

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Financial Position
As At 31 December 2022

	Unaudited As At 31.12.2022 (12 months) RM	Audited As At 31.12.2021 (12 months) RM
ASSETS		
Non-current Assets		
Property, plant and equipment	31,642,497	34,447,711
Investment properties	2,265,000	2,265,000
Right-of-use asset	74,288,388	57,790,989
	<u>108,195,885</u>	<u>94,503,700</u>
Sub-total		
Current Assets		
Inventories	48,369,474	56,435,504
Trade receivables	22,085,451	24,435,001
Other receivables	2,436,045	3,589,828
Tax Recoverable	2,673,568	2,115,701
Derivatives financial instruments at fair value	-	6,429
Cash and bank balances	16,381,489	7,603,537
Fixed deposits with licensed bank	4,019,136	4,942,404
	<u>95,965,163</u>	<u>99,128,404</u>
Sub-total		
	<u>204,161,048</u>	<u>193,632,104</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	125,325,602	109,971,602
Share-based payment reserve	1,440,170	1,440,170
Warrant reserve	68,816,475	68,816,475
Other reserve	(68,816,475)	(68,816,475)
Revaluation reserve	20,431,933	7,204,580
Accumulated losses	(6,308,573)	(9,353,838)
	<u>140,889,132</u>	<u>109,262,514</u>
Sub-total		
Non-controlling interest	349,851	53,071
	<u>141,238,983</u>	<u>109,315,585</u>
Sub-total		
Total Equity	<u>141,238,983</u>	<u>109,315,585</u>
LIABILITIES		
Non-current Liabilities		
Loans and borrowings	6,038,599	5,289,361
Lease liabilities	1,542,008	2,350,678
Deferred tax liabilities	4,048,043	3,630,988
	<u>11,628,650</u>	<u>11,271,027</u>
Sub-total		
Current Liabilities		
Trade payables	10,829,046	16,918,943
Other payables	5,371,228	6,697,883
Tax payables	58,506	31,461
Loans and borrowings	31,577,876	48,106,139
Lease liabilities	3,456,759	1,291,066
	<u>51,293,415</u>	<u>73,045,492</u>
Sub-total		
Net Current Assets	44,671,748	26,082,912
Total Liabilities	62,922,065	84,316,519
	<u>141,238,983</u>	<u>109,315,585</u>
Net Assets	<u>141,238,983</u>	<u>109,315,585</u>
TOTAL EQUITY AND LIABILITIES		
	<u>204,161,048</u>	<u>193,632,104</u>
Net asset per share attributable to Owners of the Parent (In RM)	0.51	0.52

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the period ended 31 December 2021)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
As At 31 December 2022
(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Revenue	31,616,632	55,962,441	158,403,273	159,744,308
Cost of Sales	(27,432,925)	(47,616,272)	(130,580,191)	(137,007,491)
Gross Profit	4,183,707	8,346,169	27,823,082	22,736,817
Administration expenses	(3,846,945)	(4,941,692)	(14,134,514)	(15,270,903)
Selling and distribution expenses	(1,253,165)	(749,878)	(6,709,637)	(5,274,901)
Other income / (expenses)	(285,938)	1,475,588	(59,175)	4,982,213
Net loss on impairment of financial instruments	(128,124)	(507,743)	(97,883)	(507,743)
Operating profit / (loss)	(1,330,465)	3,622,444	6,821,873	6,665,483
Finance costs	(443,600)	(426,597)	(2,245,419)	(2,110,723)
Profit / (Loss) before tax	(1,774,065)	3,195,847	4,576,454	4,554,760
Taxation	277,864	(469,173)	(1,676,160)	(1,602,873)
Profit / (Loss) after tax for the financial period	(1,496,201)	2,726,674	2,900,294	2,951,887
Other comprehensive income net of tax	13,581,189	355,975	13,669,102	442,827
Total comprehensive income for the financial period	12,084,988	3,082,649	16,569,396	3,394,714
Profit / (Loss) attributable to :				
Owners of the Parent	(1,538,284)	3,109,856	2,603,513	2,906,748
Non-Controlling Interest	42,083	(27,207)	296,780	45,139
	(1,496,201)	3,082,649	2,900,293	2,951,887
Total comprehensive income / (loss) attributable to :				
Owners of the Parent	12,011,923	3,109,856	16,273,111	3,349,575
Non-Controlling Interest	73,065	(27,207)	328,894	45,139
	12,084,988	3,082,649	16,602,005	3,394,714
Basic earning / (loss) per share (in sen)	(0.56)	1.47	0.95	1.37
Fully diluted earning / (loss) per share (in sen)	(0.56)	1.47	0.95	1.37

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the period ended 31 December 2021)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Changes In Equity
As At 31 December 2022
(Unaudited)

	← Attributable to Owners of the Parent →						Non-distributable	←	→					
	Share Capital	Share-based Payment Reserve	Warrant Reserve	Other Reserve	Revaluation Reserve	Accumulated Losses						Total	Non-Controlling Interests	Total Equity
	RM	RM	RM	RM	RM	RM						RM	RM	RM
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	-	-	-	-	-	2,603,513	2,603,513		296,780	2,900,293				
Revaluation of land and building	-	-	-	-	13,669,105	-	13,669,105		-	13,669,105				
Realisation of revaluation surplus upon depreciation	-	-	-	-	(441,752)	441,752	-		-	-				
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)	20,431,933	(6,308,573)	140,889,132		349,851	141,238,983				
Balance as at 1 January 2021	106,233,002	1,819,270	68,816,475	(68,816,475)	8,070,470	(13,125,339)	102,997,403		6,799	103,004,202				
Profit after tax for the financial period	-	-	-	-	-	2,905,611	2,905,611		46,272	2,951,883				
Realisation of revaluation reserve upon disposal of land	-	-	-	-	(423,063)	423,063	-		-	-				
Realisation of revaluation surplus upon depreciation	-	-	-	-	(442,827)	442,827	-		-	-				
Issuance of ordinary shares pursuant to exercise of ESOS	3,738,600	(379,100)	-	-	-	-	3,359,500		-	3,359,500				
Balance as at 31 December 2021	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				

(The Condensed Consolidated Statement of Change In Equity should be read in conjunction with the Annual Financial Report for the period ended 31 December 2021)

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Cash Flows Statement
As At 31 December 2022
(Unaudited)

	CUMULATIVE QUARTER	
	31.12.2022	31.12.2021
	RM	RM
Cash flows from operating activities		
Profit before tax	4,576,454	4,554,761
Adjustments for :		
Amortisation of right-of-use asset	397,907	2,237,871
Bad debts recovered	(80,311)	(40,489)
Deposit written off	(176,140)	-
Depreciation of property, plant and equipment	7,095,047	4,589,402
Fair value loss / (gain) on derivatives	6,429	(4,957)
Finance costs	2,218,912	2,110,722
Finance income	(201,343)	(246,503)
Gain on disposal of assets held for sale	-	(3,309,690)
Gain on disposal of property, plant & equipment	(8,225)	(166,194)
Gain on disposal of right-of-use assets	-	(100,000)
Impairment loss on trade receivables	230,583	548,233
Interest expense on lease liabilities	26,507	-
Inventories written down	58,621	86,155
Inventories written off	17,725	-
Property, plant and equipment written off	15,000	-
Unrealised loss / (gain) on foreign exchange	(17,731)	12,519
Operating profit before changes in working capital	<u>14,159,435</u>	<u>10,271,830</u>
Changes in working capital:		
- Inventories	7,989,686	(11,777,901)
- Trade and other receivables	3,856,003	3,853,602
- Other current assets	(107,215)	-
- Trade and other payables	(7,636,134)	(11,289,379)
Cash flows generated from / (used in) operations	<u>18,261,775</u>	<u>(8,941,848)</u>
Tax paid	(1,789,929)	(2,416,516)
Tax refunded	-	242,327
Net cash flows from / (used in) operating activities	<u>16,471,846</u>	<u>(11,116,037)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,101,025)	(9,140,185)
Acquisition of right-of-use assets	-	(118,904)
Proceeds from disposal of assets classified as held for sales	-	7,233,000
Proceeds from disposal of property, plant and equipment	132,968	256,550
Proceeds from disposal of right-of-use assets	-	100,000
Interest received	201,343	182,502
Placement / (Withdrawal) of deposits with licensed banks	934,309	(1,000,000)
Net cash flows used in investing activities	<u>(3,832,405)</u>	<u>(2,487,037)</u>

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Cash Flows Statement (cont'd)
As At 31 December 2022
(Unaudited)

	CUMULATIVE QUARTER	
	31.12.2022	31.12.2021
	RM	RM
Cash flows from financing activities		
Drawdown / (Repayment) of borrowings	(10,261,030)	2,151,000
Repayment of lease liabilities	(1,197,734)	(1,338,811)
Repayment of term loans	(1,271,067)	(3,974,814)
Interest paid	(2,245,419)	(2,110,722)
Proceeds from issuance of ordinary shares pursuant to private placement	15,354,000	-
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	-	3,359,500
Net cash flows from / (used in) financing activities	<u>378,750</u>	<u>(1,913,847)</u>
Net increase / (decrease) in cash and cash equivalents	13,018,191	(15,516,921)
Effect of exchange rate changes on cash and cash equivalents	17,731	(1,943)
Cash and cash equivalents at beginning of financial period	1,758,382	17,277,246
Cash and cash equivalents at end of financial period	<u>14,794,304</u>	<u>1,758,382</u>
Cash and cash equivalents included in the cash flow statements comprise the followings:		
Deposit, bank and cash balances	20,400,625	12,545,941
Less: Bank overdrafts	<u>(2,196,777)</u>	<u>(6,443,705)</u>
	18,203,848	6,102,236
Less: Deposits pledged with banks	<u>(3,409,544)</u>	<u>(4,343,854)</u>
	<u>14,794,304</u>	<u>1,758,382</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the period ended 31 December 2021)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022**

**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 2022, 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 2021 are available upon request from the Company registered office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

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 2021.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2021.

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 2021 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 2021 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 2022				Consolidated RM
	Other RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Eliminations RM	
External sales	0	59,368,955	99,034,318	0	158,403,273
Management income	384,000	0	0	(384,000)	0
Inter-company transaction	0	2,931,029	35,930,551	(38,861,581)	0
Total	384,000	62,299,984	134,964,869	(39,245,581)	158,403,273

Results	12 months ended 31 December 2022				Consolidated RM
	Other RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Eliminations RM	
Interest income	826,554	192,945	67,813	(885,969)	201,343
Finance costs	0	(1,334,932)	(1,769,949)	885,969	(2,218,912)
Interest expense on lease liabilities	0	(26,507)	0	0	(26,507)
Depreciation of property, plant and equipment	0	(2,217,990)	(4,508,932)	(368,125)	(7,095,047)
Amortisation of ROU	0	(397,907)	0	0	(397,907)
Taxation	(193,015)	4,513	(1,783,935)	56	(1,972,380)
Other non-cash items	0	38,289	56,020	0	93,309
Segment profit/(loss)	(288,900)	(2,398,781)	7,264,135	0	4,576,454
Segment assets	106,585,831	85,033,683	135,617,457	(123,075,923)	204,161,048
Segment liabilities	229,659	34,033,654	66,792,258	(38,133,506)	62,922,065

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.

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

Other than as disclosed in Note B8, 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	1,532,330	9,351,941
			Purchases of plastic wares and other household products	122,050	990,755
ELE	PT. Elianware Houseware	Director of ELE	Sales of plastic wares and other household products	247,918	2,917,710
ELE	E Sponge Household S/B ("ES")	Director of ELE	Sales of plastic wares and other household products	23	3,957
			Purchases of cleaning products	35,402	286,415
ELE	Ebottles Marketing (M) S/B ("EBM")	Director of ELE	Purchases of water bottles and tumblers	154,707	241,812
Ee-Lian Plastic Industries (M) Sdn Bhd ("ELP")	EJ	Director of ELP	Sales of plastic wares and other household products	Nil	52,565
			Purchases of plastic wares and other household products	56,000	200,000
ELP	EBM	Director of ELP	Sales of printing services	55,810	142,418

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	547,134	2,054,219
Other employee benefits	52,098	168,886

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-22 (RM)	31-Dec-21 (RM)		31-Dec-22 (RM)	31-Dec-21 (RM)	
Furniture Division	11,068,970	22,680,175		59,368,955	62,322,162	
Plastic Wares Division	20,547,662	33,282,266		99,034,318	97,422,146	
Total	31,616,632	55,962,441	(44)	158,403,273	159,744,308	(0.8)

In financial year ended (“FYE”) 31 December 2022, the Group’s revenue decreased by 0.8% to RM158.40 million as compared to RM159.74 million recorded in the previous year.

Furniture division recorded revenue of RM59.37 million for FYE 2022, 4.7% decreased as compared to previous year of RM62.32 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. The decreased in market demand also due to slow recovery since worldwide practises to prevent covid-19 pandemic.

The revenue contribution from the plastic wares division increased by 1.7% to RM99.03 million as compared to previous year of RM97.42 million. The local and e-commerce sales increased with the launching of new range of Raya series products and warehouse clearance sales. The export market demands still recovering since the lockdown and continued closure of international borders.

For current quarter under review, the Group recorded a lower turnover of RM31.62 million compared to RM55.96 million recorded in the previous year corresponding quarter ended 31 December 2021. Furniture division recorded revenue of RM11.07 million for Q4 2022, 51.2% decreased as compared to Q4 2021 of RM22.68 million. The revenue contribution from the plastic wares division decreased by 38.3% to RM20.55 million in Q4 2022 as compared to RM33.28 million in Q4 2021.

Profit / (Loss) Before Tax	Individual quarter		+/- (%)	Cumulative quarter		+/- (%)
	31-Dec-22 (RM)	31-Dec-21 (RM)		31-Dec-22 (RM)	31-Dec-21 (RM)	
Furniture Division	(1,243,333)	1,495,454		(2,398,781)	1,950,539	
Plastic Wares Division	(464,536)	1,747,083		7,264,165	3,118,748	
Others	(66,196)	(46,690)		(288,900)	(514,527)	
Total	(1,774,065)	3,195,847	(145)	4,576,484	4,554,760	0.5

In FYE 2022, the Group recorded a total gross profit of RM27.82 million as compared to RM22.74 million recorded in the previous year.

Furniture division's gross profit margin increased from 8.2% in FYE 2021 to 10.5% in FYE 2022, recorded RM6.24 million gross profit. The gross profit margin mainly due to insufficient sales orders to cover the fixed operation overhead. Plastic wares division's gross profit margin increased from 18.1% in FYE 2021 to 21.8% in FYE 2022, recorded RM21.59 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. The gross profit margin for both divisions are more challenging due to the increased in labour charges since implementation of minimum wage order.

For the quarter under review, the Group recorded a total gross profit of RM4.18 million as compared to RM8.35 million recorded in the previous year corresponding quarter ended 31 December 2021. Gross profit margin decreased from 14.9% in Q4 2021 to 13.2% in Q4 2022. Furniture and plastic wares division contributed RM0.81 million and RM3.38 million respectively.

In FYE 2022, the Group recorded profit before tax of RM4.58 million as compared to profit before tax of RM4.55 million recorded in the previous year. Furniture division recorded loss before tax of RM2.40 million as compared to profit before tax of RM1.95 million in FYE 2021. Plastic wares division's profit before tax increased by 132.9% to RM7.26 million as compared to previous year of RM3.12 million.

The Group has recorded loss before tax of RM1.77 million for Q4 2022 compared to profit before tax of RM3.20 million recorded in Q4 2021. Furniture division recorded loss before tax of RM1.24 million and plastic wares division recorded loss before tax of RM0.46 million.

B2. VARIANCE IN PROFIT / (LOSS) BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter 31-Dec-22 (RM)	Preceding quarter 30-Sept-22 (RM)	+ / - (RM)
Furniture Division	(1,243,333)	(1,931,387)	688,054
Plastic Wares Division	(464,536)	3,029,986	(3,494,522)
Others	(66,196)	(36,994)	(29,202)
Total	(1,774,065)	1,061,605	(2,835,670)

The Group recorded a lower turnover of RM31.62 million during the quarter under review against turnover of RM32.64 million in the preceding quarter ended 30 September 2022. Gross profit margin was lower at 13.2% against 19.7% in the preceding quarter while absolute amount was lower at RM4.18 million against RM6.42 million in the preceding quarter.

The gross profit margin for furniture division increased from 0.9% in preceding quarter to 7.3% in Q4 2022. Gross profit margin of plastic wares division decreased from 29.0% in preceding quarter to 16.4% in Q4 2022.

In addition, the Group has recorded loss before tax of RM1.77 million for the quarter under review compared to profit before tax to RM1.06 million registered in the preceding quarter.

B3. PROSPECT

Unity government presented the new Budget 2023 on 24 February 2023, as replacement of Budget 2023 which was introduced by the Ministry of Finance on 7 October 2022. Malaysian Economy is dealing with inflation issue and cost of living pressures, increased business costs, the persistent shortage of manpower and higher interest rate environment. GDP growth in 2023 is moderate to between 4% and 5%, representing global slowdown as compare to 8.7% in 2022.

Plastic wares division is getting better performance from marketing strategy and consumer spending growth. Management is cautiously optimistic of the division's prospects while coping with increased operating costs. The Group foresee the significant increase in raw material cost and labour charges in 2023.

Furniture divisions anticipates that the conditions of export market still challenging. The inflation rate in US and Euro zone remains elevated and higher interest rates to fight inflation will weigh down both demand and supply. The military conflict in Eastern Europe continues affecting the supply chain disruptions and soaring commodity prices, raising concerns about global growth prospects. China's reopening of border from January 2023 after 3 years lockdown will increase the uncertainty of a global recession.

The Group will continue to implement strategies to capture growth opportunities by increasing capacity and capabilities, to stay competitive by introducing more value-added and sustainable products, and broadening its product portfolio and markets. The Group is resolving the manpower shortage issues to optimise existing capacity and exploring the opportunity to expand.

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	(18,356)	(1,972,436)
Deferred taxation	296,220	296,276
	<u>277,864</u>	<u>(1,676,160)</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 6 May 2021, the Group proposed to undertake a private placement of up to 97,046,000 new ordinary shares of SWS at an issue price to be determined later ("Proposed Private Placement"). A revision was announced on 12 May 2021 on the proposed issued price. The proposal was duly passed by the shareholders by way of poll at the Extraordinary General Meeting ("EGM") held on 30 July 2021.

On 9 December 2021, an application has been submitted to Bursa Securities to seek for an extension of time of six (6) months up to 23 June 2022 to enable SWS to complete the Proposed Private Placement. Bursa Securities had on 21 December 2021 resolved to approve the application extension of time.

On 24 May 2022, the Company has fixed the issue price of the Placement Shares at RM0.30 per to be issued pursuant to the Private Placement. On 7 June 2022, 32,700,000 new Placement Share was issued.

On 8 June 2022, an application has been submitted to Bursa Securities to seek for another extension of time of six (6) months up to 23 December 2022. Bursa Securities had on 15 June 2022 resolved to approve the application extension of time.

On 10 August 2022, the Company has fixed the issue price of the Placement Shares at RM0.18 per to be issued pursuant to the Private Placement. On 19 August 2022, 30,800,000 new Placement Share was issued.

On 23 December 2022, the Private Placement is deemed completed upon the expiry of the extension of time expire on 24 December 2022.

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 2022 are as follows:

	RM
Secured Short Term Borrowings	
- denominated in Ringgit Malaysia	31,577,876
- denominated in US Dollar	0
Secured Long Term Borrowings	
- denominated in Ringgit Malaysia	6,038,599
Total Borrowings	<u>37,616,475</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 31 December 2022 are as follows:-

	Notional Amount As At 31.12.2022	Fair Value As At 31.12.2022
Foreign currency forward contracts		
Less than 1 year	Nil	Nil

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

	Current quarter RM	Financial year to-date RM
Amortisation of ROU	112,315	397,907
Bad debts recovered	(80,311)	(80,311)
Depreciation of property, plant and equipment	1,864,430	7,095,047
Fair value gain on financial instruments	0	6,429
Finance costs	445,519	2,218,912
Finance income	(38,758)	(201,343)
(Gain)/Loss on foreign exchange		
Realised	33,266	(111,403)
Unrealised	(47,083)	17,731
Gain on disposal of property, plant and equipment	(6,000)	(8,225)
Impairment on trade receivables	230,583	230,583
Interest expense on lease liabilities	1,919	26,507
Inventories written-off	17,725	17,725
Inventories write-down	58,621	58,621
Property, plant and equipment written off	15,000	15,000
Rental received	(21,000)	(84,000)

B14. EARNINGS PER SHARE

Basic earnings per share

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

		Current quarter	Financial year-to-date
Profit attributable to			
Owners of the Parent	(RM)	(1,538,284)	2,603,513
Weighted average number of shares	(shares)	275,078,160	275,078,160
Basic earnings per share	(sen)	(0.56)	0.95

Diluted earnings per share

There is no dilutive effect of the potential ordinary shares convertible under warrants and ESOS issued during the financial quarter. 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
27th February 2023