



DFCITY

—·东方城·—

DFCITY GROUP BERHAD

**(Company No. : 200801038692 (840040-H))
(Incorporated in Malaysia)**

**Condensed Consolidated
Interim Financial Statements
For the fourth quarter ended
31 December 2022**

DFCITY Group Berhad
(Incorporated in Malaysia)Condensed Consolidated Statements of Comprehensive Income
For the fourth quarter ended 31 December 2022

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 31.12.2022 RM'000	Preceding year corresponding quarter ended 31.12.2021 RM'000	Current year- to-date 31.12.2022 RM'000	Preceding year corresponding period 31.12.2021 RM'000
Continuing operations					
Revenue		4,402	4,691	18,486	16,972
Cost of sales		(3,859)	(3,313)	(14,228)	(13,491)
Gross profit		543	1,378	4,258	3,481
Other income		1,377	279	4,163	2,453
Administrative, general and selling expenses		(2,080)	(1,621)	(6,347)	(5,385)
Operating profit		(160)	36	2,074	549
Finance costs		(350)	(357)	(1,319)	(1,557)
(Loss) / Profit before tax	23	(510)	(321)	755	(1,008)
Income tax expense	24	(8)	(120)	(362)	(272)
Loss for the period		(518)	(441)	393	(1,280)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(518)	(441)	393	(1,280)
(Loss)/ Profit attributable to:					
Owners of the parent		(448)	(259)	724	(921)
Non-controlling interests		(70)	(182)	(331)	(359)
		(518)	(441)	393	(1,280)
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(527)	(259)	724	(921)
Non-controlling interests		9	(182)	(331)	(359)
		(518)	(441)	393	(1,280)
(Loss)/Profit per share attributable to owners of the parent:					
Basic, for the period (sen)	34	(0.42)	(0.25)	0.69	(0.87)
Diluted, for the period (sen)	34	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position
As at 31 December 2022

	Note	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000 (Restated)	As at 01.01.2021 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	7	16,014	16,615	19,084
Investment properties		4,296	4,041	5,551
Right-of-use assets		1,919	2,890	3,411
Inventories	8	1,191	3,880	3,880
Asset held for sales		-	-	-
Deferred tax assets		-	-	-
		<u>23,420</u>	<u>27,426</u>	<u>31,926</u>
Current assets				
Assets held for sale		-	1,742	1,184
Inventories	8	48,180	49,953	49,949
Trade receivables and other receivables	26	6,294	6,131	4,828
Other current assets		670	775	435
Contract assets		1,556	1,048	-
Current tax assets		586	346	490
Cash and bank balances		7,524	8,472	2,907
		<u>64,810</u>	<u>68,467</u>	<u>59,793</u>
Total assets		<u>88,230</u>	<u>95,893</u>	<u>91,719</u>
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital		51,676	51,676	44,398
Treasury shares		(15)	(15)	(15)
Retained earnings		7,085	6,361	7,240
		<u>58,746</u>	<u>58,022</u>	<u>51,623</u>
Non-controlling interests		(3,808)	(3,477)	(3,118)
Total equity		<u>54,938</u>	<u>54,545</u>	<u>48,505</u>
Non-current liabilities				
Deferred tax liabilities		5	57	230
Borrowings	27	12,372	17,395	19,167
Lease liabilities	27	35	292	439
		<u>12,412</u>	<u>17,744</u>	<u>19,836</u>
Current liabilities				
Trade payables and other payables		10,417	10,676	10,151
Contract liabilities		-	11	(149.00)
Lease liabilities	27	57	232	321
Borrowings	27	10,406	12,685	13,055
		<u>20,880</u>	<u>23,604</u>	<u>23,378</u>
Total liabilities		<u>33,292</u>	<u>41,348</u>	<u>43,214</u>
Total equity and liabilities		<u>88,230</u>	<u>95,893</u>	<u>91,719</u>
Net assets per share attributable to equity holders of the Company (sen)		<u>55.64</u>	<u>65.94</u>	<u>58.67</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 fourth quarter ended 31 December 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						
- As previously reported	44,398	(15)	6,828	51,211	(3,118)	48,093
- Effect on prior year adjustment on contract	-	-	412	412	-	412
As restated	44,398	(15)	7,240	51,623	(3,118)	48,505
Total comprehensive loss for the period	-	-	(921)	(921)	(359)	(1,280)
Transaction with owners						
- Issuance of share capital	7,278	-	-	7,278	-	7,278
Closing balance at 31 December 2021 (restated)	51,676	(15)	6,319	57,980	(3,477)	54,503
Opening balance at 1 January 2022 (restated)	51,676	(15)	6,319	57,980	(3,477)	54,503
- Effect on prior year adjustment on contract	-	-	42	42	-	42
As restated	51,676	(15)	6,361	58,022	(3,477)	54,545
Total comprehensive loss for the period	-	-	724	724	(331)	393
Closing balance at 31 December 2022	51,676	(15)	7,085	58,746	(3,808)	54,938

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.

DFCITY Group Berhad
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Condensed Consolidated Statements of Cash Flows
For the fourth quarter ended 31 December 2022
(The figures have not been audited)

	Current year- to-date 31.12.2022 RM'000	Preceding year corresponding period 31.12.2021 RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	755	(1,008)
Adjustment for:		
Amortisation of right-of-use assets	93	255
Depreciation of property, plant and equipment	848	1,078
Depreciation of investment properties	112	122
Impairment loss on trade receivables	340	-
Reversal of impairment loss on trade receivables	(340)	(1,181)
Reversal of impairment loss on other current assets	-	-
Reversal of impairment loss on inventories	-	(5)
Unrealised gain on foreign exchange	(26)	-
Gain on disposal of property, plant and equipment	(2,262)	(105)
Gain on disposal of investment properties	-	(708)
Inventories written down	-	42
Termination of lease	-	-
Interest expense	1,319	1,557
Interest income	(11)	(12)
Operating profit before changes in working capital	828	35
Changes in working capital:		
Property development costs	(1)	5,389
Inventories	1,774	(5,429)
Receivables	(262)	(121)
Contract asset	(419)	(847)
Contract liabilities	-	-
Other current assets	105	(340)
Payables	(258)	489
Cash (used in)/generated from operations	1,767	(824)
Income tax paid	(708)	(384)
Income tax refunded	55	83
Net cash (used in)/from operating activities	1,114	(1,125)
Cash flows from investing activities		
Purchase of property, plant and equipment	7	(106)
Increase in right-of-use assets	(67)	-
Decrease of land held for property development	2,688	-
Proceeds from disposal of property, plant and equipment	7	850
Proceeds from disposal of investment property	-	2,590
Interest received	11	12
Net cash from/(used in) investing activities	6,968	3,346
Cash flows from financing activities		
Deposit (pledged to) / withdrawn from licensed banks	(11)	(12)
Interest paid	(1,319)	(1,557)
Increase / (decrease) of short term borrowings	(1,144)	654
Repayment of term loans	(5,055)	(2,066)
Repayment of obligation under finance leases	(433)	(235)
Net proceed from issuance of ordinary shares	-	7,278
Net cash from / (used in) financing activities	(7,962)	4,062

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Condensed Consolidated Statements of Cash Flows (Continued)
For the fourth quarter ended 31 December 2022
(The figures have not been audited)

	Current year- to-date 31.12.2022 RM'000	Preceding year corresponding period 31.12.2021 RM'000
Net increase in cash and cash equivalents	120	6,283
Cash and cash equivalents at beginning of period	4,988	(1,295)
Effect of currency translation on cash and cash equivalent	26	-
Cash and cash equivalents at end of period	<u>9</u> 5,134	<u>4,988</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 fourth quarter ended 31 December 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-*
- Amendments to MFRS 3 *Business Combinations Reference to Conceptual Framework*
- Amendments to MFRS 16, *COVID-19 Related Rent Concessions beyond 30 June 2021*
- 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

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:

	31.12.2022	31.12.2021
	RM'000	RM'000
Renovation	-	-
Plant, machinery and factory equipment	8	-
Motor vehicles	71	-
Other assets *	38	106
	<u>117</u>	<u>106</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:

	31.12.2022	31.12.2021
	RM'000	RM'000
Cash outflow	117	106
	<u>117</u>	<u>106</u>

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 buildings	2,135	1,740	3,459	1,719
Plant and machinery	214	-	347	347
Motor vehicles	1,038	411	454	43
Other assets *	119	40	193	153
	<u>3,506</u>	<u>2,191</u>	<u>4,453</u>	<u>2,262</u>

* Other asset here refers to the electrical installation.

8. Inventories

During the current period ended 31 December 2022, there were no further write-down of inventories.

9. Cash and bank balances

	31.12.2022 RM'000	31.12.2021 RM'000
Cash at banks and on hand	6,842	7,801
Short term deposits with licensed banks	682	671
Cash and bank balances	<u>7,524</u>	<u>8,472</u>
Less: Bank overdrafts	(1,708)	(2,813)
Less: Deposits pledged to licensed banks	(682)	(671)
Total cash and cash equivalents	<u>5,134</u>	<u>4,988</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 31 December 2022.

13. Capital commitments

There were no capital commitments as at current quarter ended 31 December 2022.

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 31 December 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 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.

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 31.12.2022						
Revenue:						
External customers	14,222	4,264	-	-	-	18,486
Inter-segment	4,255	-	-	-	(4,255)	-
	<u>18,477</u>	<u>4,264</u>	<u>-</u>	<u>-</u>	<u>(4,255)</u>	<u>18,486</u>
Results:						
Depreciation and amortisation	951	102	-	-	-	1,053
Segment profit/(loss)	<u>1,542</u>	<u>(252)</u>	<u>(386)</u>	<u>(213)</u>	<u>64</u>	<u>755</u>
Assets						
Capital expenditure	67	50	-	-	-	117
Segment assets	<u>53,608</u>	<u>1,521</u>	<u>23,030</u>	<u>10,071</u>	<u>-</u>	<u>88,230</u>
Segment liabilities	<u>16,895</u>	<u>-</u>	<u>16,326</u>	<u>71</u>	<u>-</u>	<u>33,292</u>

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 31.12.2021						
(Restated)						
Revenue:						
External customers	14,244	2,728	-	-	-	16,972
Inter-segment	4,299	-	-	-	(4,299)	-
	<u>18,543</u>	<u>2,728</u>	<u>-</u>	<u>-</u>	<u>(4,299)</u>	<u>16,972</u>
Results:						
Depreciation and amortisation	1,385	70	-	-	-	1,455
Segment profit/(loss)	<u>540</u>	<u>(24)</u>	<u>(1,196)</u>	<u>(282)</u>	<u>(46)</u>	<u>(1,008)</u>
	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Capital expenditure	54	52	-	-	-	106
Segment assets	<u>58,976</u>	<u>1,946</u>	<u>21,539</u>	<u>13,437</u>	<u>(5)</u>	<u>95,893</u>
Segment liabilities	<u>22,145</u>	<u>10</u>	<u>19,135</u>	<u>58</u>	<u>-</u>	<u>41,348</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:

	31.12.2022 RM'000	31.12.2021 RM'000
Interest income	11	12
Finance costs	<u>(1,319)</u>	<u>(1,557)</u>
	<u>(1,308)</u>	<u>(1,545)</u>

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

	31.12.2022 RM'000	31.12.2021 RM'000
Current tax assets	586	346
Deferred tax assets	-	-
	<u>586</u>	<u>346</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 RM1.5 million from RM16.97 million to RM18.48 million as compared to the preceding year. While there is a significant increase for Construction segment and this is due to the several new projects have commenced in year 2022.

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

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 quarter	
	Current year quarter ended 31.12.2022 RM'000	Preceding year corresponding quarter ended 31.12.2021 RM'000	Current year- to-date 31.12.2022 RM'000	Preceding year corresponding period 31.12.2021 RM'000
Sales of dimension stone products to EMP	-	22	51	140
			Amount owed by related party	
			As at 31.12.2022 RM'000	As at 01.01.2021 RM'000
EMP			-	41

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

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

19. Review performance of the Group

3 months ended 31.12.2022

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 31.12.2022 RM'000	Preceding year corresponding quarter ended 31.12.2021 RM'000		
Revenue	4,402	4,691	(289)	(6.2)
- Sales of goods segment	3,393	3,942	(549)	(13.9)
- Construction segment	1,009	749	260	34.7
Gross profit	543	1,378	(835)	(60.6)
(Loss)/ Profit before interest and tax	(160)	36	(196)	(544.4)
Loss before tax	(510)	(321)	(189)	(58.9)
Loss after tax	(518)	(441)	(77)	(17.5)
Loss attributable to ordinary equity holders of the parent	(448)	(259)	(189)	(73.0)

The Group's revenue for current quarter ("4Q2022") ended 31 December 2022 decreased by approximately RM0.28 million or 6.2% to RM4.4 million as compared to the corresponding quarter in the preceding year. The decrease in revenue for 4Q2022 was due to the decrease in revenue from the Sales of Goods segment by RM0.55 million. However, there is an increase in revenue from the Construction segment by RM0.26 million due to the projects halted during MCO times has resumed.

Due to the decrease in revenue, the Group's gross profit decreased from RM1.38 million in corresponding quarter in preceding year to RM0.54 million in current year quarter and resulted higher loss before tax of RM0.51 million in current quarter as compared to the preceding year corresponding quarter's profit before tax of RM0.32 million.

12 months ended 31.12.2022

	Cumulative quarter		Increase/(decrease)	
	Current year- to-date 31.12.2022 RM'000	Preceding year corresponding period 31.12.2021 RM'000		
Revenue	18,486	16,972	1,514	8.9
- Sales of goods segment	14,222	14,244	(22)	(0.2)
- Construction segment	4,264	2,728	1,536	56.3
Operating profit	4,258	3,481	777	22.3
Profit before interest and tax	2,074	549	1,525	277.8
Profit/ (Loss) before tax	755	(1,008)	1,763	174.9
Profit/(Loss) after tax	393	(1,280)	1,673	130.7
Profit/ (Loss) attributable to ordinary equity holders of the parent	724	(921)	1,645	178.6

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

19. Review performance of the Group (continued)

12 months ended 31.12.2022 (continued)

The Group's revenue for current year-to-date ("12M2022") ended 31 December 2022 shown a increase of 8.9% to RM18.49 million as compared to RM16.97 million recorded in the preceeding year mainly due to the increase in revenue generated from Construction segment by RM1.5 million offset with decreased in Sale of Goods segment by RM0.022 million. This resulted increase in operating profit by 22.3%

The Group's performance had improved in which there is a profit before tax amounted to RM0.75 million in 12M2022 as compared to loss before tax at RM1 million in 12M2021. The main reason is due to the gain from disposal of PPE and also significant increase in revenue generated from Construction segment.

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

	Individual quarter		Increase/(decrease) RM'000	%
	Current quarter ended 31.12.2022 RM'000	Preceding quarter ended 30.09.2022 RM'000		
Revenue	4,402	4,543	(141)	(3.1)
- Sales of goods segment	3,393	3,588	(195)	(5.4)
- Construction segment	1,009	955	54	5.7
Operating profit	543	1,669	(1,126)	(67.5)
Profit before interest and tax	(160)	598	(758)	(126.8)
Loss before tax	(510)	321	(831)	(258.9)
Loss after tax	(518)	222	(740)	(333.3)
Profit/(Loss) attributable to ordinary equity holders of the parent	(448)	323	(771)	(238.7)

The Group's revenue decreased by RM0.14 million in current quarter as compared to the immediate preceeding quarter ended 30 September 2022. This is due to sales of Goods segment's revenue has decreased by RM0.20 million and offset with the increase of revenue at Construction segment, which it has ben increased by RM0.54 million. This was mainly due to the lower retail sales during Q4 2022.

Due to the significant reduce in revenue as compared with the result for Q3 2022, the overall profit has been reduced as compared. This was mainly due to the increase in administrative, general and selling expenses, written down of long outstanding item and so on.

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

21. Commentary on prospects

According to the Department of Statistics Malaysia, Malaysia's economy expanded by 7% after recorded a double-digit growth of 14.2% in the previous quarter. While as compared with the previous quarter, the GDP has declined by 2.6%. In overall, the Malaysia's economic performance has grown modestly in Q4,2022. In the meantime, there is a better economic performance in Q4'2022 as compared with the pre-pandemic performance result.

Hence, the Board anticipates that the prospects for the financial year ending 31 December 2023 will be challenging but with more business opportunities. The Group will continue to focus on maximising efficiency and timely delivery of quality products as 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. Loss before tax

Included in the loss before tax are the following items:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.12.2022 RM'000	Preceding year corresponding quarter ended 31.12.2021 RM'000	Current year- to-date 31.12.2022 RM'000	Preceding year corresponding period 31.12.2021 RM'000
Interest income	(3)	(2)	(11)	(12)
Interest expense	350	358	1,319	1,557
Depreciation of:				
- Property, plant and equipment	277	339	848	1,078
- Investment properties	34	26	112	122
Amortisation of right-of-use assets	18	30	93	255
Impairment loss on receivables	340	-	340	-
Reversal of impairment loss on trade/other receivables	(302)	(184)	(340)	(1,181)
Inventories written down	-	42	-	42
Gain on disposal of:				
- Property, plant and equipment	(31)	(20)	(2,262)	(105)
- Investment properties	-	-	-	(708)
(Gain)/loss on foreign exchange:				
- Realised	(21)	(11)	(72)	(38)
- Unrealised	(26)	(5)	(26)	-
Rental income	(115)	(461)	(445)	(237)

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 quarter	
	Current year quarter ended 31.12.2022 RM'000	Preceding year corresponding quarter ended 31.12.2021 RM'000	Current year- to-date 31.12.2022 RM'000	Preceding year corresponding period 31.12.2021 RM'000
Current tax:				
Malaysian income tax	(17)	101	259	182
Underprovision in previous years	-	(1)	(5)	129
Real property gain tax	-	27	160	132
	<u>(17)</u>	<u>127</u>	<u>414</u>	<u>443</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	23	(4)	(36)	(172)
Overprovision in previous years	2	(3)	(16)	1
	<u>25</u>	<u>(7)</u>	<u>(52)</u>	<u>(171)</u>
Total income tax expense	<u>8</u>	<u>120</u>	<u>362</u>	<u>272</u>

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

25. Status of corporate proposals

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

26. Trade and other receivables

	31.12.2022 RM'000	31.12.2021 RM'000
Trade receivables		
Third parties	2,038	3,006
Retention sums on construction contract	800	612
	<u>2,838</u>	<u>3,618</u>
Amount due from related parties	-	41
Other receivables	<u>3,456</u>	<u>2,472</u>
	<u>6,294</u>	<u>6,131</u>

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	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Not past due	2,014	2,318	-	22
Past due:				
- less than 3 months	414	530	-	19
- 3 months to 6 months	119	603	-	-
- more than 6 months	1,573	1,581	-	-
	<u>2,106</u>	<u>2,714</u>	<u>-</u>	<u>19</u>
	4,120	5,032	-	41
Individual impairment	<u>(1,282)</u>	<u>(1,514)</u>	<u>-</u>	<u>-</u>
	<u>2,838</u>	<u>3,518</u>	<u>-</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

	31.12.2022 RM'000	Weighted Average Interest Rate	31.12.2021 RM'000	Weighted Average Interest Rate
Short term borrowings (secured)				
Bank overdrafts (floating)	1,708	6.60%	2,813	7.52%
Banker acceptances (floating)	1,256	3.21%	2,417	4.21%
Lease liabilities (fixed)	57	4.10%	232	4.38%
Revolving credit (floating)	5,120	5.61%	5,103	5.61%
Term loans (floating)	2,322	5.63%	2,352	6.59%
	<u>10,463</u>		<u>12,917</u>	
Long term borrowings (secured)				
Lease liabilities (fixed)	35	4.10%	293	4.38%
Term loans (floating)	12,372	5.63%	17,395	6.59%
	<u>12,407</u>		<u>17,688</u>	
Total borrowings	<u>22,870</u>		<u>30,605</u>	

None of the borrowings are denominated in foreign currencies.

The decrease in borrowings by RM7.7 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 31 December 2022 or 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 31 December 2022 or the previous financial year ended 31 December 2021.

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

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 31 December 2022 or the previous financial year ended 31 December 2021.

34. Profit/ (Loss) per share

(a) Basic

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

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.12.2022	Preceding year corresponding quarter ended 31.12.2021	Current year- to-date 31.12.2022	Preceding year corresponding period 31.12.2021
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	(448)	(259)	724	(921)
Weighted average number of ordinary shares in issue ('000)	105,588	105,588	105,588	105,588
Basic loss per share (sen)	<u>(0.42)</u>	<u>(0.25)</u>	<u>0.69</u>	<u>(0.87)</u>

(b) Diluted

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

35. 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 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	Propose utilisation RM'000	Actual utilisation RM'000	Amount unutilise RM'000
Working capital for upcoming project	7,000	(1,497)	5,503
General working capital	238	(238)	-
Defraying placement expenses	150	(150)	-
	<u>7,388</u>	<u>(1,885)</u>	<u>5,503</u>

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

36. Comparative figures

The Group's financial statements have been restated due to the effects of prior year adjustments as disclosed below:

(i) Reconciliation of statement of financial position as at 1 January 2021

	As previously reported 01.01.2021 RM'000	Effect of prior year adjustment RM'000	As restated 01.01.2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	19,084	-	19,084
Investment properties	5,551	-	5,551
Right-of-use assets	3,411	-	3,411
Inventories	3,880	-	3,880
Deferred tax assets	-	-	-
	<u>31,926</u>	<u>-</u>	<u>31,926</u>
Current assets			
Assets held for sale	1,184	-	1,184
Inventories	49,949	-	49,949
Trade receivables and other receivables	4,728	100	4,828
Other current assets	435	-	435
Contract assets	-	-	-
Current tax assets	490	-	490
Cash and bank balances	2,907	-	2,907
	<u>59,693</u>	<u>100</u>	<u>59,793</u>
Total assets	<u>91,619</u>	<u>100</u>	<u>91,719</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	44,398	-	44,398
Treasury shares	(15)	-	(15)
Retained earnings	6,828	412	7,240
	<u>51,211</u>	<u>412</u>	<u>51,623</u>
Non-controlling interests	(3,118)	-	(3,118)
Total equity	<u>48,093</u>	<u>412</u>	<u>48,505</u>
Non-current liabilities			
Deferred tax liabilities	230	-	230
Borrowings	19,167	-	19,167
Lease liabilities	439	-	439
	<u>19,836</u>	<u>-</u>	<u>19,836</u>

DFCITY Group Berhad
(Incorporated in Malaysia)

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

36. Comparative figures (continued)

The Group's financial statements have been restated due to the effects of prior year adjustments as disclosed below:

(i) Reconciliation of statement of financial position as at 1 January 2021 (continued)

Current liabilities

Trade payables and other payables	10,151	-	10,151
Contract liabilities	163	(312)	(149)
Lease liabilities	321	-	321
Borrowings	13,055	-	13,055
Other current liability	-	-	-
Current tax liabilities	-	-	-
	<u>23,690</u>	<u>(312)</u>	<u>23,378</u>
Total liabilities	<u>43,526</u>	<u>(312)</u>	<u>43,214</u>
Total equity and liabilities	<u>91,619</u>	<u>100</u>	<u>91,719</u>

(ii) Reconciliation of statement of financial position as at 31 December 2021

	As previously reported 31.12.2021 RM'000	Effect of prior year adjustment RM'000	As restated 31.12.2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	16,615	-	16,615
Investment properties	4,041	-	4,041
Right-of-use assets	2,890	-	2,890
Inventories	3,880	-	3,880
Deferred tax assets	-	-	-
	<u>27,426</u>	<u>-</u>	<u>27,426</u>
Current assets			
Assets held for sale	1,742	-	1,742
Inventories	49,953	-	49,953
Trade receivables and other receivables	6,031	100	6,131
Other current assets	775	-	775
Contract assets	1,106	(58)	1,048
Current tax assets	346	-	346
Cash and bank balances	8,472	-	8,472
	<u>68,425</u>	<u>42</u>	<u>68,467</u>
Total assets	<u>95,851</u>	<u>42</u>	<u>95,893</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	51,676	-	51,676
Treasury shares	(15)	-	(15)
Retained earnings	6,319	42	6,361
	<u>57,980</u>	<u>42</u>	<u>58,022</u>
Non-controlling interests	(3,477)	-	(3,477)
Total equity	<u>54,503</u>	<u>42</u>	<u>54,545</u>

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

36. Comparative figures (continued)

The Group's financial statements have been restated due to the effects of prior year adjustments as disclosed below:

(ii) Reconciliation of statement of financial position as at 31 December 2021 (continued)

Non-current liabilities

Deferred tax liabilities	57	-	57
Borrowings	17,395	-	17,395
Lease liabilities	292	-	292
	<u>17,744</u>	<u>-</u>	<u>17,744</u>

Current liabilities

Trade payables and other payables	10,676	-	10,676
Contract liabilities	11	-	11
Lease liabilities	232	-	232
Borrowings	12,685	-	12,685
Other current liability	-	-	-
Current tax liabilities	-	-	-
	<u>23,604</u>	<u>-</u>	<u>23,604</u>

Total liabilities

Total equity and liabilities

	<u>41,348</u>	<u>-</u>	<u>41,348</u>
	<u>95,851</u>	<u>42</u>	<u>95,893</u>

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

36. Comparative figures (continued)

The Group's financial statements have been restated due to the effects of prior year adjustments as disclosed below:

- (iii) Reconciliation of statement of profit or loss and other comprehensive income for the financial year ended 31 December 2021

	As previously reported 31.12.2021 RM'000	Effect of prior year adjustment RM'000	As restated 31.12.2021 RM'000
Continuing operations			
Revenue	16,972	(186)	16,786
Cost of sales	<u>(13,491)</u>	<u>144</u>	<u>(13,347)</u>
Gross profit	3,481	(42)	3,439
Other income	2,453	-	2,453
Administrative, general and selling expenses	<u>(5,385)</u>	<u>-</u>	<u>(5,385)</u>
Operating profit	549	(42)	507
Finance costs	<u>(1,557)</u>	<u>-</u>	<u>(1,557)</u>
(Loss) / Profit before tax	(1,008)	(42)	(1,050)
Income tax expense	<u>(272)</u>	<u>-</u>	<u>(272)</u>
Loss for the period	<u>(1,280)</u>	<u>(42)</u>	<u>(1,322)</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>(1,280)</u>	<u>(42)</u>	<u>(1,322)</u>
(Loss)/ Profit attributable to:			
Owners of the parent	(921)	(42)	(963)
Non-controlling interests	<u>(359)</u>	<u>-</u>	<u>(359)</u>
	<u>(1,280)</u>	<u>(42)</u>	<u>(1,322)</u>