



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

**Condensed Consolidated
Interim Financial Statements
For the third quarter ended
30 September 2022**

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

	Note	Individual quarter		Cumulative period	
		Current year quarter ended 30.09.2022 RM'000	Preceding year corresponding quarter ended 30.09.2021 RM'000	Current year- to-date 30.09.2022 RM'000	Preceding year corresponding period 30.09.2021 RM'000
Continuing operations					
Revenue		4,543	2,266	14,084	12,281
Cost of sales		(2,874)	(1,801)	(10,369)	(10,178)
Gross profit		1,669	465	3,715	2,103
Other income		169	762	2,786	2,174
Administrative, general and selling expenses		(1,240)	(1,007)	(4,267)	(3,764)
Operating profit/(loss)		598	220	2,234	513
Finance costs		(277)	(344)	(969)	(1,200)
Profit/(Loss) before tax	23	321	(124)	1,265	(687)
Income tax expense	24	(99)	74	(354)	(152)
Profit/(Loss) for the period		222	(50)	911	(839)
Other comprehensive income		-	-	-	-
Total comprehensive profit/(loss) for the period		222	(50)	911	(839)
Profit/(Loss) attributable to:					
Owners of the parent		323	5	1,172	(662)
Non-controlling interests		(101)	(55)	(261)	(177)
		222	(50)	911	(839)
Total comprehensive profit/(loss) attributable to:					
Owners of the parent		402	5	1,172	(662)
Non-controlling interests		(180)	(55)	(261)	(177)
		222	(50)	911	(839)
Profit/(Loss) per share attributable to owners of the parent:					
Basic, for the period (sen)	34	0.31	0.01	1.11	(0.75)
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
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Condensed Consolidated Statements of Financial Position
As at 30 September 2022

	Note	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	16,112	16,615
Investment properties		3,963	4,041
Right-of-use assets		2,640	2,890
Inventories		3,880	3,880
Deferred tax assets		19	-
		<u>26,614</u>	<u>27,426</u>
Current assets			
Assets held for sale		-	1,743
Inventories	8	49,885	49,953
Trade receivables and other receivables	26	4,706	6,031
Other current assets		731	775
Contract assets		1,194	1,106
Current tax assets		436	346
Cash and bank balances		8,183	8,472
		<u>65,135</u>	<u>68,426</u>
Total assets		<u>91,749</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		7,079	5,907
		<u>58,740</u>	<u>57,568</u>
Non-controlling interests		<u>(3,738)</u>	<u>(3,477)</u>
Total equity		<u>55,002</u>	<u>54,091</u>
Non-current liabilities			
Deferred tax liabilities		-	57
Borrowings	27	14,459	17,395
Lease liabilities	27	186	293
		<u>14,645</u>	<u>17,745</u>
Current liabilities			
Trade payables and other payables		9,913	10,676
Contract liabilities		222	423
Lease liabilities	27	170	232
Borrowings	27	11,797	12,685
		<u>22,102</u>	<u>24,016</u>
Total liabilities		<u>36,747</u>	<u>41,761</u>
Total equity and liabilities		<u>91,749</u>	<u>95,852</u>
Net assets per share attributable to equity holders of the Company (sen)		<u>55.65</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
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Condensed Consolidated Statements of Changes in Equity
For the third quarter ended 30 September 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	-	-	(662)	(662)	(177)	(839)
Closing balance at 30 September 2021	<u>44,398</u>	<u>(15)</u>	<u>9,344</u>	<u>53,727</u>	<u>(715)</u>	<u>53,012</u>
Opening balance at 1 January 2022	51,676	(15)	5,907	57,568	(3,477)	54,091
Total comprehensive profit for the period	-	-	1,172	1,172	(261)	911
Closing balance at 30 September 2022	<u>51,676</u>	<u>(15)</u>	<u>7,079</u>	<u>58,740</u>	<u>(3,738)</u>	<u>55,002</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
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Condensed Consolidated Statements of Cash Flows
For the third quarter ended 30 September 2022
(The figures have not been audited)

	Current year- to-date 30.09.2022 RM'000	Preceding year corresponding period 30.09.2021 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	1,265	(687)
Adjustment for:		
Amortisation of right-of-use assets	173	267
Depreciation of property, plant and equipment	571	743
Depreciation of investment properties	78	97
Impairment loss on trade receivables	-	118
Reversal of impairment loss on trade receivables	(38)	(997)
Bad debt written off	-	118
Unrealised loss on foreign exchange	-	5
Gain on disposal of property, plant and equipment	(2,231)	(85)
Gain on disposal of investment properties	-	(708)
Written off property, plant and equipment	-	-
Interest expense	969	1,200
Interest income	(8)	(10)
Operating profit before changes in working capital	<u>779</u>	<u>61</u>
Changes in working capital:		
Property development costs	(1)	(14)
Inventories	68	(520)
Receivables	1,363	(577)
Contract asset	(88)	(1,219)
Contract liability	(201)	-
Other current assets	44	(397)
Payables	(763)	529
Cash from/(used in) operations	<u>1,201</u>	<u>(2,137)</u>
Income tax paid	(576)	(149)
Income tax refunded	56	-
Net cash from/(used in) operating activities	<u>681</u>	<u>(2,286)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	7 (35)	-
Proceeds from disposal of property, plant and equipment	4,018	830
Proceeds from disposal of investment properties	-	2,590
Interest received	8	10
Net cash from investing activities	<u>3,991</u>	<u>3,430</u>
Cash flows from financing activities		
Deposits (pledged to) / withdrew from licensed banks	(8)	78
Interest paid	(969)	(1,200)
Increase/(Decrease) of short term borrowings	(672)	835
Repayment of term loans	(2,907)	(1,524)
Repayment of obligations under lease liabilities	(169)	(394)
Net cash used in financing activities	<u>(4,725)</u>	<u>(2,205)</u>

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

	Current year- to-date 30.09.2022 RM'000	Preceding year corresponding period 30.09.2021 RM'000
Net increase/(decrease) in cash and cash equivalents	(53)	(1,061)
Cash and cash equivalents at beginning of period	4,988	(1,382)
Cash and cash equivalents at end of period	9 <u>4,935</u>	<u>(2,443)</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.

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Notes to the Interim Financial Statements for the period ended 30 September 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*

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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:

	30.09.2022	30.09.2021
	RM'000	RM'000
Other assets *	35	-
	<u>35</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:

	30.09.2022	30.09.2021
	RM'000	RM'000
Cash outflow	35	-
	<u>35</u>	<u>-</u>

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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 September 2022, there were no write-down of inventories.

9. Cash and bank balances

	30.09.2022 RM'000	30.09.2021 RM'000
Cash at banks and on hand	7,504	745
Short term deposits with licensed banks	679	668
Cash and bank balances	<u>8,183</u>	<u>1,413</u>
Less: Bank overdrafts	(2,569)	(3,188)
Less: Deposits pledged to licensed banks	(679)	(668)
Total cash and cash equivalents	<u>4,935</u>	<u>(2,443)</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.

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 2022.

13. Capital commitments

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

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 30 September 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 30.09.2022						
Revenue:						
External customers	10,829	3,255	-	-	-	14,084
Inter-segment	3,159	-	-	-	(3,159)	-
	<u>13,988</u>	<u>3,255</u>	<u>-</u>	<u>-</u>	<u>(3,159)</u>	<u>14,084</u>
Results:						
Depreciation and amortisation	782	40	-	-	-	822
Segment profit / (loss)	<u>2,336</u>	<u>57</u>	<u>(922)</u>	<u>(174)</u>	<u>(32)</u>	<u>1,265</u>
Assets						
Capital expenditure	(26)	(9)	-	-	-	(35)
Segment assets	<u>56,605</u>	<u>1,493</u>	<u>22,662</u>	<u>10,989</u>	<u>-</u>	<u>91,749</u>
Segment liabilities	<u>19,139</u>	<u>222</u>	<u>17,339</u>	<u>47</u>	<u>-</u>	<u>36,747</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 30.09.2021						
Revenue:						
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>
Results:						
Depreciation and amortisation	1,059	48	-	-	-	1,107
Segment profit /(loss)	<u>3</u>	<u>24</u>	<u>(460)</u>	<u>(160)</u>	<u>(94)</u>	<u>(687)</u>
Assets						
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>
Segment liabilities	<u>23,580</u>	<u>-</u>	<u>18,657</u>	<u>171</u>	<u>-</u>	<u>42,408</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:

	30.09.2022 RM'000	30.09.2021 RM'000
Interest income	8	10
Finance costs	(969)	(1,200)
	<u>(961)</u>	<u>(1,190)</u>

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

	30.09.2022 RM'000	30.09.2021 RM'000
Current tax assets	436	428
Deferred tax assets	19	106
	<u>455</u>	<u>534</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:

	30.09.2022 RM'000	30.09.2021 RM'000
Deferred Tax Assets/(Liabilities)	-	-
	<u>-</u>	<u>-</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 5.1% from RM10.3 million to RM10.8 million as compared to the corresponding quarter mainly due to the market is recovering from the COVID-19 impact. The overall segment's profit for the period has been increased to RM1.265 million as compared to the overall segment's loss of RM0.69 million in the corresponding quarter in the preceding year mainly 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 preceding 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.

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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, 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 30.09.2022 RM'000	Preceding year corresponding quarter ended 30.09.2021 RM'000	Current year- to-date 30.09.2022 RM'000	Preceding year corresponding period 30.09.2021 RM'000
Sales of dimension stone products to EMP	8	7	58	118
			Amount owed by related party	
			As at	As at
			30.09.2022	30.09.2021
			RM'000	RM'000
EMP			10	34

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.

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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 30.09.2022

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 30.09.2022 RM'000	Preceding year corresponding quarter ended 30.09.2021 RM'000		
Revenue	4,543	2,266	2,277	100.5
- Sales of goods segment	3,588	1,619	1,969	121.6
- Construction segment	955	647	308	47.6
Gross profit	1,669	465	1,204	258.9
Profit before interest and tax	598	220	378	171.8
Profit/(Loss) before tax	321	(124)	445	358.9
Profit/(Loss) after tax	222	(50)	272	544.0
Profit attributable to ordinary equity holders of the parent	323	5	318	6,360.0

The Group's revenue for current quarter ("3Q2022") ended 30 September 2022 increase by approximately RM2.3 million or 100% to RM4.5 million as compared to the corresponding quarter in the preceeding year. The increase in revenue for 3Q2022 was due to the increase in revenue from the Construction segment by RM0.3 million and the revenue from the Sales of Goods segment by RM1.9 million. This is due to in current quarter ("3Q2022"), the Group has expanded the sales market. On the other hand, the Group also has commenced several new projects and improved the projects' progress.

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 RM0.378 million. This was mainly due to the significant increase in revenue and better cost control.

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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 30.09.2022

	Cumulative period		Increase/(decrease)	
	Current year- to-date 30.09.2022 RM'000	Preceding year corresponding period 30.09.2021 RM'000		
Revenue	14,084	12,281	1,803	14.7
- Sales of goods segment	10,829	10,302	527	5.1
- Construction segment	3,255	1,979	1,276	64.5
Gross profit	3,715	2,103	1,612	76.7
Profit before interest and tax	2,234	513	1,721	335.5
Profit/(Loss) before tax	1,265	(687)	1,952	284.1
Profit/(Loss) after tax	911	(839)	1,750	208.6
Profit/(Loss) attributable to ordinary equity holders of the parent	1,172	(662)	1,834	277.0

The Group's revenue for current year-to-date ("9M2022") ended 30 September 2022 shown a increase of 14.7% to RM14.08 million as compared to RM12.28 million recorded in the preceeding year corresponding period mainly due to the increase in revenue generated from Sales of Goods segment by RM0.5 million and increase in revenue generated from Construction segment by RM1.28 million.

The Group's profit before tax improved to RM1.2 million in 9M2022 as compared to loss before tax of RM0.69 million in 9M2021 which is mainly due to significant increase in revenue, better cost control and the gain from disposal of property made in preceeding 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 30.09.2022 RM'000	Preceding quarter ended 30.06.2022 RM'000		
Revenue	4,543	5,593	(1,050)	(18.8)
- Sales of goods segment	3,588	4,088	(500)	(12.2)
- Construction segment	955	1,505	(550)	(36.5)
Gross profit	1,669	1,396	273	19.6
Profit before interest and tax	598	378	220	58.2
Profit/(Loss) before tax	321	(14)	335	2,392.9
Profit after tax	222	124	98	79.0
Profit attributable to ordinary equity holders of the parent	323	203	120	59.1

The Group's revenue decreased by RM1.05 million in current quarter as compared to the immediate preceding quarter ended 30 June 2022. The Sales of Goods segment's revenue decreased by RM0.5 million and the Construction segment's revenue decreased by RM0.55 million.

In current quarter, the Group generated a gross profit of RM1.6 million, and derived at profit after tax of RM0.22 million mainly due to the Group has implemented certain austerity measures.

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21. Commentary on prospects

According to the Trading Economics's Malaysia Economic Performance, Malaysia's economy expanded by 14.2% year over year in Q3 of 2022, which is exceeding the market forecasts of 11.7% and picking up from an 8.9% growth in Q2. This was boosted by strong domestic demand due to further improvement in labor market as well as Malaysia is moving towards endemicity and the reopening of international borders.

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 to ensure the long-term strength of the businesses and operations as well as preparing for 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 30.09.2022 RM'000	Preceding year corresponding quarter ended 30.09.2021 RM'000	Current year- to-date 30.09.2022 RM'000	Preceding year corresponding period 30.09.2021 RM'000
Interest income	(3)	(3)	(8)	(10)
Interest expense	277	344	969	1,200
Depreciation of:				
- Property, plant and equipment	184	190	571	743
- Investment properties	26	37	78	97
Amortisation of land use rights	-	13	-	41
Amortisation of right-of-use assets	51	130	173	267
Impairment loss on receivables	-	-	-	118
Reversal of impairment loss on trade and other receivables	-	(402)	(38)	(997)
Gain on disposal of:				
- Property, plant and equipment	-	(9)	(2,231)	(85)
- Investment properties	-	(295)	-	(708)
Property, plant and equipment written off	-	-	-	-
(Gain)/Loss on foreign exchange:				
- Realised	(14)	(7)	(51)	(28)
- Unrealised	-	28	-	5
Rental income	(112)	(13)	(330)	(224)

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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 30.09.2022 RM'000	Preceding year corresponding quarter ended 30.09.2021 RM'000	Current year- to-date 30.09.2022 RM'000	Preceding year corresponding period 30.09.2021 RM'000
Current tax:				
Malaysian income tax	84	(101)	276	81
Underprovision in previous years	(5)	67	(5)	130
Real property gain tax	-	78	160	105
	<u>79</u>	<u>44</u>	<u>431</u>	<u>316</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	20	(123)	(59)	(168)
Overprovision in previous years	-	5	(18)	4
	<u>20</u>	<u>(118)</u>	<u>(77)</u>	<u>(164)</u>
Total income tax expense	<u>99</u>	<u>(74)</u>	<u>354</u>	<u>152</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

	30.09.2022 RM'000	31.12.2021 RM'000
Trade receivables		
Third parties	2,048	2,906
Retention sums on construction contract	<u>760</u>	<u>612</u>
	2,808	3,518
Amount due from related parties	10	41
Other receivables	<u>1,888</u>	<u>2,472</u>
	<u>4,706</u>	<u>6,031</u>

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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	
	30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Not past due	771	2,318	-	22
Past due:				
- less than 3 months	937	530	3	19
- 3 months to 6 months	430	603	7	-
- more than 6 months	2,147	1,581	-	-
	<u>3,514</u>	<u>2,714</u>	<u>10</u>	<u>19</u>
	4,285	5,032	10	41
Individual impairment	<u>(1,477)</u>	<u>(1,514)</u>	<u>-</u>	<u>-</u>
	<u>2,808</u>	<u>3,518</u>	<u>10</u>	<u>41</u>

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.

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

27. Borrowings and debts securities

	30.09.2022 RM'000	Weighted Average Interest Rate	31.12.2021 RM'000	Weighted Average Interest Rate
Short term borrowings (secured)				
Bank overdrafts (floating)	2,568	7.56%	2,813	4.59%
Banker acceptances (floating)	1,848	3.68%	2,417	3.21%
Lease liabilities (fixed)	170	4.10%	232	4.10%
Revolving credit (floating)	5,000	5.61%	5,103	3.81%
Term loans (floating)	2,381	6.17%	2,352	5.63%
	<u>11,967</u>		<u>12,917</u>	
Long term borrowings (secured)				
Lease liabilities (fixed)	186	4.10%	293	4.10%
Term loans (floating)	14,459	6.17%	17,395	5.63%
	<u>14,645</u>		<u>17,688</u>	
Total borrowings	<u>26,612</u>		<u>30,605</u>	

None of the borrowings are denominated in foreign currencies.

The decrease in borrowings by RM4 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 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 September 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 September 2022 nor the previous financial year ended 31 December 2021.

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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 30.09.2022	Preceding year corresponding quarter ended 30.09.2021	Current year- to-date 30.09.2022	Preceding year corresponding period 30.09.2021
Profit/(Loss) for the period attributable to ordinary equity holders of the Company (RM'000)	323	5	1,172	(662)
Weighted average number of ordinary shares in issue ('000)	105,548	87,957	105,548	87,957
Basic profit/(loss) per share (sen)	<u>0.31</u>	<u>0.01</u>	<u>1.11</u>	<u>(0.75)</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. 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	(1,084)	5,916
General working capital	238	(238)	-
Defraying placement expenses	150	(150)	-
	<u>7,388</u>	<u>(1,472)</u>	<u>5,916</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.