

DYNACIATE GROUP BERHAD (732294-W)

(Incorporated in Malaysia)

(Formerly known as Tatt Giap Group Berhad)

CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	As at 31-Aug-19 Unaudited RM'000	As at 31-May-18 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	46,124	55,124
Deferred tax assets	229	-
Investment in associates	4,846	5,977
Other investments	20	3,057
	51,219	64,158
Current assets		
Inventories	20	1,641
Trade and other receivables	54,061	5,926
Current tax assets	-	7
Assets classified as held for sale	95	14,155
Cash and cash equivalents	3,656	3,896
	57,832	25,625
TOTAL ASSETS	109,051	89,783
EQUITY AND LIABILITIES		
Equity		
Share capital	61,824	84,681
Reserves	(6,679)	(62,778)
Total equity attributable to owners of the Company	55,145	21,903
Non-controlling interests	6,000	6,000
Total equity	61,145	27,903
Non-current liabilities		
Loans and borrowings	7,754	21,245
Other Payables	-	4,586
Deferred tax liabilities	-	1,956
	7,754	27,787
Current liabilities		
Loans and borrowings	5,649	26,742
Trade and other payables	34,502	7,315
Current tax liabilities	1	36
	40,152	34,093
TOTAL LIABILITIES	47,906	61,880
TOTAL EQUITY AND LIABILITIES	109,051	89,783
Net assets per ordinary share attributable to owners of the Company (sen)	11.49	12.84

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 with the accompanying explanatory notes attached to the financial statements.

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CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019

	Individual period		Cumulative period	
	Current year- quarter-ended 31-Aug-19 RM'000	Preceding year corresponding quarter ended 31-Aug-18 RM'000	Current year- to-date 31-Aug-19 RM'000	Preceding year corresponding period ended 31-Aug-18 RM'000
Revenue	23,004	N/A	70,213	N/A
Cost of sales	(22,816)	N/A	(69,380)	N/A
Gross (loss)/profit	188	N/A	833	N/A
Distribution costs	95	N/A	(491)	N/A
Administrative expenses	(1,502)	N/A	(7,062)	N/A
Other operating expenses	(221)	N/A	(2,492)	N/A
Other operating income	341	N/A	3,289	N/A
Finance costs	(303)	N/A	(2,842)	N/A
Share of (loss)/profit of equity accounted associates, net of tax	20	N/A	(1,041)	N/A
Loss before taxation	(1,382)	N/A	(9,806)	N/A
Income tax expense	646	N/A	645	N/A
Loss after taxation	(736)	N/A	(9,161)	N/A
Other comprehensive expenses, net of tax				
Revaluation deficit of property, plant and equipment	(9,921)	N/A	(9,921)	N/A
Total comprehensive expenses for the financial period	(10,657)	N/A	(19,082)	N/A
Loss after taxation attributable to:				
Owners of the Company	(736)	N/A	(9,161)	N/A
Non-controlling interests	-	N/A	-	N/A
	(736)	N/A	(9,161)	N/A
Total comprehensive expenses attributable to:				
Owners of the Company	(10,657)	N/A	(19,082)	N/A
Non-controlling interests	-	N/A	-	N/A
	(10,657)	N/A	(19,082)	N/A
Loss per ordinary share (sen):				
Basic	(0.15)	N/A	(2.91)	N/A
Diluted	N/A	N/A	N/A	N/A

Due to the change in the current financial year end from 31 May 2019 to 30 November 2019, there were no comparative financial information available for the current year quarter ended 31 August 2019 and 15-month financial period ended 31 August 2019.

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 with the accompanying explanatory notes attached to the financial statements.

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CONDENSED INTERIM FINANCIAL STATEMENT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019

	----- Attributable to owners of the Company -----										
	----- Non-distributable -----					Distributable					
	Share capital RM'000	Irredeemable Convertible Preference Shares ("ICPS") RM'000	Capital Reserve RM'000	Reverse Acquisition Reserve RM'000	Fair value Reserve RM'000	Revaluation Reserve RM'000	Warrant Reserve RM'000	(Accumulated losses)/ Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
At 1 June 2018	84,681	-	-	(53,300)	-	16,571	-	(26,049)	21,903	6,000	27,903
Loss for the financial period	-	-	-	-	-	-	-	(9,161)	(9,161)	-	(9,161)
Other comprehensive expenses for the period:											
- Revaluation deficit of property, plant and equipment	-	-	-	-	-	(9,921)	-	-	(9,921)	-	(9,921)
Total comprehensive expenses for the financial period	-	-	-	-	-	(9,921)	-	(9,161)	(19,082)	-	(19,082)
Transactions with owners of the Company											
- Share capital reduction	(60,000)	-	-	-	-	-	-	60,000	-	-	-
- Rights issue of ICPS with warrants	-	26,923	-	-	-	-	14,024	-	40,947	-	40,947
- Issuance of shares pursuant to conversion of ICPS	36,919	(16,941)	(8,825)	-	-	-	-	-	11,153	-	11,153
- Issuance of shares pursuant to exercise of warrants	224	-	306	-	-	-	(306)	-	224	-	224
Total transactions with owners	(22,857)	9,982	(8,519)	-	-	-	13,718	60,000	52,324	-	52,324
Realisation of revaluation reserve upon disposal of assets classified as held for sale	-	-	-	-	-	(6,650)	-	6,650	-	-	-
At 31 August 2019	61,824	9,982	(8,519)	(53,300)	-	-	13,718	31,440	55,145	6,000	61,145
At 1 June 2017	82,575	-	-	(53,300)	(27)	21,115	-	(28,475)	21,888	11,693	33,581
Loss for the year representing total comprehensive expense for the period	-	-	-	-	-	-	-	(6,100)	(6,100)	(1,599)	(7,699)
Transactions with owners of the Company											
- Issuance of ordinary shares	2,106	-	-	-	-	-	-	-	2,106	-	2,106
- Issuance of redeemable convertible preference shares by a subsidiary	-	-	-	-	-	-	-	-	-	6,000	6,000
	2,106	-	-	-	-	-	-	-	2,106	6,000	8,106
Change in ownership interests in subsidiaries	-	-	-	-	27	(4,544)	-	8,526	4,009	(10,094)	(6,085)
At 31 May 2018	84,681	-	-	(53,300)	-	16,571	-	(26,049)	21,903	6,000	27,903

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 with the accompanying explanatory notes attached to the financial statements.

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**CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019**

	Note	Current Period-To- Date Ended 31-Aug-19 RM'000
Cash flows from operating activities		
Loss before tax		(9,806)
Adjustments for:		
Depreciation on property, plant and equipment		1,686
Impairment loss on property, plant and equipment		35
Interest expense		2,842
Dividend income		(2)
(Gain)/Loss on disposal of:		
- assets held for sales		(432)
- property, plant and equipment		(12)
- investment in subsidiaries		(987)
- other investments		187
Interest income		(146)
Share of loss of equity accounted associates, net of tax		1,131
		<hr/>
Operating loss before working capital changes		(5,504)
Changes in working capital:		
Decrease in inventories		1,622
Increase in trade and other receivables		(48,136)
Increase in trade and other payables		30,177
		<hr/>
Cash generated used in from operations		(21,841)
Income taxes paid		(12)
		<hr/>
Net cash used in operating activities		(21,853)
Cash flows from investing activities		
Acquisition of property, plant and equipment		(3,883)
Proceeds from disposal of:		
- assets classified as held for sale		14,932
- property, plant and equipment		13
- other investments		2,850
Interest received		146
Dividends received		2
Net cash outflow on disposal of subsidiaries	A	(2,086)
		<hr/>
Net cash from investing activities		11,974

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**CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019**

	Note	Current Period-To- Date Ended 31-Aug-19 RM'000
Cash flows from financing activities		
Repayment of loan to Director		(4,586)
Interest paid		(2,842)
Proceeds from:		
- Right issues of ICPS with warrants		40,947
- Issuance of shares pursuant to conversion of ICPS		11,153
- Issuance of shares pursuant to exercise of warrants		224
Repayment of term loans		(16,957)
Repayment of finance lease liabilities		(145)
Uplift of pledged short-term deposits		3,537
Net cash from financing activities		31,331
Net increase in cash and cash equivalents		21,452
Cash and cash equivalents as at beginning of financial period		(22,683)
Cash and cash equivalents as at end of financial period		(1,231)
Cash and cash equivalents comprise of:-		
Cash and bank balances		3,455
Short term deposits with licensed banks		201
Bank overdrafts		(4,887)
Cash and cash equivalents		(1,231)

Due to the change in the current financial year end from 31 May 2019 to 30 November 2019, there were no comparative financial information available for the 15-month financial period ended 31 August 2019.

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 with the accompanying explanatory notes attached to the financial statements.

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CONDENSED INTERIM FINANCIAL STATEMENT**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019 (CONT'D)**

Notes to statement of cash flows:

A. Disposal of subsidiaries

On 14 November 2018, the Company dispose of its entire 100% equity interest in Formosa Industries Sdn. Bhd. ("FI") and Superinox International Sdn. Bhd. ("SI") for a total nominal cash consideration of RM2.

	FI	SI	Total
	RM'000	RM'000	RM'000
Cash and cash equivalents	2	2,084	2,086
Current tax liabilities	-	(17)	(17)
Trade and other payables	(14)	(3,042)	(3,056)
Net liabilities relieved	(12)	(975)	(987)
Gain on disposals of subsidiaries	12	975	987
Consideration received, satisfied in cash #	-	-	-
Cash and cash equivalents disposed of	(2)	(2,084)	(2,086)
Net cash outflow	(2)	(2,084)	(2,086)

Total cash consideration received is RM2.

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NOTE TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 AUGUST 2019

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis, other than property land and building which have been prepared on valuation basis. The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2018. These explanatory notes attached to the 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 May 2018.

The following are accounting standards, interpretations and amendments of MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 119	Employee Benefits - Plan Amendments, Curtailment or Settlements
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17	Insurance contracts
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A1. Basis of preparation (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable, in the respective financial years when the above accounting standards, amendments and interpretations become effective.

The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance of MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases - Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

A2. Qualification of financial statements

The auditor's report on the audited financial statements for the financial year ended 31 May 2018 was not qualified.

A3. Seasonal and cyclical factors

The business operations of the Group is not subject to seasonal or cyclical factors.

A4. Exceptional and extraordinary items

Save as disclosed below, there were no items affecting assets, liabilities, equity, net income or cash flows that are exceptional or extraordinary due to their nature, size or incidence affecting the interim financial report.

In view of the Proposed Disposal, the carrying value of the Properties (refer to note A9 (b)), has been adjusted to reflect its fair value less cost of disposal. The revaluation deficit of the Properties amounting to RM9.92 million has been reversed from its revaluation reserve which was reflected in the Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 August 2019. Subsequently, a further impairment loss of RM0.03 million had charged out to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial period ended 31 August 2019.

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A5. Changes in accounting estimates

There were no changes in estimates that had a material effect on the current quarter and period-to-date results.

A6. Debt and Equity Securities

On 3 January 2019, the Company announced that the Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") with Warrants was completed with the listing of 682,453,608 ICPS together with 85,306,696 Warrants on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The total number of new ordinary shares ("Dynaciate Shares") issued during the quarter under review is as follows:-

A total of 200,000 Dynaciate Shares were issued and allotted on the following dates pursuant to the conversion of 400,000 ICPS by virtue of 2 ICPS into 1 new Dynaciate Share.

Allotment date	No. of ICPS	No. of Dynaciate Shares
03.06.2019	400,000	200,000

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities since the last annual reporting date.

A7. Dividend Paid

No dividend was paid by the Company in the current quarter and period-to-date.

A8. Segmental information

The Group is principally engaged in the business segments of:

- (a) Steel Division – Manufacturing and trading of stainless-steel pipes, tubes and bars, electro-galvanized steel, perforated metal products and other ferrous and non-ferrous metal products; and
- (b) Construction Division - Civil, main mechanical, architectural, piping pre-fabrication and installation works.

The Group operates principally in Malaysia.

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A8. Segmental information (Cont'd)

	<u>Investment Holding</u> RM'000	<u>Steel</u> RM'000	<u>Construction</u> RM'000	<u>The Group</u> RM'000
Financial period ended 31.8.2019				
External revenue	-	17,578	52,635	70,213
Results				
(Loss)/Profit before following adjustments: -	(3,110)	(3,194)	666	(5,638)
Bad debts recovered	-	3	-	3
Dividend income	-	3	-	3
Interest income	112	3	32	147
Gain on disposal of assets classified as held for sales	-	-	432	432
Gain on disposal of plant and equipment	-	12	-	12
Gain on disposal of subsidiaries	987	-	-	987
Realised (loss)/gain on foreign exchange	(2)	40	-	38
Depreciation of property, plant and equipment	(896)	(444)	(346)	(1,686)
Impairment loss on property, plant and equipment	(35)	-	-	(35)
Loss on disposal of other investments	(186)	-	-	(186)
Share of results in associates	(1,026)	(15)	-	(1,041)
	(4,156)	(3,592)	784	(6,964)
Finance costs				(2,842)
Taxation				645
Loss after taxation				(9,161)
As at 31.8.2019				
<u>Assets</u>				
Segment assets	41,499	14,023	53,300	108,822
Unallocated assets				229
Consolidated total assets				109,051
<u>Liabilities</u>				
Segment liabilities	8,627	13,753	25,525	47,905
Unallocated liabilities				1
Consolidated total liabilities				47,906

During the preceding corresponding year ended 31 May 2018, the Group only has one reportable segment which was principally confined to the manufacturing and trading of various steel products which include stainless steel pipes, tubes and bars, electro-galvanised steel, perforated metal products and other ferrous and non-ferrous metal products. Therefore, business segment information has not been prepared as the Group's revenue, operating profits, assets employed, liabilities, capital expenditures, depreciation and non-cash expenses are combined into one business segment.

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A8. Segmental information (Cont'd)

Revenue analysed by geographical location of customers are as follows:-

	Current year- to-date ended 31.8.2019 RM'000	Preceding year- to-date ended 31.8.2018 # RM'000
Malaysia	58,390	N/A
Asia (excluding Malaysia)	5,065	N/A
South America	232	N/A
Europe	6,526	N/A
	<u>70,213</u>	<u>N/A</u>

Note: # Due to the change in current financial year end from 31 May to 30 November, there were no comparative financial information available for the 15 month financial period ended 31 August 2019.

A9. Material events subsequent to the end of the interim period

- a) On 25 September 2019, the Company proposed the private placement for the issuance of up to 81,660,500 new Dynaciate Group Berhad Shares ("DGB Shares"), representing not more than 10% of the enlarged number of DGB Shares in issued. The said application has been approved by Bursa Securities on 7 October 2019.
- b) On 18 October 2019, a wholly-owned subsidiary, Dynaciate SPI Sdn. Bhd. (formerly known as Superinox Pipe Industry Sdn. Bhd.) ("DSPI") had entered into a conditional sale and purchase agreement with Mgudang Sdn. Bhd. (formerly known as Ingenuity Microsystems Sdn Bhd) (a wholly-owned subsidiary of MMAG Holdings Berhad) for the proposed disposal of 2 parcels of contiguous freehold land together with all buildings erected thereon ("Properties"), which are located at Kawasan Perusahaan Valdor, for a total cash consideration of RM41.00 million ("Proposed Disposal").

Except as disclosed above, there were no other material events subsequent to the end of the interim period under review.

A10. Changes in composition of the Group for the financial period ended 31 August 2019

- a) On 14 November 2018, the Company disposed of its entire 100% equity interest in FI and SI for a total cash consideration of RM2 to TG Oriental Steel Sdn. Bhd.. Upon completion of the disposal on same date, FI and SI ceased to be subsidiaries of the Company.
- b) On 14 Jun 2019, the Company disposed of its entire 10% equity interest representing 4,000,000 ordinary shares held in Hanwa Steel Centre (M) Sdn. Bhd. (formerly known as Tatt Giap Steel Centre Sdn. Bhd.) ("HSCM") for a total cash consideration of RM1,849,632 to Hanwa Co. Ltd.. Upon completion of the disposal on same date, the Company will no longer have any interest in HSCM.

Except as disclosed above, there were no other changes in the composition of the Group.

A11. Contingent liabilities

The Company has issued corporate guarantees to banks and financial institutions for borrowings granted to certain subsidiaries of which RM13.08 million were utilised at the end of the reporting quarter.

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A12. Capital commitment

There was no capital commitment approved and contracted for during the current quarter ended 31 August 2019.

A13. Significant related party transactions

	Current year- quarter-ended 31 August 19 RM'000	Current year- to-date ended 31 August 2019 RM'000
Management fee paid/payable to related parties	(26)	(149)
Rental expense paid/payable to related parties	(396)	(859)
Professional fees paid/payable to related parties	(66)	(131)
Rental income received/receivable from related parties	165	857
Progress billings issued to related parties	18,308	55,469
	<u>17,985</u>	<u>55,187</u>

A14. Changes in fair value of financial assets and liabilities, transfers and classification

There have been no significant changes in the business or economic circumstances that could affect the fair value of the Group's financial assets and financial liabilities in the current financial period under review.

A15. Fair value of financial instruments

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are determined by discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
As at 31.8.2019										
<u>Financial asset</u>										
Other investments	20	-	-	20	-	-	-	-	20	20
<u>Financial liabilities</u>										
Term loans	-	-	-	-	-	-	(8,197)	(8,197)	(8,197)	(8,197)
Finance lease liabilities	-	-	-	-	-	-	(319)	(319)	(319)	(319)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,516)</u>	<u>(8,516)</u>	<u>(8,516)</u>	<u>(8,516)</u>

The fair values above are for disclosure purposes and have been determined by the relevant cash flows using interest rates for similar instruments ranging from 4.02% to 8.60% (31.5.2018 - 4.02% to 8.60%) per annum at the end of the reporting period.

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**PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD
MAIN MARKET LISTING REQUIREMENTS****B1. Review of performance**

	Individual Quarter				Cumulative Period			
	31.8.2019	31.8.2018	Changes		31.8.2019	31.8.2018	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Investment holding	-	N/A	N/A	N/A	-	N/A	N/A	N/A
- Steel	3,556	N/A	N/A	N/A	17,578	N/A	N/A	N/A
- Construction	19,448	N/A	N/A	N/A	52,635	N/A	N/A	N/A
	23,004	-	-	-	70,213			
(Loss)/Profit before taxation								
- Investment holding	(580)	N/A	N/A	N/A	(5,600)	N/A	N/A	N/A
- Steel	(206)	N/A	N/A	N/A	(4,931)	N/A	N/A	N/A
- Construction	(596)	N/A	N/A	N/A	725	N/A	N/A	N/A
	(1,382)	-	-	-	(9,806)			

Due to the change in financial year end from 31 May to 30 November, there were no comparative financial information available for the current quarter ended 31 August 2019 and the 15 months financial period ended 31 August 2019.

The Group posted revenue and loss before tax (“LBT”) amounting to RM23.0 million and RM1.38 million respectively for the current quarter ended 31 August 2019. Revenue from construction segment of RM19.45 million represented approximately 85% of the total group revenue. LBT for construction segment of RM0.6 million arose mainly from adjustment to project cost.

As for the 15-month financial period ended 31 August 2019, the Group recorded revenue of RM70.21 million. In line with the Group’s diversification initiative, the revenue from construction segment of RM52.64 million represented approximately 75% of the year-to-date Group revenue.

The Group posted LBT of RM9.81 million for the 15-month financial period ended 31 August 2019. The losses were mainly due to higher corporate exercise expenses posted for the Rights Issue of ICPS with Warrants exercise and gross loss generated from steel segment.

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B2. Variation of results against preceding quarter

	Current- quarter-ended 31.8.2019 RM'000	Immediate preceding quarter ended 31.5.2019 RM'000	Changes	
			RM'000	%
Revenue				
- Investment holding	-	-	-	-
- Steel	3,556	2,052	1,504	73.29
- Construction	19,448	20,013	(565)	(2.82)
	23,004	22,065	939	4.26
(Loss)/Profit before taxation				
- Investment holding	(580)	(774)	194	25.06
- Steel	(206)	(1,301)	1,095	84.17
- Construction	(596)	660	(1,256)	(190.30)
	(1,382)	(1,415)	33	(2.33)

The Group reported revenue of RM23.00 million and loss before tax of RM1.38 million during the current quarter under review as compared to revenue of RM22.07 million and loss before tax of RM1.42 million reported in the immediate preceding quarter ended 31 May 2019. Loss before tax recorded in the current quarter from construction segment was mainly due to adjustment to project cost.

B3. Current year prospects

With the recent shareholders' approval for variation to the utilisation of proceeds from the Rights Issue of ICPS and Warrants and the Proposed Disposal coupled with the active progression from the construction segment, the Group is confident of generating positive results moving forward.

B4. Variance between actual profit and forecast profit

The Group has not issued any profit forecast or profit guarantee.

B5. Income tax expense

	Current year- quarter-ended 31 August 19 RM'000	Current year-to- date ended 31 August 19 RM'000
Income tax expense	646	645

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B6. Notes to the statement of profit or loss and other comprehensive income

	Current year- quarter-ended 31-August-19 RM'000	Current year-to- date ended 31-August-19 RM'000
Interest income	-	(146)
Other income	(384)	(2,824)
Interest expense	303	2,842
Amortisation	N/A	N/A
Depreciation of investment properties	N/A	N/A
Depreciation of property, plant and equipment	463	1,686
Impairment loss on other receivables	N/A	N/A
Inventories written down	N/A	N/A
Reversal of inventories written down	N/A	N/A
Deposits written off	N/A	N/A
Property, plant and equipment written off	N/A	N/A
Waiver of debts owing by a contract customer	N/A	N/A
Gain on disposal of plant and equipment	-	(12)
Realised loss/(gain) on foreign exchange	45	(38)
Unrealised loss on foreign exchange	N/A	N/A
Waiver of debts owing to payables	-	(268)
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A
Impairment loss on property, plant and equipment	35	35

B7. Corporate proposals

Dynaciate Group Berhad ("the Company") had on 3 January 2019 completed a rights issue of 682,453,608 ICPS together with 85,306,696 free detachable warrants and raised total gross proceeds of RM40.95 million that had been fully utilised as disclosed under Note B8.

There was no other corporate proposal, save as disclosed in A9, pending for completion as at the date of this report.

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B8. Utilisation of proceeds

Rights issue of ICPS with warrants

The Rights issue of ICPS with warrants was completed with the listing of 682,453,608 ICPS together with 85,306,696 warrants on the Main Market of Bursa Securities on 3 January 2019 and the details of the utilisation of proceeds raised from the rights issue as at 31 August 2019 are disclosed in the table below:-

Description	Proposed/ Revised Utilisation RM'000	Actual Utilisation as at 31 August 2019 RM'000	Timeframe for Utilisation	Deviation	
				RM'000	%
Funding for sub contract works	20,747#	20,747	-	-	-
Repayment of borrowings	15,000#	15,000	-	-	-
Working capital	3,733*	3,733	-	-	-
Estimated expenses for corporate exercises	1,467*	1,467	-	-	-
	40,947	40,947			

Notes:-

* - The variation of the actual amount of expenses for the rights issue was adjusted against the working capital of the Company.

- On 22 March 2019, the Company had obtained its shareholders' approval on the Proposed Variation to re-allocate the balance of RM28.75 million initially earmarked for the property development project to be utilised as additional funding for borrowings repayment of RM8.00 million and funding for sub contract works for Dynaciate SPI Sdn Bhd of RM20.75 million.

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B9. Quoted investments

	Carrying amount as at 31 August 2019 RM'000	Market value as at 31 August 2019 RM'000
Quoted shares in Malaysia	20	20

B10. Group's borrowings

The Group's borrowings as at 31 August 2019 are as follows:

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loans	608	7,589	8,197
Hire Purchases	154	165	319
Bank overdraft	4,887	-	4,887
Total	<u>5,649</u>	<u>7,754</u>	<u>13,403</u>

The above borrowings are denominated in Ringgit Malaysia.

A subsidiary of the Group has bank facilities totalling RM4.89 million as at 31 August 2019. The banking facilities contained a debt covenant which requires the subsidiary's net tangible assets to be not lower than the amount as stated in the financier's Letter of Offer dated 23 December 2016. As at reporting date, the subsidiary was still unable to meet the debt covenant condition. Notwithstanding this, the financier has agreed to restructure the said banking facilities and the subsidiary is currently servicing the repayment of the banking facilities.

B11. Material litigation

The Group was not engaged in any material litigation during the current financial quarter.

B12. Proposed dividend

The Board does not recommend any dividend for the current quarter ended 31 August 2019.

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B13. Earnings per ordinary share**(a) Basic**

The basic loss per share of the Group is calculated by dividing the loss attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	Individual Quarter		Cumulative Period	
	Current year- quarter- ended 31-August-19	Preceding year corresponding quarter ended 31-August-18	Current year- to-date- ended 31-August-19	Preceding year corresponding period ended 31-August-18
Loss attributable to owners of the Company (RM'000)	(736)	N/A	(9,161)	N/A
Weighted average number ordinary shares ('000)	480,138	N/A	314,707	N/A
Basic loss per share (sen)	(0.15)	N/A	(2.91)	N/A

Note: Due to the change in current financial year end from 31 May to 30 November, there were no comparative financial information available for the current quarter ended 31 August 2019 and 15 month financial period ended 31 August 2019.

(b) Diluted

The diluted earnings per share of the Group were not presented as there were no dilutive potential ordinary shares during the financial period.

B14. Change of financial year end

On 17 April 2019, the Company announced an immediate change in financial year end from 31 May to 30 November.