



DFCITY

— 东方城 —

DFCITY GROUP BERHAD

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

(Incorporated in Malaysia)

**Condensed Consolidated
Interim Financial Statements
For the second quarter ended
30 June 2024**

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income
For the second quarter ended 30 June 2024
(The figures have not been audited)

	Note	Individual quarter		Cumulative period	
		Current year quarter ended 30.06.2024 RM'000	Preceding year corresponding quarter ended 30.06.2023 RM'000	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Continuing operations					
Revenue		4,724	2,858	8,392	5,737
Cost of sales		(2,830)	(2,595)	(5,688)	(4,736)
Gross profit		1,894	263	2,704	1,001
Other income		100	214	197	519
Administrative, general and selling expenses		(1,530)	(1,284)	(2,736)	(2,501)
Operating (loss)/profit		464	(807)	165	(981)
Finance costs		(212)	(254)	(447)	(507)
(Loss)/profit before tax	24	252	(1,061)	(282)	(1,488)
Income tax expense	25	(196)	(54)	(11)	(64)
(Loss)/profit for the period		56	(1,115)	(293)	(1,552)
Other comprehensive income					
Total comprehensive (loss)/profit for the period		56	(1,115)	(293)	(1,552)
(Loss)/profit attributable to:					
Owners of the parent		91	(1,074)	(221)	(1,426)
Non-controlling interests		(35)	(41)	(72)	(126)
		56	(1,115)	(293)	(1,552)
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		91	(1,074)	(221)	(1,426)
Non-controlling interests		(35)	(41)	(72)	(126)
		56	(1,115)	(293)	(1,552)
Profit/(Loss) per share attributable to owners of the parent:					
Basic, for the period (sen)	35	0.09	(1.02)	(0.21)	(1.35)
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 2023 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 200801038692 (840040-H)

DFCITY Group Berhad
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position
As at 30 June 2024

	Note	Unaudited As at 30.06.2024 RM'000	Audited As at 31.12.2023 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	15,288	15,460
Investment properties	8	1,239	1,308
Right-of-use assets		1,976	2,120
Inventories		26,938	26,135
		<u>45,441</u>	<u>45,023</u>
Current assets			
Inventories	9	29,608	29,779
Trade receivables and other receivables	27	4,169	4,598
Other current assets		12	215
Contract assets		2,630	861
Current tax assets		776	725
Cash and bank balances		1,698	2,545
		<u>38,893</u>	<u>38,723</u>
Assets held for sale		<u>3,370</u>	<u>3,370</u>
		<u>42,263</u>	<u>42,093</u>
Total assets		<u>87,704</u>	<u>87,116</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		51,676	51,676
Treasury shares		(15)	(15)
Retained earnings		7,087	7,308
		<u>58,748</u>	<u>58,969</u>
Non-controlling interests		<u>(4,388)</u>	<u>(4,316)</u>
Total equity		<u>54,360</u>	<u>54,653</u>
Non-current liabilities			
Deferred tax liabilities		2	55
Borrowings	28	9,041	10,067
Lease liabilities	28	222	252
		<u>9,265</u>	<u>10,374</u>
Current liabilities			
Trade payables and other payables		12,628	11,867
Lease liabilities	28	91	99
Borrowings	28	11,360	10,106
Tax payables		-	17
		<u>24,079</u>	<u>22,088</u>
Total liabilities		<u>33,344</u>	<u>32,462</u>
Total equity and liabilities		<u>87,704</u>	<u>87,116</u>
Net assets per share attributable to equity holders of the Company (sen)			
		<u>55.64</u>	<u>55.85</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 2023 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 second quarter ended 30 June 2024
(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 2023	51,676	(15)	9,715	61,376	(3,809)	57,567
Total comprehensive profit/(loss) for the period	-	-	(1,426)	(1,426)	(126)	(1,552)
Closing balance at 30 June 2023	<u>51,676</u>	<u>(15)</u>	<u>8,289</u>	<u>59,950</u>	<u>(3,935)</u>	<u>56,015</u>
Opening balance at 1 January 2024	51,676	(15)	7,308	58,969	(4,316)	54,653
Total comprehensive loss for the period	-	-	(221)	(221)	(72)	(293)
Closing balance at 30 June 2024	<u>51,676</u>	<u>(15)</u>	<u>7,087</u>	<u>58,748</u>	<u>(4,388)</u>	<u>54,360</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 2023 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 second quarter ended 30 June 2024
(The figures have not been audited)

	Note	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Cash flows for operating activities			
(Loss)/profit before tax		(282)	(1,488)
Adjustments for:			
Amortisation of right-of-use assets		96	57
Depreciation of property, plant and equipment		278	351
Depreciation of investment properties		99	56
Reversal of impairment loss on trade receivables		-	(31)
Unrealised (gain)/loss on foreign exchange		-	1
Gain on disposal of property, plant and equipment		-	(21)
Property, plant and equipment written off		-	1
Interest expenses		447	507
Interest income		(10)	(7)
Operating profit/(loss) before changes in working capital		<u>628</u>	<u>(574)</u>
Changes in working capital:			
Property development costs		(803)	-
Inventories		172	(860)
Receivables		491	1,348
Contract assets		(1,129)	300
Contract liability		-	201
Other current assets		262	(111)
Payables		(120)	(287)
Cash from/(used in) operations		<u>(499)</u>	<u>17</u>
Income tax paid		(138)	(271)
Income tax refunded		37	-
Net cash (used in)/from operating activities		<u>(600)</u>	<u>(254)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(6)	(43)
Proceeds from disposal of property, plant and equipment		-	21
Interest received		10	7
Net cash (used in)/from investing activities		<u>4</u>	<u>(15)</u>

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DFCITY Group Berhad
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Condensed Consolidated Statements of Cash Flows (continued)
For the second quarter ended 30 June 2024
(The figures have not been audited)

	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Cash flows for financing activities		
Deposits (pledged to)/withdrew from licensed banks	(1)	(1)
Interest paid	(447)	(507)
Increase/(Decrease) of short term borrowings	699	(364)
Repayment of term loans	(1,220)	(1,145)
Repayment of lease liabilities	(38)	(40)
Net cash (used in)/from financing activities	<u>(1,007)</u>	<u>(2,057)</u>
Net (decrease)/increase in cash and cash equivalents	(1,603)	(2,326)
Cash and cash equivalents at beginning of period	79	5,128
Cash and cash equivalents at end of period	10 <u>(1,524)</u>	<u>2,802</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 2023 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 June 2024

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 2023. 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 2023.

2. Significant accounting policies and application of MFRS

2.1 The audited financial statements of the Group for the financial year ended 31 December 2023 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 2023.

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 2024

- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*

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 2025

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 2025

- Amendments to MFRS 121 *Lack of Exchangeability*
- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

3. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

4. Unusual items

There were no unusual items because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

5. Changes in estimates

There were no other changes in estimates that have had a material effect in the current interim results.

6. Debt and equity securities

There have been no cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

7. Property, plant and equipment

Acquisitions

Below are the property, plant and equipment acquired by the Group during the period ended:

	30.06.2024	30.06.2023
	RM'000	RM'000
Plant, machinery and factory equipment	6	-
Other assets *	-	43
	<u>6</u>	<u>43</u>

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

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

	30.06.2024	30.06.2023
	RM'000	RM'000
Cash outflow	6	43
	<u>6</u>	<u>43</u>

There were no disposal of property, plant and equipment during the reporting period.

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

8. Investment Properties

There were no disposal of investment properties during the reporting period.

9. Inventories

During the current period ended 30 June 2024, there were no write-down of inventories.

10 Cash and bank balances

	30.06.2024	30.06.2023
	RM'000	RM'000
Cash at banks and in hand	987	4,811
Short term deposits with licensed banks	711	689
Cash and bank balances	1,698	5,500
Less: Bank overdrafts	(2,511)	(2,009)
Less: Deposits pledged to licensed banks	(711)	(689)
Total cash and cash equivalents	(1,524)	2,802

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 30 June 2024.

14. Capital commitments

There were no capital commitments as at current quarter ended 30 June 2024.

15. Contingent assets and liabilities

There were no contingent assets or liabilities as at 30 June 2024.

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 30.06.2024						
Revenue:						
External customers	5,899	2,493	-	-	-	8,392
Inter-segment	1,835	-	-	-	(1,835)	-
	<u>7,734</u>	<u>2,493</u>	<u>-</u>	<u>-</u>	<u>(1,835)</u>	<u>8,392</u>
Results:						
Depreciation and amortisation	452	21	-	-	-	473
Segment (loss)/profit	<u>12</u>	<u>65</u>	<u>(324)</u>	<u>(61)</u>	<u>26</u>	<u>(282)</u>
Assets						
Capital expenditure	3	3	-	-	-	6
Segment assets	<u>51,312</u>	<u>747</u>	<u>26,239</u>	<u>9,406</u>	<u>-</u>	<u>87,704</u>
Segment liabilities	<u>13,802</u>	<u>640</u>	<u>12,085</u>	<u>6,817</u>	<u>-</u>	<u>33,344</u>

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 30.06.2023						
Revenue:						
External customers	5,187	550	-	-	-	5,737
Inter-segment	2,406	-	-	-	(2,406)	-
	<u>7,593</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>(2,406)</u>	<u>5,737</u>
Results:						
Depreciation and amortisation	441	23	-	-	-	464
Segment profit/(loss)	<u>(1,038)</u>	<u>(126)</u>	<u>(385)</u>	<u>(122)</u>	<u>183</u>	<u>(1,488)</u>
Assets						
Capital expenditure	(42)	(1)	-	-	-	(43)
Segment assets	<u>52,483</u>	<u>586</u>	<u>25,783</u>	<u>9,192</u>	<u>-</u>	<u>88,044</u>
Segment liabilities	<u>15,661</u>	<u>201</u>	<u>16,126</u>	<u>41</u>	<u>-</u>	<u>32,029</u>

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

	30.06.2024 RM'000	30.06.2023 RM'000
Interest income	10	7
Finance costs	(447)	(507)
	<u>(437)</u>	<u>(500)</u>

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

	30.06.2024 RM'000	30.06.2023 RM'000
Current tax assets	776	842
	<u>776</u>	<u>842</u>

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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:

	30.06.2024	30.06.2023
	RM'000	RM'000
Deferred tax liabilities	2	39
	<u>2</u>	<u>39</u>

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.

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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 30.06.2024 RM'000	Preceding year corresponding quarter ended 30.06.2023 RM'000	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Sales of dimension stone products from PMK to EMP	-	-	-	-
			Amount owed by related party	
			As at 30.06.2024 RM'000	As at 30.06.2023 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 30.06.2024 RM'000	Preceding year corresponding quarter ended 30.06.2023 RM'000	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Sales of dimension stone products from HHSEC to EEC	1	-	8	-
			Amount owed by related party	
			As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
EEC			-	-

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

19. Related party transactions (continued)

- (il) Company in which a director, Zhang DanDan, who is the Executive Director and Shareholder of the company is also a Director and major shareholder in Swooea

- Swooea Technology Sdn. Bhd. ("Swooea")

	Individual quarter		Cumulative period	
	Current year quarter ended 30.06.2024 RM'000	Preceding year corresponding quarter ended 30.06.2023 RM'000	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Rental of motor vehicle from DFCity to Swooea	17	-	35	-
			Amount owed by related party	
			As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
Swooea			-	-

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

20. Review performance of the Group

3 months ended 30.06.2024

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 30.06.2024 RM'000	Preceding year corresponding quarter ended 30.06.2023 RM'000	RM'000	%
Revenue	4,724	2,858	1,866	65.3
- Sales of goods segment	3,277	2,693	584	21.7
- Construction segment	1,447	165	1,282	677.0
Gross profit	1,894	263	1,631	520.2
Operating (loss)/profit	464	(807)	1,271	157.5
Loss before tax	252	(1,061)	1,313	123.8
(Loss)/profit after tax	56	(1,115)	1,171	105.0
(Loss)/profit attributable to ordinary equity holders of the parent	91	(1,074)	1,165	108.5

The Group's revenue for current quarter ("2Q2024") ended 30 June 2024 increase by approximately RM1.87 million or 65.3% to RM4.72 million as compared to the corresponding quarter in the preceeding year. The increase in revenue for 2Q2024 was due to the increase in revenue from the Sales of Goods segment by RM0.58 million and Construction segment by RM1.28 million.

In the current year quarter, the Group had an operating profit of RM0.46 million as compared to the preceeding year corresponding quarter's loss of RM0.81 million.

6 months ended 30.06.2024

	Individual quarter		Increase/(decrease)	
	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000	RM'000	%
Revenue	8,392	5,737	2,655	46.3
- Sales of goods segment	5,899	5,187	712	13.7
- Construction segment	2,493	550	1,943	353.3
Gross profit	2,704	1,001	1,703	170.1
Operating (loss)/profit	165	(981)	1,146	116.8
(Loss)/profit before tax	(282)	(1,488)	1,206	81.0
(Loss)/profit after tax	(293)	(1,552)	1,259	81.1
(Loss)/profit attributable to ordinary equity holders of the parent	(221)	(1,426)	1,205	84.5

The Group's revenue for current year-to-date ("6M2024") ended 30 June 2024 has shown an increase of 46.3% to RM8.39 million as compared to RM5.74 million recorded in the preceeding year period mainly due to the increase in revenue generated from Sales of Goods segment by RM0.71 million and Construction segment by RM1.94 million.

The Group's profit before tax improved to loss before tax of RM0.28 million in 6M2024 as compared to loss before tax of RM1.49 million in 6M2023 which was mainly due to increase in revenue

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

	Individual quarter		Increase/(decrease) RM'000	%
	Current quarter ended 30.06.2024 RM'000	Preceding quarter ended 31.03.2024 RM'000		
Revenue	4,724	3,668	1,056	28.8
- Sales of goods segment	3,277	2,622	655	25.0
- Construction segment	1,447	1,046	401	38.3
Gross profit	1,894	810	1,084	133.8
Operating (loss)/profit	464	(299)	763	255.2
(Loss)/profit before tax	252	(534)	786	147.2
(Loss)/profit after tax	56	(349)	405	116.0
Loss attributable to ordinary equity holders of the parent	91	(312)	403	129.2

The Group's revenue increased by RM1.06 million in current quarter as compared to the immediate preceding quarter. The Sales of Goods segment's revenue increased by RM0.66 million and the Construction segment's revenue increased by RM0.40 million.

In current quarter, the Group generated a gross profit of RM1.89 million and profit after tax of RM0.06 million

22. Commentary on prospects

Economists are largely maintaining their 2024 growth forecasts for Malaysia after the country's GDP grew by 5.8% in the second quarter, driven by consumer spending and exports, surpassing expectations. This marked the highest growth in six quarters, with the first quarter growth at 4.2%. While UOB and RHB Research see potential upside risks to their forecasts, citing strong domestic demand and a global tech upcycle, ANZ (Australia & New Zealand Banking Group) Research highlights robust export and investment growth. However, Capital Economics warns of a possible slowdown due to rising inflation, lower commodity prices, and the maturation of the tourism sector.

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.

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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 30.06.2024 RM'000	Preceding year corresponding quarter ended 30.06.2023 RM'000	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Interest income	(5)	(3)	(10)	(7)
Interest expenses	212	254	447	507
Depreciation of:				
- Property, plant and equipment	139	175	278	351
- Investment properties	52	28	99	56
Amortisation of right-of-use assets	65	29	96	57
Reversal of impairment loss on trade and other receivables	-	(11)	-	(31)
Gain on disposal of:				
- Property, plant and equipment	-	-	-	(21)
Written off of:				
- Property, plant and equipment	-	-	-	1
Loss/(gain) on foreign exchange:				
- Realised	-	3	(5)	-
- Unrealised	-	-	-	1
Rental income	(42)	(42)	(74)	(139)

25. Income tax expense

Major components of income tax expense includes the following:

	Individual quarter		Cumulative period	
	Current year quarter ended 30.06.2024 RM'000	Preceding year corresponding quarter ended 30.06.2023 RM'000	Current year- to-date 30.06.2024 RM'000	Preceding year corresponding period 30.06.2023 RM'000
Current tax:				
Malaysian income tax	(12)	-	63	21
Real property gain tax	-	9	-	9
	(12)	9	63	30
Deferred tax:				
Relating to origination and reversal of temporary differences	(58)	45	1	(107)
(Over)/underprovision in previous years	266	-	(53)	141
	208	45	(52)	34
Total income tax expense	196	54	11	64

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.

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

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

	30.06.2024	31.12.2023
	RM'000	RM'000
Trade receivables		
Third parties	3,068	2,219
Retention sums on construction contract	527	763
	<u>3,595</u>	<u>2,982</u>
Other receivables	574	1,616
	<u>4,169</u>	<u>4,598</u>

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Third parties		Related parties	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Not past due	2,374	2,326	-	-
Past due:				
- less than 3 months	589	899	-	-
- 3 months to 6 months	465	621	-	-
- more than 6 months	1,800	669	-	-
	<u>2,854</u>	<u>2,189</u>	-	-
	5,228	4,514	-	-
Individual impairment	(1,633)	(1,532)	-	-
	<u>3,595</u>	<u>2,982</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.

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

28. Borrowings and debts securities

	30.06.2024 RM'000	Weighted Average Interest Rate	31.12.2023 RM'000	Weighted Average Interest Rate
Short term borrowings (secured)				
Bank overdrafts (floating)	2,511	8.03%	1,763	8.41%
Banker acceptances (floating)	1,685	4.36%	843	4.87%
Lease liabilities (fixed)	91	3.13%	99	4.10%
Revolving credit (floating)	5,000	5.61%	5,143	5.61%
Term loans (floating)	2,164	5.92%	2,357	6.85%
	<u>11,451</u>		<u>10,205</u>	
Long term borrowings (secured)				
Lease liabilities (fixed)	222	3.13%	252	4.10%
Term loans (floating)	9,041	5.92%	10,067	6.85%
	<u>9,263</u>		<u>10,319</u>	
Total borrowings	<u>20,714</u>		<u>20,524</u>	

None of the borrowings are denominated in foreign currencies.

The increase in borrowings by RM 0.19 million is mainly due to the increase in banker acceptances, which were utilised to finance trade-related transactions.

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 30 June 2024 nor the previous financial year ended 31 December 2023.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2024 nor the previous financial year ended 31 December 2023.

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 30 June 2024 nor the previous financial year ended 31 December 2023.

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

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 30.06.2024	Preceding year corresponding quarter ended 30.06.2023	Current year- to-date 30.06.2024	Preceding year corresponding period 30.06.2023
(Loss)/profit for the period attributable to ordinary equity holders of the Company (RM'000)	91	(1,074)	(221)	(1,426)
Weighted average number of ordinary shares in issue ('000)	105,588	105,588	105,588	105,588
Basic (loss)/profit per share (sen)	0.09	(1.02)	(0.21)	(1.35)

(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.

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	(4,614)	2,386
General working capital	238	(238)	-
Defraying placement expenses	150	(150)	-
	<u>7,388</u>	<u>(5,002)</u>	<u>2,386</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 2023 were not subject to any qualification.