

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2023

DIVFEX BERHAD

Financial Year End 30 Jun 2023

Quarter 4 Qtr

Quarterly report for the financial period ended 30 Jun 2023

The figures have not been audited

Attachments

[DFX - Qtrly Announcement Q4 2023.pdf](#)
533.3 kB

Default Currency

Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2023

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	23,825	6,820	76,424	15,931
2 Profit/(loss) before tax	3,326	650	9,707	1,753
3 Profit/(loss) for the period	2,168	765	7,406	998
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,650	-26	5,161	625
5 Basic earnings/(loss) per share (Subunit)	0.22	0.00	0.69	0.08
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	4.1000		3.4600	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	DIVFEX BERHAD
Stock Name	DFX
Date Announced	23 Aug 2023
Category	Financial Results
Reference Number	FRA-23082023-00088

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	INDIVIDUAL QUARTER UNAUDITED		CUMULATIVE PERIOD UNAUDITED	
	3 MONTHS 30-Jun-23 RM'000	3 MONTHS 30-Jun-22 RM'000	CURRENT YTD ENDED 12 MONTHS 30-Jun-23 RM'000	AUDITED PRECEDING CORRESPONDING YTD ENDED 12 MONTHS 30-Jun-22 RM'000
Continuing operations				
Revenue	23,825	6,820	76,424	15,931
Cost of sales	(16,481)	(3,106)	(53,406)	(8,175)
Gross profit	7,344	3,714	23,018	7,756
Other operating income	403	8,062	849	12,746
Other operating expenses	(4,402)	(10,948)	(13,693)	(18,320)
Finance costs	(18)	(168)	(452)	(385)
Share of loss of an equity-accounted associate	(1)	(10)	(15)	(44)
Profit before tax	3,326	650	9,707	1,753
Tax (expense)/income	(1,158)	115	(2,301)	124
Profit after tax from continuing operations	2,168	765	7,406	1,877
Discontinued operation				
Loss from discontinued operation, net of tax	-	-	-	(879)
Profit for the financial quarter/year	2,168	765	7,406	998
Other comprehensive loss, net of tax				
- Item that will be reclassified subsequently to profit or loss				
Foreign currency translation for foreign operations, net of tax	(169)	(89)	(388)	(69)
Other comprehensive loss for the financial quarter/year, net of tax	(169)	(89)	(388)	(69)
Total comprehensive income for the financial quarter/year	1,999	676	7,018	929
Profit/(Loss) attributable to:-				
Owners of the parent - continuing operations	1,650	(26)	5,161	1,504
- discontinued operation	-	-	-	(879)
Non-controlling interests	518	791	2,245	373
Profit after tax from continuing operations	2,168	765	7,406	998
Total comprehensive income/(loss) attributable to:-				
Owners of the parent - continuing operations	1,481	(115)	4,773	1,435
- discontinued operation	-	-	-	(879)
Non-controlling interests	518	791	2,245	373
Total comprehensive income for the financial quarter/year	1,999	676	7,018	929
EPS attributable to owners of the parent (sen)				
- Basic and diluted				
Continuing operations	0.22	(0.003)	0.69	0.20
Discontinued operation	-	-	-	(0.12)
	0.22	(0.003)	0.69	0.08

(The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	UNAUDITED AS AT 30-Jun-23 RM'000	AUDITED AS AT 30-Jun-22 RM'000
Non-Current Assets		
Property, plant and equipment	3,148	3,134
Right-of-use assets	273	439
Intangible assets	-	-
Goodwill on consolidation	8,726	8,726
Investment in an associate	102	117
Cash and bank balances	-	525
	<u>12,249</u>	<u>12,941</u>
Current Assets		
Inventories	10,033	3,229
Trade receivables	15,118	6,733
Other receivables, deposits and prepayments	6,031	5,577
Current tax assets	136	566
Cash and bank balances	35,124	26,511
	<u>66,442</u>	<u>42,616</u>
TOTAL ASSETS	<u><u>78,691</u></u>	<u><u>55,557</u></u>
Equity attributable to owners of the company		
Share capital	60,054	60,054
Reverse acquisition reserve	(131,013)	(131,013)
Exchange translation reserve	(3,712)	(3,324)
Retained earnings	105,258	100,097
	<u>30,587</u>	<u>25,814</u>
Non-controlling interests	6,335	4,196
TOTAL EQUITY	<u><u>36,922</u></u>	<u><u>30,010</u></u>
Non-Current Liabilities		
Lease liabilities	73	240
Borrowings	707	3,380
Provision for restoration cost	22	34
Other payables	-	525
Deferred tax liabilities	7	34
	<u>809</u>	<u>4,213</u>
Current Liabilities		
Trade payables	12,026	2,510
Other payables, deposits and accruals	22,901	12,218
Lease liabilities	248	230
Redeemable preference shares	4,000	-
Borrowings	1,133	5,570
Current tax payables	652	806
	<u>40,960</u>	<u>21,334</u>
	<u>41,769</u>	<u>25,547</u>
TOTAL EQUITY AND LIABILITIES	<u><u>78,691</u></u>	<u><u>55,557</u></u>
Net assets per share (sen)	<u><u>4.10</u></u>	<u><u>3.46</u></u>

* Net assets per share attributable to owners of the Company is computed based on Total Shareholders' Funds (excluding Non-controlling interests) divided by the total number of ordinary shares in issue.

(The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Attributable to owners of the Parent			Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000				
Unaudited Twelve Months Financial Year Ended 30 June 2023							
Balance as at 1 July 2022	60,054	(131,013)	(3,324)	100,097	25,814	4,196	30,010
Profit for the financial year	-	-	-	5,161	5,161	2,245	7,406
Foreign currency translation for foreign operations, net of tax	-	-	(388)	-	(388)	-	(388)
Total comprehensive income/(loss) for the financial year	-	-	(388)	5,161	4,773	2,245	7,018
Transaction with owners							
Dividend paid	-	-	-	-	-	(106)	(106)
Balance as at 30 June 2023	<u>60,054</u>	<u>(131,013)</u>	<u>(3,712)</u>	<u>105,258</u>	<u>30,587</u>	<u>6,335</u>	<u>36,922</u>

	Attributable to owners of the Parent			Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000				
Audited Twelve Months Financial Year Ended 30 June 2022							
Balance as at 1 July 2021	60,054	(131,013)	(3,488)	99,472	25,025	537	25,562
Deconsolidation of a subsidiary	-	-	233	-	233	(91)	142
Profit for the financial year	-	-	-	625	625	373	998
Foreign currency translation for foreign operations, net of tax	-	-	(69)	-	(69)	-	(69)
Total comprehensive income/(loss) for the financial year	-	-	(69)	625	556	373	929
Transaction with owners							
Acquisition of subsidiaries	-	-	-	-	-	3,377	3,377
Balance as at 30 June 2022	<u>60,054</u>	<u>(131,013)</u>	<u>(3,324)</u>	<u>100,097</u>	<u>25,814</u>	<u>4,196</u>	<u>30,010</u>

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	UNAUDITED CURRENT YEAR TO DATE ENDED 30-Jun-23 RM'000	AUDITED PRECEDING FINANCIAL YEAR ENDED 30-Jun-22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax		
- continuing operations	9,707	1,753
- discontinued operation	-	(879)
	<u>9,707</u>	<u>874</u>
Adjustment for non-cash items:		
Amortisation of intangible assets	-	58
Bad debts written off	17	-
Depreciation of property, plant and equipment	669	648
Depreciation of right-of-use assets	315	160
Gain on disposal of property, plant and equipment	(31)	(6)
Gain on disposal of subsidiaries	-	(2,557)
Gain on deconsolidation of a subsidiary	-	(9,184)
Impairment losses on intangible assets	-	886
Impairment losses on receivables	261	4,445
Interest expenses	452	385
Interest income	(233)	(431)
Inventories written down	242	353
Inventories written off	15	15
Net unrealised gain on foreign exchange	(458)	(307)
Property, plant and equipment written off	23	56
Share of loss of an equity-accounted associate	15	44
	<u>10,994</u>	<u>(4,561)</u>
Operating profit/(loss) before working capital changes		
Net changes in assets	(16,122)	945
Net changes in liabilities	19,890	13,609
	<u>14,762</u>	<u>9,993</u>
Cash generated from operations		
Interest paid	(223)	-
Tax paid	(2,052)	(319)
Tax refund	-	43
	<u>12,487</u>	<u>9,717</u>
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash paid	-	(3,377)
Interest received	233	431
Placements of deposits with licensed banks	(2,708)	(86)
Proceeds from deconsolidation of subsidiaries, net of cash deconsolidation	-	3,426
Proceeds from disposal of property, plant and equipment	46	169
Purchase of intangible assets	-	(798)
Purchase of property, plant and equipment	(709)	(1,466)
Repayment from related parties	-	233
Repayment from an associate	9	17
Withdrawal/(Placements) of deposits with licensed banks with maturity more than three months	2,911	(4,954)
Proceed from issue of redeemable preference shares to non-controlling interest in a subsidiary company	4,000	-
	<u>3,782</u>	<u>(6,405)</u>
Net cash from/(used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(310)	(143)
Repayment of borrowings	(1,946)	(28)
Repayment to related parties	(164)	(6,145)
Interest paid	(229)	(385)
Dividend paid to non-controlling interest	(106)	-
	<u>(2,755)</u>	<u>(6,701)</u>
Net cash used in financing activities		
Net changes in cash and cash equivalents	13,514	(3,389)
Cash and cash equivalents at beginning of financial year	9,942	12,996
Effect of foreign exchange on opening balance	(59)	335
	<u>23,397</u>	<u>9,942</u>
Cash and cash equivalents at end of financial year		

(The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 30 June 2022.)

PART A:

Notes to the Consolidated Interim Financial Information

1 Basis of preparation

The consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The consolidated interim financial information should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022. The explanatory notes attached to this consolidated interim financial information 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 30 June 2022.

2 Significant Accounting Policies

The accounting policies and methods of computation and presentation adopted by the Group in these interim consolidated financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2022, except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:-

Amendments to MFRS 3	Reference to the Conceptual Frameworks
Amendments to MFRS 116	Property, plant and equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above Amendments to MFRSs does not have significant financial impact to the Group.

The following are new standards, amendments and that have been issued by the MASB but have not been early adopted by the Group:

Amendments to MFRS 16	Lease liability in a Sale and Leaseback
MFRS 17 and amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 4	Extension of the Temporary Exemptions from Applying MFRS 9
Amendments to MFRS 101	Classification of liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 108	Definitions of Accounting Estimates
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

These new and amended standards will have no material impact on the financial statements of the Group upon their initial application.

3 Qualification of independent auditors' report on preceding annual audited financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2022 was an unqualified opinion.

4 Seasonal and cyclical factors

The business of the Group was not affected by any seasonal and cyclical factors.

5 Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the quarter under review.

6 Material changes in estimates

There were no material changes in estimates during the quarter under review.

PART A:
Notes to the Consolidated Interim Financial Information

7 Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

8 Dividends paid

There were no dividends paid during the quarter under review.

9 Segmental information

The Group's reportable segments were identified as follows:-

- Information and Communication Technology ("ICT") – Provision of a comprehensive range of tele/data communication, network infrastructure, industrial automation and network performance monitoring solutions and related services.

Others segment comprises operations related to investment holding activities, sales and distribution and reselling of hardware and software products, consumer food and related products and services and subsidiaries that have ceased operations and remained inactive.

Business Segments	Discontinued operations			----- Continuing operations -----			Eliminations RM'000	Consolidation RM'000
	Food Manufacturing RM'000	ICT RM'000	Others RM'000	Total Continuing Operations RM'000	Total Continuing and Discontinued Operation RM'000			
Twelve Months Financial Year Ended 30 June 2023								
External sales	-	76,424	-	76,424	76,424	-	-	76,424
Inter segment sales	-	822	591	1,413	1,413	(1,413)	-	-
Total sales	-	77,246	591	77,837	77,837	(1,413)	-	76,424
Segment results	-	10,919	(214)	10,705	10,705	(779)	-	9,926
Finance costs	-	(452)	-	(452)	(452)	-	-	(452)
Interest Income	-	203	30	233	233	-	-	233
Profit/(Loss) before tax	-	10,670	(184)	10,486	10,486	(779)	-	9,707
Taxation	-	(2,300)	(1)	(2,301)	(2,301)	-	-	(2,301)
Profit/(Loss) for the year	-	8,370	(185)	8,185	8,185	(779)	-	7,406
Segment assets	-	60,866	48,092	108,958	108,958	(30,267)	-	78,691

Twelve Months Financial Year Ended 30 June 2022								
External sales	983	15,330	601	15,931	16,914	-	-	16,914
Inter segment sales	490	17	541	558	1,048	(1,048)	-	-
Total sales	1,473	15,347	1,142	16,489	17,962	(1,048)	-	16,914
Segment results	(781)	5,514	(2,674)	2,840	2,059	(1,231)	-	828
Finance costs	(133)	(385)	-	(385)	(518)	133	-	(385)
Interest Income	-	90	414	504	504	(73)	-	431
Profit/(Loss) before tax	(914)	5,219	(2,260)	2,959	2,045	(1,171)	-	874
Taxation	-	124	-	124	124	-	-	124
Profit/(Loss) for the year	(914)	5,343	(2,260)	3,083	2,169	(1,171)	-	998
Segment assets	-	37,303	30,471	67,774	67,774	(12,217)	-	55,557

Major Customers

Major customers with revenue equal or more than 10% of the Group's total revenue for current financial year are as follows:

Customer A	RM'000
Customer B	21,655
	29,944

PART A:
Notes to the Consolidated Interim Financial Information

10 Related Party Disclosures

Significant related party transactions are as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 30-Jun-22 RM'000	12 MONTHS ENDED 30-Jun-23 RM'000	12 MONTHS ENDED 30-Jun-22 RM'000
Sale of goods and services to related parties	173	116	713	424
Purchase of goods and services from related parties	272	(4)	275	7
Disposal of property, plant and equipment to a related party	-	-	13	-
Corporate secretarial services fees paid/payable to related parties	18	10	116	127
Share office, network, data center and other services	170	102	529	391

11 Carrying amount of revalued assets

There were no changes to the valuation of property, plant and equipment during the quarter under review.

12 Change in the composition of the Group

On 30 May 2023, Diversified Gateway Berhad, a wholly-owned subsidiary of DFX, incorporated a new subsidiary, DGB Data Co., Ltd. ("DGB Data Thailand") in Thailand. DGB Data Thailand has yet to commence its business operation during the quarter under review.

Other than the above, there were no changes in the composition of the Group during the quarter under review.

13 Changes in contingent liabilities or contingent assets

Bank guarantee granted for the quarter under review are as follows:-

	RM'000
Bank guarantees given by financial institutions in respect of projects of the Group	1,788

14 Cash and bank balances

For the Consolidated Statement of Cash Flows, cash and cash equivalents include the following:

	AS AT 30-Jun-23 RM'000
Cash and bank balances	12,994
Fixed deposits with licensed financial institutions	22,130
	35,124
Less: Fixed deposits pledged with licensed banks	(9,603)
Less: Fixed deposits with licensed banks with maturity more than three months	(2,042)
Less: Bank overdraft	(82)
	23,397

PART B:**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023****1 Detailed analysis of performance**

The detailed breakdown of revenue by operating segments of the Group are as follows:-

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 30-Jun-22 RM'000	Variance %	12 MONTHS ENDED 30-Jun-23 RM'000	12 MONTHS ENDED 30-Jun-22 RM'000	Variance %
Continuing operations						
ICT	23,940	6,834	>+100.0	77,246	15,347	>+100.0
Others	231	181	27.6	591	1,142	(48.2)
	<u>24,171</u>	<u>7,015</u>	>+100.0	<u>77,837</u>	<u>16,489</u>	>+100.0
Less: Inter Segment Revenue	(346)	(195)		(1,413)	(558)	
External Revenue	<u>23,825</u>	<u>6,820</u>	>+100.0	<u>76,424</u>	<u>15,931</u>	>+100.0
Revenue from discontinued operation						
Food Manufacturing	-	-	-	-	983	(100.0)
Total Group Revenue	<u>23,825</u>	<u>6,820</u>	>+100.0	<u>76,424</u>	<u>16,914</u>	>+100.0

In the financial quarter under review, the ICT business segment recorded higher revenue of RM23.94 million, compared to revenue of RM6.83 million achieved in the previous corresponding quarter due to higher revenue contribution from all three ICT companies, Diversified Gateway Berhad ("DGB"), Excel Commerce Solutions Sdn. Bhd. ("EXCEL") and Finther Tecnologica Sdn. Bhd. ("FINThER").

The detailed breakdown of profit/(loss) before tax by business segments of the Group are as follow:-

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 30-Jun-22 RM'000	Variance %	12 MONTHS ENDED 30-Jun-23 RM'000	12 MONTHS ENDED 30-Jun-22 RM'000	Variance %
Continuing operations						
ICT	3,395	7,018	(51.6)	11,159	5,334	>+100.0
Others	(69)	(6,368)	(98.9)	(1,452)	(3,581)	59.5
Profit before tax	<u>3,326</u>	<u>650</u>		<u>9,707</u>	<u>1,753</u>	
Loss before tax from discontinued operation						
Food Manufacturing	-	-	-	-	(879)	100.0
Profit before tax	<u>3,326</u>	<u>650</u>	>+100.0	<u>9,707</u>	<u>874</u>	>+100.0

The Group recorded profit before tax of RM3.33 million, compared to profit before tax of RM0.65 million in the corresponding quarter of the preceding year due to profit contribution from ICT segment as a result of higher revenues from all 3 ICT subsidiary companies during the current quarter under review.

PART B:
**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**
2 Variation of results against preceding quarter

	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 31-Mar-23 RM'000
Revenue		
Continuing operations	23,825	17,238
Discontinued operation	-	-
	<u>23,825</u>	<u>17,238</u>
Profit before tax		
Continuing operations	3,326	2,564
Discontinued operation	-	-
	<u>3,326</u>	<u>2,564</u>

The Group recorded a higher revenue of RM23.83 million for the current quarter as compared to revenue of RM17.24 million in the immediate preceding quarter due to higher project billings during the quarter.

The Group recorded a lower profit before tax of RM3.33 million, compared to profit before tax of RM2.56 million in the immediate preceding quarter mainly due to higher project billings during the quarter.

3 Prospects

The Group's key operations are focussed in the ICT business segment for FY2023.

For the current quarter ending 30 June 2023, the Group's businesses continued to show revenue growth year-on-year following the post pandemic rollout of ICT projects in the Malaysian economy. DGB, EXCEL and FINThER contributed positively to the Group's revenue and profit for the quarter although with negative impact from higher cost of goods from the strong USD.

The Group continues to synergise the businesses of DGB, EXCEL and FINThER in the ICT segment, having initiated soft expansion at the end of the quarter into regional markets by setting up subsidiaries in Singapore and Thailand. Overall, the Group's outlook remains positive for FY2024 barring further negative effects of the USD.

4 Profit forecast

Not applicable.

5 Tax expense

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 30-Jun-22 RM'000	12 MONTHS ENDED 30-Jun-23 RM'000	12 MONTHS ENDED 30-Jun-22 RM'000
Current tax expense				
- Malaysia taxation	1,175	73	2,326	73
Under/(Over) provision in prior year				
- Malaysia taxation	10	(178)	2	(187)
Deferred tax				
- relating to originating and reversal of temporary differences	-	(10)	-	(10)
- over provision in prior year	(27)	-	(27)	-
	<u>1,158</u>	<u>(115)</u>	<u>2,301</u>	<u>(124)</u>

The Group's effective tax rate for the current financial year is disproportionate to the statutory tax rate due to certain expenses being not deductible for tax purposes.

PART B:

EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

6 Unquoted investments and properties

There were no purchase or disposal of unquoted investments and properties during the financial quarter under review.

7 Quoted securities

There were no acquisitions or disposal of quoted securities during the financial quarter under review.

8 Status of corporate proposals

The Company is deemed an Affected Listed Corporation ("ALC") under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") on 6 January 2020, upon completion of the disposal of 24,500 ordinary shares, representing 100.0% equity interest in ISS Consulting (Thailand) Ltd ("ISST"). The Company was originally given 24 months from 6 January 2020 to regularise its condition.

On 28 January 2022, M & A Securities Sdn. Bhd. ("M & A Securities"), on behalf of the Board of DFX, announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, via its letter dated 27 January 2022, granted the Company an extension of time of 6 months up to 6 July 2022 to submit a regularisation plan to Bursa Securities.

On 5 July 2022, M & A Securities, on behalf of the Board of DFX, announced that the Company proposed to undertake the Proposed Regularisation Plan to regularise its financial condition in accordance with Rule 8.04(3) of the Listing Requirements, as follows:

- (i) a proposed renounceable rights issue on the basis of 1 new ordinary share in DFX ("Right Share(s)") for every 2 existing ordinary shares held in DFX ("DFX Share(s)" or "Share(s)"), together with free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed for, by the entitled shareholders whose names appear in the record of depositors of DFX on an entitlement date to be determined later; and
- (ii) a proposed establishment of an employees' share option scheme of up to 15.0% of the total issued DFX Shares (excluding treasury shares, if any) at any point in time during the duration of the scheme, for the eligible directors and employees of DFX Group.

(Collectively, referred to as "Proposed Regularisation Plan").

On the same day, M & A Securities, on behalf of the Board of DFX, submitted an application to Bursa Securities for another 6-month extension of time up to 6 January 2023 to submit its regularisation plan to Bursa Securities.

On 5 August 2022, M & A Securities, on behalf of the Board of DFX, announced that Bursa Securities had, via its letter dated 4 August 2022, granted the Company an extension of time of 6 months up to 5 January 2023 to submit its regularisation plan to Bursa Securities.

On 3 January 2023, M & A Securities, on behalf of the Board of DFX, submitted another application to Bursa Securities for a further extension of time of 6 months up to 5 July 2023 to submit its regularisation plan to Bursa Securities.

On 7 February 2023, M & A Securities, on behalf of the Board of DFX, announced that Bursa Securities had, via its letter dated 3 February 2023, granted the Company a further extension of time of 6 months up to 5 July 2023 to submit its regularisation plan to Bursa Securities.

On 3 July 2023, M & A Securities, on behalf of the Board of DFX, submitted another application to Bursa Securities for a further extension of time of 4 months up to 5 November 2023 to submit its regularisation plan to Bursa Securities.

On 16 August 2023, M & A Securities, on behalf of the Board of DFX, announced that Bursa Securities had, via its letter dated 16 August 2023, granted the Company a further extension of time of 4 months up to 5 November 2023 to submit its regularisation plan to Bursa Securities.

The due diligence work for the Proposed Regularisation Plan is still ongoing alongside the Group's continued efforts to grow its business operations.

PART B:
**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**
9 Status of approved utilisation of proceeds of the disposal of ISST

The status of the utilisation of the disposal proceeds of ISST are as follows: -

	Status	Original Utilisation of Proceeds	Variation of Utilisation of Proceeds	Utilisation To-date	Remaining Balance	Intended timeframe for utilisation (from the date of completion i.e. 06 January 2020)
Purpose		RM'000	RM'000	RM'000	RM'000	
For the operation of:-						
- QBI Packaging Sdn Bhd	Completed	10,000	5,000	5,000	-	Within 30 months
Payment of "Golden Handcuff" incentive to Wisit Wirayagorn	-	4,459	4,459	3,790	669	Within 48 months
Repayment of short-term borrowings	Completed	6,000	6,000	6,000	-	Within 12 months
Proposed special dividend	Completed	6,000	3,000	3,000	-	Within 9 months
DFX working capital	-	5,122	13,122	8,122	5,000	Within 48 months
Estimated expenses in relation to the disposal of ISST	Completed	450	450	450	-	Immediately
		32,031	32,031	26,362	5,669	

10 Borrowings and debts securities

The Group's borrowings and debts securities as at 30 June 2023 are as follows:

Bank Borrowings

Short term bank borrowings

- Bank overdraft – secured
- Trade financing – secured
- Term loan – secured

RM'000

82

1,000

51

Long term bank borrowings

- Term loan – secured

707

1,840

Debts Securities

Redeemable Preference Shares ("RPS")

RPS to non-controlling interest in a subsidiary company

RM'000

4,000

11 Changes in material litigation

There was no material litigation against the Group as at reporting date.

12 Dividends

No dividends have been recommended during the quarter ended 30 June 2023.

PART B:**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023****13 Earnings per ordinary share****(a) Basic earnings per ordinary share**

Basic earnings per ordinary share for the financial period under review is calculated based on the Group's profit after tax and non-controlling interests divided by the weighted average ("WA") number of ordinary shares in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 30-Jun-22 RM'000	12 MONTHS ENDED 30-Jun-23 RM'000	12 MONTHS ENDED 30-Jun-22 RM'000
Profit/(Loss) after tax attributable to the owners of the parent				
Continuing operations	1,650	(26)	5,161	1,504
Discontinued operation	-	-	-	(879)
	<u>1,650</u>	<u>(26)</u>	<u>5,161</u>	<u>625</u>
WA number of ordinary shares in issue ('000)	745,731	745,731	745,731	745,731
Basic profit/(loss) per ordinary share (sen)				
Continuing operations	0.22	(0.003)	0.69	0.20
Discontinued operation	-	-	-	(0.12)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.12)</u>

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

14 Profit before tax

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 30-Jun-22 RM'000	12 MONTHS ENDED 30-Jun-23 RM'000	12 MONTHS ENDED 30-Jun-22 RM'000
Profit before tax is arrived at after charging:-				
Amortisation of intangible assets	-	14	-	58
Bad debt written off	17	-	17	-
Depreciation of property, plant and equipment	163	153	669	648
Depreciation of right-of-use assets	125	57	315	160
Inventories written down	242	343	242	353
Inventories written off	15	15	15	15
Interest expenses	18	168	452	385
Impairment loss on intangible assets	-	886	-	886
Impairment loss on receivables	206	4,430	261	4,445
Property, plant and equipment written off	-	56	23	56
Realised loss on foreign exchange	26	29	57	33
Unrealised loss on foreign exchange	-	31	-	43
	<u>-</u>	<u>31</u>	<u>-</u>	<u>43</u>

PART B:
**EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

14 Profit before tax (continued)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 MONTHS ENDED 30-Jun-23 RM'000	3 MONTHS ENDED 30-Jun-22 RM'000	12 MONTHS ENDED 30-Jun-23 RM'000	12 MONTHS ENDED 30-Jun-22 RM'000
And crediting:-				
Gain on disposal of property, plant and equipment	31	-	31	6
Gain on disposal of subsidiaries	-	2,557	-	2,557
Gain on deconsolidation of a subsidiary	-	4,845	-	9,184
Interest income	65	306	233	431
Realised gain on foreign exchange	(38)	(4)	15	-
Unrealised gain on foreign exchange	317	277	458	350