



DFCITY GROUP BERHAD

(formerly known as Hock Heng Stone Industries Bhd.)

(Company No. : 200801038692 (840040-H))

(Incorporated in Malaysia)

**Condensed Consolidated
Interim Financial Statements
For the third quarter ended
30 September 2020**

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(formerly known as Hock Heng Stone Industries Bhd.)
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income
For the third quarter ended 30 September 2020
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000	Current year- to-date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
Continuing operations					
Revenue		4,433	7,555	10,416	20,098
Cost of sales		(3,383)	(5,323)	(8,748)	(15,071)
Gross profit		1,050	2,232	1,668	5,027
Other income		1,299	226	2,894	912
Administrative, general and selling expenses		(1,593)	(2,090)	(4,251)	(6,337)
Operating profit/(loss)		756	368	311	(398)
Finance costs		(786)	(379)	(1,468)	(1,075)
Loss before tax	23	(30)	(11)	(1,157)	(1,473)
Income tax expense	24	(127)	(263)	10	(131)
Loss for the period		(157)	(274)	(1,147)	(1,604)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(157)	(274)	(1,147)	(1,604)
Profit/(Loss) attributable to:					
Owners of the parent		54	(279)	(944)	(1,607)
Non-controlling interests		(211)	5	(203)	3
		(157)	(274)	(1,147)	(1,604)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		54	(279)	(944)	(1,607)
Non-controlling interests		(211)	5	(203)	3
		(157)	(274)	(1,147)	(1,604)
Profit/(Loss) per share attributable to owners of the parent:					
Basic, for the period (sen)	34	0.06	(0.32)	(1.07)	(1.87)
Diluted, for the period (sen)	34	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

DFCITY Group Berhad
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Condensed Consolidated Statements of Financial Position
As at 30 September 2020

	Note	Unaudited As at 30.09.2020 RM'000	Audited As at 31.12.2019 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	19,968	21,829
Investment properties		6,420	4,707
Right-of-use assets		3,210	4,188
Inventories		4,076	4,076
Deferred tax assets		80	-
		<u>33,754</u>	<u>34,800</u>
Current assets			
Inventories	8	55,427	56,136
Trade receivables and other receivables	26	5,014	4,577
Other current assets		522	597
Contract assets		76	-
Current tax assets		675	545
Cash and bank balances		2,520	3,029
		<u>64,234</u>	<u>64,884</u>
Total assets		<u>97,988</u>	<u>99,684</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		44,398	44,398
Treasury shares		(15)	(15)
Retained earnings		10,151	11,095
		<u>54,534</u>	<u>55,478</u>
Non-controlling interests		(499)	(296)
Total equity		<u>54,035</u>	<u>55,182</u>
Non-current liabilities			
Deferred tax liabilities		-	36
Borrowings	27	20,339	20,726
Lease liabilities	27	510	682
		<u>20,849</u>	<u>21,444</u>
Current liabilities			
Trade payables and other payables		10,021	9,223
Lease liabilities	27	341	400
Borrowings	27	12,742	13,435
		<u>23,104</u>	<u>23,058</u>
Total liabilities		<u>43,953</u>	<u>44,502</u>
Total equity and liabilities		<u>97,988</u>	<u>99,684</u>
Net assets per share attributable to equity holders of the Company (sen)			
		<u>61.97</u>	<u>63.05</u>

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
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Condensed Consolidated Statements of Changes in Equity
For the third quarter ended 30 September 2020
(The figures have not been audited)

	Attributable to equity holders of the parent			Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000			
Opening balance at 1 January 2019	40,000	(15)	17,180	57,165	92	57,257
Total comprehensive (loss)/profit for the period	-	-	(1,607)	(1,607)	3	(1,604)
Transactions with owners						
Issuance of share capital	4,398	-	-	4,398	-	4,398
Closing balance at 30 September 2019	44,398	(15)	15,573	59,956	95	60,051
Opening balance at 1 January 2020	44,398	(15)	11,095	55,478	(296)	55,182
Total comprehensive loss for the period	-	-	(944)	(944)	(203)	(1,147)
Closing balance at 30 September 2020	44,398	(15)	10,151	54,534	(499)	54,035

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
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Condensed Consolidated Statements of Cash Flows
For the third quarter ended 30 September 2020
(The figures have not been audited)

	Current year- to-date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
Cash flows from operating activities		
Loss before tax	(1,157)	(1,473)
Adjustment for:		
Amortisation of land use rights	-	44
Amortisation of right-of-use assets	310	-
Depreciation of property, plant and equipment	836	1,116
Depreciation of investment properties	110	100
Impairment loss on trade receivables	81	265
Reversal of impairment loss on trade receivables	(281)	(19)
Unrealised loss on foreign exchange	2	6
Gain on disposal of property, plant and equipment	(24)	(191)
Written off of property, plant and equipment	-	203
Inventories written down	20	9
Interest expense	1,468	1,075
Interest income	(18)	(23)
Operating profit before changes in working capital	1,347	1,112
Changes in working capital:		
Property development costs	(12)	(785)
Inventories	702	1,652
Receivables	(238)	(963)
Contract asset	(76)	632
Other current assets	75	4,419
Payables	796	(2,696)
Cash generated from operations	2,594	3,371
Income tax paid	(236)	(463)
Income tax refund	-	269
Net cash from operating activities	2,358	3,177
Cash flows from investing activities		
Purchase of property, plant and equipment	7 (130)	(1,038)
Purchase of investment properties	-	(93)
Proceeds from disposal of property, plant and equipment	25	594
Interest received	18	23
Net cash used in investing activities	(87)	(514)
Cash flows from financing activities		
Deposit withdrew from/(pledged to) licensed banks	90	(37)
Interest paid	(1,468)	(1,075)
Increase/(Decrease) of short term borrowings	77	(152)
Repayment of term loans	(458)	(1,446)
Repayment of obligation under finance leases	(231)	(423)
Proceed from issuance of ordinary shares	-	4,398
Net cash (used in)/generated from financing activities	(1,990)	1,265

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Condensed Consolidated Statements of Cash Flows (Continued)
For the third quarter ended 30 September 2020
(The figures have not been audited)

	Current year- to-date	Preceding year corresponding period
Note	30.09.2020	30.09.2019
	RM'000	RM'000
Net increase in cash and cash equivalents	281	3,928
Cash and cash equivalents at beginning of period	(1,978)	(5,652)
Cash and cash equivalents at end of period	9 <u>(1,697)</u>	<u>(1,724)</u>

These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

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Notes to the Interim Financial Statements for the third quarter ended 30 September 2020

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134

1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and 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.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. 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 2019.

2. Significant accounting policies and application of MFRS

2.1 The audited financial statements of the Group for the financial year ended 31 December 2019 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2019.

2.2 MFRS, Amendments to MFRSs and IC Interpretation Issued That Are Effective

The Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Effective for financial periods beginning on or after 1 January 2020

- Amendment to *References to the Conceptual Framework in MFRS Standards*
- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 *Definition of Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*
- Amendments to MFRS 16 *Covid-19 Related Concessions*

There is no material impact upon adoption of these amendments to the interim financial statements during the current financial period.

2.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Company:

Effective for financial periods beginning on or after 1 January 2021

- MFRS 17 *Insurance Contracts*

Effective for financial periods beginning on or after 1 January 2022

- Amendments to MFRS 3 *Business Combinations*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116 *Property, Plant and Equipment*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
- Amendments to MFRS 1, MFRS 9 and MFRS 141 *Annual Improvements to MFRS Standards 2018-2020*

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Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134 (continued)

2. Significant accounting policies and application of MFRS (continued)

2.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021 (continued)

Effective for financial periods to be announced by MASB

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

4. Unusual items

There were no unusual items because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

5. Changes in estimates

There were no other changes in estimates that have had a material effect in the current interim results.

6. Debt and equity securities

There have been no cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

7. Property, plant and equipment

Acquisitions

Below are the property, plant and equipment acquired by the Group during the period ended:

	30.09.2020 RM'000	30.09.2019 RM'000
Building-in-progress	-	487
Renovation	98	-
Plant, machinery and factory equipment	19	278
Motor vehicles	2	944
Other assets *	11	29
	<u>130</u>	<u>1,738</u>

* Other assets comprise of office equipment, furniture and fittings, electrical installation, computers and cabin.

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Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134 (continued)

7. Property, plant and equipment (continued)

During the period under review, the Group acquired property, plant and equipment by mean of:

	30.09.2020 RM'000	30.09.2019 RM'000
Finance leases	-	700
Cash outflow	130	1,038
	<u>130</u>	<u>1,738</u>

Disposals/written off

Below is the property, plant and equipment disposed by the Group during the period under review:

	Cost RM'000	Net carrying amount RM'000	Sales proceeds RM'000	Gain on disposal RM'000
<u>Disposals</u>				
Motor vehicles	198	-	24	24

8. Inventories

During the current period ended 30 September 2020, there were write-down of inventories amounting to RM20,025.

9. Cash and bank balances

	30.09.2020 RM'000	30.09.2019 RM'000
Cash at banks and on hand	1,864	2,905
Short term deposits with licensed banks	656	741
Cash and bank balances	<u>2,520</u>	<u>3,646</u>
Less: Bank overdrafts	(3,561)	(4,629)
Less: Deposits pledged to licensed banks	(656)	(741)
Total cash and cash equivalents	<u>(1,697)</u>	<u>(1,724)</u>

10. Fair value hierarchy

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

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Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134 (continued)

11. Provisions for cost of restructuring

There were no provision for, or reversal of, costs of restructuring during the reporting period.

12. Dividends paid

There were no dividends paid in the current financial quarter ended 30 September 2020.

13. Capital commitments

There were no capital commitments as at current quarter ended 30 September 2020.

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 31 December 2019.

15. Segment information

The segment information in respect of the Group's operating segments are as follows:

- (i) Sales of goods - manufacture and sales of dimension stones and related products and is completed within 3 months.
- (ii) Construction - supply and installation of dimension stones and related products for projects secured and is completed over a period of more than 3 months.
- (iii) Property development - property development.
- (iv) Others - investment holding.

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 30.09.2020						
Revenue:						
External customers	10,177	239	-	-	-	10,416
Inter-segment	3,140	-	-	-	(3,140)	-
	<u>13,317</u>	<u>239</u>	<u>-</u>	<u>-</u>	<u>(3,140)</u>	<u>10,416</u>
Results:						
Depreciation and amortisation	1,189	67	-	-	-	1,256
Segment (loss)/profit	<u>(279)</u>	<u>(53)</u>	<u>(665)</u>	<u>(142)</u>	<u>(18)</u>	<u>(1,157)</u>
Assets						
Capital expenditure	128	2	-	-	-	130
Segment assets	<u>65,626</u>	<u>1,462</u>	<u>28,215</u>	<u>2,685</u>	<u>-</u>	<u>97,988</u>
Segment liabilities						
	<u>24,468</u>	<u>-</u>	<u>19,346</u>	<u>139</u>	<u>-</u>	<u>43,953</u>

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Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134 (continued)

15. Segment information (continued)

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 30.09.2019						
Revenue:						
External customers	19,324	774	-	-	-	20,098
Inter-segment	4,135	-	-	-	(4,135)	-
	<u>23,459</u>	<u>774</u>	<u>-</u>	<u>-</u>	<u>(4,135)</u>	<u>20,098</u>
Results:						
Depreciation and amortisation	1,132	127	1	-	-	1,260
Segment (loss)/profit	<u>(1,099)</u>	<u>(26)</u>	<u>(33)</u>	<u>(150)</u>	<u>(165)</u>	<u>(1,473)</u>
Assets						
Capital expenditure	1,298	440	-	-	-	1,738
Segment assets	<u>70,676</u>	<u>3,260</u>	<u>28,912</u>	<u>3,775</u>	<u>-</u>	<u>106,623</u>
Segment liabilities	<u>27,158</u>	<u>-</u>	<u>19,396</u>	<u>18</u>	<u>-</u>	<u>46,572</u>

The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	30.09.2020 RM'000	30.09.2019 RM'000
Interest income	18	23
Finance costs	<u>(1,468)</u>	<u>(1,075)</u>
	<u>(1,450)</u>	<u>(1,052)</u>

The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	30.09.2020 RM'000	30.09.2019 RM'000
Current tax assets	675	555
Deferred tax assets	<u>80</u>	<u>242</u>
	<u>755</u>	<u>797</u>

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Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134 (continued)

15. Segment information (continued)

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	30.09.2020	30.09.2019
	RM'000	RM'000
Current tax liabilities	-	-
Deferred tax liabilities	-	377
	<u>-</u>	<u>377</u>

The Group's Sales of Goods segment continues to be the main contributor of the Group's revenue. The revenue from Sales of Goods segment decreased by 47.3% from RM19.32 million to RM10.18 million as compared to the corresponding quarter in the preceeding year as the Covid-19 pandemic has had a more negative impact on global activity in the first half of 2020. The lower segment's loss in current year period of RM0.28 million as compared to the loss of RM1.10 million in the corresponding quarter in the preceeding year was due to the better cost control after the movement control.

The decrease in revenue of Construction segment in current year period as compared to the corresponding quarter in the preceeding year was mainly due to the Movement Control Order (MCO) period in which the projects are being deferred.

16. Changes in composition of the Group

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

17. Events after the reporting period

There were no material events subsequent to the end of the current quarter.

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Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134 (continued)

18. Related party transactions

The Group had the following transactions with related parties during the current quarter under review and current year-to-date as well as the balances with the related parties as disclosed below:

- (i) Company in which a director, Low Kim Hock, has deemed interested by virtue of their interests in LBS Realty Sdn. Bhd. which in turn holds 70% equity interest in EMP:

- EMP Design Sdn. Bhd. ("EMP")

	Individual quarter		Cumulative quarter	
	Current year quarter ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000	Current year- to-date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
Rental paid to LBS	-	9	-	27
Sales of dimension stone products to EMP	237	155	457	514
			Amount owed by related parties	
			As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
EMP			436	509

The transactions above were based on negotiated and mutually agreed terms and has been approved by the shareholders in the Annual General Meeting.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements

19. Review performance of the Group

3 months ended 30.09.2020

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000		
Revenue	4,433	7,555	(3,122)	(41.3)
- Sales of goods segment	4,339	7,247	(2,908)	(40.1)
- Construction segment	94	308	(214)	(69.5)
Operating profit	1,050	2,232	(1,182)	(53.0)
Profit before interest and tax	756	368	388	105.4
Loss before tax	(30)	(11)	(19)	(172.7)
Loss after tax	(157)	(274)	117	42.7
Profit/(Loss) attributable to ordinary equity holders of the parent	54	(279)	333	119.4

The Group's revenue for current quarter ("3Q2020") ended 30 September 2020 decreased by approximately RM3.12 million or 41.3% to RM4.43 million as compared to the corresponding quarter in the preceding year. The decrease in revenue for 3Q2020 was due to the significant decrease in revenue from the Sales of Goods segment by RM2.91 million and the decrease in revenue from the Construction segment by RM0.21 million. The Group has yet to commence any new property development project in the current quarter.

In the current year quarter, although the revenue decreased, the Group maintains a minimal loss before tax of RM0.03 million as compared to the preceding year corresponding quarter's loss before tax of RM0.01 million. This was due to better cost control and austerity measures after the Movement Control Order (MCO) period, hence resulting in lower administrative, general and selling expenses incurred as well as the increase in other income.

9 months ended 30.09.2020

	Cumulative quarter		Increase/(decrease)	
	Current year- to-date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000		
Revenue	10,416	20,098	(9,682)	(48.2)
- Sales of goods segment	10,177	19,324	(9,147)	(47.3)
- Construction segment	239	774	(535)	(69.1)
Operating profit	1,668	5,027	(3,359)	(66.8)
Profit/(Loss) before interest and tax	311	(398)	709	178.1
Loss before tax	(1,157)	(1,473)	316	21.5
Loss after tax	(1,147)	(1,604)	457	28.5
Loss attributable to ordinary equity holders of the parent	(944)	(1,607)	663	41.3

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

19. Review performance of the Group (continued)

9 months ended 30.09.2020 (continued)

The Group's revenue for current year-to-date ("9M2020") ended 30 September 2020 shown a decrease of 48.2% to RM10.42 million as compared to RM20.10 million recorded in the corresponding quarter in the preceding year mainly due to the decrease in revenue generated from Sales of Goods segment by RM9.15 million and Construction segment by RM0.54 million. The Group had commencing some major construction segment projects in current quarter period, hence the Group has embark some projects in current quarter period which will improve the performance of Construction segment in coming year.

Overall, the Group's loss before tax decreased from RM1.47 million in 9M2019 to RM1.16 million in 9M2020. Although the decrease in revenue, the current period loss before tax has improved by 21.5% due to the better cost control over the administrative and general cost from RM6.34 million in corresponding period in the preceding year to RM4.25 million in 9M2020 as well as the increase in other income by approximately RM2.00 million.

20. Material changes in the profit before tax as compared to the immediate preceding quarter

	Individual quarter		Increase/(decrease) RM'000 %	
	Current quarter ended 30.09.2020 RM'000	Preceding quarter ended 30.06.2020 RM'000		
Revenue	4,433	2,808	1,625	57.9
- Sales of goods segment	4,339	2,663	1,676	62.9
- Construction segment	94	145	(51)	(35.2)
Operating profit/(loss)	1,050	(232)	1,282	552.6
Profit/(Loss) before interest and tax	756	(46)	802	1,743.5
Loss before tax	(30)	(367)	337	91.8
Loss profit after tax	(157)	(289)	132	45.7
Profit/(Loss) attributable to ordinary equity holders of the parent	54	(293)	347	118.4

The Group's revenue increased by RM1.63 million in current quarter as compared to the immediate preceding quarter ended 30 June 2020. This was mainly due to the increase in Sales of Goods segment's revenue by RM1.68 million and offset against the decrease in Construction segment's revenue by RM0.05 million.

In current quarter, the Group generated an operating profit of RM1.05 million, whereas the loss before tax has improved to RM0.03 million. This was due to the Group resuming its production to cater customers' orders after the MCO period and increase significantly in the 3Q2020 revenue.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

21. Commentary on prospects

According to the Trading Economics's 2020-2022 Outlook, Malaysia's economic grew by 0.7 percent year-on-year in the third quarter of 2020, the weakest pace of expansion since the third quarter of 2019 and compared with market expectations of a 1.5 percent contraction, reflecting the negative impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic.

Hence, the Board anticipates that the prospects for the financial year ending 31 December 2020 will continue to be challenging. The Group will continue to focus on maximising efficiency and timely delivery of quality products at competitive pricing to ensure the long-term strength of the businesses and operations.

22. Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current quarter under review and hence this information is not applicable.

23. Loss before tax

Included in the loss before tax are the following items:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000	Current year- to-date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
Interest income	(8)	(5)	(18)	(23)
Interest expense	786	379	1,468	1,075
Depreciation of:				
- Property, plant and equipment	272	357	836	1,116
- Investment properties	37	48	110	100
Amortisation of land use rights	-	14	-	44
Amortisation of right-of-use assets	83	-	310	-
Impairment loss on receivables	81	265	81	265
Reversal of impairment loss on trade/other receivables	(38)	(15)	(281)	(19)
Inventories written down	20	9	20	9
Gain on disposal of:				
- Property, plant and equipment	(8)	(11)	(24)	(191)
Property, plant and equipment written off	-	2	-	203
(Gain)/loss on foreign exchange:				
- Realised	2	(69)	(34)	(80)
- Unrealised	(23)	6	2	6
Rental income	(103)	(112)	(301)	(335)

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24. Income tax expense

Major components of income tax expense includes the following:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000	Current year- to-date 30.09.2020 RM'000	Preceding year corresponding period 30.09.2019 RM'000
Current tax:				
Malaysian income tax	39	(9)	99	79
Underprovision in previous years	5	54	10	54
Real property gain tax	(4)	-	(4)	-
	<u>40</u>	<u>45</u>	<u>105</u>	<u>133</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(2)	207	(3)	(54)
Under/(Over)provision in previous years	89	11	(112)	52
	<u>87</u>	<u>218</u>	<u>(115)</u>	<u>(2)</u>
Total income tax expense	<u>127</u>	<u>263</u>	<u>(10)</u>	<u>131</u>

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate of the Group for the current quarter were higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes and property development segment incurred losses in current quarter while the effective tax rate of the Group for the previous corresponding quarter is lower due to the reversal of deferred tax.

25. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this interim financial statements.

26. Trade and other receivables

	30.09.2020 RM'000	31.12.2019 RM'000
Trade receivables		
Third parties	2,601	3,055
Retention sums on construction contract	621	636
	<u>3,222</u>	<u>3,691</u>
Amount due from related parties	436	509
Other receivables	1,356	377
	<u>5,014</u>	<u>4,577</u>

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26. Trade and other receivables (continued)

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Third parties		Related parties	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Not past due	1,911	2,310	237	226
Past due:				
- less than 3 months	455	1,049	92	156
- 3 months to 6 months	207	361	107	127
- more than 6 months	2,770	2,142	-	-
	3,432	3,552	199	283
	5,343	5,862	436	509
Individual impairment	(2,121)	(2,171)	-	-
	3,222	3,691	436	509

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. These receivables are active accounts which the management considers to be recoverable.

Trade receivables that are past due and impaired

Information regarding financial assets that are past due and impaired is disclosed in the ageing analysis as above.

27. Borrowings and debts securities

	30.09.2020	Weighted Average Interest Rate	31.12.2019	Weighted Average Interest Rate
	RM'000		RM'000	
Short term borrowings (secured)				
Bank overdrafts (floating)	3,561	6.85%	4,260	7.52%
Banker acceptances (floating)	2,159	3.95%	1,979	4.26%
Trust receipts (floating)	-	-	34	8.63%
Lease liabilities (fixed)	341	4.31%	400	4.45%
Revolving credit (floating)	5,000	5.61%	5,069	5.61%
Term loans (floating)	2,022	5.74%	2,093	6.59%
	13,083		13,835	
Long term borrowings (secured)				
Lease liabilities (fixed)	510	4.31%	682	4.45%
Term loans (floating)	20,339	5.74%	20,726	6.59%
	20,849		21,408	
Total borrowings	33,932		35,243	

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27. Borrowings and debts securities (continued)

None of the borrowings are denominated in foreign currencies.

The decrease in borrowings by RM1.31 million mainly due to the borrowings repayment.

28. Material litigation

There were no pending material litigations at the date of this interim financial statements.

29. Dividend

No interim dividend has been recommended for the current quarter under review.

30. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

31. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 September 2020 or the previous financial year ended 31 December 2019.

32. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 September 2020 or the previous financial year ended 31 December 2019.

33. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2020 or the previous financial year ended 31 December 2019.

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34. Profit/(Loss) per share

(a) Basic

Basic profit/(loss) per share amounts is calculated by dividing loss for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Individual quarter		Cumulative quarter	
	Current year quarter ended 30.09.2020	Preceding year corresponding quarter ended 30.09.2019	Current year- to-date 30.09.2020	Preceding year corresponding period 30.09.2019
Profit/(Loss) for the period attributable to ordinary equity holders of the Company (RM'000)	54	(279)	(944)	(1,607)
Weighted average number of ordinary shares in issue ('000)	87,957	86,139	87,957	86,139
Basic profit/(loss) per share (sen)	<u>0.06</u>	<u>(0.32)</u>	<u>(1.07)</u>	<u>(1.87)</u>

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares for the current quarter under review and current year-to-date.

35. Auditors' report on the preceding annual financial statements

The auditors' report on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019 were not subject to any qualification.