

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|--|--------------------|-----------|-------------------|-----------|
| | UNAUDITED | UNAUDITED | UNAUDITED | UNAUDITED |
| | | | CURRENT PTD | PRECEDING |
| | | | ENDED | PTD ENDED |
| | 3 MONTHS | 3 MONTHS | 3 MONTHS | 3 MONTHS |
| | 30-Sep-22 | 30-Sep-21 | 30-Sep-22 | 30-Sep-21 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | |
| Revenue | 5,662 | 3,114 | 5,662 | 3,114 |
| Cost of sales | (2,561) | (1,758) | (2,561) | (1,758) |
| Gross profit | 3,101 | 1,356 | 3,101 | 1,356 |
| Other operating income | 406 | 215 | 406 | 215 |
| Other operating expenses | (2,978) | (2,358) | (2,978) | (2,358) |
| Finance costs | (172) | (70) | (172) | (70) |
| Share of loss of an equity-accounted associate | (11) | (11) | (11) | (11) |
| Profit/(Loss) before tax | 346 | (868) | 346 | (868) |
| Tax expense | (240) | - | (240) | - |
| Profit/(Loss) after tax from continuing operations | 106 | (868) | 106 | (868) |
| Discontinued operations | | | | |
| Loss from discontinued operations, net of tax | - | (346) | - | (346) |
| Profit/(Loss) for the financial quarter / period | 106 | (1,214) | 106 | (1,214) |
| Other comprehensive loss, net of tax | | | | |
| - Item that will be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation for foreign operations, net of tax | (94) | (6) | (94) | (6) |
| Other comprehensive loss for the financial quarter / period, net of tax | (94) | (6) | (94) | (6) |
| Total comprehensive income/(loss) for the financial quarter / period | 12 | (1,220) | 12 | (1,220) |
| Profit/(Loss) attributable to:- | | | | |
| Owners of the parent - continuing operations | (359) | (727) | (359) | (727) |
| - discontinued operations | - | (346) | - | (346) |
| Non-controlling interests | 465 | (141) | 465 | (141) |
| Profit/(Loss) after tax from continuing operations | 106 | (1,214) | 106 | (1,214) |
| Total comprehensive income/(loss) attributable to:- | | | | |
| Owners of the parent - continuing operations | (453) | (733) | (453) | (733) |
| - discontinued operations | - | (346) | - | (346) |
| Non-controlling interests | 465 | (141) | 465 | (141) |
| Total comprehensive income/(loss) for the financial quarter / period | 12 | (1,220) | 12 | (1,220) |
| EPS attributable to owners of the parent (sen) | | | | |
| - Basic and diluted | | | | |
| Continuing operations | (0.05) | (0.09) | (0.05) | (0.09) |
| Discontinued operations | - | (0.05) | - | (0.05) |
| | (0.05) | (0.14) | (0.05) | (0.14) |

(The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

| | UNAUDITED AS AT 30-Sep-22 RM'000 | AUDITED AS AT 30-Jun-22 RM'000 |
|--|---|---|
| Non-Current Assets | | |
| Property, plant and equipment | 3,201 | 3,134 |
| Right-of-use assets | 371 | 439 |
| Goodwill on consolidation | 8,726 | 8,726 |
| Investment in an associate | 106 | 117 |
| Cash and bank balances | 525 | 525 |
| | <u>12,929</u> | <u>12,941</u> |
| Current Assets | | |
| Inventories | 3,741 | 3,229 |
| Trade receivables | 3,983 | 6,733 |
| Other receivables, deposits and prepayments | 5,770 | 5,577 |
| Current tax assets | 704 | 566 |
| Cash and bank balances | 25,400 | 26,511 |
| | <u>39,598</u> | <u>42,616</u> |
| TOTAL ASSETS | <u><u>52,527</u></u> | <u><u>55,557</u></u> |
| Equity attributable to owners of the parent | | |
| Share capital | 60,054 | 60,054 |
| Reverse acquisition reserve | (131,013) | (131,013) |
| Exchange translation reserve | (3,418) | (3,324) |
| Retained earnings | 99,738 | 100,097 |
| | <u>25,361</u> | <u>25,814</u> |
| Non-controlling interest | 4,661 | 4,196 |
| TOTAL EQUITY | <u><u>30,022</u></u> | <u><u>30,010</u></u> |
| Non-Current Liabilities | | |
| Lease liabilities/Finance lease liabilities | 181 | 240 |
| Borrowings | 2,729 | 3,380 |
| Provision for restoration cost | 21 | 34 |
| Other payables | 525 | 525 |
| Deferred tax liabilities | 34 | 34 |
| | <u>3,490</u> | <u>4,213</u> |
| Current Liabilities | | |
| Trade payables | 2,402 | 2,510 |
| Other payables, deposits and accruals | 10,872 | 12,218 |
| Lease liabilities/Finance lease liabilities | 226 | 230 |
| Borrowings | 5,126 | 5,570 |
| Current tax payables | 389 | 806 |
| | <u>19,015</u> | <u>21,334</u> |
| | <u>22,505</u> | <u>25,547</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>52,527</u></u> | <u><u>55,557</u></u> |
| Net assets per share* (sen) | <u><u>3.40</u></u> | <u><u>3.46</u></u> |

* Net assets per share attributable to owners of the Company is computed based on Total Shareholders' Funds (excluding Non-controlling interests) divided by the total number of ordinary shares in issue.

(The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

| | <----- Attributable to owners of the Parent -----> | | | Retained earnings RM'000 | Total RM'000 | Non-controlling interest RM'000 | Total equity RM'000 |
|--|--|---|--|-----------------------------|-----------------|---------------------------------------|------------------------|
| | Share capital RM'000 | Reverse acquisition reserve RM'000 | Exchange translation reserve RM'000 | | | | |
| Unaudited Three Months Financial Period Ended 30 September 2022 | | | | | | | |
| Balance as at 1 July 2022 | 60,054 | (131,013) | (3,324) | 100,097 | 25,814 | 4,196 | 30,010 |
| (Loss)/Profit for the financial period | - | - | - | (359) | (359) | 465 | 106 |
| Foreign currency translation for foreign operations, net of tax | - | - | (94) | - | (94) | - | (94) |
| Total comprehensive (loss)/income for the financial period | - | - | (94) | (359) | (453) | 465 | 12 |
| Balance as at 30 September 2022 | <u>60,054</u> | <u>(131,013)</u> | <u>(3,418)</u> | <u>99,738</u> | <u>25,361</u> | <u>4,661</u> | <u>30,022</u> |

| | <----- Attributable to owners of the Parent -----> | | | Retained earnings RM'000 | Total RM'000 | Non-controlling interest RM'000 | Total equity RM'000 |
|--|--|---|--|-----------------------------|-----------------|---------------------------------------|------------------------|
| | Share capital RM'000 | Reverse acquisition reserve RM'000 | Exchange translation reserve RM'000 | | | | |
| Unaudited Three Months Financial Period Ended 30 September 2021 | | | | | | | |
| Balance as at 1 July 2021 | 60,054 | (131,013) | (3,488) | 99,472 | 25,025 | 537 | 25,562 |
| Loss for the financial period | - | - | - | (1,073) | (1,073) | (141) | (1,214) |
| Foreign currency translation for foreign operations, net of tax | - | - | (6) | - | (6) | - | (6) |
| Total comprehensive loss for the financial period | - | - | (6) | (1,073) | (1,079) | (141) | (1,220) |
| Balance as at 30 September 2021 | <u>60,054</u> | <u>(131,013)</u> | <u>(3,494)</u> | <u>98,399</u> | <u>23,946</u> | <u>396</u> | <u>24,342</u> |

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

| | UNAUDITED | UNAUDITED |
|--|-----------------------|---------------------|
| | CURRENT PERIOD | PRECEDING |
| | TO DATE ENDED | FINANCIAL |
| | 30-Sep-22 | PERIOD ENDED |
| | RM'000 | 30-Sep-21 |
| | | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | | |
| - continuing operations | 346 | (868) |
| - discontinued operations | - | (346) |
| | <u>346</u> | <u>(1,214)</u> |
| Adjustment for non-cash items: | | |
| Amortisation of intangible assets | - | 14 |
| Depreciation of property, plant and equipment | 182 | 173 |
| Depreciation of right-of-use assets | 68 | 36 |
| Interest expense | 172 | 70 |
| Interest income | (51) | (45) |
| Inventories written off/written down | - | 3 |
| Net unrealised gain on foreign exchange | (322) | (32) |
| Property, plant and equipment written off | 3 | - |
| Reversal of obsolete stock | (11) | - |
| Share of loss of an equity-accounted associate | 11 | 11 |
| | <u>398</u> | <u>(984)</u> |
| Operating profit/(loss) before working capital changes | 398 | (984) |
| Net changes in assets | 2,115 | 1,780 |
| Net changes in liabilities | (1,477) | (284) |
| | <u>1,036</u> | <u>512</u> |
| Cash generated from operations | 1,036 | 512 |
| Interest paid | (91) | (63) |
| Tax paid | (795) | (86) |
| Tax refund | - | - |
| | <u>150</u> | <u>363</u> |
| Net cash from operating activities | 150 | 363 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of subsidiary, net of cash acquired | - | 45 |
| Interest received | 51 | - |
| Placement of deposits with licensed banks | (31) | (28) |
| Purchase of intangible assets | - | (188) |
| Purchase of property, plant and equipment | (263) | (485) |
| Repayment to an associate | (22) | (21) |
| Placement of deposits with licensed banks with maturity more than three months | (886) | - |
| | <u>(1,151)</u> | <u>(677)</u> |
| Net cash used in investing activities | (1,151) | (677) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of lease liabilities/finance lease liabilities | (63) | (29) |
| Repayment of borrowings | (655) | - |
| Repayment to related parties | (70) | (114) |
| Interest paid | (82) | (8) |
| | <u>(870)</u> | <u>(151)</u> |
| Net cash used in financing activities | (870) | (151) |
| Net change in cash and cash equivalents | (1,871) | (465) |
| Cash and cash equivalents at beginning of financial period | 9,942 | 12,956 |
| Effect of foreign exchange on opening balance | 283 | 55 |
| | <u>8,354</u> | <u>12,546</u> |
| Cash and cash equivalents at end of financial period | 8,354 | 12,546 |

(The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

PART A:

Notes to the Consolidated Interim Financial Information

1 Basis of preparation

The consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The consolidated interim financial information should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022. The explanatory notes attached to this consolidated interim financial information 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 30 June 2022.

2 Significant Accounting Policies

The accounting policies and methods of computation and presentation adopted by the Group in these interim consolidated financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2022, except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:-

| | |
|------------------------|--|
| Amendments to MFRS 3 | Reference to the Conceptual Frameworks |
| Amendments to MFRS 116 | Property, plant and equipment – Proceeds before Intended Use |
| Amendments to MFRS 137 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to MFRSs | Annual Improvements to MFRS Standards 2018 - 2020 |

The adoption of the above Amendments to MFRSs does not have significant financial impact to the Group.

The following are new standards, amendments and that have been issued by the MASB but have not been early adopted by the Group:

| | |
|------------------------------------|---|
| MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 - Comparative Information |
| Amendments to MFRS 4 | Extension of the Temporary Exemptions from Applying MFRS 9 |
| Amendments to MFRS 101 | Classification of liabilities as Current or Non-current |
| Amendments to MFRS 101 | Disclosure of Accounting Policies |
| Amendments to MFRS 108 | Definitions of Accounting Estimates |
| Amendments to MFRS 112 | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture |

These new and amended standards will have no material impact on the financial statements of the Group upon their initial application.

3 Qualification of independent auditors' report on preceding annual audited financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2022 was an unqualified opinion.

4 Seasonal and cyclical factors

The business of the Group was not affected by any seasonal and cyclical factors.

5 Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the quarter under review.

6 Material changes in estimates

There were no material changes in estimates during the quarter under review.

PART A:

Notes to the Consolidated Interim Financial Information

7 Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

8 Dividends paid

There were no dividends paid during the quarter under review.

9 Segmental information

The Group's reportable segments were identified as follows:-

- Information and Communication Technology ("ICT") – Provision of a comprehensive range of tele/data communication, network infrastructure, industrial automation and network performance monitoring solutions and related services.

Others segment comprises operations related to investment holding activities, sales and distribution and reselling of hardware and software products, consumer food and related products and services and subsidiaries that have ceased operations and remained inactive.

| Business Segments | Discontinued operations | | | ----- Continuing operations ----- | | | Eliminations RM'000 | Consolidation RM'000 |
|--|---------------------------------|---------------|------------------|---|--|----------|------------------------|-------------------------|
| | Food Manufacturing RM'000 | ICT RM'000 | Others RM'000 | Total Continuing Operations RM'000 | Total Continuing and Discontinued Operations RM'000 | | | |
| Three Months Financial Period Ended 30 September 2022 | | | | | | | | |
| External sales | - | 5,662 | - | 5,662 | 5,662 | - | - | 5,662 |
| Inter segment sales | - | 70 | 120 | 190 | 190 | (190) | - | - |
| Total sales | - | 5,732 | 120 | 5,852 | 5,852 | (190) | - | 5,662 |
| Segment results | - | 468 | 8 | 476 | 476 | (9) | - | 467 |
| Finance costs | - | (172) | - | (172) | (172) | - | - | (172) |
| Interest Income | - | 43 | 8 | 51 | 51 | - | - | 51 |
| Profit before tax | - | 339 | 16 | 355 | 355 | (9) | - | 346 |
| Taxation | - | (240) | - | (240) | (240) | - | - | (240) |
| Profit for the year | - | 99 | 16 | 115 | 115 | (9) | - | 106 |
| Segment assets | - | 34,987 | 29,108 | 64,095 | 64,095 | (11,568) | - | 52,527 |
| Three Months Financial Period Ended 30 September 2021 | | | | | | | | |
| External sales | 160 | 2,845 | 269 | 3,114 | 3,274 | - | - | 3,274 |
| Inter segment sales | 219 | 3 | 120 | 123 | 342 | (342) | - | - |
| Total sales | 379 | 2,848 | 389 | 3,237 | 3,616 | (342) | - | 3,274 |
| Segment results | (308) | (461) | (424) | (885) | (1,193) | 4 | - | (1,189) |
| Finance costs | (19) | (70) | - | (70) | (89) | 19 | - | (70) |
| Interest Income | - | 28 | 89 | 117 | 117 | (72) | - | 45 |
| Loss before tax | (327) | (503) | (335) | (838) | (1,165) | (49) | - | (1,214) |
| Taxation | - | - | - | - | - | - | - | - |
| Loss for the year | (327) | (503) | (335) | (838) | (1,165) | (49) | - | (1,214) |
| Segment assets | 5,823 | 18,486 | 30,236 | 48,722 | 54,545 | (15,016) | - | 39,529 |

Major Customers

Major customers with revenue equal or more than 10% of the Group's total revenue for current financial period are as follows:

| | |
|------------|------------|
| Customer A | RM'000 |
| Customer B | 1,646 |
| | 638 |

PART A:**Notes to the Consolidated Interim Financial Information****10 Related Party Disclosures**

Significant related party transactions are as follows:-

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|--|--|--|--|
| | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 |
| Sale of goods and services to related parties | 111 | 95 | 111 | 95 |
| Purchase of goods and services from related parties | 3 | - | 3 | - |
| Corporate secretarial services fees paid/payable to related parties | 48 | 11 | 48 | 11 |
| Share office, network, data center and other services | 131 | 59 | 131 | 59 |

11 Carrying amount of revalued assets

There were no changes to the valuation property, plant and equipment during the quarter under review.

12 Subsequent events

On 27 October 2022, the Group announced that Diversified Gateway Berhad ("DGB"), a wholly-owned subsidiary of DFX, accepted a Letter of Award from Telekom Malaysia Berhad ("TMB") for the "Agreement for the plan, design, supply, delivery, installation, testing, commissioning, maintenance and support services of Dense Wavelength Division Multiplexing (DWDM) for TMB" for a period of sixteen (16) years and seven (7) months and fifteen (15) days, commencing from 1st August 2022 for the total contract value of RM71.82 million. The initial design, supply, install and commissioning phase is two (2) years and seven (7) months with a total contract value of RM33.8 million, while the remaining RM38.02 million is for maintenance services for the subsequent fourteen (14) years.

13 Change in the composition of the Group

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

14 Changes in contingent liabilities or contingent assets

Bank guarantee granted for the quarter under review are as follows:-

| | RM'000 |
|---|--------|
| Bank guarantees given by financial institutions in respect of projects of the Group | 380 |

15 Cash and bank balances

For the Consolidated Statement of Cash Flows, cash and cash equivalents include the following:

| | AS AT 30-Sep-22 RM'000 |
|---|------------------------------|
| Cash and bank balances | 11,549 |
| Fixed deposits with licensed financial institutions | 14,376 |
| | 25,925 |
| Less: Fixed deposits pledged with licensed banks | (6,926) |
| Less: Fixed deposits with licensed banks with maturity more than three months | (5,840) |
| Less: Bank overdraft | (4,805) |
| | 8,354 |

PART B:**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022****1 Detailed analysis of performance**

The detailed breakdown of revenue by operating segments of the Group are as follows:-

| | INDIVIDUAL QUARTER | | | CUMULATIVE PERIOD | | |
|---|------------------------------------|------------------------------------|------------|------------------------------------|------------------------------------|------------|
| | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | Variance % | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | Variance % |
| Continuing operations | | | | | | |
| ICT | 5,732 | 2,848 | >+100.0 | 5,732 | 2,848 | >+100.0 |
| Others | 120 | 389 | (69.2) | 120 | 389 | (69.2) |
| | <u>5,852</u> | <u>3,237</u> | 80.8 | <u>5,852</u> | <u>3,237</u> | 80.8 |
| Less : Inter Segment Revenue | (190) | (123) | | (190) | (123) | |
| External Revenue | <u>5,662</u> | <u>3,114</u> | 81.8 | <u>5,662</u> | <u>3,114</u> | 81.8 |
| Revenue from discontinued operations | | | | | | |
| Food Manufacturing | - | 160 | >-100.0 | - | 160 | >-100.0 |
| Total Group Revenue | <u>5,662</u> | <u>3,274</u> | 72.9 | <u>5,662</u> | <u>3,274</u> | 72.9 |

In the financial quarter under review, the ICT business segment recorded higher revenue of RM5.73 million, compared to revenue achieved in the previous corresponding quarter due to revenue contribution from Excel Commerce Solutions Sdn. Bhd. ("EXCEL") and Finther Tecnologica Sdn. Bhd. ("FINTHER").

The detailed breakdown of profit/(loss) before tax by business segments of the Group are as follow:-

| | INDIVIDUAL QUARTER | | | CUMULATIVE PERIOD | | |
|---|------------------------------------|------------------------------------|------------|------------------------------------|------------------------------------|------------|
| | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | Variance % | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | Variance % |
| Continuing operations | | | | | | |
| ICT | 341 | (499) | >+100.0 | 341 | (499) | >+100.0 |
| Others | 5 | (369) | >+100.0 | 5 | (369) | >+100.0 |
| Profit/(Loss) before tax | <u>346</u> | <u>(868)</u> | | <u>346</u> | <u>(868)</u> | |
| Loss before tax from discontinued operations | | | | | | |
| Food Manufacturing | - | (346) | >+100.0 | - | (346) | >+100.0 |
| Profit/(Loss) before tax | <u>346</u> | <u>(1,214)</u> | >+100.0 | <u>346</u> | <u>(1,214)</u> | >+100.0 |

The Group recorded profit before tax of RM0.35 million, compared to loss before tax of RM0.87 million in the corresponding quarter of the preceding financial period.

PART B:

EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

2 Variation of results against preceding quarter

| | 3 months ended 30-Sep-22 RM'000 | 3 months ended 30-Jun-22 RM'000 |
|-------------------------|--|--|
| Revenue | | |
| Continuing operations | 5,662 | 6,820 |
| Discontinued operations | - | - |
| | <u>5,662</u> | <u>6,820</u> |
| Profit before tax | | |
| Continuing operations | 346 | 650 |
| Discontinued operations | - | - |
| | <u>346</u> | <u>650</u> |

The Group's recorded lower revenue of RM5.66 million for the current quarter as compared to the immediate preceding quarter due to lower billing for the current quarter under review.

The Group's recorded lower profit before tax of RM0.35 million, compared to profit before tax of RM0.65 million in the immediate preceding quarter was mainly due to gain on disposal of subsidiaries in the immediate preceding quarter under review.

3 Prospects

The Group's key operations are focussed in the ICT business segment for FY2023.

For the current quarter ending 30 September 2022 under review, the operating environment for the ICT business segment under DGB experienced recovery but continued to bear the long delivery lead times of high end network equipment, currently still quoted up to 12 months, from typically two months pre-pandemic. This situation will continue to affect DGB for the September and December quarters of FY2023 and is expected to normalize only by end FY2023. The Letter of Award from TMB is expected to contribute positively to DGB's revenue for FY2023.

As expected, the ICT businesses of EXCEL and FINETHER have added to the results of the Group's ICT business segment for the current quarter under review.

The Group is continuing its ICT business transformation over the next few quarters in FY2023 and is expected to grow the segment significantly in FY2023 and beyond.

4 Profit forecast

Not applicable.

5 Tax expense

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|------------------------------|--|--|--|--|
| | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 |
| Current tax expense | | | | |
| - Malaysia taxation | 248 | - | 248 | - |
| Over provision in prior year | | | | |
| - Malaysia taxation | (8) | - | (8) | - |
| | <u>240</u> | <u>-</u> | <u>240</u> | <u>-</u> |

The Group's effective tax rate for the current financial year is disproportionate to the statutory tax rate due to certain expenses being not deductible for tax purposes.

DIVFEX BERHAD ("DFX")

(formerly known as Diversified Gateway Solutions Berhad) 200401036851 (675362-P)

Incorporated in Malaysia



PART B:

EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

6 Unquoted investments and properties

There were no purchase or disposal of unquoted investments and properties during the financial quarter under review.

7 Quoted securities

There were no acquisitions or disposal of quoted securities during the financial quarter under review.

8 Status of corporate proposals

The Company is deemed an Affected Listed Corporation ("**ALC**") under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 January 2020, upon completion of the disposal of 24,500 ordinary shares, representing 100.0% equity interest in ISS Consulting (Thailand) Ltd ("**ISST**"). The Company was originally given 24 months from 6 January 2020 to regularise its condition.

On 27 January 2022, DFX received approval from Bursa Securities for a 6-month extension up to 6 July 2022 to submit a regularisation plan to Bursa Securities.

On 5 July 2022, DFX announced that the Company proposed to undertake the Proposed Regularisation Plan to regularise its financial condition in accordance with Rule 8.04(3) of the Listing Requirements, as follows:

- (i) a proposed renounceable rights issue on the basis of 1 new ordinary share in DFX ("Right Share(s)") for every 2 existing ordinary shares held in DFX ("DFX Share(s)" or "Share(s)"), together with free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed for, by the entitled shareholders whose names appear in the record of depositors of DFX on an entitlement date to be determined later; and
- (ii) a proposed establishment of an employees' share option scheme of up to 15.0% of the total issued DFX Shares (excluding treasury shares, if any) at any point in time during the duration of the scheme, for the eligible directors and employees of DFX Group.

(Collectively, referred to as "Proposed Regularisation Plan").

On 5 July 2022, DFX also submitted an application to Bursa Securities for further extension of time of 6 months up to 6 January 2023 to submit its regularisation plan to Bursa Securities.

On 5 August 2022, DFX announced that Bursa Securities had vide its letter dated 4 August 2022 granted the Company an extension of time of 6 months up to 5 January 2023 to submit its regularisation plan to Bursa Securities.

The due diligence work for the Proposed Regularisation Plan is still ongoing.

PART B:**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022****9 Status of approved utilisation of proceeds of the disposal of ISST**

The status of the utilisation of the disposal proceeds of ISST are as follows:-

| | Status | Original Utilisation of Proceeds | Variation of Utilisation of Proceeds | Utilisation To-date | Remaining Balance | Intended timeframe for utilisation (from the date of completion i.e. 06 January 2020) |
|--|-----------|----------------------------------|--------------------------------------|---------------------|-------------------|---|
| Purpose | | RM'000 | RM'000 | RM'000 | RM'000 | |
| For the operation of :- | | | | | | |
| - QBI Packaging Sdn Bhd | Completed | 10,000 | 5,000 | 5,000 | - | Within 30 months |
| Payment of "Golden Handcuff" incentive to Wisit Wirayagorn | - | 4,459 | 4,459 | 3,790 | 669 | Extended by another 12 months to 36 months |
| Repayment of short-term borrowings | Completed | 6,000 | 6,000 | 6,000 | - | Within 12 months |
| Proposed special dividend | Completed | 6,000 | 3,000 | 3,000 | - | Within 9 months |
| DFX working capital | Completed | 5,122 | 13,122 | 8,122 | 5,000 | Within 36 months |
| Estimated expenses in relation to the disposal of ISST | Completed | 450 | 450 | 450 | - | Immediately |
| | | 32,031 | 32,031 | 26,362 | 5,669 | |

10 Borrowings and debts securities

The Group's bank borrowings as at 30 September 2022 are as follows:

| | RM'000 |
|----------------------------|--------------|
| Short term bank borrowings | |
| - Bank overdraft – secured | 4,806 |
| - Term loan – secured | 320 |
| Long term bank borrowings | |
| - Term loan – secured | 2,729 |
| | <u>7,855</u> |

11 Changes in material litigation

There was no material litigation against the Group as at reporting date.

12 Dividends

No dividends have been recommended during the quarter ended 30 September 2022.

PART B:

EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

13 Earnings per ordinary share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial period under review is calculated based on the Group's loss after tax and non-controlling interests divided by the weighted average ("WA") number of ordinary shares in issue during the financial period.

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 |
| Loss after tax attributable to the owners of the parent | | | | |
| Continuing operations | (359) | (727) | (359) | (727) |
| Discontinued operations | - | (346) | - | (346) |
| | <u>(359)</u> | <u>(1,073)</u> | <u>(359)</u> | <u>(1,073)</u> |
| WA number of ordinary shares in issue ('000) | 745,731 | 745,731 | 745,731 | 745,731 |
| Basic loss per ordinary share (sen) | | | | |
| Continuing operations | (0.05) | (0.09) | (0.05) | (0.09) |
| Discontinued operations | - | (0.05) | - | (0.05) |

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

14 Profit/(Loss) before tax

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 | 3 MONTHS ENDED 30-Sep-22 RM'000 | 3 MONTHS ENDED 30-Sep-21 RM'000 |
| Profit/(Loss) before tax is arrived at after charging:- | | | | |
| Amortisation of intangible assets | - | 14 | - | 14 |
| Depreciation of property, plant and equipment | 182 | 173 | 182 | 173 |
| Depreciation of right-of-use assets | 68 | 36 | 68 | 36 |
| Inventories written off | - | 3 | - | 3 |
| Interest expenses | 172 | 70 | 172 | 70 |
| Property, plant and equipment written off | 3 | - | 3 | - |
| | <u>322</u> | <u>32</u> | <u>322</u> | <u>32</u> |
| And crediting:- | | | | |
| Interest income | 51 | 45 | 51 | 45 |
| Reversal of obsolete stock | 11 | - | 11 | - |
| Unrealised gain on foreign exchange | 322 | 32 | 322 | 32 |