



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 2023**

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income
For the fourth quarter ended 31 December 2023
(The figures have not been audited)

	Note	Individual quarter		Cumulative period	
		Current year quarter ended 31.12.2023	Preceding year corresponding quarter ended 31.12.2022	Current year- to-date 31.12.2023	Preceding year corresponding period 31.12.2022
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue		3,517	4,402	12,978	22,023
Cost of sales		(1,972)	(3,859)	(9,041)	(17,178)
Gross profit		1,545	543	3,937	4,845
Other income		185	1,377	1,006	3,012
Administrative, general and selling expenses		(2,556)	(2,080)	(6,157)	(5,847)
Operating (loss)/profit		(826)	(160)	(1,214)	2,010
Finance costs		(305)	(350)	(1,208)	(1,320)
(Loss)/profit before tax	24	(1,131)	(510)	(2,422)	690
Income tax expense	25	(223)	(8)	(288)	(344)
(Loss)/profit for the period		(1,354)	(518)	(2,710)	346
Other comprehensive income					
Total comprehensive (loss)/profit for the period		(1,354)	(518)	(2,710)	346
(Loss)/profit attributable to:					
Owners of the parent		(1,011)	(448)	(2,203)	677
Non-controlling interests		(343)	(70)	(507)	(331)
		(1,354)	(518)	(2,710)	346
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(1,011)	(448)	(2,203)	677
Non-controlling interests		(343)	(70)	(507)	(331)
		(1,354)	(518)	(2,710)	346
Profit/(Loss) per share attributable to owners of the parent:					
Basic, for the period (sen)	35	(0.96)	(0.42)	(2.09)	0.64
Diluted, for the period (sen)	35	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position
As at 31 December 2023

	Note	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	15,818	16,015
Investment properties	8	769	4,296
Right-of-use assets		1,775	1,920
Inventories		26,135	24,197
		<u>44,497</u>	<u>46,428</u>
Current assets			
Inventories	9	30,164	29,434
Trade receivables and other receivables	27	5,641	4,549
Other current assets		694	767
Contract assets		323	1,593
Current tax assets		727	603
Cash and bank balances		2,392	7,524
		<u>39,941</u>	<u>44,470</u>
Assets held for sale		3,370	-
		<u>43,311</u>	<u>44,470</u>
Total assets		<u>87,808</u>	<u>90,898</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		51,676	51,676
Treasury shares		(15)	(15)
Retained earnings		7,513	9,715
		<u>59,174</u>	<u>61,376</u>
Non-controlling interests		(4,316)	(3,809)
Total equity		<u>54,858</u>	<u>57,567</u>
Non-current liabilities			
Deferred tax liabilities		62	5
Borrowings	28	10,068	12,437
Lease liabilities	28	252	35
		<u>10,382</u>	<u>12,477</u>
Current liabilities			
Trade payables and other payables		11,940	10,456
Lease liabilities	28	109	57
Borrowings	28	10,105	10,341
Contract liabilities		395	-
Current tax liabilities		18	-
		<u>22,567</u>	<u>20,854</u>
Total liabilities		<u>32,949</u>	<u>33,331</u>
Total equity and liabilities		<u>87,808</u>	<u>90,898</u>
Net assets per share attributable to equity holders of the Company (sen)		<u>56.04</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
(Incorporated in Malaysia)

Condensed Consolidated Statements of Changes in Equity
For the fourth quarter ended 31 December 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)	9,039	60,700	(3,478)	57,222
Total comprehensive profit/(loss) for the period	-	-	677	677	(331)	346
Closing balance at 31 December 2022	<u>51,676</u>	<u>(15)</u>	<u>9,716</u>	<u>61,377</u>	<u>(3,809)</u>	<u>57,568</u>
Opening balance at 1 January 2023	51,676	(15)	9,716	61,377	(3,809)	57,568
Total comprehensive loss for the period	-	-	(2,203)	(2,203)	(507)	(2,710)
Closing balance at 31 December 2023	<u>51,676</u>	<u>(15)</u>	<u>7,513</u>	<u>59,174</u>	<u>(4,316)</u>	<u>54,858</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
(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flows
For the fourth quarter ended 31 December 2023
(The figures have not been audited)

	Note	Current year- to-date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000
Cash flows for operating activities			
(Loss)/profit before tax		(2,422)	691
Adjustments for:			
Amortisation of right-of-use assets		8	191
Depreciation of property, plant and equipment		626	747
Depreciation of investment properties		89	112
Inventories written down		329	-
Impairment loss on trade receivables		356	428
Impairment loss on other receivables		-	97
Reversal of impairment loss on trade receivables		(44)	(260)
Bad debt written off		-	83
Unrealised (gain)/loss on foreign exchange		16	(19)
Gain on disposal of property, plant and equipment		(32)	(27)
Gain on disposal of right-of-use asstes		-	(16)
Gain on disposal of assets held for sale		-	(2,257)
Gain on disposal of investment properties		(122)	-
Written off of property, plant and equipment		1	40
Written off of inventories		-	355
Interest expenses		1,208	1,320
Interest income		(59)	(11)
Operating profit/(loss) before changes in working capital		(46)	1,474
Changes in working capital:			
Property development costs		(1,938)	994
Inventories		(1,059)	1,527
Receivables		(1,404)	1,133
Contract assets/(liabilities)		1,666	(312)
Other current assets		73	8
Payables		1,471	(345)
Cash from/(used in) operations		(1,237)	4,479
Income tax paid		(387)	(707)
Income tax refunded		50	55
Net cash used in operating activities		(1,574)	3,827
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(115)	(117)
Proceeds from disposal of assets held for sale		-	4,000
Proceeds from disposal of right-of-use assets		-	420
Proceeds from disposal of property, plant and equipment		32	34
Proceeds from disposal of investment property		190	-
Interest received		40	11
Net cash from investing activities		147	4,348

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flows (continued)
For the fourth quarter ended 31 December 2023
(The figures have not been audited)

	Current year- to-date	Preceding year corresponding period
Note	31.12.2023	31.12.2022
	RM'000	RM'000
Cash flows for financing activities		
Deposits pledged to licensed banks	-	(11)
Interest paid	(1,208)	(1,303)
Repayment of revolving credit	22	-
Repayment of bankers' acceptances	(413)	(1,161)
Repayment of term loans	(2,270)	(5,053)
Repayment of lease liabilities	91	(500)
Net cash used in financing activities	<u>(3,778)</u>	<u>(8,028)</u>
Net (decrease)/increase in cash and cash equivalents	(5,205)	147
Cash and cash equivalents at beginning of period	5,134	4,987
Cash and cash equivalents at end of period	10 <u>(71)</u>	<u>5,134</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.

Company No. : 200801038692 (840040-H)

**DFCITY Group Berhad
(Incorporated in Malaysia)**

Notes to the Interim Financial Statements for the period ended 31 December 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*
- MFRS 17 *Insurance Contract*
- Amendments to MFRS 112 *International Tax Reform - Pillar Two Model Rules*

There is no material impact upon adoption of these amendments to the interim financial statements during the current financial period.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

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 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 121 *Lack of Exchangeability*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangement*
- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

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:

	31.12.2023 RM'000	31.12.2022 RM'000
Plant, machinery and factory equipment	-	8
Motor vehicles	371	71
Other assets *	59	38
	<u>430</u>	<u>117</u>

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

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

7. Property, plant and equipment (continued)

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

	31.12.2023 RM'000	31.12.2022 RM'000
Aggregate costs	430	117
Less : Loan financing	(315)	-
Cash outflow	<u>115</u>	<u>117</u>

Disposals/written off

Below are the property, plant and equipment disposed by the Group during the period under review:

	Cost RM'000	Net carrying amount RM'000	Sales proceeds RM'000	Gain on disposal RM'000
<u>Disposals</u>				
Motor vehicles	164	-	32	32
	<u>164</u>	<u>-</u>	<u>32</u>	<u>32</u>
<u>Written off</u>				
Other assets	16	1	-	(1)
	<u>16</u>	<u>1</u>	<u>-</u>	<u>(1)</u>

8. Investment Properties

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>				
Building	116	68	190	122
	<u>116</u>	<u>68</u>	<u>190</u>	<u>122</u>
<u>Written off</u>				
Other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

9. Inventories

During the current period ended 31 December 2023, there were write-down of inventories amounting to RM329,107.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

10 Cash and bank balances

	31.12.2023	31.12.2022
	RM'000	RM'000
Cash at banks and in hand	1,685	6,836
Short term deposits with licensed banks	707	688
Cash and bank balances	<u>2,392</u>	<u>7,524</u>
Less: Bank overdrafts	(1,763)	(1,708)
Less: Deposits pledged to licensed banks	(700)	(682)
Total cash and cash equivalents	<u>(71)</u>	<u>5,134</u>

11. Fair value hierarchy

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

12. Provisions for cost of restructuring

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

13. Dividends paid

There were no dividends paid in the current financial quarter ended 31 December 2023.

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

14. Capital commitments

There were no capital commitments as at current quarter ended 31 December 2023.

15. Contingent assets and liabilities

There were no contingent assets or liabilities since 31 December 2023.

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

16. Segment information

The segment information in respect of the Group's operating segments are as follows:

- (i) Sales of goods - manufacture and sales of dimension stones and related products and is completed within 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 31.12.2023						
Revenue:						
External customers	11,434	1,637	-	-	(93)	12,978
Inter-segment	4,727	-	-	-	(4,727)	-
	<u>16,161</u>	<u>1,637</u>	<u>-</u>	<u>-</u>	<u>(4,820)</u>	<u>12,978</u>
Results:						
Depreciation and amortisation	619	90	-	14	-	723
Segment (loss)/profit	<u>(627)</u>	<u>(482)</u>	<u>(1,479)</u>	<u>(32)</u>	<u>198</u>	<u>(2,422)</u>
Assets						
Capital expenditure	50	9	-	371	-	430
Segment assets	<u>78,338</u>	<u>7,418</u>	<u>29,556</u>	<u>51,143</u>	<u>(78,647)</u>	<u>87,808</u>
Segment liabilities	<u>24,071</u>	<u>5,514</u>	<u>35,622</u>	<u>798</u>	<u>(33,056)</u>	<u>32,949</u>

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

16. Segment information (continued)

	Sales of goods RM'000	Construction RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 31.12.2022						
Revenue:						
External customers	14,417	4,375	3,600	-	(369)	22,023
Inter-segment	5,515	-	-	-	5,515	-
	<u>19,932</u>	<u>4,375</u>	<u>3,600</u>	<u>-</u>	<u>5,146</u>	<u>22,023</u>
Results:						
Depreciation and amortisation	2,190	36	1	-	(1,177)	1,050
Segment profit/(loss)	<u>1,511</u>	<u>(280)</u>	<u>(386)</u>	<u>(219)</u>	<u>64</u>	<u>690</u>
Assets						
Capital expenditure	149	35	-	-	-	184
Segment assets	<u>79,456</u>	<u>2,702</u>	<u>29,103</u>	<u>50,585</u>	<u>(70,947)</u>	<u>90,898</u>
Segment liabilities	<u>25,204</u>	<u>-</u>	<u>39,524</u>	<u>207</u>	<u>(31,604)</u>	<u>33,331</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:

	31.12.2023 RM'000	31.12.2022 RM'000
Interest income	59	11
Finance costs	(1,208)	(1,320)
	<u>(1,149)</u>	<u>(1,309)</u>

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

	31.12.2023 RM'000	31.12.2022 RM'000
Current tax assets	727	603
	<u>727</u>	<u>603</u>

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

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

16. Segment information (continued)

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

	31.12.2023	31.12.2022
	RM'000	RM'000
Deferred tax liabilities	62	4
	<u>62</u>	<u>4</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 RM14.22 million to RM11.43 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 RM0.63 million as compared to the overall segment's profit of RM1.51 million in the corresponding quarter in the preceding year mainly because there was a significant gain on disposal in the corresponding period in the preceding year.

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

17. Changes in composition of the Group

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

18. Events after the reporting period

There were no material events subsequent to the end of the current quarter.

DFCITY Group Berhad
(Incorporated in Malaysia)

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

19. Related party transactions

The Group had the following transactions with related parties during the current quarter under review and current year-to-date as well as the balances with the related parties as disclosed below:

- (i) Company in which a director, 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 31.12.2023 RM'000	Preceding year corresponding quarter ended 31.12.2022 RM'000	Current year- to-date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000
Sales of dimension stone products from PMK to EMP	-	-	-	51
			Amount owed by related party	
			As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
EMP			-	-

- (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 31.12.2023 RM'000	Preceding year corresponding quarter ended 31.12.2022 RM'000	Current year- to-date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000
Sales of dimension stone products from HHSEC to EEC	61	-	323	-
			Amount owed by related party	
			As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
EEC			322	-

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

20. Review performance of the Group

3 months ended 31.12.2023

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 31.12.2023 RM'000	Preceding year corresponding quarter ended 31.12.2022 RM'000	RM'000	%
Revenue	3,517	4,402	(885)	(20.1)
- Sales of goods segment	3,299	10,829	(7,530)	(69.5)
- Construction segment	311	4,375	(4,064)	(92.9)
- Property development segment	-	3,601	(3,601)	(100.0)
- Consolidation adjustments	(93)	3,420	(3,513)	(102.7)
Gross profit	1,545	543	1,002	184.5
Operating (loss)/profit	(826)	(160)	(666)	416.1
Loss before tax	(1,131)	(510)	(621)	121.8
(Loss)/profit after tax	(1,354)	(518)	(836)	161.4
(Loss)/profit attributable to ordinary equity holders of the parent	(1,011)	(448)	(563)	125.7

The Group's revenue for current quarter ("4Q2023") ended 31 December 2023 decreased by approximately RM0.89 million or 20.1% to RM3.5 million as compared to the corresponding quarter in the preceding year. The decrease in revenue for 4Q2023 was due to the decrease in revenue from the Sales of Goods segment by RM7.53 million, Construction segment by RM4.06 million and property development segment by 3.6 million due to slower external demand as a result of weakening global trade.

In the current year quarter, the Group had increased the operating result from loss of RM0.83 million as compared to the preceding year corresponding quarter's loss of RM0.16 million.

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

20. Review performance of the Group (continued)

12 months ended 31.12.2023

	Cumulative period		Increase/(decrease)	
	Current year- to-date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000	RM'000	%
Revenue	12,978	22,023	(9,045)	(41.1)
- Sales of goods segment	11,434	14,417	(2,983)	(20.7)
- Construction segment	1,637	4,375	(2,738)	(62.6)
- Property development segment	-	3,600	(3,600)	(100.0)
- Consolidation adjustments	(93)	(369)	276	(74.8)
Gross profit	3,937	4,845	(908)	(18.7)
Operating (loss)/profit	(1,214)	2,010	(3,224)	(160.4)
(Loss)/profit before tax	(2,422)	690	(3,112)	(451.0)
(Loss)/profit after tax	(2,710)	346	(3,056)	(883.1)
(Loss)/profit attributable to ordinary equity holders of the parent	(2,203)	677	(2,880)	(425.4)

The Group's revenue for current year-to-date ("12M2023") ended 31 December 2023 shown a decrease of 41.1% to RM12.98 million as compared to RM22.02 million recorded in the preceeding year period mainly due to the decrease in revenue generated from Sales of Goods segment by RM2.98 million and decrease in Construction segment by RM2.74 million as well as decrease in property development segment by RM3.6 million.

The Group's profit before tax decreased to loss before tax of RM1.21 million in 12M2023 as compared to profit before tax of RM2 million in 12M2022 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 preceeding year.

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

	Individual quarter		Increase/(decrease)	
	Current quarter ended 31.12.2023 RM'000	Preceding quarter ended 31.09.2023 RM'000	RM'000	%
Revenue	3,517	3,724	(207)	(5.6)
- Sales of goods segment	3,299	2,948	351	11.9
- Construction segment	311	776	(465)	(59.9)
- Construction segment	(93)	-	(93)	-
Gross profit	1,545	1,391	154	11.1
Operating (loss)/profit	(826)	593	(1,419)	239.3
(Loss)/profit before tax	(1,131)	197	(1,328)	674.2
(Loss)/profit after tax	(1,354)	196	(1,550)	790.8
(Loss)/profit attributable to ordinary equity holders of the parent	(1,011)	235	(1,246)	530.2

Company No. : 200801038692 (840040-H)

**DFCITY Group Berhad
(Incorporated in Malaysia)**

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

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

The Group's revenue decreased by RM0.21 million in current quarter as compared to the immediate preceding quarter ended 31 December 2023. The Sales of Goods segment's revenue increased by RM0.35 million and the Construction segment's revenue decreased by RM0.47 million.

In current quarter, the Group generated a gross profit of RM1.55 million but derived at lost after tax of RM1.0 million

22. Commentary on prospects

RAM Ratings' Economic Outlook 2024 report anticipates Malaysia's economic momentum to strengthen, driven by a potential upturn in external demand and resilient domestic consumption amid favorable inflation and interest rates. Growth is forecasted to range between 4.5% and 5.5% in 2024, up from an estimated 4.0% in the preceding year. Potential risks include global economic stability and geopolitical tensions, while spikes in food and commodity prices could affect domestic demand. Fiscal deficit is projected to decrease to 4.2% of GDP in 2024, attributed to reduced subsidies and improved revenue from economic growth. However, managing government debt amidst funding essential projects remains a challenge. Balancing growth and fiscal consolidation remains a priority.

The Board anticipates that the prospects for the financial year ending 31 December 2024 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.

23. Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current quarter under review and hence this information is not applicable.

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

24. (Loss)/profit before tax

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

	Individual quarter		Cumulative period	
	Current year quarter ended 31.12.2023 RM'000	Preceding year corresponding quarter ended 31.12.2022 RM'000	Current year- to-date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000
Interest income	(48)	(3)	(59)	(11)
Interest expenses	305	350	1,208	1,320
Depreciation of:				
- Property, plant and equipment	140	277	626	747
- Investment properties	5	34	89	112
- Right-of-use assets	(66)	18	8	191
Impairment loss on receivables	356	340	356	525
Reversal of impairment loss on trade and other receivables	(13)	(302)	(44)	(260)
Bad debts written off	-	-	-	83
Inventories written down	329	-	329	-
Gain on disposal of:				
- Property, plant and equipment	109	(31)	(32)	(27)
- right-of-use assets	-	-	-	(16)
- Assets held for sale	-	-	-	(2,257)
Written off of:				
- Property, plant and equipment	-	-	1	40
- Inventories	-	-	-	355
Loss/(gain) on foreign exchange:				
- Realised	(11)	(21)	(5)	-
- Unrealised	15	(26)	16	(19)
Rental income	(32)	(115)	(203)	(384)

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

25. Income tax expense

Major components of income tax expense includes the following:

	Individual quarter		Cumulative period	
	Current year quarter ended 31.12.2023 RM'000	Preceding year corresponding quarter ended 31.12.2022 RM'000	Current year- to-date 31.12.2023 RM'000	Preceding year corresponding period 31.12.2022 RM'000
Current tax:				
Malaysian income tax	174	(17)	196	268
Underprovision in previous years	-	-	-	(5)
Real property gain tax	(9)	-	-	133
	<u>165</u>	<u>(17)</u>	<u>196</u>	<u>396</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	223	23	116	(122)
(Over)/underprovision in previous years	(165)	2	(24)	70
	<u>58</u>	<u>25</u>	<u>92</u>	<u>(52)</u>
Total income tax expense	<u>223</u>	<u>8</u>	<u>288</u>	<u>344</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.

26. Status of corporate proposals

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

27. Trade and other receivables

	31.12.2023 RM'000	31.12.2022 RM'000
Trade receivables		
Third parties	4,794	2,000
Retention sums on construction contract	819	754
	<u>5,613</u>	<u>2,754</u>
Other receivables		
	28	1,795
	<u>5,641</u>	<u>4,549</u>

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

27. Trade and other receivables (continued)

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Third parties		Related parties	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Not past due	1,437	511	-	-
Past due:				
- less than 3 months	1,117	1,413	-	-
- 3 months to 6 months	762	474	-	-
- more than 6 months	3,617	1,706	-	-
	5,496	3,593	-	-
	6,933	4,104	-	-
Individual impairment	(1,320)	(1,350)	-	-
	5,613	2,754	-	-

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.

28. Borrowings and debts securities

	31.12.2023	Weighted	31.12.2022	Weighted
	RM'000	Average	RM'000	Average
		Interest Rate		Interest Rate
Short term borrowings (secured)				
Bank overdrafts (floating)	1,763	8.03%	1,708	7.54%
Banker acceptances (floating)	843	4.84%	1,256	4.19%
Lease liabilities (fixed)	109	4.10%	57	4.10%
Revolving credit (floating)	5,143	5.61%	5,120	5.61%
Term loans (floating)	2,356	6.03%	2,257	5.86%
	10,214		10,398	
Long term borrowings (secured)				
Lease liabilities (fixed)	252	4.10%	35	4.10%
Term loans (floating)	10,068	6.03%	12,437	5.86%
	10,320		12,472	
Total borrowings	20,534		22,870	

None of the borrowings are denominated in foreign currencies.

The decrease in borrowings by RM2.34 million mainly due to repayment.

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

29. Material litigation

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

30. Dividend

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

31. Disclosure of nature of outstanding derivatives

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

32. Rationale for entering into derivatives

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

33. Risks and policies of derivatives

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

34. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2023 nor the previous financial year ended 31 December 2022.

35. (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 31.12.2023	Preceding year corresponding quarter ended 31.12.2022	Current year- to-date 31.12.2023	Preceding year corresponding period 31.12.2022
(Loss)/profit for the period attributable to ordinary equity holders of the Company (RM'000)	(1,011)	(448)	(2,203)	677
Weighted average number of ordinary shares in issue ('000)	105,588	105,588	105,588	105,588
Basic (loss)/profit per share (sen)	<u>(0.96)</u>	<u>(0.42)</u>	<u>(2.09)</u>	<u>0.64</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.

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

36. 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	(3,630)	3,370
General working capital	238	(238)	-
Defraying placement expenses	150	(150)	-
	<u>7,388</u>	<u>(4,018)</u>	<u>3,370</u>

37. 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.