

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Statement of Financial Position
As At 30 September 2023

	Unaudited As At 30.09.2023 (9 months) RM	Audited As At 31.12.2022 (12 months) RM
ASSETS		
Non-current Assets		
Property, plant and equipment	30,195,493	31,958,898
Investment properties	2,265,000	2,265,000
Right-of-use asset	<u>78,976,939</u>	<u>73,991,530</u>
Sub-total	<u>111,437,432</u>	<u>108,215,428</u>
Current Assets		
Inventories	45,129,060	48,369,474
Trade receivables	23,615,912	21,649,595
Other receivables	2,610,169	2,218,812
Tax Recoverable	1,827,580	2,683,748
Cash and bank balances	14,889,992	16,381,489
Fixed deposits with licensed bank	<u>4,089,701</u>	<u>4,023,991</u>
Sub-total	<u>92,162,414</u>	<u>95,327,109</u>
TOTAL ASSETS	<u>203,599,846</u>	<u>203,542,537</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	125,325,602	125,325,602
Share-based payment reserve	1,440,170	1,440,170
Warrant reserve	-	68,816,475
Other reserve	-	(68,816,475)
Revaluation reserve	20,341,897	20,431,932
Accumulated losses	<u>(6,534,259)</u>	<u>(6,296,383)</u>
Sub-total	140,573,410	140,901,321
Non-controlling interest	<u>-</u>	<u>349,554</u>
Total Equity	<u>140,573,410</u>	<u>141,250,875</u>
LIABILITIES		
Non-current Liabilities		
Loans and borrowings	4,856,369	4,191,986
Lease liabilities	2,099,375	3,904,121
Deferred tax liabilities	<u>4,043,304</u>	<u>4,048,043</u>
Sub-total	<u>10,999,048</u>	<u>12,144,150</u>
Current Liabilities		
Trade payables	10,357,200	10,970,002
Other payables	5,050,376	4,612,036
Tax payables	26,786	58,506
Loans and borrowings	34,534,620	32,466,920
Lease liabilities	<u>2,058,406</u>	<u>2,040,048</u>
Sub-total	<u>52,027,388</u>	<u>50,147,512</u>
Net Current Assets	40,135,026	45,179,597
Total Liabilities	<u>63,026,436</u>	<u>62,291,662</u>
Net Assets	<u>140,573,410</u>	<u>141,250,875</u>
TOTAL EQUITY AND LIABILITIES	<u>203,599,846</u>	<u>203,542,537</u>
Net asset per share attributable to Owners of the Parent (In RM)	0.51	0.51

(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 30 September 2023
(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Revenue	28,386,788	32,637,630	95,608,185	126,786,641
Cost of Sales	(23,321,931)	(26,213,649)	(76,889,230)	(103,147,266)
Gross Profit	5,064,857	6,423,981	18,718,955	23,639,375
Administration expenses	(4,173,790)	(3,309,587)	(11,206,208)	(10,287,569)
Selling and distribution expenses	(1,325,768)	(1,632,566)	(4,321,988)	(5,456,472)
Other income / (expenses)	(23,535)	197,718	498,626	226,763
Net gain on impairment of financial instruments	-	(6,579)	5,287	30,241
Operating profit	(458,236)	1,672,967	3,694,672	8,152,338
Finance costs	(531,939)	(611,362)	(1,636,838)	(1,801,819)
Profit before tax	(990,175)	1,061,605	2,057,834	6,350,519
Taxation	(577,193)	(506,267)	(1,947,751)	(1,954,024)
Profit after tax for the financial period	(1,567,368)	555,338	110,083	4,396,495
Other comprehensive income net of tax	30,012	28,951	90,036	87,913
Total comprehensive income for the financial period	(1,537,356)	584,289	200,119	4,484,408
Profit attributable to :				
Owners of the Parent	(1,567,368)	411,216	(136,024)	4,141,798
Non-Controlling Interest	-	144,122	246,107	254,697
	(1,567,368)	555,338	110,083	4,396,495
Total comprehensive income attributable to :				
Owners of the Parent	(1,537,356)	441,299	(45,988)	4,228,579
Non-Controlling Interest	-	142,990	246,107	255,829
	(1,537,356)	584,289	200,119	4,484,408
Basic earning per share (in sen)	(0.57)	0.15	(0.05)	1.51
Fully diluted earning per share (in sen)	(0.57)	0.15	(0.05)	1.51

(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 30 September 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	349,555	141,250,876
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	-	-	-	-	-	(191,887)	(191,887)	(595,662)	(787,549)
Warrant expired	-	-	(68,816,475)	68,816,475	-	-	-	-	-
Balance as at 30 September 2023	125,325,602	1,440,170	-	-	20,341,897	(6,534,259)	140,573,410	-	140,573,410
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	-	-	-	-	-	4,141,798	4,141,798	254,697	4,396,495
Realisation of revaluation surplus upon depreciation	-	-	-	-	(87,913)	87,913	-	-	-
Issuance of ordinary shares pursuant to exercise of Private Placement	15,354,000	-	-	-	-	-	15,354,000	-	15,354,000
Balance as at 30 September 2022	125,325,602	1,440,170	68,816,475	(68,816,475)	7,116,667	(5,124,127)	128,758,312	307,768	129,066,080

(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 30 September 2023
(Unaudited)

	CUMULATIVE QUARTER	
	30.09.2023	30.09.2022
	RM	RM
Cash flows from operating activities		
Profit before tax	2,057,834	6,350,519
Adjustments for :		
Allowance for doubtful debts	(5,000)	-
Amortisation of right-of-use asset	415,486	285,592
Bad debts recovered	(5,287)	(58,241)
Bad debts written off	(14,000)	-
Depreciation of property, plant and equipment	5,333,383	5,230,612
Fair value gain on derivatives	-	6,429
Finance costs	1,626,555	1,773,393
Finance income	(198,366)	(162,585)
Gain on disposal of property, plant & equipment	(130,767)	(2,225)
Interest expense on lease liabilities	10,283	28,426
Unrealised gain on foreign exchange	(98,423)	(64,814)
Operating profit before changes in working capital	<u>8,991,698</u>	<u>13,387,106</u>
Changes in working capital:		
- Inventories	3,240,414	4,550,579
- Trade and other receivables	(2,079,736)	105,116
- Other current assets	(253,647)	(569,923)
- Trade and other payables	(174,462)	(5,371,642)
Cash flows generated from operations	<u>9,724,267</u>	<u>12,101,236</u>
Tax paid	(1,128,042)	(1,853,518)
Tax refunded	-	-
Net cash flows from operating activities	<u>8,596,225</u>	<u>10,247,718</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,030,576)	(5,738,570)
Proceeds from disposal of property, plant and equipment	257,746	126,968
Acquisition of non-controlling interest	(787,549)	-
Interest received	198,366	162,585
(Withdrawal) / Placement of deposits with licensed banks	(52,719)	950,500
Net cash flows used in investing activities	<u>(2,414,732)</u>	<u>(4,498,517)</u>
Cash flows from financing activities		
Repayment of borrowings	(3,713,000)	(6,553,009)
(Repayment) / Drawdown of lease liabilities	(8,853,667)	917,085
Drawdown / (Repayment) of term loans	3,465,790	(639,338)
Interest paid	(1,636,839)	(1,801,819)
Proceeds from issuance of ordinary shares pursuant to private placement	-	15,354,000
Net cash flows (used in) / from financing activities	<u>(10,737,716)</u>	<u>7,276,919</u>
Net (decrease) / increase in cash and cash equivalents	(4,556,223)	13,026,120

SWS CAPITAL BERHAD [199901027346 (502246-P)]
Condensed Consolidated Cash Flows Statement (cont'd)
As At 30 September 2023
(Unaudited)

	CUMULATIVE QUARTER	
	30.09.2023	30.09.2022
	RM	RM
Net (decrease) / increase in cash and cash equivalents	(4,556,223)	13,026,120
Effect of exchange rate changes on cash and cash equivalents	98,423	64,814
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>11,282,587</u>	<u>14,849,316</u>
Cash and cash equivalents included in the cash flow statements comprise the followings:		
Deposit, bank and cash balances	18,979,693	23,667,997
Less: Bank overdrafts	<u>(5,176,070)</u>	<u>(3,393,353)</u>
	13,803,623	20,274,644
Less: Deposits pledged with banks	<u>(2,521,036)</u>	<u>(5,425,328)</u>
	<u>11,282,587</u>	<u>14,849,316</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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	9 months ended 30 September 2023				
	Other RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Eliminations RM	Consolidated RM
External sales	0	32,455,192	63,152,993	0	95,608,185
Management income	288,000	0	0	(288,000)	0
Inter-company transaction	0	1,614,479	11,605,738	(13,220,217)	0
Total	288,000	34,069,671	74,758,731	(13,508,217)	95,608,185

Results	9 months ended 30 September 2023				
	Other RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Eliminations RM	Consolidated RM
Interest income	705,701	157,027	54,008	(718,370)	198,366
Finance costs	0	(852,926)	(1,492,000)	718,370	(1,626,555)
Interest expense on lease liabilities	0	(4,091)	(6,192)	0	(10,283)
Depreciation of property, plant and equipment	0	(1,549,893)	(3,529,966)	(253,524)	(5,333,383)
Amortisation of ROU	0	(658,475)	0	242,989	(415,486)
Taxation	(147,923)	(460,089)	(1,339,907)	168	(1,947,751)
Other non-cash items	0	(98,423)	0	0	(98,423)
Segment profit/(loss)	(759,010)	(2,774,499)	5,591,343	0	2,057,834
Segment assets	99,044,988	86,025,297	136,531,277	(118,001,716)	203,599,846
Segment liabilities	69,086	38,498,382	63,578,220	(39,119,254)	63,026,436

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

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	754,802	3,357,115
			Purchases of plastic wares and other household products	104,539	410,754
ELE	E Sponge Household S/B ("ES")	Director of ELE	Sales of plastic wares and other household products	Nil	(23)
			Purchases of cleaning products	20,394	97,397
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	220	1,995
			Purchases of plastic wares and other household products	60,000	180,000
ELP	EBM	Director of ELP	Sales of printing services	24,789	116,195

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	532,949	1,566,224
Other employee benefits	29,990	88,993

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- Sept -23 (RM)	30- Sept -22 (RM)		30- Sept -23 (RM)	30- Sept -22 (RM)	
Furniture Division	11,149,395	10,805,803		32,455,192	48,299,985	
Plastic Wares Division	17,237,393	21,831,827		63,152,993	78,486,656	
Total	28,386,788	32,637,630	(13)	95,608,185	126,786,641	(25)

For current quarter under review ended on 30 September 2023, the Group's turnover decreased to RM28.39 million, as compared to RM32.64 million in the corresponding quarter of the previous year, which ended on 30 September 2022. The Furniture division's revenue for Q3 2023 was RM11.15 million, showing an increase of 3.1% compared to RM10.81 million in Q3 2022.

In Q3 2023, the plastic wares division's revenue contribution decreased by 21.0% to RM17.24 million, compared to RM21.83 million in Q3 2022. The local and export demand declined primarily due to changes in consumer spending behaviour.

Profit / (Loss) Before Tax	Individual quarter		+/- (%)	Cumulative quarter		+/- (%)
	30- Sept -23 (RM)	30- Sept -22 (RM)		30- Sept -23 (RM)	30- Sept -22 (RM)	
Furniture Division	(1,238,074)	(1,931,387)		(2,774,499)	(1,155,448)	
Plastic Wares Division	896,482	3,029,986		5,591,343	7,728,701	
Others	(648,583)	(36,994)		(759,010)	(222,734)	
Total	(990,175)	1,061,605	(193)	2,057,834	6,350,519	(68)

For the quarter under review, the Group recorded a total gross profit of RM5.06 million, compared to RM6.42 million in Q3 2022. The gross profit margin decreased from 19.7% in Q3 2022 to 17.8% in Q3 2023. Furniture and plastic wares division contributed RM0.70 million and RM4.36 million respectively. Both divisions faced challenge of decreased in sales orders to cover the fixed operational overhead.

In Q3 2023, the Group achieved a loss before tax of RM0.99 million, compared to a profit before tax of RM1.06 million in Q3 2022. The furniture division recorded a loss before tax of RM1.24 million in Q3 2023 compare to loss before tax of RM1.93 million in Q3 2022. On the other hand, the plastic wares division saw a decrease in profit before tax by 70.4%, reaching RM0.90 million in Q3 2023, as compared to RM3.03 million in Q3 2022.

B2. VARIANCE IN PROFIT / (LOSS) BEFORE TAX

Profit / (Loss) Before Tax	Individual quarter 30-Sept-23 (RM)	Preceding quarter 30-Jun-23 (RM)	+ / - (RM)
Furniture Division	(1,238,074)	212,999	(1,451,073)
Plastic Wares Division	896,482	915,114	(18,632)
Others	(648,583)	(69,867)	(578,716)
Total	(990,175)	1,058,246	(2,048,421)

The Group recorded a lower turnover of RM28.39 million during the quarter under review against turnover of RM31.73 million in the preceding quarter ended 30 June 2023. Gross profit margin was lower at 17.8% against 20.1% in the preceding quarter while absolute amount was lower at RM5.06 million against RM6.39 million in the preceding quarter.

The gross profit margin for furniture division decreased from 16.3% in preceding quarter to 6.3% in Q3 2023. Gross profit margin of plastic wares division increased from 22.8% in preceding quarter to 25.3% in Q3 2023. In addition, the Group has recorded loss before tax of RM0.99 million for the quarter under review compared to profit before tax of RM1.06 million registered in the preceding quarter.

B3. PROSPECT

Malaysia's 10th Prime Minister tabled Budget 2024 on 13 October 2023. Themed "Economic Reform, Empowering People", the budget is the most expensive budget in Malaysia's history with record operating expenditure. The fiscal deficit is seen narrowing to 4.3% of GDP in 2024.

The plastic wares division is experiencing slowdown in both local and export market demand. The high inflation and cost of living changes the consumer spending behaviour. The management is working on effective marketing strategies to maintain the divisions performance. The furniture division expects the export market conditions to remain challenging. The elevated inflation rates in the US and Eurozone, along with the implementation of higher interest rates to combat inflation, are expected to negatively impact both demand and supply. The ongoing military conflict in Eastern Europe is causing disruptions in the supply chain and leading to soaring commodity prices, which raises concerns about global growth prospects.

The Group is committed to implementing strategies aimed at seizing growth opportunities. This includes increasing capacity and capabilities to enhance competitiveness. The Group plans to achieve this by introducing more value-added and sustainable products, as well as expanding its product portfolio and entering new markets. Efforts are also being made to address the existing manpower shortage, ensuring optimal utilization of existing capacity. Moreover, the Group is exploring opportunities for expansion to further enhance its operations and market presence.

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	(577,249)	(1,947,919)
Deferred taxation	56	168
	<u>(577,193)</u>	<u>(1,947,751)</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 30 Sept 2023 are as follows:	RM
Secured Short Term Borrowings	
- denominated in Ringgit Malaysia	34,534,620
- denominated in US Dollar	0
Secured Long Term Borrowings	
- denominated in Ringgit Malaysia	4,856,369
Total Borrowings	<u><u>39,390,989</u></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 September 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 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	7,000	(5,000)
Amortisation of ROU	138,537	415,486
Bad debts recovered	(14,000)	(19,287)
Depreciation of property, plant and equipment	1,788,850	5,333,383
Finance costs	529,634	1,626,555
Finance income	(49,624)	(198,366)
(Gain)/Loss on foreign exchange		
Realised	(70,555)	42,641
Unrealised	29,949	98,423
Gain on disposal of property, plant and equipment	(3,767)	(130,767)
Interest expense on lease liabilities	2,304	10,283
Rental received	(21,000)	(63,000)

B14. EARNINGS PER SHARE

Basic earnings per share

Basic earnings 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)	(1,567,368)	(136,024)
Weighted average number of shares	(shares)	275,078,160	275,078,160
Basic loss per share	(sen)	(0.57)	(0.05)

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
28th November 2023