



**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 2021**

**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 2021**  
 (The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 30.09.2021 RM'000	Preceding year corresponding quarter ended 30.09.2020 RM'000	Current year- to-date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
<b>Continuing operations</b>					
Revenue		2,266	4,433	12,281	10,416
Cost of sales		(1,801)	(3,383)	(10,178)	(8,748)
<b>Gross profit</b>		465	1,050	2,103	1,668
Other income		762	1,299	2,174	2,894
Administrative, general and selling expenses		(1,007)	(1,593)	(3,764)	(4,251)
Operating profit		220	756	513	311
Finance costs		(344)	(786)	(1,200)	(1,468)
<b>Loss before tax</b>	24	(124)	(30)	(687)	(1,157)
Income tax expense	25	74	(127)	(152)	10
<b>Loss for the period</b>		<b>(50)</b>	<b>(157)</b>	<b>(839)</b>	<b>(1,147)</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive loss for the period</b>		<b>(50)</b>	<b>(157)</b>	<b>(839)</b>	<b>(1,147)</b>
<b>Profit/Loss attributable to:</b>					
Owners of the parent		5	54	(662)	(944)
Non-controlling interests		(55)	(211)	(177)	(203)
		<b>(50)</b>	<b>(157)</b>	<b>(839)</b>	<b>(1,147)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>					
Owners of the parent		5	54	(662)	(944)
Non-controlling interests		(55)	(211)	(177)	(203)
		<b>(50)</b>	<b>(157)</b>	<b>(839)</b>	<b>(1,147)</b>
<b>Profit/(Loss) per share attributable to owners of the parent:</b>					
Basic, for the period (sen)	35	0.01	0.06	(0.75)	(1.07)
Diluted, for the period (sen)	35	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 2020 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 2021**

	Note	Unaudited As at 30.09.2021 RM'000	Audited As at 31.12.2020 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	18,699	19,084
Investment properties	8	4,067	5,551
Right-of-use assets		2,769	3,411
Inventories		4,076	4,076
Deferred tax assets		106	-
		<u>29,717</u>	<u>32,122</u>
<b>Current assets</b>			
Assets held for sale		-	1,184
Inventories	9	55,873	55,339
Trade receivables and other receivables	27	6,303	4,728
Other current assets		832	435
Contract assets		854	-
Current tax assets		428	490
Cash and bank balances		1,413	2,907
		<u>65,703</u>	<u>65,083</u>
<b>Total assets</b>		<u>95,420</u>	<u>97,205</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		44,398	44,398
Treasury shares		(15)	(15)
Retained earnings		9,344	10,006
		<u>53,727</u>	<u>54,389</u>
Non-controlling interests		(715)	(538)
<b>Total equity</b>		<u>53,012</u>	<u>53,851</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	58
Borrowings	28	18,155	19,167
Lease liabilities	28	114	439
		<u>18,269</u>	<u>19,664</u>
<b>Current liabilities</b>			
Trade payables and other payables		10,685	10,151
Contract liabilities			163
Lease liabilities	28	252	321
Borrowings	28	13,202	13,055
		<u>24,139</u>	<u>23,690</u>
<b>Total liabilities</b>		<u>42,408</u>	<u>43,354</u>
<b>Total equity and liabilities</b>		<u>95,420</u>	<u>97,205</u>
Net assets per share attributable to equity holders of the Company (sen)		<u>61.06</u>	<u>61.81</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 2020 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 2021  
(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 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
Opening balance at 1 January 2021	44,398	(15)	10,006	54,389	(538)	53,851
Total comprehensive loss for the period	-	-	(662)	(662)	(177)	(839)
Closing balance at 30 September 2021	44,398	(15)	9,344	53,727	(715)	53,012

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 2020 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 2021  
(The figures have not been audited)

	Note	Current year- to-date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
<b>Cash flows from operating activities</b>			
Loss before tax		(687)	(1,157)
Adjustment for:			
Amortisation of right-of-use assets		267	310
Depreciation of property, plant and equipment		743	836
Depreciation of investment properties		97	110
Impairment loss on trade receivables		118	81
Reversal of impairment loss on trade receivables		(997)	(281)
Bad debt written off		118	-
Unrealised loss on foreign exchange		5	2
Gain on disposal of property, plant and equipment		(85)	(24)
Gain on disposal of investment properties		(708)	-
Inventories written down		-	20
Interest expense		1,200	1,468
Interest income		(10)	(18)
<b>Operating (loss)/profit before changes in working capital</b>		61	1,347
Changes in working capital:			
Property development costs		(14)	(12)
Inventories		(520)	702
Receivables		(577)	(238)
Contract asset		(1,219)	(76)
Other current assets		(397)	75
Payables		529	796
<b>Cash generated (used in)/from operations</b>		(2,137)	2,594
Income tax paid		(149)	(236)
<b>Net cash (used in)/from operating activities</b>		(2,286)	2,358
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	-	(130)
Proceeds from disposal of property, plant and equipment	7	830	25
Proceeds from disposal of investment property	8	2,590	-
Interest received		10	18
<b>Net cash from/(used in) investing activities</b>		3,430	(87)
<b>Cash flows from financing activities</b>			
Deposit withdrew from licensed banks		78	90
Interest paid		(1,200)	(1,468)
Increase of short term borrowings		835	77
Repayment of term loans		(1,524)	(458)
Repayment of obligation under finance leases		(394)	(231)
<b>Net cash used in financing activities</b>		(2,205)	(1,990)

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Condensed Consolidated Statements of Cash Flows (Continued)  
For the third quarter ended 30 September 2021  
(The figures have not been audited)

	<b>Current year- to-date 30.09.2021 RM'000</b>	<b>Preceding year corresponding period 30.09.2020 RM'000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,061)	281
<b>Cash and cash equivalents at beginning of period</b>	(1,382)	(1,978)
<b>Cash and cash equivalents at end of period</b>	10 <u>(2,443)</u>	<u>(1,697)</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 2020 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 2021

### 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 2020. 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 2020.

#### 2. Significant accounting policies and application of MFRS

**2.1** The audited financial statements of the Group for the financial year ended 31 December 2020 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 2020.

#### **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 2021*

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest rate benchmark Reform - Phase 2*

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 April 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 April 2021*

- Amendments to MFRS 16 *Covid 19 - Related Rent Concessions beyond 30 June 2021*

*Effective for financial periods beginning on or after 1 January 2022*

- Amendments to MFRS 1, MFRS 9, and MFRS141 *Annual improvements to MFRS Standards 2018-2020*
- Amendments to MFRS 3 *Business Combinations Reference to Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment Proceeds before Intended Use*
- Amendments to MFRS 137 *Onerous Contracts Costs of Fulfilling a Contract*

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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 April 2021 (continued)

*Effective for financial periods beginning on or after 1 January 2022 (continued)*

- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 4 *Extension of the Temporary Exemption from Applying MFRS 9*
- 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:

	30.09.2021 RM'000	30.09.2020 RM'000
Renovation	-	98
Plant, machinery and factory equipment	-	19
Motor vehicles	-	2
Other assets *	-	11
	<u>-</u>	<u>130</u>



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

7. Property, plant and equipment (continued)

Acquisitions (continued)

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

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

	30.09.2021 RM'000	30.09.2020 RM'000
Cash outflow	-	130
	<u>-</u>	<u>130</u>

Disposals/written off

Below are 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>				
Freehold land	726	726	800	74
Motor vehicles	151	19	30	11
	<u>927</u>	<u>745</u>	<u>830</u>	<u>85</u>

8. Investment properties

Disposals/written off

Below are the investment properties 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>				
Freehold land	460	460	690	230
Buildings	1,747	1,422	1,900	478
	<u>2,207</u>	<u>1,882</u>	<u>2,590</u>	<u>708</u>

9. Inventories

During the current period ended 30 September 2021, there were no write-down of inventories.

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

**10. Cash and bank balances**

	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash at banks and on hand	745	1,864
Short term deposits with licensed banks	668	656
Cash and bank balances	<u>1,413</u>	<u>2,520</u>
Less: Bank overdrafts	(3,188)	(3,561)
Less: Deposits pledged to licensed banks	(668)	(656)
<b>Total cash and cash equivalents</b>	<b><u>(2,443)</u></b>	<b><u>(1,697)</u></b>

**11. 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.

**12. Provisions for cost of restructuring**

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

**13. Dividends paid**

There were no dividends paid in the current financial quarter ended 30 September 2021.

**14. Capital commitments**

There were no capital commitments as at current quarter ended 30 September 2021.

**15. Contingent assets and liabilities**

There were no contingent assets or liabilities since 30 September 2021.

**16. 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 6 months.
- (ii) Construction - supply and installation of dimension stones and related products for projects secured and is completed over a period of more than 6 months.
- (iii) Property development - property development.
- (iv) Others - investment holding.

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

16. Segment information (continued)

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Period ended 30.09.2021</b>						
<b>Revenue:</b>						
External customers	10,302	1,979	-	-	-	12,281
Inter-segment	3,440	-	-	-	(3,440)	-
	<u>13,742</u>	<u>1,979</u>	<u>-</u>	<u>-</u>	<u>(3,440)</u>	<u>12,281</u>
<b>Results:</b>						
Depreciation and amortisation	1,059	48	-	-	-	1,107
Segment profit/(loss)	3	24	(460)	(160)	(94)	(687)
<b>Assets</b>						
Capital expenditure	-	-	-	-	-	-
Segment assets	<u>62,578</u>	<u>1,296</u>	<u>28,867</u>	<u>2,679</u>	<u>-</u>	<u>95,420</u>
<b>Segment liabilities</b>	<u>23,580</u>	<u>-</u>	<u>18,657</u>	<u>171</u>	<u>-</u>	<u>42,408</u>
<b>Period ended 30.09.2020</b>						
<b>Revenue:</b>						
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>
<b>Results:</b>						
Depreciation and amortisation	1,189	67	-	-	-	1,256
Segment loss	(279)	(53)	(665)	(142)	(18)	(1,157)
<b>Assets</b>						
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>
<b>Segment liabilities</b>	<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)**

**16. Segment information (continued)**

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

	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	10	18
Finance costs	(1,200)	(1,468)
	<u>(1,190)</u>	<u>(1,450)</u>

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

	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax assets	428	675
Deferred tax assets	106	80
	<u>534</u>	<u>755</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 increased by RM0.12 million from RM10.18 million to RM10.30 million as compared to the preceeding year. This segment had improved from loss of RM0.28 million to profit in current year period. This was mainly due to the higher other income such as gain on the disposal of assets and reversal of provision for doubtful debts.

The revenue of Construction segment increased by RM1.74 million in current year period as compared to the corresponding quarter in the preceeding year was mainly due to the commencement of additional new secured projects such as IOI, G Tower, Apple 99 and other projects.

**17. Changes in composition of the Group**

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

**18. 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)**

**19. 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 30.09.2021 RM'000	Preceding year corresponding quarter ended 30.09.2020 RM'000	Current year- to-date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
Sales of dimension stone products to EMP	7	237	118	457
			<b>Amount owed by related party</b>	
			<b>As at 30.09.2021 RM'000</b>	<b>As at 31.12.2020 RM'000</b>
EMP			34	232

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**

**20. Review performance of the Group**

**3 months ended 30.09.2021**

	<b>Individual quarter</b>		<b>Increase/(decrease)</b>	
	<b>Current year quarter ended 30.09.2021 RM'000</b>	<b>Preceding year corresponding quarter ended 30.09.2020 RM'000</b>		
Revenue	2,266	4,433	(2,167)	(48.9)
- Sales of goods segment	1,619	4,339	(2,720)	(62.7)
- Construction segment	647	94	553	588.3
Operating profit	465	1,050	(585)	(55.7)
Profit before interest and tax	220	756	(536)	(70.9)
Loss before tax	(124)	(30)	(94)	(313.3)
Loss after tax	(50)	(157)	107	68.2
Profit attributable to ordinary equity holders of the parent	5	54	(49)	90.7

The Group's revenue for current quarter ("3Q2021") ended 30 September 2021 decreased by approximately RM2.17 million or 48.9% to RM2.27 million as compared to the corresponding quarter in the preceeding year. The increase in revenue for 3Q2021 was due to the significant decrease in revenue from the Sales of Goods segment by RM2.72 million. This was mainly due to the MCO 3.0 when totally lock down without any operation. However, there is an increase in revenue from the Construction segment by RM0.55 million due to resuming the projects after MCO 3.0.

Due to the significant decrease in revenue, the Group's operating profit decreased from RM1.05 million in corresponding quarter in preceeding year to RM0.47 million in current year quarter and resulted higher loss before tax of RM0.12 million in current quarter as compared to the preceeding year corresponding quarter's loss before tax of RM0.03 million.

**9 months ended 30.09.2021**

	<b>Cumulative quarter</b>		<b>Increase/(decrease)</b>	
	<b>Current year- to-date 30.09.2021 RM'000</b>	<b>Preceding year corresponding period 30.09.2020 RM'000</b>		
Revenue	12,281	10,416	1,865	17.9
- Sales of goods segment	10,302	10,177	125	1.2
- Construction segment	1,979	239	1,740	728.0
Operating profit	2,103	1,668	435	26.1
Profit before interest and tax	513	311	202	(65.0)
Loss before tax	(687)	(1,157)	470	40.6
Loss after tax	(839)	(1,147)	308	26.9
Loss attributable to ordinary equity holders of the parent	(662)	(944)	282	29.9

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

**20. Review performance of the Group (continued)**

**9 months ended 30.09.2021 (continued)**

The Group's revenue for current year-to-date ("9M2021") ended 30 September 2021 shown a increase of 17.9% to RM12.28 million as compared to RM10.42 million recorded in the preceeding year mainly due to the increase in revenue generated from Sales of Goods segment by RM0.13 million and Construction segment by RM1.74 million. This resulted increase in operating profit by 26.1%.

The Group's performance had improved in which the loss before tax lower to RM0.69 million in 9M2021 as compared to loss before tax at RM1.16 million in 9M2020 mainly due to the increase in revenue.

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

	Individual quarter		Increase/(decrease) RM'000 %	
	Current quarter ended 30.09.2021 RM'000	Preceding quarter ended 30.06.2021 RM'000		
Revenue	2,266	4,487	(2,221)	(49.5)
- Sales of goods segment	1,619	4,233	(2,614)	(61.8)
- Construction segment	647	254	393	154.7
Operating profit	465	462	3	(0.6)
Profit/(Loss) before interest and tax	220	(105)	325	309.5
Loss before tax	(124)	(729)	605	83.0
Loss after tax	(50)	(912)	862	94.5
Profit/(Loss) attributable to ordinary equity holders of the parent	5	(786)	791	100.6

The Group's revenue decreased by RM2.22 million in current quarter as compared to the immediate preceeding quarter ended 30 June 2021. The Sales of Goods segment's revenue was decreased by RM2.61 million and partly off-set by the increase in Construction segment's revenue by RM0.39 million. This was due to the full movement control (FMCO 3.0) starting on June 2021 to August 2021.

Although the revenue decreased significantly, the Group generated an operating profit of RM0.47 million in current quarter, and derived at a loss before tax of RM0.12 million which is lower as compared to the loss before tax of RM0.73 million in the immediate preceeding quarter ended 30 June 2021. This was mainly due to the higher other income such as gain on disposal of assets and reversal of impairment losses from a better long outstanding debts collection.

**22. Commentary on prospects**

According to the Trading Economics's 2021 Outlook, Malaysia's economic shrank by 4.5 percent year-on-year in Q3 of 2021, reversing from a record high growth of 16.1% in Q2 and compared with market consensus of a 1.3% drop. Still, the economy is projected to grow between 3% to 4% this year, amid a ramped-up in vaccination drive. On a seasonally adjusted quarterly basis, the GDP contracted 3.6%, after a downwardly revised 1.9% fall in Q2.

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

**22. Commentary on prospects (continued)**

Hence, the Board anticipates that the prospects for the financial year ending 31 December 2021 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 as well as in the preparation of commencing the Property Development Segment.

**23. 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.

**24. Loss before tax**

Included in the loss before tax are the following items:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 30.09.2021 RM'000	Preceding year corresponding quarter ended 30.09.2020 RM'000	Current year- to-date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
Interest income	(3)	(8)	(10)	(18)
Interest expense	344	786	1,200	1,468
Depreciation of:				
- Property, plant and equipment	190	272	743	836
- Investment properties	37	37	97	110
Amortisation of land use rights	13	-	41	-
Amortisation of right-of-use assets	130	83	267	310
Bad debts written off	-	-	118	-
Impairment loss on receivables	-	81	-	81
Reversal of impairment loss on trade/other receivables	(402)	(38)	(997)	(281)
Inventories written down	-	20	-	20
Gain on disposal of:				
- Property, plant and equipment	(9)	(8)	(85)	(24)
- Investment properties	(295)	-	(708)	-
(Gain)/loss on foreign exchange:				
- Realised	(7)	2	(28)	(34)
- Unrealised	28	(23)	5	2
Rental income	(13)	(103)	(224)	(301)



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

**25. Income tax expense**

Major components of income tax expense includes the following:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 30.09.2021 RM'000	Preceding year corresponding quarter ended 30.09.2020 RM'000	Current year- to-date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
<b>Current tax:</b>				
Malaysian income tax	(101)	39	81	99
Underprovision in previous years	67	5	130	10
Real property gain tax	78	(4)	105	(4)
	<u>44</u>	<u>40</u>	<u>316</u>	<u>105</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(123)	(2)	(168)	(3)
Underprovision in previous years	5	89	4	(112)
	<u>(118)</u>	<u>87</u>	<u>(164)</u>	<u>(115)</u>
Total income tax expense	<u>(74)</u>	<u>127</u>	<u>152</u>	<u>(10)</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.

**26. Status of corporate proposals**

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

**27. Trade and other receivables**

	30.09.2021 RM'000	31.12.2020 RM'000
<b>Trade receivables</b>		
Third parties	2,712	3,532
Retention sums on construction contract	589	537
	<u>3,301</u>	<u>4,069</u>
Amount due from related parties	34	232
<b>Other receivables</b>	<u>2,968</u>	<u>427</u>
	<u>6,303</u>	<u>4,728</u>

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

**27. Trade and other receivables (continued)**

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Third parties		Related parties	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Not past due	1,369	2,774	20	85
Past due:				
- less than 3 months	1,030	495	14	147
- 3 months to 6 months	307	261	-	-
- more than 6 months	2,294	2,573	-	-
	3,631	3,329	14	147
	5,000	6,103	34	232
Individual impairment	(1,699)	(2,034)	-	-
	3,301	4,069	34	232

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.

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

**28. Borrowings and debts securities**

	30.09.2021 RM'000	Weighted Average Interest Rate	31.12.2020 RM'000	Weighted Average Interest Rate
<b>Short term borrowings (secured)</b>				
Bank overdrafts (floating)	3,189	6.58%	3,543	7.52%
Banker acceptances (floating)	2,701	3.17%	1,760	4.21%
Lease liabilities (fixed)	252	4.25%	321	4.38%
Revolving credit (floating)	5,000	5.61%	5,106	5.61%
Term loans (floating)	2,312	5.64%	2,646	6.59%
	<u>13,454</u>		<u>13,376</u>	
<b>Long term borrowings (secured)</b>				
Lease liabilities (fixed)	292	4.25%	439	4.38%
Term loans (floating)	17,977	5.64%	19,167	6.59%
	<u>18,269</u>		<u>19,606</u>	
<b>Total borrowings</b>	<u>31,723</u>		<u>32,982</u>	

None of the borrowings are denominated in foreign currencies.

The decrease in borrowings by RM1.26 million mainly due to the borrowings repayment.

**29. Material litigation**

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

**30. Dividend**

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

**31. Disclosure of nature of outstanding derivatives**

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

**32. Rationale for entering into derivatives**

The Group did not enter into any derivatives during the period ended 30 September 2021 or the previous financial year ended 31 December 2020.

**33. Risks and policies of derivatives**

The Group did not enter into any derivatives during the period ended 30 September 2021 or the previous financial year ended 31 December 2020.

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34. 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 2021 or the previous financial year ended 31 December 2020.

35. Profit/(Loss) per share

(a) Basic

Basic 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 30.09.2021	Preceding year corresponding quarter ended 30.09.2020	Current year- to-date 30.09.2021	Preceding year corresponding period 30.09.2020
Profit/(Loss) for the period attributable to ordinary equity holders of the Company (RM'000)	5	54	(662)	(944)
Weighted average number of ordinary shares in issue ('000)	87,957	87,957	87,957	87,957
Basic profit/(loss) per share (sen)	<u>0.01</u>	<u>0.06</u>	<u>(0.75)</u>	<u>(1.07)</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.

36. 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 2020 were not subject to any qualification.