

DYNACIATE GROUP BERHAD 200601012544 (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 30 NOVEMBER 2019**

	As at 30-Nov-19 Unaudited RM'000	As at 31-May-18 Audited RM'000
Assets		
Non-current assets		
Property, plant and equipment	7,100	55,124
Investment properties	40,650	-
Investment in associates	4,829	5,977
Other investments	20	3,057
Total non-current assets	<u>52,599</u>	<u>64,158</u>
Current assets		
Inventories	173	1,641
Trade and other receivables	48,908	5,926
Current tax assets	1,327	7
Assets classified as held for sale	-	14,155
Cash and cash equivalents	6,042	3,896
Total current assets	<u>56,450</u>	<u>25,625</u>
Total assets	<u>109,049</u>	<u>89,783</u>
Equity		
Share capital	61,824	84,681
Reserves	(12,571)	(62,778)
Total equity attributable to owners of the Company	<u>49,253</u>	<u>21,903</u>
Non-controlling interests	6,000	6,000
Total equity	<u>55,253</u>	<u>27,903</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	8,297	21,245
Other Payables	-	4,586
Deferred tax liabilities	-	1,956
Total non-current liabilities	<u>8,297</u>	<u>27,787</u>
Current liabilities		
Loans and borrowings	8,732	26,742
Trade and other payables	36,767	7,315
Current tax liabilities	-	36
Total current liabilities	<u>45,499</u>	<u>34,093</u>
Total liabilities	<u>53,796</u>	<u>61,880</u>
Total equity and liabilities	<u>109,049</u>	<u>89,783</u>
Net assets per ordinary share attributable to owners of the Company (sen)	10.19	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 30 NOVEMBER 2019**

	Individual period		Cumulative period	
	Current year- quarter-ended 30-Nov-19 RM'000	Preceding year corresponding quarter ended 30-Nov-18 RM'000	Current year- to-date 30-Nov-19 RM'000	Preceding year corresponding period ended 30-Nov-18 RM'000
Revenue	38,645	N/A	108,859	N/A
Cost of sales	(37,827)	N/A	(107,207)	N/A
Gross profit	818	N/A	1,652	N/A
Distribution costs	(94)	N/A	(585)	N/A
Administrative expenses	(1,990)	N/A	(9,054)	N/A
Other operating expenses	(3,575)	N/A	(5,750)	N/A
Other operating income	-	N/A	2,974	N/A
Finance costs	(356)	N/A	(3,198)	N/A
Share of loss of equity accounted associates, net of tax	(2)	N/A	(1,043)	N/A
Loss before taxation	(5,199)	N/A	(15,004)	N/A
Income tax expense	(228)	N/A	416	N/A
Loss after taxation	(5,427)	N/A	(14,588)	N/A
Other comprehensive expenses, net of tax				
Revaluation deficit of property, plant and equipment	-	N/A	(9,921)	N/A
Total comprehensive expenses for the financial period	(5,427)	N/A	(24,509)	N/A
Loss after taxation attributable to:				
Owners of the Company	(5,427)	N/A	(14,588)	N/A
Non-controlling interests	-	N/A	-	N/A
	(5,427)	N/A	(14,588)	N/A
Total comprehensive expenses attributable to:				
Owners of the Company	(5,427)	N/A	(24,509)	N/A
Non-controlling interests	-	N/A	-	N/A
	(5,427)	N/A	(24,509)	N/A
Loss per ordinary share (sen):				
Basic	(1.13)	N/A	(4.26)	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 18-month financial period ended 30 November 2019.

The unaudited Condensed Consolidated Statement of Profit and 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 30 NOVEMBER 2019

	----- Attributable to owners of the Company -----							Distributable (Accumulated losses)/ Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
	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				
At 1 June 2018	84,681	-	-	(53,300)	-	16,571	-	(26,049)	21,903	6,000	27,903
Adjustment on MFRS 9	-	-	-	-	-	-	-	(465)	(465)	-	(465)
	84,681	-	-	(53,300)	-	16,571	-	(26,514)	21,438	6,000	27,438
Loss for the financial period	-	-	-	-	-	-	-	(14,588)	(14,588)	-	(14,588)
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)	-	(14,588)	(24,509)	-	(24,509)
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 30 November 2019	61,824	9,982	(8,519)	(53,300)	-	-	13,718	25,548	49,253	6,000	55,253
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
Total transactions with owners	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 30 NOVEMBER 2019**

	Current Period-To- Date Ended 30-Nov-19
Note	RM'000
Cash flows from operating activities	
Loss before tax	(15,004)
Adjustments for:	
Depreciation on property, plant and equipment	1,872
Impairment loss on property, plant and equipment	1,532
Interest expense	3,198
Unrealised loss on foreign exchange	43
Dividend income	(3)
(Gain)/Loss on disposal of:	
- assets classified as held for sale	(83)
- property, plant and equipment	(12)
- other investments	186
- subsidiaries	1,649
Interest income	(156)
Waiver of debts owing to payables	(122)
Share of loss of equity accounted associates, net of tax	1,043
Operating loss before working capital changes	<u>(5,857)</u>
Changes in working capital:	
Decrease in inventories	1,469
Increase in trade and other receivables	(46,084)
Increase in trade and other payables	30,801
Cash generated used in from operations	<u>(19,671)</u>
Income taxes paid	(126)
Net cash used in operating activities	<u>(19,797)</u>
Cash flows from investing activities	
Acquisition of property, plant and equipment	(5,497)
Proceeds from disposal of:	
- assets classified as held for sale	14,156
- property, plant and equipment	13
- other investments	2,850
Interest received	156
Dividends received	107
Net cash outflow on disposal of subsidiaries	(4,301)
Net cash from investing activities	<u>7,484</u>

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**CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

	Current Period-To- Date Ended 30-Nov-19 RM'000
Cash flows from financing activities	
Repayment of loan to Director	(1,713)
Interest paid	(3,198)
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
Drawdown of banker acceptance	1,714
Repayment of term loans	(16,396)
Repayment of finance lease liabilities	(378)
Uplift of pledged short-term deposits	3,537
Net cash from financing activities	<u>35,890</u>
Net increase in cash and cash equivalents	23,577
Cash and cash equivalents as at beginning of financial period	<u>(22,683)</u>
Cash and cash equivalents as at end of financial period	<u><u>894</u></u>
Cash and cash equivalents comprise of:-	
Cash and bank balances	4,839
Short term deposit with a licensed bank	1,203
Bank overdrafts	(5,148)
Cash and cash equivalents	<u><u>894</u></u>

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 18-month financial period ended 30 November 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.

CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 NOVEMBER 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	4,299	4,301
Trade and other receivables	-	2,676	2,676
Trade and other payables	(14)	(5,314)	(5,328)
Net (liabilities)/assets relieved	(12)	1,661	1,649
Gain/(Loss) on disposals of subsidiaries	12	(1,661)	(1,649)
Consideration received, satisfied in cash #	-	-	-
Cash and cash equivalents of subsidiaries disposed of	(2)	(4,299)	(4,301)
Net cash outflow	(2)	(4,299)	(4,301)

Total cash consideration received is RM2.

NOTE TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 30 NOVEMBER 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 are not subject to seasonal or cyclical factors.

A4. Exceptional and extraordinary items

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.

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").

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities since the last quarter 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 30.11.2019				
External revenue	-	21,445	87,414	108,859
Results				
(Loss)/Profit before following adjustments:-	(3,790)	(3,536)	1,466	(5,860)
Bad debts recovered	-	3	-	3
Dividend income	-	3	-	3
Interest income	113	3	40	156
Gain on disposal of assets classified as held for sales	-	83	-	83
Gain on disposal of plant and equipment	-	12	-	12
Waiver of debts owing to payables	122	-	-	122
Depreciation of property, plant and equipment	(897)	(511)	(464)	(1,872)
Impairment loss on property, plant and equipment	(35)	(1,497)	-	(1,532)
Loss on disposal of other investments	(186)	-	-	(186)
Loss on disposal of subsidiaries	(1,649)	-	-	(1,649)
Unrealised loss on foreign exchange	-	(43)	-	(43)
Share of results in associates	(1,026)	(17)	-	(1,043)
	(7,348)	(5,500)	1,042	(11,806)
Finance costs				(3,198)
Taxation				416
Loss after taxation				(14,588)
As at 30.11.2019				
<u>Assets</u>				
Segment assets	41,405	7,986	58,331	107,722
Unallocated assets				1,327
Consolidated total assets				109,049
<u>Liabilities</u>				
Segment liabilities	9,624	11,634	32,538	53,796
Unallocated liabilities				-
Consolidated total liabilities				53,796

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.

A8. Segmental information (Cont'd)

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

	Current year- to-date ended 30.11.2019 RM'000	Preceding year- to-date ended 30.11.2018 # RM'000
Malaysia	94,545	N/A
Asia (excluding Malaysia)	7,183	N/A
South America	232	N/A
Europe	6,899	N/A
	108,859	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 18-month financial period ended 30 November 2019.

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

On 18 October 2019, a wholly-owned subsidiary, Dynaciate SPI Sdn. Bhd. had entered into a conditional sale and purchase agreement with Mgudang 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, which are located at Kawasan Perusahaan Valdor, for a total cash consideration of RM41.00 million ("Proposed Disposal").

On 6 January 2020, a circular in relation to the Proposed Disposal was circulated to shareholders and the Proposed Disposal was approved by shareholders at the extraordinary general meeting held on 21 January 2020.

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 30 November 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 ceased to 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 RM13.53 million were utilised at the end of the reporting quarter.

A12. Capital commitment

There was no capital commitment approved and contracted for during the current quarter ended 30 November 2019.

A13. Significant related party transactions

	Current quarter-ended 30 November 2019 RM'000	Current year- to-date ended 30 November 2019 RM'000
Management fee paid/payable to related parties	(9)	(129)
Rental expense paid/payable to related parties	(396)	(1,255)
Professional fees paid/payable to related parties	(65)	(287)
Rental income received/receivable from related parties	260	1,247
Progress billings issued to related parties	8,920	64,389
	<u>8,710</u>	<u>63,965</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 30.11.2019										
<u>Financial assets</u>										
Other investments	20	-	-	20	-	-	-	-	20	20
<u>Financial liabilities</u>										
Term loans	-	-	-	-	-	-	(8,386)	(8,386)	(8,386)	(8,386)
Finance lease liabilities	-	-	-	-	-	-	(1,781)	(1,781)	(1,995)	(1,781)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,167)</u>	<u>(10,167)</u>	<u>(10,381)</u>	<u>(10,167)</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.

**PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD
MAIN MARKET LISTING REQUIREMENTS**

B1. Review of performance

	Individual Quarter				Cumulative Period			
	30.11.2019	30.11.2018	Changes		30.11.2019	30.11.2018	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	3,867	N/A	N/A	N/A	21,445	N/A	N/A	N/A
- Construction	34,778	N/A	N/A	N/A	87,414	N/A	N/A	N/A
	38,645	N/A	N/A	N/A	108,859			
(Loss)/Profit before taxation								
- Investment holding	(3,331)	N/A	N/A	N/A	(8,931)	N/A	N/A	N/A
- Steel	(2,068)	N/A	N/A	N/A	(6,998)	N/A	N/A	N/A
- Construction	200	N/A	N/A	N/A	925	N/A	N/A	N/A
	(5,199)	N/A	N/A	N/A	(15,004)			

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 30 November 2019 and the 18-months financial period ended 30 November 2019.

During the current quarter ended 30 November 2019, the Group posted revenue and loss before tax (“LBT”) amounting to RM38.65 million and RM5.20 million respectively. With higher construction progress, revenue from construction segment recorded at RM34.78 million represented approximately 90% of the total group revenue with a profit before tax (“PBT”) of RM0.20 million. Higher LBT recorded during the current quarter was mainly due to an impairment loss on property, plant and equipment from steel segment and loss on disposal of subsidiary companies during the year of approximately RM1.50 million and RM1.65 million respectively.

As for the 18-month financial period ended 30 November 2019, the Group recorded revenue of RM108.86 million. In line with the Group’s diversification initiative, the revenue from construction segment of RM87.41 million represented approximately 80% of the year-to-date Group revenue.

The Group posted LBT of RM15.00 million for the 18-month financial period ended 30 November 2019. The losses were mainly due to higher corporate exercise expenses posted for the Rights Issue of ICPS with Warrants exercise, loss on disposal of subsidiaries and impairment loss on, plant and equipment from steel segment. However, construction segment posted a PBT of RM0.93 million for the 18-month financial period ended 30 November 2019.

B2. Variation of results against preceding quarter

	Current- quarter-ended 30.11.2019 RM'000	Immediate preceding quarter ended 31.8.2019 RM'000	Changes	
			RM'000	%
Revenue				
- Investment holding	-	-	-	-
- Steel	3,867	3,556	311	8.75
- Construction	34,778	19,448	15,330	78.83
	38,645	23,004	15,641	67.99
(Loss)/Profit before taxation				
- Investment holding	(3,331)	(580)	(2,751)	(474.31)
- Steel	(2,068)	(206)	(1,862)	(903.88)
- Construction	200	(596)	796	133.56
	(5,199)	(1,382)	(3,817)	(276.19)

The Group reported revenue of RM38.65 million and LBT of RM5.20 million during the current quarter under review as compared to revenue of RM23.00 million and LBT of RM1.38 million reported in the immediate preceding quarter ended 31 August 2019.

On segmental basis, construction segment posted higher revenue and better PBT posted during the current quarter. However, this could not mitigate the higher LBT during the same quarter as detailed under B1.

B3. Prospects

The Board anticipated that the prospects for financial year ending 2020 will continue to be challenging. However, with the active progression from the construction segment, the Board 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 30 November 2019 RM'000	Current year-to- date ended 30 November 2019 RM'000
Income tax expense	(228)	416

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

	Current year- quarter-ended 30 November 2019 RM'000	Current year-to- date ended 30 November 2019 RM'000
Interest income	-	(156)
Other income	-	(1,893)
Interest expense	356	3,198
Amortisation	<i>N/A</i>	<i>N/A</i>
Depreciation of investment properties	<i>N/A</i>	<i>N/A</i>
Depreciation of property, plant and equipment	186	1,872
Impairment loss on other receivables	<i>N/A</i>	<i>N/A</i>
Inventories written down	<i>N/A</i>	<i>N/A</i>
Reversal of inventories written down	<i>N/A</i>	<i>N/A</i>
Deposits written off	<i>N/A</i>	<i>N/A</i>
Property, plant and equipment written off	<i>N/A</i>	<i>N/A</i>
Waiver of debts owing by a contract customer	<i>N/A</i>	<i>N/A</i>
Gain on disposal of plant and equipment	-	(12)
Realised gain on foreign exchange	-	(791)
Unrealised loss on foreign exchange	43	43
Waiver of debts owing to payables	-	(122)
Gain or loss on derivatives	<i>N/A</i>	<i>N/A</i>
Exceptional items	<i>N/A</i>	<i>N/A</i>
Impairment loss on property, plant and equipment	1,497	1,532

B7. Corporate proposals

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.

Save as disclosed above, there was no other corporate proposal pending for completion as at the date of this report.

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 proceeds raised from the rights issue has been fully utilised.

B9. Quoted investments

	Carrying amount as at 30 November 2019 RM'000	Market value as at 30 November 2019 RM'000
Quoted shares in Malaysia	20	20

B10. Group's borrowings

The Group's borrowings as at 30 November 2019 are as follows:

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loans	1,227	7,159	8,386
Hire Purchases	643	1,138	1,781
Banker acceptance	1,714	-	1,714
Bank overdraft	5,148	-	5,148
Total	8,732	8,297	17,029

The above borrowings are denominated in Ringgit Malaysia.

A subsidiary of the Group has bank facilities totalling RM5.15 million as at 30 November 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 30 November 2019.

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 30 November 2019	Preceding year corresponding quarter ended 30 November 2018	Current year- to-date- ended 30 November 2019	Preceding year corresponding period ended 30 November 2018
Loss attributable to owners of the Company (RM'000)	(5,427)	N/A	(14,588)	N/A
Weighted average number ordinary shares ('000)	480,138	N/A	342,178	N/A
Basic loss per share (sen)	(1.13)	N/A	(4.26)	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 30 November 2019 and 18-month financial period ended 30 November 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.