% increased as compared to Q3 2023 of RM11.15 million. The export market mainly derived from United State of America.

Profit / (Loss) Before Tax	Individual quarter		+/- (%)	Cumulative quarter		+/- (%)
	30-Sep-24 (RM)	30-Sep-23 (RM)		30-Sep-24 (RM)	30-Sep-23 (RM)	
Plastic Wares Division	(935,196)	896,482		1,321,538	5,591,343	
Furniture Division	(328,557)	(1,238,074)		(2,852,056)	(2,774,499)	
Others	(48,618)	(648,583)		(197,014)	(759,010)	
Total	(1,312,371)	(990,175)	33	(1,727,532)	2,057,834	(184)

In Q3 2024, the Group recorded a total gross profit of RM4.11 million as compared to RM5.06 million recorded in Q3 2023. The gross profit margin decreased from 17.8% in Q3 2023 to 15.2% in Q3 2024. The Group faced a challenge of insufficient sales orders to cover the fixed operational overhead.

Plastic wares division's gross profit margin decreased from 25.3% in Q3 2023 to 14.9% in Q3 2024, recorded RM2.28 million gross profit. Furniture division's gross profit margin increased from 6.3% in Q3 2023 to 15.5% in Q3 2024, recorded RM1.83 million gross profit.

In Q3 2024, the Group recorded loss before tax of RM1.31 million as compared to loss before tax of RM0.99 million recorded in Q3 2023. Plastic wares division's loss before tax decreased to RM0.94 million as compared to profit before tax of RM0.90 million in Q3 2023. Furniture division recorded loss before tax of RM0.33 million as compared to loss before tax of RM1.24 million in Q3 2023.

B2. VARIANCE IN PROFIT / (LOSS) BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter	Preceding quarter	+/- (RM)
	30-Sep-24 (RM)	30-Jun-24 (RM)	
Plastic Wares Division	(935,196)	556,727	(1,491,923)
Furniture Division	(328,557)	(1,630,892)	1,302,335
Others	(48,618)	(88,044)	39,426
Total	(1,312,371)	(1,162,209)	(150,162)

The Group recorded a lower turnover of RM27.06 million during the quarter under review against turnover of RM30.64 million in the preceding quarter ended 30 June 2024. In Q3 2024, the gross profit margin was higher at 15.2% against 14.6% in Q2 2024 while absolute amount was lower at RM4.11 million against RM4.49 million in Q2 2024.

In addition, the Group has recorded loss before tax of RM1.31 million for the quarter under review compared to loss before tax of RM1.16 million registered in the preceding quarter.

B3. PROSPECT

Malaysia's Prime Minister tabled Federal Government Budget 2025 on 18 October 2024. Rising investment inflows, improved tax collection as a share of GDP, and a reduced fiscal deficit are positive factors expected to drive Malaysia's economic growth to between 5.0% and 5.5% in 2025. The Budget 2025 will reinforce the economic framework and promote equitable distribution of accelerated economic growth across a broader segment of the population.

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	(119,305)	(1,024,579)
Deferred taxation	56	168
	<u>(119,249)</u>	<u>(1,024,411)</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 September 2024 are as follows:

	RM
Secured Short Term Borrowings	26,682,471
Secured Long Term Borrowings	8,231,897
Total Borrowings	<u>34,914,368</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.

The details of the outstanding foreign currency forward contracts as at 30 September 2024 are as follows:-

	Notional Amount As At 30.09.2024	Fair Value As At 30.09.2024
Foreign currency forward contracts Less than 1 year	2,932,530	2,922,625

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	(3,000)	(102,000)
Amortisation of right-of-use asset	176,509	629,245
Depreciation of property, plant and equipment	1,663,413	5,029,038
Finance costs	443,568	1,570,790
Finance income	(83,089)	(260,967)
Gain on foreign exchange		
Realised	210,369	107,288
Unrealised	335,724	256,842
Gain on disposal of property, plant & equipment	(80,076)	(166,663)
Interest expense on lease liabilities	14,933	33,077
Property, plant and equipment written off	1	(2,721)
Rental received	(346,900)	(491,500)

B14. LOSS PER SHARE

Basic loss per share

Basic loss per share amount are calculated by dividing the 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)	(1,431,620)	(2,751,943)
Weighted average number of shares	(shares)	302,278,160	302,278,160
Basic loss per share	(sen)	(0.47)	(0.91)

Board of Directors
SWS Capital Berhad
26th November 2024