



DFCITY GROUP BERHAD
(Company No. : 200801038692 (840040-H))
(Incorporated in Malaysia)

**Condensed Consolidated
Interim Financial Statements
For the second quarter ended
30 June 2022**

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income
For the second quarter ended 30 June 2022
(The figures have not been audited)

	Note	Individual quarter		Cumulative period	
		Current year quarter ended 30.06.2022 RM'000	Preceding year corresponding quarter ended 30.06.2021 RM'000	Current year- to-date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Continuing operations					
Revenue		5,593	4,487	9,541	10,015
Cost of sales		(4,197)	(4,025)	(7,495)	(8,377)
Gross profit		1,396	462	2,046	1,638
Other income		195	830	2,617	1,412
Administrative, general and selling expenses		(1,213)	(1,397)	(3,027)	(2,757)
Operating profit/(loss)		378	(105)	1,636	293
Finance costs		(392)	(624)	(693)	(856)
Profit/(Loss) before tax	23	(14)	(729)	943	(563)
Income tax expense	24	138	(183)	(255)	(226)
Profit/(Loss) for the period		124	(912)	688	(789)
Other comprehensive income		-	-	-	-
Total comprehensive profit/(loss) for the period		124	(912)	688	(789)
Profit/(Loss) attributable to:					
Owners of the parent		203	(786)	848	(667)
Non-controlling interests		(79)	(126)	(160)	(122)
		124	(912)	688	(789)
Total comprehensive profit/(loss) attributable to:					
Owners of the parent		203	(786)	848	(667)
Non-controlling interests		(79)	(126)	(160)	(122)
		124	(912)	688	(789)
Profit/(Loss) per share attributable to owners of the parent:					
Basic, for the period (sen)	34	0.19	(0.89)	0.80	(0.76)
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 2021 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position
As at 30 June 2022

	Note	Unaudited As at 30.06.2022 RM'000	Audited As at 31.12.2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	16,230	16,615
Investment properties		3,989	4,041
Right-of-use assets		2,732	2,890
Inventories		3,880	3,880
Deferred tax assets		40	-
		<u>26,871</u>	<u>27,426</u>
Current assets			
Assets held for sale		-	1,743
Inventories	8	49,408	49,953
Trade receivables and other receivables	26	6,903	6,031
Other current assets		768	775
Contract assets		1,299	1,106
Current tax assets		272	346
Cash and bank balances		8,868	8,472
		<u>67,518</u>	<u>68,426</u>
Total assets		<u>94,389</u>	<u>95,852</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		51,676	51,676
Treasury shares		(15)	(15)
Retained earnings		6,755	5,907
		<u>58,416</u>	<u>57,568</u>
Non-controlling interests		<u>(3,637)</u>	<u>(3,477)</u>
Total equity		<u>54,779</u>	<u>54,091</u>
Non-current liabilities			
Deferred tax liabilities		-	57
Borrowings	27	15,623	17,395
Lease liabilities	27	234	293
		<u>15,857</u>	<u>17,745</u>
Current liabilities			
Trade payables and other payables		11,285	10,676
Contract liabilities		246	423
Lease liabilities	27	179	232
Borrowings	27	12,043	12,685
		<u>23,753</u>	<u>24,016</u>
Total liabilities		<u>39,610</u>	<u>41,761</u>
Total equity and liabilities		<u>94,389</u>	<u>95,852</u>
Net assets per share attributable to equity holders of the Company (sen)		<u>55.35</u>	<u>54.54</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 2021 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Changes in Equity
For the second quarter ended 30 June 2022
(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 2021	44,398	(15)	10,006	54,389	(538)	53,851
Total comprehensive profit/(loss) for the period	-	-	(667)	(667)	(122)	(789)
Closing balance at 30 June 2021	<u>44,398</u>	<u>(15)</u>	<u>9,339</u>	<u>53,722</u>	<u>(660)</u>	<u>53,062</u>
Opening balance at 1 January 2022	51,676	(15)	5,907	57,568	(3,477)	54,091
Total comprehensive profit for the period	-	-	848	848	(160)	688
Closing balance at 30 June 2022	<u>51,676</u>	<u>(15)</u>	<u>6,755</u>	<u>58,416</u>	<u>(3,637)</u>	<u>54,779</u>

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flows
For the second quarter ended 30 June 2022
(The figures have not been audited)

	Current year- to-date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	943	(563)
Adjustment for:		
Amortisation of right-of-use assets	122	137
Depreciation of property, plant and equipment	387	553
Depreciation of investment properties	52	60
Reversal of impairment loss on trade receivables	(38)	(595)
Unrealised gain on foreign exchange	-	(23)
Gain on disposal of property, plant and equipment	(2,231)	(76)
Gain on disposal of investment properties	-	(449)
Written off property, plant and equipment	-	10
Interest expense	693	856
Interest income	(5)	(7)
Operating (loss) / profit before changes in working capital	<u>(77)</u>	<u>(97)</u>
Changes in working capital:		
Property development costs	(1)	(14)
Inventories	545	(117)
Receivables	(834)	792
Contract asset	(193)	(453)
Contract liability	(177)	-
Other current assets	7	(322)
Payables	609	(492)
Cash used in operations	<u>(121)</u>	<u>(703)</u>
Income tax paid	(330)	(133)
Income tax refunded	52	-
Net cash used in operating activities	<u>(399)</u>	<u>(836)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	7	(9)
Proceeds from disposal of property, plant and equipment	4,018	920
Proceeds from disposal of investment properties	-	800
Interest received	5	7
Net cash from investing activities	<u>4,014</u>	<u>1,727</u>
Cash flows from financing activities		
Deposits (pledged to) / withdrew from licensed banks	(5)	81
Interest paid	(693)	(856)
Increase/(Decrease) of short term borrowings	(684)	223
Repayment of term loans	(1,773)	(919)
Repayment of obligations under lease liabilities	(112)	(169)
Net cash used in financing activities	<u>(3,267)</u>	<u>(1,640)</u>

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flows (Continued)
For the second quarter ended 30 June 2022
(The figures have not been audited)

	Current year- to-date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Net increase/(decrease) in cash and cash equivalents	348	(749)
Cash and cash equivalents at beginning of period	4,988	(1,382)
Cash and cash equivalents at end of period	9 <u>5,336</u>	<u>(2,131)</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 2021 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Notes to the Interim Financial Statements for the first quarter ended 30 June 2022

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 2021. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

2. Significant accounting policies and application of MFRS

2.1 The audited financial statements of the Group for the financial year ended 31 December 2021 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 2021.

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 2022

- Amendments to MFRS 1, MFRS 9, MFRS 16 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*

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 2023

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 2023

- Amendments to MFRS 7 *Financial Instruments: Disclosures*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 112 *Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to MFRS 101 *Disclosure of Accounting Policies*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 Comparative information*
- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

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:

	30.06.2022	30.06.2021
	RM'000	RM'000
Other assets *	9	-
	<u>9</u>	<u>-</u>

* 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:

	30.06.2022	30.06.2021
	RM'000	RM'000
Cash outflow	9	-
	<u>9</u>	<u>-</u>

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

7. Property, plant and equipment (continued)

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 and building	2,135	1,780	4,000	2,220
Motor vehicles	50	7	18	11
	<u>2,185</u>	<u>1,787</u>	<u>4,018</u>	<u>2,231</u>

8. Inventories

During the current period ended 30 June 2022, there were no write-down of inventories.

9. Cash and bank balances

	30.06.2022 RM'000	30.06.2021 RM'000
Cash at banks and on hand	8,192	1,017
Short term deposits with licensed banks	676	665
Cash and bank balances	<u>8,868</u>	<u>1,682</u>
Less: Bank overdrafts	(2,856)	(3,148)
Less: Deposits pledged to licensed banks	(676)	(665)
Total cash and cash equivalents	<u>5,336</u>	<u>(2,131)</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.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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 June 2022.

13. Capital commitments

There were no capital commitments as at current quarter ended 30 June 2022.

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 30 June 2022.

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 30.06.2022						
Revenue:						
External customers	7,241	2,300	-	-	-	9,541
Inter-segment	1,884	-	-	-	(1,884)	-
	<u>9,125</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>(1,884)</u>	<u>9,541</u>
Results:						
Depreciation and amortisation	533	28	-	-	-	561
Segment profit / (loss)	<u>1,772</u>	<u>(126)</u>	<u>(579)</u>	<u>(125)</u>	<u>1</u>	<u>943</u>
Assets						
Capital expenditure	(7)	(2)	-	-	-	(9)
Segment assets	<u>60,044</u>	<u>1,497</u>	<u>22,847</u>	<u>10,001</u>	<u>-</u>	<u>94,389</u>
Segment liabilities	<u>20,114</u>	<u>245</u>	<u>19,079</u>	<u>172</u>	<u>-</u>	<u>39,610</u>

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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 30.06.2021						
Revenue:						
External customers	8,683	1,332	-	-	-	10,015
Inter-segment	1,579	-	-	-	(1,579)	-
	<u>10,262</u>	<u>1,332</u>	<u>-</u>	<u>-</u>	<u>(1,579)</u>	<u>10,015</u>
Results:						
Depreciation and amortisation	696	53	1	-	-	750
Segment profit /(loss)	<u>(96)</u>	<u>(69)</u>	<u>(286)</u>	<u>(89)</u>	<u>(23)</u>	<u>(563)</u>
Assets						
Capital expenditure	-	-	-	-	-	-
Segment assets	<u>61,891</u>	<u>1,862</u>	<u>27,995</u>	<u>2,685</u>	<u>-</u>	<u>94,433</u>
Segment liabilities	<u>23,658</u>	<u>-</u>	<u>17,592</u>	<u>121</u>	<u>-</u>	<u>41,371</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:

	30.06.2022 RM'000	30.06.2021 RM'000
Interest income	5	7
Finance costs	<u>(693)</u>	<u>(856)</u>
	<u>(688)</u>	<u>(849)</u>

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

	30.06.2022 RM'000	30.06.2021 RM'000
Current tax assets	272	345
Deferred tax assets	<u>40</u>	<u>-</u>
	<u>312</u>	<u>345</u>

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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:

	30.06.2022	30.06.2021
	RM'000	RM'000
Deferred Tax Assets/(Liabilities)	40	(12)
	<u>40</u>	<u>(12)</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 16.6% from RM8.68 million to RM7.24 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 since year 2020 until year 2022. The overall segment's profit for the period has been increased to RM0.94 million as compared to the overall segment's loss of RM0.56 million in the corresponding quarter in the preceeding year was due to the better cost control as well as gain on disposal of property made during the period.

The increase in revenue from Construction segment in current period as compared to the corresponding period in the preceeding year was mainly due to the Covid-19 endemic phase which allowed business operation to be normalised.

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.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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, Datuk Low Kim Hock, has deemed interested by virtue of his interest in LBS Realty Sdn. Bhd. which in turn holds 70% equity interest in EMP:

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

	Individual quarter		Cumulative period	
	Current year quarter ended 30.06.2022 RM'000	Preceding year corresponding quarter ended 30.06.2021 RM'000	Current year- to-date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Sales of dimension stone products to EMP	39	19	60	111
			Amount owed by related party	
			As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
EMP			50	73

The transaction above was based on negotiated and mutually agreed terms and the shareholder's mandate for this transaction has been obtained in the Annual General Meeting.

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

19. Review performance of the Group

3 months ended 30.06.2022

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 30.06.2022 RM'000	Preceding year corresponding quarter ended 30.06.2021 RM'000		
Revenue	5,593	4,487	1,106	24.6
- Sales of goods segment	4,088	4,233	(145)	(3.4)
- Construction segment	1,505	254	1,251	492.5
Operating profit	1,396	462	934	202.2
Profit/(Loss) before interest and tax	378	(105)	483	460.0
Loss before tax	(14)	(729)	715	98.1
Profit/(Loss) after tax	124	(912)	1,036	113.6
Profit/(Loss) attributable to ordinary equity holders of the parent	203	(786)	989	125.8

The Group's revenue for current quarter ("2Q2022") ended 30 June 2022 increase by approximately RM1.1 million or 24.6% to RM5.6 million as compared to the corresponding quarter in the preceeding year. The increase in revenue for 2Q2022 was due to the increase in revenue from the Construction segment by RM1.25 million and the decrease in revenue from the Sales of Goods segment by RM0.15 million. This is due to in current quarter ("2Q2022"), the Group has commenced a new project and the improvements in the progress for other projects.

In the current year quarter, the Group had improved its profit before interest and tax as compared to the preceeding year corresponding quarter's loss before interest and tax by RM0.483 million. This was mainly due to the increase in revenue and better cost control.

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

19. Review performance of the Group (continued)

6 months ended 30.06.2022

	Cumulative period		Increase/(decrease)	
	Current year- to-date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000	RM'000	%
Revenue	9,541	10,015	(474)	(4.7)
- Sales of goods segment	7,241	8,683	(1,442)	(16.6)
- Construction segment	2,300	1,332	968	72.7
Operating profit	2,046	1,638	408	24.9
Profit/(Loss) before interest and tax	1,636	293	1,343	458.4
Profit/(Loss) before tax	943	(563)	1,506	267.5
Profit/(Loss) after tax	688	(789)	1,477	187.2
Profit/(Loss) attributable to ordinary equity holders of the parent	848	(667)	1,515	227.1

The Group's revenue for current year-to-date ("6M2022") ended 30 June 2022 shown a decrease of 4.7% to RM9.54 million as compared to RM10.02 million recorded in the preceding year corresponding period mainly due to the decrease in revenue generated from Sales of Goods segment by RM1.44 million and increase in revenue generated from Construction segment by RM0.97 million.

The Group's profit before tax improved to RM0.94 million in 6M2022 as compared to loss before tax of RM0.56 million in 6M2021 which is mainly due to better cost control and the gain from disposal of property made in immediate preceding quarter ("1Q2022").

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

20. Material changes in the profit / (loss) before tax as compared to the immediate preceding quarter

	Individual quarter		Increase/(decrease) RM'000	%
	Current quarter ended 30.06.2022 RM'000	Preceding quarter ended 31.03.2022 RM'000		
Revenue	5,593	3,948	1,645	41.7
- Sales of goods segment	4,088	3,153	935	29.7
- Construction segment	1,505	795	710	89.3
Operating profit	1,396	650	746	114.8
Profit before interest and tax	378	1,258	(880)	(70.0)
Profit/(Loss) before tax	(14)	958	(972)	(101.5)
Profit/(Loss) after tax	124	565	(441)	(78.1)
Profit /(Loss) attributable to ordinary equity holders of the parent	203	646	(443)	(68.6)

The Group's revenue increased by RM1.65 million in current quarter as compared to the immediate preceding quarter ended 31 March 2022. The Sales of Goods segment's revenue was increased by RM0.94 million and the Construction segment's revenue was increased by RM0.71 million.

In current quarter, the Group generated an operating profit of RM1.4 million, and derived at profit after tax of RM0.12 million. This was due to the Group improved slowly in its performance after the long period of Movement Control Order (MCO) period which reflected in the increase of revenue.

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(Incorporated in Malaysia)

21. Commentary on prospects

According to the Trading Economics's 2020-2022 Outlook, Malaysia's economic grew by 5.0 percent year-on-year in the first quarter of 2022, accelerating from a 3.6 percent gain in fourth quarter of 2021 and beating market consensus of a 4.0 percent rise, supported by improving domestic demand as economic activity continued to normalize with the easing of Covid-19 restrictions.

The Board anticipates that the prospects for the financial year ending 31 December 2022 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.

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. Profit/(Loss) before tax

Included in the profit before tax are the following items:

	Individual quarter		Cumulative period	
	Current year quarter ended 30.06.2022 RM'000	Preceding year corresponding quarter ended 30.06.2021 RM'000	Current year- to-date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Interest income	(2)	(3)	(5)	(7)
Interest expense	392	624	693	856
Depreciation of:				
- Property, plant and equipment	180	290	387	553
- Investment properties	25	34	52	60
Amortisation of land use rights	-	14	-	28
Amortisation of right-of-use assets	60	48	122	137
Reversal of impairment loss on trade and other receivables	-	(253)	(38)	(595)
Gain on disposal of:				
- Property, plant and equipment	(11)	(2)	(2,231)	(76)
- Investment properties	-	(449)	-	(449)
Property, plant and equipment written off	-	10	-	10
(Gain)/Loss on foreign exchange:				
- Realised	(22)	(7)	(37)	(21)
- Unrealised	-	1	-	(23)
Rental income	(109)	(109)	(218)	(211)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

24. Income tax expense

Major components of income tax expense includes the following:

	Individual quarter		Cumulative period	
	Current year quarter ended 30.06.2022 RM'000	Preceding year corresponding quarter ended 30.06.2021 RM'000	Current year- to-date 30.06.2022 RM'000	Preceding year corresponding period 30.06.2021 RM'000
Current tax:				
Malaysian income tax	(136)	172	192	182
Underprovision in previous years	-	63	-	63
Real property gain tax	(4)	27	160	27
	<u>(140)</u>	<u>262</u>	<u>352</u>	<u>272</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	68	(26)	(79)	(45)
Overprovision in previous years	(66)	(53)	(18)	(1)
	<u>2</u>	<u>(79)</u>	<u>(97)</u>	<u>(46)</u>
Total income tax expense	<u>(138)</u>	<u>183</u>	<u>255</u>	<u>226</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 period were higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes.

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

	30.06.2022 RM'000	31.12.2021 RM'000
Trade receivables		
Third parties	1,767	2,906
Retention sums on construction contract	760	612
	<u>2,527</u>	<u>3,518</u>
Amount due from related parties	50	41
Other receivables	<u>4,326</u>	<u>2,472</u>
	<u>6,903</u>	<u>6,031</u>

DFCITY Group Berhad
(Incorporated in Malaysia)

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

26. Trade and other receivables (continued)

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Third parties		Related parties	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Not past due	754	2,318	22	22
Past due:				
- less than 3 months	578	530	9	19
- 3 months to 6 months	586	603	7	-
- more than 6 months	2,086	1,581	12	-
	3,250	2,714	28	19
	4,004	5,032	50	41
Individual impairment	(1,477)	(1,514)	-	-
	2,527	3,518	50	41

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.

DFCITY Group Berhad
(Incorporated in Malaysia)

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

27. Borrowings and debts securities

	30.06.2022 RM'000	Weighted Average Interest Rate	31.12.2021 RM'000	Weighted Average Interest Rate
Short term borrowings (secured)				
Bank overdrafts (floating)	2,856	4.66%	2,813	4.59%
Banker acceptances (floating)	1,731	2.30%	2,417	3.21%
Lease liabilities (fixed)	179	3.27%	232	4.10%
Revolving credit (floating)	5,105	3.81%	5,103	3.81%
Term loans (floating)	2,351	5.06%	2,352	5.63%
	<u>12,222</u>		<u>12,917</u>	
Long term borrowings (secured)				
Lease liabilities (fixed)	234	3.27%	293	4.10%
Term loans (floating)	15,623	5.06%	17,395	5.63%
	<u>15,857</u>		<u>17,688</u>	
Total borrowings	<u>28,079</u>		<u>30,605</u>	

None of the borrowings are denominated in foreign currencies.

The decrease in borrowings by RM2.52 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 June 2022 nor the previous financial year ended 31 December 2021.

32. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2022 nor the previous financial year ended 31 December 2021.

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 June 2022 nor the previous financial year ended 31 December 2021.

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

34. Profit/(Loss) per share

(a) Basic

Basic profit/(loss) per share amounts is calculated by dividing profit/(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 period	
	Current year quarter ended 30.06.2022	Preceding year corresponding quarter ended 30.06.2021	Current year- to-date 30.06.2022	Preceding year corresponding period 30.06.2021
Profit/(Loss) for the period attributable to ordinary equity holders of the Company (RM'000)	203	(786)	848	(667)
Weighted average number of ordinary shares in issue ('000)	105,548	87,957	105,548	87,957
Basic profit/(loss) per share (sen)	0.19	(0.89)	0.80	(0.76)

(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. Utilisation of proceeds

Private Placement

17,591,420 new shares were allotted by the Company at a price of RM0.42 per share to certain identified investors, pursuant to the Company's private placement exercise. The private placement of 17,591,420 placement shares were allotted on 23 December 2021 and granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 24 December 2021, making the completion of the private placement. The proceeds raised of RM7.38 million from the placement have been utilised as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Amount unutilised RM'000
Working capital for upcoming project	7,000	(630)	6,370
General working capital	238	(238)	-
Defraying placement expenses	150	(150)	-
	<u>7,388</u>	<u>(1,018)</u>	<u>6,370</u>

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 2021 were not subject to any qualification.