



DFCITY

— 东方城 —

DFCITY GROUP BERHAD

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

(Incorporated in Malaysia)

**Condensed Consolidated
Interim Financial Statements
For the third quarter ended
30 September 2023**

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income
For the third quarter ended 30 September 2023
(The figures have not been audited)

	Note	Individual quarter		Cumulative period		
		Current year	Preceding year	Current year-	Preceding year	
		quarter ended	corresponding	to-date	corresponding	
		30.09.2023	quarter ended	30.09.2022	30.09.2023	30.09.2022
		RM'000	30.09.2022	RM'000	RM'000	RM'000
Continuing operations						
Revenue		3,724	4,543	9,461	14,084	
Cost of sales		(2,333)	(2,874)	(7,069)	(10,369)	
Gross profit		1,391	1,669	2,392	3,715	
Other income		302	169	821	2,786	
Administrative, general and selling expenses		(1,100)	(1,240)	(3,601)	(4,267)	
Operating (loss)/profit		593	598	(388)	2,234	
Finance costs		(396)	(277)	(903)	(969)	
(Loss)/profit before tax	23	197	321	(1,291)	1,265	
Income tax expense	24	(1)	(99)	(65)	(354)	
(Loss)/profit for the period		196	222	(1,356)	911	
Other comprehensive income		-	-	-	-	
Total comprehensive (loss)/profit for the period		196	222	(1,356)	911	
(Loss)/profit attributable to:						
Owners of the parent		235	323	(1,191)	1,172	
Non-controlling interests		(39)	(101)	(165)	(261)	
		196	222	(1,356)	911	
Total comprehensive (loss)/profit attributable to:						
Owners of the parent		235	402	(1,191)	1,172	
Non-controlling interests		(39)	(180)	(165)	(261)	
		196	222	(1,356)	911	
Profit/(Loss) per share attributable to owners of the parent:						
Basic, for the period (sen)	34	0.22	0.31	(1.13)	1.11	
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 2022 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 2023

	Note	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	15,571	16,014
Investment properties		4,049	4,296
Right-of-use assets		1,623	1,919
Inventories		25,242	24,197
		<u>46,485</u>	<u>46,426</u>
Current assets			
Inventories	8	29,577	29,434
Trade receivables and other receivables	26	4,908	4,549
Other current assets		532	767
Contract assets		1,092	1,593
Current tax assets		925	603
Cash and bank balances		4,630	7,524
		<u>41,664</u>	<u>44,470</u>
Total assets		<u>88,149</u>	<u>90,896</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		51,676	51,676
Treasury shares		(15)	(15)
Retained earnings		8,524	9,715
		<u>60,185</u>	<u>61,376</u>
Non-controlling interests		(3,974)	(3,809)
Total equity		<u>56,211</u>	<u>57,567</u>
Non-current liabilities			
Deferred tax liabilities		39	5
Borrowings	27	10,516	12,437
Lease liabilities	27	9	35
		<u>10,564</u>	<u>12,477</u>
Current liabilities			
Trade payables and other payables		10,778	10,454
Contract liabilities		201	-
Lease liabilities	27	34	57
Borrowings	27	10,361	10,341
		<u>21,374</u>	<u>20,852</u>
Total liabilities		<u>31,938</u>	<u>33,329</u>
Total equity and liabilities		<u>88,149</u>	<u>90,896</u>
Net assets per share attributable to equity holders of the Company (sen)		<u>57.02</u>	<u>58.15</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 2022 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 2023
(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 2022	51,676	(15)	5,907	57,568	(3,477)	54,091
Total comprehensive profit/(loss) 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>
Opening balance at 1 January 2023	51,676	(15)	9,715	61,376	(3,809)	57,567
Total comprehensive loss for the period	-	-	(1,191)	(1,191)	(165)	(1,356)
Closing balance at 30 September 2023	<u>51,676</u>	<u>(15)</u>	<u>8,524</u>	<u>60,185</u>	<u>(3,974)</u>	<u>56,211</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 2022 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 2023
(The figures have not been audited)

	Current year- to-date 30.09.2023 RM'000	Preceding year corresponding period 30.09.2022 RM'000
	Note	
Cash flows for operating activities		
(Loss)/profit before tax	(1,291)	1,265
Adjustments for:		
Amortisation of right-of-use assets	74	173
Depreciation of property, plant and equipment	486	571
Depreciation of investment properties	84	78
Reversal of impairment loss on trade receivables	(31)	(38)
Unrealised loss on foreign exchange	1	-
Gain on disposal of property, plant and equipment	(141)	(2,231)
Property, plant and equipment written off	1	-
Interest expenses	903	969
Interest income	(11)	(8)
Operating profit/(loss) before changes in working capital	<u>75</u>	<u>779</u>
Changes in working capital:		
Property development costs	-	(1)
Inventories	(1,188)	68
Receivables	(328)	1,363
Contract asset	501	(88)
Contract liability	201	(201)
Other current assets	235	44
Payables	703	(763)
Cash from/(used in) operations	<u>199</u>	<u>1,201</u>
Income tax paid	(387)	(576)
Income tax refunded	36	56
Net cash used in operating activities	<u>(152)</u>	<u>681</u>
Cash flows (for)/from investing activities		
Purchase of property, plant and equipment	7 (45)	(35)
Proceeds from disposal of property, plant and equipment	141	4,018
Interest received	11	8
Net cash (used in)/from investing activities	<u>107</u>	<u>3,991</u>
Cash flows for financing activities		
Deposits pledged to licensed banks	(1)	(8)
Interest paid	(903)	(969)
Decrease of short term borrowings	(365)	(672)
Repayment of term loans	(1,734)	(2,907)
Repayment of lease liabilities	(49)	(169)
Net cash used in financing activities	<u>(3,052)</u>	<u>(4,725)</u>

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Condensed Consolidated Statements of Cash Flows (continued)
For the third quarter ended 30 September 2023
(The figures have not been audited)

	Current year- to-date 30.09.2023 RM'000	Preceding year corresponding period 30.09.2022 RM'000
Net (decrease)/increase in cash and cash equivalents	(3,097)	(53)
Cash and cash equivalents at beginning of period	5,128	4,988
Cash and cash equivalents at end of period	9 <u>2,031</u>	<u>4,935</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 2022 and the accompanying explanatory notes attached to these interim financial statements.

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**DFCITY Group Berhad
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Notes to the Interim Financial Statements for the period ended 30 September 2023

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 2022. 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 2022.

2. Significant accounting policies and application of MFRS

2.1 The audited financial statements of the Group for the financial year ended 31 December 2022 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 2022.

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 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 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*

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 2024

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 2024

- Amendments to MFRS 16 *Leases: Sale and leaseback transactions*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*

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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:

	30.09.2023 RM'000	30.09.2022 RM'000
Other assets *	45	35
	<u>45</u>	<u>35</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:

	30.09.2023 RM'000	30.09.2022 RM'000
Cash outflow	45	35
	<u>45</u>	<u>35</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>				
Motor vehicles	79	-	21	21
Investment properties	116	-	120	120
	<u>195</u>	<u>-</u>	<u>141</u>	<u>141</u>
<u>Written off</u>				
Other assets	16	1	-	(1)
	<u>16</u>	<u>1</u>	<u>-</u>	<u>(1)</u>

8. Inventories

During the current period ended 30 September 2023, there were no write-down of inventories.

9. Cash and bank balances

	30.09.2023 RM'000	30.09.2022 RM'000
Cash at banks and in hand	3,937	7,504
Short term deposits with licensed banks	693	679
Cash and bank balances	<u>4,630</u>	<u>8,183</u>
Less: Bank overdrafts	(1,906)	(2,569)
Less: Deposits pledged to licensed banks	(693)	(679)
Total cash and cash equivalents	<u>2,031</u>	<u>4,935</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.

11. Provisions for cost of restructuring

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

12. Dividends paid

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There were no dividends paid in the current financial quarter ended 30 September 2023.

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

13. Capital commitments

There were no capital commitments as at current quarter ended 30 September 2023.

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 30 September 2023.

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 30.09.2023						
Revenue:						
External customers	8,135	1,326	-	-	-	9,461
Inter-segment	3,428	-	-	-	(3,428)	-
	<u>11,563</u>	<u>1,326</u>	<u>-</u>	<u>-</u>	<u>(3,428)</u>	<u>9,461</u>
Results:						
Depreciation and amortisation	609	35	-	-	-	644
Segment (loss)/profit	<u>(639)</u>	<u>(169)</u>	<u>(486)</u>	<u>(180)</u>	<u>183</u>	<u>(1,291)</u>
Assets						
Capital expenditure	(43)	(2)	-	-	-	(45)
Segment assets	<u>53,220</u>	<u>575</u>	<u>25,613</u>	<u>8,741</u>	<u>-</u>	<u>88,149</u>
Segment liabilities	<u>15,682</u>	<u>201</u>	<u>16,057</u>	<u>(2)</u>	<u>-</u>	<u>31,938</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 30.09.2022						
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>

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

	30.09.2023 RM'000	30.09.2022 RM'000
Interest income	11	8
Finance costs	(903)	(969)
	<u>(892)</u>	<u>(961)</u>

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

	30.09.2023 RM'000	30.09.2022 RM'000
Current tax assets	925	436
Deferred tax assets	-	19
	<u>925</u>	<u>455</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 statements of financial position:

	30.09.2023	30.09.2022
	RM'000	RM'000
Deferred tax liabilities	39	-
	<u>39</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 decreased significantly from RM10.83 million to RM8.14 million due to lower sales relating to Sales of Goods segment generated in the current period. The overall segment's profit for the period has been decreased to a loss of RM0.64 million as compared to the overall segment's profit of RM2.33 million in the corresponding quarter in the preceeding year mainly because there was a significant gain on disposal in the corresponding period in the preceeding year.

The decrease in revenue from Construction segment in current period as compared to the corresponding period in the preceeding year was mainly due to several new projects obtained not yet commence during the period.

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 30.09.2023 RM'000	Preceding year corresponding quarter ended 30.09.2022 RM'000	Current year- to-date 30.09.2023 RM'000	Preceding year corresponding period 30.09.2022 RM'000
Sales of dimension stone products to EMP	-	8	-	58
			Amount owed by related party	
			As at 30.09.2023 RM'000	As at 30.09.2022 RM'000
EMP			-	10

- (ii) Company in which a director, Dato' Dr Li Wei, has deemed interested by virtue of his interest in Eastern Ecotourism City Sdn. Bhd.

- Eastern Ecotourism City Sdn. Bhd. ("EEC")

	Individual quarter		Cumulative period	
	Current year quarter ended 30.09.2023 RM'000	Preceding year corresponding quarter ended 30.09.2022 RM'000	Current year- to-date 30.09.2023 RM'000	Preceding year corresponding period 30.09.2022 RM'000
Sales of dimension stone products to EEC	-	-	-	-
	261	-	261	-
			Amount owed by related party	
			As at 30.09.2023 RM'000	As at 30.09.2022 RM'000
EEC			261	-

The transactions 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 30.09.2023

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 30.09.2023 RM'000	Preceding year corresponding quarter ended 30.09.2022 RM'000		
Revenue	3,724	4,543	(819)	(18.0)
- Sales of goods segment	2,948	3,588	(640)	(17.8)
- Construction segment	776	955	(179)	(18.7)
Gross profit	1,391	1,669	(278)	(16.7)
Operating (loss)/profit	593	598	(5)	(0.8)
Loss before tax	197	321	(124)	(38.6)
(Loss)/profit after tax	196	222	(26)	(11.7)
(Loss)/profit attributable to ordinary equity holders of the parent	235	323	(88)	(27.2)

The Group's revenue for current quarter ("3Q2023") ended 30 September 2023 decreased by approximately RM0.82 million or 18.0% to RM3.72 million as compared to the corresponding quarter in the preceeding year. The decrease in revenue for 3Q2023 was due to the decrease in revenue from the Sales of Goods segment by RM0.64 million and Construction segment by RM0.18 million due to slower external demand as a result of weakening global trade.

In the current year quarter, the Group had generated an operating profit of RM0.59 million as compared to the preceeding year corresponding quarter's operating profit of RM0.60 million even with lower revenue due to some cost control measures implemented

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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 30.09.2023

	Cumulative period		Increase/(decrease)	
	Current year- to-date 30.09.2023 RM'000	Preceding year corresponding period 30.09.2022 RM'000		
Revenue	9,461	14,084	(4,623)	(32.8)
- Sales of goods segment	8,135	10,829	(2,694)	(24.9)
- Construction segment	1,326	3,255	(1,929)	(59.3)
Gross profit	2,392	3,715	(1,323)	(35.6)
Operating (loss)/profit	(388)	2,234	(2,622)	(117.4)
(Loss)/profit before tax	(1,291)	1,265	(2,556)	(202.1)
(Loss)/profit after tax	(1,356)	911	(2,267)	(248.8)
(Loss)/profit attributable to ordinary equity holders of the parent	(1,191)	1,172	(2,363)	(201.6)

The Group's revenue for current year-to-date ("9M2023") ended 30 September 2023 shown a decrease of 32.8% to RM9.46 million as compared to RM14.08 million recorded in the preceding year period mainly due to the decrease in revenue generated from Sales of Goods segment by RM2.69 million and decrease in Construction segment by RM1.93 million.

The Group's profit before tax decreased to loss before tax of RM1.29 million in 9M2023 as compared to profit before tax of RM1.27 million in 9M2022 which is mainly due to higher operating cost recorded in current period and gain from disposal of property made in the corresponding period in the preceding year.

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

	Individual quarter		Increase/(decrease)	
	Current quarter ended 30.09.2023 RM'000	Preceding quarter ended 30.06.2023 RM'000		
Revenue	3,724	2,858	866	30.3
- Sales of goods segment	2,948	2,693	255	9.5
- Construction segment	776	165	611	370.3
Gross profit	1,391	263	1,128	428.9
Operating (loss)/profit	593	(807)	1,400	173.5
(Loss)/profit before tax	197	(1,061)	1,258	118.6
(Loss)/profit after tax	196	(1,115)	1,311	117.6
(Loss)/profit attributable to ordinary equity holders of the parent	235	(1,074)	1,309	121.9

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

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

The Group's revenue increased by RM0.87 million in current quarter as compared to the immediate preceding quarter ended 30 June 2023. The Sales of Goods segment's revenue increased by RM0.26 million and the Construction segment's revenue increased by RM0.61 million.

In current quarter, the Group generated a gross profit of RM1.39 million and derived at profit after tax of RM0.20 million mainly due to higher revenue and lower operating costs. This was due the Group has implemented certain cost control measures.

21. Commentary on prospects

According to the press released by Malaysian Rating Corporation Bhd (MARC), the GDP growth rate of Malaysia in Q3 2023 is likely to moderate and be slightly lower than the level of 5.6% seen in Q2 2023. The economic experts are in view that the external variables influencing growth, which impacted the economy in the first half of 2023, including the United States (US) Federal Reserve's (Fed) monetary stance, the US dollar and disappointing China's rebound, are likely to have impact on Malaysia in the second half of 2023.

The Board anticipates that the prospects for the financial year ending 31 December 2023 will continue to be challenging. The Group will continue to focus on maximising efficiency and timely delivery of quality products, promoting the Group's products and services as to ensure the long-term strength of the businesses and operations as well as preparing for diversity of business by commencing the property development activities.

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)/profit before tax

Included in the (loss)/profit before tax are the following items:

	Individual quarter		Cumulative period	
	Current year quarter ended 30.09.2023 RM'000	Preceding year corresponding quarter ended 30.09.2022 RM'000	Current year- to-date 30.09.2023 RM'000	Preceding year corresponding period 30.09.2022 RM'000
Interest income	(4)	(3)	(11)	(8)
Interest expenses	396	277	903	969
Depreciation of:				
- Property, plant and equipment	135	184	486	571
- Investment properties	28	26	84	78
Amortisation of right-of-use assets	17	51	74	173
Reversal of impairment loss on trade and other receivables	-	-	(31)	(38)
Gain on disposal of:				
- Property, plant and equipment	(120)	-	(141)	(2,231)
Property, plant and equipment written off	-	-	1	-
Loss/(gain) on foreign exchange:				
- Realised	6	(14)	6	(51)
- Unrealised	-	-	1	-
Rental income	(32)	(112)	(171)	(330)

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 30.09.2023 RM'000	Preceding year corresponding quarter ended 30.09.2022 RM'000	Current year- to-date 30.09.2023 RM'000	Preceding year corresponding period 30.09.2022 RM'000
Current tax:				
Malaysian income tax	1	84	22	276
Underprovision in previous years	-	(5)	-	(5)
Real property gain tax	-	-	9	160
	<u>1</u>	<u>79</u>	<u>31</u>	<u>431</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	-	20	(107)	(59)
(Over)/underprovision in previous years	-	-	141	(18)
	<u>-</u>	<u>20</u>	<u>34</u>	<u>(77)</u>
Total income tax expense	<u>1</u>	<u>99</u>	<u>65</u>	<u>354</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

	30.09.2023 RM'000	31.12.2022 RM'000
Trade receivables		
Third parties	1,328	1,999
Retention sums on construction contract	433	754
	<u>1,761</u>	<u>2,753</u>
Other receivables	<u>3,147</u>	<u>1,796</u>
	<u>4,908</u>	<u>4,549</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	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Not past due	384	2,102	-	-
Past due:				
- less than 3 months	886	1,413	-	-
- 3 months to 6 months	23	474	-	-
- more than 6 months	1,565	114	-	-
	2,474	2,001	-	-
	2,858	4,103	-	-
Individual impairment	(1,097)	(1,350)	-	-
	1,761	2,753	-	-

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

	30.09.2023 RM'000	Weighted Average Interest Rate	31.12.2022 RM'000	Weighted Average Interest Rate
Short term borrowings (secured)				
Bank overdrafts (floating)	1,906	8.03%	1,708	7.54%
Banker acceptances (floating)	1,011	4.84%	1,256	4.19%
Lease liabilities (fixed)	34	4.10%	57	4.10%
Revolving credit (floating)	5,000	5.61%	5,120	5.61%
Term loans (floating)	2,444	6.03%	2,257	5.86%
	<u>10,395</u>		<u>10,398</u>	
Long term borrowings (secured)				
Lease liabilities (fixed)	9	4.10%	35	4.10%
Term loans (floating)	10,516	6.03%	12,437	5.86%
	<u>10,525</u>		<u>12,472</u>	
Total borrowings	<u>20,920</u>		<u>22,870</u>	

None of the borrowings are denominated in foreign currencies.

The decrease in borrowings by RM1.95 million mainly due to 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 2023 nor the previous financial year ended 31 December 2022.

32. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 September 2023 nor the previous financial year ended 31 December 2022.

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 2023 nor the previous financial year ended 31 December 2022.

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

34. (Loss)/profit per share

(a) Basic

Basic (loss)/profit per share amounts is calculated by dividing (loss)/profit 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 30.09.2023	Preceding year corresponding quarter ended 30.09.2022	Current year- to-date 30.09.2023	Preceding year corresponding period 30.09.2022
(Loss)/profit for the period attributable to ordinary equity holders of the Company (RM'000)	235	323	(1,191)	1,172
Weighted average number of ordinary shares in issue ('000)	105,548	105,548	105,548	105,548
Basic (loss)/profit per share (sen)	0.22	0.31	(1.13)	1.11

(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	(3,369)	3,631
General working capital	238	(238)	-
Defraying placement expenses	150	(150)	-
	<u>7,388</u>	<u>(3,757)</u>	<u>3,631</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 2022 were not subject to any qualification.