



**DYNAFRONT HOLDINGS BERHAD**  
**(Registration No. 202001042085 (1398406-X))**  
Incorporated in Malaysia

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR ENDED 30 JUNE 2021**

#### **CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“LEAP MARKET”)**

**THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA MALAYSIA SECURITIES BERHAD. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY DYNAFRONT HOLDINGS BERHAD (“DYNAFRONT” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITORS, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.**

**THE ADMISSION OF DYNAFRONT HOLDINGS BERHAD TO THE LEAP MARKET WAS ADVISED BY OUR APPROVED ADVISER, HONG LEONG INVESTMENT BANK BERHAD.**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR ENDED 30 JUNE 2021 <sup>(i)</sup>**

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited 30.06.2021 (RM'000)	Unaudited 30.06.2020 (RM'000)	Unaudited 30.06.2021 (RM'000)	Audited 30.06.2020 (RM'000)
Revenue	5,328.7	6,309.5	9,232.2	9,619.9
Cost of sales	(2,536.9)	(2,829.9)	(4,221.4)	(4,311.4)
Gross profit	2,791.9	3,479.6	5,010.8	5,308.5
Other income	0.3	116.8	164.9	181.3
Administrative expenses <sup>(iii)</sup>	(723.6)	(238.6)	(1,018.3)	(511.2)
Other operating expenses	(1,623.5)	(1,499.2)	(3,001.3)	(3,095.4)
Finance costs	(26.0)	(33.3)	(46.7)	(87.5)
<b>Profit before tax ("PBT")</b>	<b>419.1</b>	<b>1,825.3</b>	<b>1,109.4</b>	<b>1,795.6</b>
Tax expense	(311.0)	(353.0)	(528.0)	(523.0)
<b>Profit after tax ("PAT")</b>	<b>108.1</b>	<b>1,472.3</b>	<b>581.4</b>	<b>1,272.6</b>
<b>Other comprehensive income, net of tax items that may be reclassified subsequently to profit and loss</b>				
Foreign currency translation differences for foreign operations	34.9	50.5	(106.0)	70.3
<b>Total comprehensive income for the financial period/year</b>	<b>142.9</b>	<b>1,522.8</b>	<b>475.4</b>	<b>1,342.9</b>
<b>Profit/(loss) attributed to:</b>				
Owners of the Company <sup>(iii)</sup>	125.4	1,455.9	607.8	1,266.3
Non-controlling interest	(17.3)	16.4	(26.4)	6.3
	<u>108.1</u>	<u>1,472.3</u>	<u>581.4</u>	<u>1,272.6</u>
<b>Total comprehensive income attributed to:</b>				
Owners of the Company <sup>(iii)</sup>	156.8	1,501.3	512.4	1,329.6
Non-controlling interest	(13.8)	21.4	(37.0)	13.3
	<u>142.9</u>	<u>1,522.8</u>	<u>475.4</u>	<u>1,342.9</u>
Gross profit ("GP") Margin <sup>(iv)</sup> (%)	52.4	55.1	54.3	55.2
PBT Margin <sup>(iv)</sup> (%)	7.9	28.9	12.0	18.7

**DYNAFRONT HOLDINGS BERHAD**  
**(Registration NO. 202001042085 (1398406-X))**  
(Incorporated in Malaysia)

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Unaudited	Unaudited	Audited
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
PAT Margin <sup>(iv)</sup> (%)	2.0	23.3	6.3	13.2
Earnings per share ("EPS" ) <sup>(v)</sup> (sen)	0.2	2.4	1.0	2.1

Notes:

- (i) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 16 June 2021 and the accompanying explanatory notes attached to this interim financial report.*
- (ii) *Included expenses related to the Company's listing on the LEAP Market of Bursa Malaysia Securities Berhad of RM 514,600 for FPE 30 June 2021 and RM 672,200 for FYE 30 June 2021.*
- (iii) *Owner of the Company is for FYE 30 June 2021. This item refers to the profit / total comprehensive income attributable to the owners of the Group for the 6-month financial period and the financial year ended 30 June 2020.*
- (iv) *Calculated based on gross profit, PBT/LBT and PAT/LAT respectively divided by revenue for the corresponding period.*
- (v) *Calculated based on profit attributed to owners of the Group divided by the Company's issued shares of 60,000,000 ordinary shares as at 30 June 2021, which were assumed to be issued during the periods above.*

*(The rest of this page is intentionally left blank)*

**DYNAFRONT HOLDINGS BERHAD**  
**(Registration NO. 202001042085 (1398406-X))**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021<sup>(i)</sup>**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.6.2021</b>	<b>30.6.2020</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and equipment	393.9	483.1
Right-of-use assets	1,728.0	2,060.9
Intangible assets	0.1	0.3
Deferred tax assets	98.5	-
Tax recoverable	56.1	51.4
<b>Total Non—Current Assets</b>	<b>2,276.6</b>	<b>2,595.6</b>
<b>Current Assets</b>		
Trade receivables	1,712.6	2,410.8
Other receivables	304.9	1,312.5
Contract assets	286.5	206.5
Amounts due from shareholders	137.6	2,223.2
Fixed deposit with licensed banks	2,565.8	4,135.4
Cash and bank balances	1,579.6	1,028.1
<b>Total Current Assets</b>	<b>6,587.0</b>	<b>11,316.5</b>
<b>Total Assets</b>	<b>8,863.6</b>	<b>13,912.1</b>
<b>Equity</b>		
<b>Equity</b>		
Share capital/Invested equity	5,202.0	3,662.3
Restructuring reserve	(3,409.4)	-
Retained earnings	4,042.4	6,485.8
Foreign currency translation reserves	(23.5)	71.9
<b>Equity attributed to Owners of the Company</b>	<b>5,811.5</b>	<b>10,220.0</b>
Non-controlling interest	119.0	302.0
<b>Total Equity</b>	<b>5,930.5</b>	<b>10,522.0</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Lease liabilities	502.2	832.4
Deferred tax liabilities	-	21.1
<b>Total Non-Current Liabilities</b>	<b>502.2</b>	<b>853.5</b>

**DYNAFRONT HOLDINGS BERHAD**  
**(Registration NO. 202001042085 (1398406-X))**  
(Incorporated in Malaysia)

	<u>Unaudited</u>	<u>Audited</u>
	<u>30.6.2021</u>	<u>30.6.2020</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>
<b>Current Liabilities</b>		
Trade payables	22.3	27.0
Other payables	844.1	654.3
Amount due to a Director	200.4	
Contract liabilities	432.7	474.9
Lease liabilities	837.7	1,127.2
Tax payable	93.7	253.2
<b>Total Current Liabilities</b>	<b>2,430.9</b>	<b>2,536.6</b>
<b>Total Liabilities</b>	<b>2,933.1</b>	<b>3,390.1</b>
<b>Total Equity and Liabilities</b>	<b>8,863.6</b>	<b>13,912.1</b>
NA per Share (RM) <sup>(ii)</sup>	0.10	0.18
Gearing Ratio (times) <sup>(iii)</sup>	0.23	0.19

Notes:

- (i) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 16 June 2021 and the accompanying explanatory notes attached to this interim financial report.*
- (ii) *Calculated based on net assets of the Group divided by the Company's issued shares of 60,000,000 ordinary shares as at 30 June 2021, which were assumed to be issued during the periods above.*
- (iii) *Calculated based on total interest-bearing borrowings (lease liabilities) divided by the equity attributed to the owners of the Company.*

*(The rest of this page is intentionally left blank)*

**DYNAFRONT HOLDINGS BERHAD**  
**(Registration NO. 202001042085 (1398406-X))**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021<sup>(1)</sup>**

	<-----Attributable to Owners of the Group----->				<-----Non-Distributable----->			
	Share Capital	Invested Equity	structuring Reserves	Foreign Currency Translation Reserve	Distributable Retained Earnings	Total	Non- Controlling Interest	Total Equity
<b>At 1 January 2020</b>	-	3,662,299	-	26,471	5,029,899	8,718,669	280,557	8,999,226
Profit net of tax	-	-	-	-	1,455,905	1,455,905	16,375	1,472,280
<b>Other comprehensive income:</b>								
Foreign currency translation differences for foreign operation	-	-	-	45,431	-	45,431	5,048	50,479
<b>Total comprehensive income</b>	-	-	-	45,431	1,455,905	1,501,336	21,423	1,522,759
<b>At 30 June 2020</b>	-	3,662,299	-	71,902	6,485,804	10,220,005	301,980	10,521,985
<b>At 1 January 2021</b>	2	3,662,299	-	(54,868)	3,917,039	7,524,472	278,792	7,803,264
Profit net of tax	-	-	-	-	125,396	125,396	(17,305)	108,091
<b>Other comprehensive income:</b>								
Foreign currency translation differences for foreign operation	-	-	-	31,370	-	31,370	3,486	34,856
<b>Total comprehensive income</b>	-	-	-	31,370	125,396	156,766	(13,819)	142,947
<b>Transactions with Owners of the Group:</b>								
Capital reduction arising from a subsidiary	-	(1,314,000)	-	-	-	(1,314,000)	(146,000)	(1,460,000)
Effect of restructuring	5,202,000	(2,348,299)	(3,409,409)	-	-	(555,708)	-	-
<b>At 30 June 2021</b>	5,202,002	-	(3,409,409)	(23,498)	4,042,434	5,811,529	118,973	5,930,502

**Notes:**

- (i) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 16 June 2021 and the accompanying explanatory notes attached to this interim financial report.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Unaudited	Unaudited	Audited
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b><u>Cash Flow from Operating Activities</u></b>				
PBT/(LBT)	419.1	1,825.3	1,109.4	1,795.6
<b>Adjustments for:</b>				
Amortisation of intangible assets	0.1	0.1	0.1	0.1
Bad debts written off	-	-	-	20.1
Depreciation of plant and equipment	43.5	45.2	88.5	90.2
Depreciation of right-of-use assets	373.7	537.5	869.3	1,078.5
Fixed assets written off	0.1	-	0.1	-
Right-of-use assets written off	125.2	-	125.2	-
Interest income	(18.5)	(59.4)	(68.0)	(120.3)
Interest expenses	26.0	33.3	46.7	87.5
<b>Operating profit before working capital changes</b>	<b>969.1</b>	<b>2,382.0</b>	<b>2,171.4</b>	<b>2,951.7</b>
<b>Changes in working capital:</b>				
Trade and other receivables	(442.5)	(969.5)	1,705.8	(572.3)
Trade and other payables	404.2	251.1	193.4	(461.1)
Contract assets	111.5	(206.5)	(80.0)	(206.5)
Contract liabilities	(133.3)	(75.2)	(42.2)	(14.1)
Amounts due from shareholders	(10.9)	26.0	(2.5)	367.9
Cash generated from operations	898.2	1,407.8	3,945.9	2,065.7
Interest paid	(26.0)	(33.3)	(46.7)	(87.5)
Interest received	18.5	59.4	68.0	120.3
Tax paid	(593.0)	(235.2)	(814.0)	(405.2)
<b>Net cash from operating activities</b>	<b>297.7</b>	<b>1,198.8</b>	<b>3,153.1</b>	<b>1,693.3</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Purchase of plant and equipment	(3.0)	(8.8)	(6.7)	(196.7)

**DYNAFRONT HOLDINGS BERHAD**  
**(Registration NO. 202001042085 (1398406-X))**  
(Incorporated in Malaysia)

<b>Net cash used in investing activities</b>	<b>(3.0)</b>	<b>(8.8)</b>	<b>(6.7)</b>	<b>(196.7)</b>
<b><u>Cash Flows from Financing Activities</u></b>				
Proceeds from issuance of ordinary shares, net	-	-	-	-
Payment for the principal portion of lease liabilities	(639.9)	(614.3)	(1,306.5)	(1,282.5)
Repayment of hire purchase payables	-	-	-	-
Dividends paid	-	-	(3,051.2)	-
Issuance of ordinary shares	-	-	0.0	-
Advances from a director	200.4	-	200.4	-
<b>Net cash used in financing activities</b>	<b>(439.5)</b>	<b>(614.3)</b>	<b>(4,157.3)</b>	<b>(1,282.5)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(144.8)</b>	<b>575.8</b>	<b>(1,010.9)</b>	<b>214.1</b>
Effect of exchange rate changes on cash and cash equivalents	0.5	3.1	(7.3)	3.8
<b>Cash and cash equivalent at beginning of the financial year/period</b>	<b>4,289.7</b>	<b>4,584.7</b>	<b>5,163.5</b>	<b>4,945.6</b>
<b>Cash and cash equivalent at the end of the financial year/period</b>	<b>4,145.4</b>	<b>5,163.5</b>	<b>4,145.4</b>	<b>5,163.5</b>

Notes:

- (i) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 16 June 2021 and the accompanying explanatory notes attached to this interim financial report.*

*(The rest of this page is intentionally left blank)*



**A. EXPLANATORY NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR ENDED 30 JUNE 2021**

**A.1 BASIS OF PREPARATION**

The interim financial statements of DynaFront Holding Berhad and its subsidiaries (the “Group”) are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting and Rule 6.12 of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This is the first interim financial report on the Company’s unaudited financial statements for the second half-year ended 30 June 2021 under review, comprises of 6 months group financial report from 1 January 2021 to 30 June 2021.

The interim financial report should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 30 June 2020 as disclosed in the Information Memorandum (“IM”) dated 16 June 2021 and its accompanying explanatory notes attached to this report.

**A.2 ACCOUNTING POLICIES**

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia. The combined financial statements for the financial year ended 30 June 2020 have been prepared in accordance with the MFRSs, IFRSs and the Guidance Note on “Combined Financial Statements” issued by the Malaysia Institute of Accountants on 28 November 2018.

The Group have also considered the new accounting pronouncements in the preparation of the financial statements.

**(i) Accounting pronouncements that are effective and adopted during the financial year**

Amendments to MFRS 16	Covid-19 Related Rent Concessions
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary-Exemption from Applying MFRS 9)
Amendments to References to the Conceptual Framework in MFRSs	

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

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

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

***Effective for financial periods beginning on or after 1 January 2021***

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

***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 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 Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

***Effective date to be announced***

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an 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.

**A.3 SEASONAL OR CYCLICAL FACTORS**

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

**A.4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

Save for the impact due to coronavirus 2019 (“**COVID-19**”) pandemic on the overall economic and market environment and the enforcement of various types of movement control order by the Malaysian government throughout the reporting period, as well as IPO-related expenses amounted to RM 672,150 most of which were one-off in nature, there were no unusual items affecting assets, liabilities, equity or cash flow of the Group during the current period under review.

**A.5 MATERIAL CHANGES IN ACCOUNTING ESTIMATES**

There were no material changes in accounting estimates during the current period under review.

**A.6 DEBT AND EQUITY SECURITIES**

Save as disclosed below, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities of the Group for the current period under review.

In the 6-month financial period ended 30 June 2021, our group of companies comprising DynaFront Holdings Sdn Bhd, DynaFront Systems Berhad (“**DynaFront Systems**”) and PT DynaFront Systems Indonesia (“**DynaFront Indonesia**”) was formed after a corporate restructuring comprising the following:

- (i) On 3 February 2021, DynaFront Holdings Sdn Bhd acquired 100% equity interest in DynaFront Systems from Gan Hui Ping, Lee Man Kok, Lim Kee Yek and Watergate Solidwood Sdn Bhd for a purchase consideration of RM4.44 million satisfied via the issuance of 51.25 million new shares in DynaFront Holdings Sdn Bhd (“**Share**”) at the issue price of RM0.0867 per Share; and
- (ii) On 25 February 2021, DynaFront Holdings Sdn Bhd acquired 90% equity interest in DynaFront Indonesia from Gan Hui Ping for a purchase consideration of RM758,292 satisfied via the issuance of 8.75 million new Shares at the issue price of RM0.0867 per Share.

DynaFront Holdings Sdn Bhd subsequently converted into a public limited company under the name of DynaFront Holdings Berhad on 10 March 2021.

**A.7 SEGMENTAL INFORMATION**

**Revenue by geographical areas**

The following table sets out the breakdown and analysis of our Group's revenue by geographical areas:

	Individual 6 months ended				Cumulative 12 months ended			
	Unaudited		Audited		Unaudited		Audited	
	30.6.2021		30.6.2020		30.6.2021		30.6.2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	1,994.2	37.4	3,482.7	55.2	3,647.7	39.5	5,738.4	59.6
Indonesia	3,154.5	59.2	2,758.1	43.7	5,365.8	58.1	3,758.7	39.1
Philippines	40.6	0.8	58.7	0.9	81.3	0.9	97.8	1.0
Hong Kong	-	-	10	0.2	-	-	25.0	0.3
Thailand	137.4	2.6	-	-	137.4	1.5	-	-
<b>Total</b>	<b>5,328.7</b>	<b>100.0</b>	<b>6,309.5</b>	<b>100.0</b>	<b>9,232.2</b>	<b>100.0</b>	<b>9,619.9</b>	<b>100.0</b>

**A.8 RELATED PARTY TRANSACTIONS**

The related party transactions other than transactions of a revenue nature in the ordinary course of business of the Group are as follows:

Transacting parties	Nature of relationship	Nature of transaction	Transaction value for 12-months ended 30.6.2021 (RM)
Glossy Valley Sdn Bhd ("Glossy Valley") and DynaFront Systems	Glossy Valley and DynaFront Systems share common directors and shareholders:	1. Tenancy Renewal Notice dated 15 December 2018 for two years and ended 31 December 2020.	179,316 <sup>(i)</sup>
		2. Tenancy Agreement together with addendum dated 19 February 2021 with the effective date from 01 January 2021.	199,357
	i) Chan Eng Lim; and		
	ii) Gan Hui Ping		

Where Glossy Valley is the landlord and DynaFront Systems is the Tenant of the Company's current business premise addressed at C-8-1, 8<sup>th</sup>

<u>Transacting parties</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Transaction value for 12-months ended 30.6.2021 (RM)</u>
		Floor, Corporate Office Tower Block C, KL Trillion, 338 Jalan Tun Razak, 50400 Kuala Lumpur.	
		The agreement for item 2 is fixed for 12 months and it will expire on 31 December 2021.	
DynaFront Indonesia and Gan Hui Ping	Gan Hui Ping is the commissioner and substantial shareholder of DynaFront Indonesia via Watergate Solidwood.	Advances from Gan Hui Ping to DynaFront Indonesia for its daily operational expenses.	IDR 676,000,000 (equivalent to RM194,484) <sup>(ii)</sup>

**Notes:**

- (i) Glossy Valley has waived the rental for the month of September 2020.
- (ii) Based on the average exchange rate of IDR1: RM0.000288 as at May 2021, which was when the advances were made to DynaFront Indonesia.

The advances from Gan Hui Ping to DynaFront Indonesia are interest-free and has no fixed term of repayment. In respect of the terms of tenancy agreement between DynaFront Systems and Glossy Valley, the terms are on normal commercial terms and on arm's length basis, and are not detrimental to our Group and our minority shareholders and is in our best interests.

**A.9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

Save as disclosed below, there were no material events subsequent to the end of the current financial period:

- (i) On 23 July 2021, the Company completed the placement of 12,000,000 new Shares for gross proceeds of RM2,520,000; and
- (ii) On 23 July 2021, the Company was successfully admitted to the Official List of Bursa Securities with the listing of and quotation for its entire enlarged issued share capital of RM7,722,002 comprising of 72,000,000 Shares on the LEAP Market of Bursa Securities.

**A.10 CHANGES IN THE COMPOSITION OF THE GROUP**

Save as disclosed in Note A6, there were no changes in the composition of the Group for the financial period ended 30 June 2021.

**A.11 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There are no contingent assets and contingent liabilities as at the date of this interim financial report.

**A.12 CAPITAL COMMITMENTS**

There is no material capital commitment as at 30 June 2021.

**B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENT**

**B.1 PERFORMANCE REVIEW**

The Group's revenue is mainly derived from sale of proprietary software customised for our customers, providing managed services and other related services.

The following table sets out the breakdown and analysis of our Group's revenue by segments:

	Individual 6 months ended				Cumulative 12 months ended			
	Unaudited		Audited		Unaudited		Audited	
	30.6.2021		30.6.2020		30.6.2021		30.6.2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Proprietary software <sup>(i)</sup>	1,710.7	32.1	3,697.9	58.6	4,154.2	45.0	5,849.4	60.8
Managed services <sup>(ii)</sup>	2,024.4	38.0	1,496.7	23.7	3,427.8	37.1	2,604.5	27.1
Others <sup>(iii)</sup>	1,593.6	29.9	1,114.9	17.7	1,650.2	17.9	1,166.0	12.1
<b>Total</b>	<b>5,328.7</b>	<b>100.0</b>	<b>6,309.5</b>	<b>100.0</b>	<b>9,232.2</b>	<b>100.0</b>	<b>9,619.9</b>	<b>100.0</b>

Notes:

- (i) Revenue from our Proprietary Software segment namely, PrecentiaLife, PrecentiaTakaful, PrecentiaCMS, and PrecentiaGroup is derived from sale, implementation and/or maintenance of these products. Sale and implementation of our Proprietary Software is undertaken on projects basis whereas maintenance contracts are mainly renewable annually.
- (ii) The revenue from Managed Services segment are commissions received from the revenue sharing contracts with our customers for the use of PrecentiaLife Agency and monthly subscription fee model with our customer for the use of PrecentiaLife Cloud.
- (iii) The Other Revenue comprises revenue from consulting services, maintenance of customers' third-party software other than the Group's Proprietary Software, as well as one-off sale and installation of server hardware and third-party software for customers.

**6-month FPE 30 June 2021 vs 6-month FPE 30 June 2020**

The Group's revenue decreased by approximately RM0.98 million or 15.5% from RM6.31 million recorded for the FPE 30 June 2020 to RM5.33 million recorded for the FPE 30 June 2021. This major factors was mainly due to:

- (i) Reduction in income from ad-hoc service requests from customers;
- (ii) delayed implementation of contracts which affected revenue recognition in FPE 30 June 2021;
- (iii) reduction in revenue as less third-party software renewal licenses were required by a customer; offset by
- (iv) higher income from revenue sharing contract and monthly subscription fee contracts from managed services; and
- (v) higher income from one-off consultancy contracts from Other Services.

The Group's GP margin decreased from 55.1% for FPE 30 June 2020 to 52.4% for FPE 30 June 2021 and the Group has also recorded a decreased PBT of RM0.42 million for FPE 30 June 2021 (after one-off IPO-related expenses of approximately RM0.51 million) as compared to PBT of RM 1.83 million for the FPE 30 June 2020.

Operating expenses in FPE 30 June 2021 has increased due to the increase in staff cost and expenses in Indonesia in line with the Group's expansion in Jakarta, Indonesia. The decrease in other income in FPE 30 June 2021 was due to there being no wages subsidy government grants (FPE 30 June 2020: RM60,000) received by the Group under the wage subsidy programmes introduced in Malaysia in response to the COVID-19 pandemic.

**FYE 30 June 2021 vs FYE 30 June 2020**

The Group's revenue decreased by approximately RM0.39 million or 4.0% from RM9.62 million recorded for the FYE 30 June 2020 to RM9.23 million recorded for the FYE 30 June 2021. The change in revenue was due to the factors explained above.

The Group recorded a PBT of RM1.11 million for FYE 30 June 2021 (after one-off IPO-related expenses of approximately RM0.67 million) as compared to PBT of RM 1.79 million for the FYE 30 June 2020, overall the PBT for FYE 30 June 2021 is almost the same with PBT for FYE 30 June 2020.

**B.2 PROSPECTS**

Given the on-going COVID-19 pandemic and the uncertainties in global and domestic economic environment, any prolonged transmission of the pandemic and continued imposition of movement control orders by the Malaysian government may have a material impact to the Group's business, cash flows and financial performance. Hence, the Group will continuously monitor the impact of COVID-19 on its operations and financial performance and will remain agile to try to minimize such impacts where possible. The Group will also focus on striking strategic alliances and investing in R&D in order to broaden its product offerings and customer base. To this end, the Group is in advanced negotiations with several entities in forming

alliances. The Company will make the relevant disclosures in accordance with the LEAP Market Listing Requirements.

The Group has also initiated the IFRS17 IT enhancement and consulting services discussion with our customers as well as actively pursuing more cloud based managed service businesses with the Group's core life insurance solutions.

### **B.3 VARIANCE OF ACTUAL PROFIT FROM FORECAST AND PROFIT GUARANTEE**

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

## **C. OTHER INFORMATION**

### **C.1 STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced but pending completion as at the date of this report.

### **C.2 UTILISATION OF PROCEEDS**

As at the date of this announcement, the status of utilisation of proceeds raised of RM2,520,000 from the issuance of 12,000,000 new Shares pursuant to an excluded issue to sophisticated investors at an issue price of RM0.21 each, as described in Note A9, is as follows:

<b>Purpose</b>	<b>Proposed utilisation (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Unutilised proceeds (RM'000)</b>	<b>Estimated timeframe for utilisation upon listing</b>
Indonesian expansion expenses	1,000	-	-	Within 24 months
R&D activities	670	-	-	Within 24 months
Listing expenses	850	-	-	Immediate
<b>Total</b>	<b>2,520</b>	<b>-</b>	<b>-</b>	

### **C.3 DIVIDEND**

The Board of Directors does not recommend any dividend as at the date of this report.

### **C.4 MATERIAL LITIGATION**

The Board is not aware of any proceedings/ material litigations pending or threatened against the Group as at the date of this report.



**C.5 EARNINGS PER SHARE**

Basic/ Diluted earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

	<b>Individual 6 months ended</b>		<b>Cumulative 12 months ended</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>30.6.2021</b>	<b>30.6.2020</b>	<b>30.6.2021</b>	<b>30.6.2020</b>
Net profit for the financial period attributable to owners of the Company (RM'000)	125.4	1,455.9	607.8	1,266.3
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic / Diluted EPS (sen)	0.2	2.4	1.0	2.1

The Company's issued shares of 60,000,000 ordinary shares as at 30 June 2021 were assumed to be issued during the periods above.

The basic and diluted EPS are equal as the Group has no potential dilutive ordinary shares at the end of each financial year.

This report is dated 30 August 2021.