

**APPENDIX II – UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF
DYNAFRONT FOR THE 6-MONTH FINANCIAL PERIOD ENDED 31
DECEMBER 2020**

DYNAFRONT HOLDINGS BERHAD
(Incorporated in Malaysia)

**UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2020**

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
Revenue	3,903,497	3,310,421
Cost of sales	<u>(1,684,539)</u>	<u>(1,481,520)</u>
Gross profit	2,218,958	1,828,901
Other income	164,620	64,459
Administrative expenses	(294,667)	(272,640)
Other operating expenses	<u>(1,377,812)</u>	<u>(1,596,191)</u>
Profit from operations	711,099	24,529
Finance costs	<u>(20,784)</u>	<u>(54,239)</u>
Profit/(loss) before tax	690,315	(29,710)
Tax expense	<u>(217,000)</u>	<u>(170,000)</u>
Profit/(loss) for the financial period	<u><u>473,315</u></u>	<u><u>(199,710)</u></u>
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operation	<u>(140,856)</u>	<u>19,854</u>
Total comprehensive income for the financial period	<u><u>332,459</u></u>	<u><u>(179,856)</u></u>
Profit/(loss) attributable to:		
- Owners of the Group	482,417	(189,629)
- Non-controlling interest	<u>(9,102)</u>	<u>(10,081)</u>
	<u><u>473,315</u></u>	<u><u>(199,710)</u></u>
Total comprehensive income attributable to:		
- Owners of the Group	355,647	(171,760)
- Non-controlling interest	<u>(23,188)</u>	<u>(8,096)</u>
	<u><u>332,459</u></u>	<u><u>(179,856)</u></u>

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**UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2020**

	31.12.2020 RM	31.12.2019 RM
ASSETS		
Non-Current Assets		
Plant and equipment	433,949	515,722
Right-of-use assets	1,502,832	2,576,454
Intangible assets	200	380
Tax recoverable	53,314	-
	<u>1,990,295</u>	<u>3,092,556</u>
Current Assets		
Trade receivables	1,259,872	1,605,840
Other receivables	315,034	1,148,387
Contract assets	398,078	-
Amounts due from shareholders	2,119,384	2,218,189
Fixed deposits placed with a licensed bank	2,075,091	3,076,643
Cash and bank balances	2,214,654	1,508,016
	<u>8,382,113</u>	<u>9,557,075</u>
TOTAL ASSETS	<u><u>10,372,408</u></u>	<u><u>12,649,631</u></u>

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**UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2020 (cont'd)**

	31.12.2020	31.12.2019
	RM	RM
EQUITY AND LIABILITIES		
Equity		
Invested equity	3,662,301	3,662,299
Retained earnings	3,917,039	5,029,899
Reserve	<u>(54,868)</u>	<u>26,471</u>
Equity attributable to Owners of the Group	7,524,472	8,718,669
Non-controlling interest	<u>278,792</u>	<u>280,557</u>
Total Equity	<u>7,803,264</u>	<u>8,999,226</u>
Non-Current Liabilities		
Lease liabilities	457,681	1,307,767
Deferred tax liabilities	<u>21,146</u>	<u>24,582</u>
	<u>478,827</u>	<u>1,332,349</u>
Current Liabilities		
Trade payables	22,582	9,606
Other payables	412,969	410,676
Contract liabilities	565,967	550,133
Lease liabilities	835,269	1,266,057
Tax payable	<u>253,530</u>	<u>81,584</u>
	<u>2,090,317</u>	<u>2,318,056</u>
Total Liabilities	<u>2,569,144</u>	<u>3,650,405</u>
TOTAL EQUITY AND LIABILITIES	<u><u>10,372,408</u></u>	<u><u>12,649,631</u></u>

APPENDIX II – UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF DYNAFRONT FOR THE 6-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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**UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2020**

	←----- Attributable to Owners of the Group -----→					
	←----- Non-Distributable -----→					
	Invested Equity RM	Foreign Currency Translation Reserve RM	Distributable Retained Earnings RM	Total RM	Non- Controlling Interest RM	Total Equity RM
At 1 July 2019	3,662,299	8,602	5,219,528	8,890,429	288,653	9,179,082
Loss net of tax	-	-	(189,629)	(189,629)	(10,081)	(199,710)
Other comprehensive income:						
Foreign currency translation differences for foreign operation	-	17,869	-	17,869	1,985	19,854
Total comprehensive income	-	17,869	(189,629)	(171,760)	(8,096)	(179,856)
At 31 December 2019	<u>3,662,299</u>	<u>26,471</u>	<u>5,029,899</u>	<u>8,718,669</u>	<u>280,557</u>	<u>8,999,226</u>

APPENDIX II – UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF DYNAFRONT FOR THE 6-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2020 (cont'd)

	←----- Attributable to Owners of the Group -----→					
	←----- Non-Distributable -----→					
	Invested Equity RM	Foreign Currency Translation Reserve RM	Distributable Retained Earnings RM	Total RM	Non- Controlling Interest RM	Total Equity RM
At 1 July 2020	3,662,299	71,902	6,485,804	10,220,005	301,980	10,521,985
Profit net of tax	-	-	482,417	482,417	(9,102)	473,315
Other comprehensive income:						
Foreign currency translation differences for foreign operation	-	(126,770)	-	(126,770)	(14,086)	(140,856)
Total comprehensive income	-	(126,770)	482,417	355,647	(23,188)	332,459
Transactions with Owners of the Group:						
- Issuance of ordinary shares upon incorporation of DynaFront Holdings Berhad	2	-	-	2	-	2
- Dividends paid	-	-	(3,051,182)	(3,051,182)	-	(3,051,182)
Total transactions with Owners of the Group	2	-	(3,051,182)	(3,051,180)	-	(3,051,180)
At 31 December 2020	3,662,301	(54,868)	3,917,039	7,524,472	278,792	7,803,264

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**UNAUDITED COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2020**

	01.07.2020 to 31.12.2020 Note	01.07.2019 to 31.12.2019 RM
Cash Flows from Operating Activities		
Profit/(loss) before tax	690,315	(29,710)
Adjustments for:		
Amortisation of intangible assets	60	-
Bad debts written off	-	20,140
Depreciation of plant and equipment	45,027	44,955
Depreciation of right-of-use assets	495,620	541,010
Interest income	(49,483)	(60,879)
Interest expense	20,784	54,239
Operating profit before changes in working capital	1,202,323	569,755
Changes in working capital:		
Trade and other receivables	2,148,296	397,237
Trade and other payables	(210,771)	(712,192)
Contract assets	(191,590)	-
Contract liabilities	91,026	61,123
Amounts due from shareholders	8,424	341,953
Cash generated from operations	3,047,708	657,876
Interest paid	(20,784)	(54,239)
Interest received	49,483	60,879
Tax paid	(220,978)	(170,000)
Net cash from operating activities	2,855,429	494,516
Cash Flows from Investing Activity		
Purchase of plant and equipment, representing net cash used in investing activity	(3,672)	(187,951)
Cash Flows from Financing Activities		
Payment for the principal portion of lease liabilities	(ii) (666,604)	(668,227)
Proceeds from issuance of ordinary shares	2	-
Dividends paid	(3,051,182)	-
Net cash used in financing activities	(3,717,784)	(668,227)
Net decrease in cash and cash equivalents	(866,027)	(361,662)
Effect of exchange rate changes on cash and cash equivalents	(7,763)	702
Cash and cash equivalents at beginning of the financial period	5,163,535	4,945,619
Cash and cash equivalents at end of the financial period	(i) 4,289,745	4,584,659

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**UNAUDITED COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2020 (cont'd)**

(i) Cash and cash equivalents comprise:

	31.12.2020	31.12.2019
	RM	RM
Fixed deposits placed with a licensed bank	2,075,091	3,076,643
Cash and bank balances	<u>2,214,654</u>	<u>1,508,016</u>
	<u><u>4,289,745</u></u>	<u><u>4,584,659</u></u>

(ii) The reconciliation of the movements of liabilities to cash flows arising from financing activities:

	Lease Liabilities RM
01.07.2019 to 31.12.2019	
At 1 July 2019, as previously reported	-
Adjustment on initial application of MFRS 16	
- Hire purchase payables	1,278,868
- Lease of premises	743,977
- Other payables	1,200,714
- Exchange differences	18,492
	<u>3,242,051</u>
At 1 July 2019, as restated	3,242,051
Repayment	<u>(668,227)</u>
At 31 December 2019	<u><u>2,573,824</u></u>
01.07.2020 to 31.12.2020	
At 1 July 2020	1,959,554
Repayment	<u>(666,604)</u>
At 31 December 2020	<u><u>1,292,950</u></u>

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**A EXPLANATORY NOTES TO THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2020**

**A1 COMPLIANCE WITH FINANCIAL REPORTING STANDARD AND LISTING REQUIREMENTS
OF BURSA SECURITIES**

BASIS OF PREPARATION

The combined financial statements for the financial periods ended 31 December 2019 and 31 December 2020 have been prepared in accordance with the accounting policies adopted by the Group which should be read in conjunction with the audited combined financial statements for the financial years ended 30 June 2019 and 30 June 2020, and the Guidance Note on “Combined Financial Statements” issued by the Malaysian Institute of Accountants on 28 November 2018.

The combined financial statements have been prepared for inclusion in the Information Memorandum in connection with the proposed listing of the entire enlarged issued share capital of the Company on the Leading Entrepreneur Accelerator Platform (“LEAP”) Market of Bursa Malaysia Securities Berhad and for no other purpose.

The combined financial statements for the financial periods ended 31 December 2019 and 31 December 2020 consist of the following entities under common control (collectively hereinafter referred to as the “Group”) for each of the financial periods under review:

	Financial period ended (“FPE”) 31 December	
	2020	2019
Entities under common control:		
DynaFront Holdings Berhad	√	Not applicable *
DynaFront Systems Berhad	√	√
PT DynaFront Systems Indonesia	√	√

√ *The unaudited combined financial statements include the financial statements of these combining entities for the respective financial periods.*

* *No financial statements were available for DynaFront Holdings Berhad as the Company was incorporated on 18 December 2020.*

Common control business combination

For such common control business combinations, the “pooling-of-interest” method is used to account for the assets, liabilities, results, equity changes and cash flows in the combined financial statements.

Under the “pooling-of-interest” method, the results of the Group are presented as if the “pooling-of-interest” had been effected throughout the current and previous periods. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the end of transfer.

The effect of all transactions and balances, and any unrealised income and expenses occurring before or after the combination, are eliminated in preparing the unaudited combined financial statements.

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**A1 COMPLIANCE WITH FINANCIAL REPORTING STANDARD AND LISTING REQUIREMENTS
OF BURSA SECURITIES (cont'd)**

Non-controlling interest represents the equity in combining entities not attributable directly or indirectly, to the Owners of the Group, and is presented separately in the combined profit or loss and within equity in the unaudited combined financial position, separately from equity attributable to the Owners of the Group.

Non-controlling interest is measured based on the changes in the net assets of the combining entities after the date of combination.

Losses within a combining entity are attributed to the non-controlling interest even if that results in a deficit balance.

STATEMENT OF COMPLIANCE

Application of New Standards, Amendments and Interpretation

In the preparation of the unaudited combined financial statements, the Directors have applied consistently throughout the two financial periods ended 31 December 2019 and 31 December 2020, a number of new accounting pronouncements that became effective mandatorily for the financial periods beginning on or after 1 January 2019.

The Group has also considered the new accounting pronouncements in the preparation of the unaudited combined financial statements.

(i) Accounting pronouncements that are effective and adopted during the FPE 31 December 2020

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRSs	

The adoption of the above accounting pronouncements did not have any significant effect on the unaudited combined financial statements of the Group.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group has not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these unaudited combined financial statements but are not yet effective for the Group:-

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Covid-19 – Related Rent Concessions
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**A1 COMPLIANCE WITH FINANCIAL REPORTING STANDARD AND LISTING REQUIREMENTS
OF BURSA SECURITIES (cont'd)**

STATEMENT OF COMPLIANCE (cont'd)

**(ii) Accounting pronouncements that are issued but not yet effective and have not
been early adopted (cont'd)**

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 7, Interest Rate Benchmark Reform – Phase 2
MFRS 4 and MFRS 16

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16 Covid-19 – Related Rent Concessions
beyond 30 June 2021

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3 Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds
before Intended Use
Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a
Contract
Annual Improvements to MFRSs 2018 – 2020 Cycle

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Classification of Liabilities as Current or Non-
Current
Amendments to MFRS 101 and MFRS Disclosure of Accounting Policies
Practice Statement 2
Amendments to MFRS 108 Definition of Accounting Estimates

Effective date to be announced

Amendments to MFRS 10 and MFRS Sale or Contribution of Assets between an
128 Investor and its Associate or Joint Venture

The Group will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group upon their initial applications.

A2 SEASONAL/CYCLICAL FACTORS

The Group does not experience any material seasonality in its business.

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A3 UNUSUAL ITEMS

There were no material unusual items affecting assets, liabilities, equity, net income and cash flows for the FPE 31 December 2020 and 31 December 2019.

A4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial year that have a material effect during the FPE 31 December 2020 and 31 December 2019.

A5 DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the FPE 31 December 2020 and 31 December 2019, save for the issuance of 2 ordinary shares upon the incorporation of DynaFront Holdings Berhad.

A6 SEGMENTAL INFORMATION

(i) Revenue by segment

	01.07.2020 to 31.12.2020 RM'000	01.07.2019 to 31.12.2019 RM'000
Proprietary software	2,443.5	2,151.5
Managed services	1,403.4	1,107.8
Others	56.6	51.1
	<u>3,903.5</u>	<u>3,310.4</u>

(ii) Revenue by geographical location

	01.07.2020 to 31.12.2020 RM'000	01.07.2019 to 31.12.2019 RM'000
Malaysia	1,653.6	2,255.7
Indonesia	2,209.3	1,000.6
Philippines	40.6	39.1
Hong Kong	-	15.0
	<u>3,903.5</u>	<u>3,310.4</u>

A7 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to the end of current reporting period up to the date of this report.

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A8 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at 31 December 2020 and 31 December 2019.

A9 CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, there were no changes in the composition of the Group for the current period under review:

- (i) On 18 December 2020, DynaFront Holdings Sdn. Bhd. has been incorporated under the Companies Act 2016 as a private limited liability company with an issued share capital of RM1 comprising of 2 ordinary shares. It has yet to commence operations and its intended business activity is investment holding. On 10 March 2021, the Company was converted into a public company limited by shares and assumed its present name.

A10 CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2020 and 31 December 2019.

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**B ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING
REQUIREMENTS OF BURSA SECURITIES**

B1 REVIEW OF PERFORMANCE

The Group's revenue increased by approximately RM0.6 million or 17.9% from RM3.3 million recorded for the FPE 31 December 2019 to RM3.9 million recorded for the FPE 31 December 2020. This increase in revenue is mainly due to increase in both proprietary software segment and managed services segment.

In tandem with the increase in revenue, the Group reported a profit after tax of approximately RM0.5 million for the FPE 31 December 2020. Earnings per share correspondingly rose from (0.3) sen to 0.7 sen.

B2 PROSPECTS OF THE GROUP

The Board is optimistic of the Group's long-term prospects, taking into considerations our competitive strengths as elaborated in Section 4.4 and our future plans as elaborated in Section 4.13 of the Information Memorandum as well as the prevailing industry trends and life insurance market potential based on the IMR Report.

In addition, the Group secured a new contract valued at approximately RM1.7 million in February 2021.

B3 PROFIT FORECAST/PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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C OTHER INFORMATION

C1 LOANS AND BORROWINGS

The Group has no other loans and borrowings other than lease liabilities.

C2 MATERIAL LITIGATION

There are no material litigations involving the Group as at the date of this report.

C3 DIVIDEND

There was no dividend declared or proposed as at the date of this report.