



DYNACIATE GROUP BERHAD

Registration No. 200601012544 (732294-W)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021

DYNACIATE GROUP BERHAD 200601012544 (732294-W)

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021**

	As at 28-Feb-21 Unaudited RM'000	As at 30-Nov-20 Audited RM'000
Assets		
Non-current assets		
Property, plant and equipment	20,614	21,074
Investment properties	40,650	40,650
Right-of-use assets	12,673	12,725
Other investment	4,000	-
Total non-current assets	<u>77,937</u>	<u>74,449</u>
Current assets		
Trade and other receivables	21,804	15,482
Current tax assets	36	36
Contract assets	6,910	14,796
Cash and cash equivalents	797	2,234
Total current assets	<u>29,547</u>	<u>32,548</u>
Total assets	<u>107,484</u>	<u>106,997</u>
Equity		
Share capital	77,106	76,696
Reserves	(45,237)	(43,602)
Total equity attributable to owners of the Company	<u>31,869</u>	<u>33,094</u>
Non-controlling interests	6,000	6,000
Total equity	<u>37,869</u>	<u>39,094</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	16,119	17,107
Trade and other payables	10,470	11,039
Total non-current liabilities	<u>26,589</u>	<u>28,146</u>
Current liabilities		
Loans and borrowings	10,529	8,828
Current tax liabilities	2	8
Trade and other payables	31,259	29,759
Contract liabilities	1,236	1,162
Total current liabilities	<u>43,026</u>	<u>39,757</u>
Total liabilities	<u>69,615</u>	<u>67,903</u>
Total equity and liabilities	<u>107,484</u>	<u>106,997</u>
Net assets per ordinary share attributable to owners of the Company (sen)	5.33	5.61

The unaudited Condensed Consolidated Statement of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2020 with the accompanying explanatory notes attached to the financial statements.

CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021

	Individual period		Cumulative period	
	Current year- quarter-ended 28-Feb-21 RM'000	Preceding year corresponding quarter ended 29-Feb-20 RM'000	Current period- to-date 28-Feb-21 RM'000	Preceding year corresponding period ended 29-Feb-20 RM'000
Revenue	7,444	21,665	7,444	21,665
Cost of sales	(6,727)	(20,297)	(6,727)	(20,297)
Gross profit	<u>717</u>	<u>1,368</u>	<u>717</u>	<u>1,368</u>
Administrative expenses	(1,932)	(1,911)	(1,932)	(1,911)
Other operating expenses	-	(308)	-	(308)
Other operating income	16	683	16	683
Finance costs	(178)	(610)	(178)	(610)
Loss before taxation	<u>(1,377)</u>	<u>(778)</u>	<u>(1,377)</u>	<u>(778)</u>
Income tax expense	(1)	-	(1)	-
Loss after taxation/Total comprehensive expenses for the financial period	<u><u>(1,378)</u></u>	<u><u>(778)</u></u>	<u><u>(1,378)</u></u>	<u><u>(778)</u></u>
Loss after taxation attributable to:				
Owners of the Company	(1,378)	(778)	(1,378)	(778)
Non-controlling interests	-	-	-	-
	<u>(1,378)</u>	<u>(778)</u>	<u>(1,378)</u>	<u>(778)</u>
Total comprehensive expenses attributable to:				
Owners of the Company	(1,378)	(778)	(1,378)	(778)
Non-controlling interests	-	-	-	-
	<u>(1,378)</u>	<u>(778)</u>	<u>(1,378)</u>	<u>(778)</u>
Loss per ordinary share (sen):				
Basic	(0.23)	(0.15)	(0.23)	(0.15)
Diluted	N/A	N/A	N/A	N/A

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 30 November 2020 with the accompanying explanatory notes attached to the financial statements.

DYNACIATE GROUP BERHAD 200601012544 (732294-W)

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021

	----- Attributable to owners of the Company -----				Distributable (Accumulated losses)/Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Capital Reserve RM'000	Reverse Acquisition Reserve RM'000	Warrant Reserve RM'000				
At 1 December 2020	76,696	(10,834)	-	13,718	(46,486)	33,094	6,000	39,094
Loss for the financial period	-	-	-	-	(1,378)	(1,378)	-	(1,378)
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to conversion of ICPS	410	(257)	-	-	-	153	-	153
Transactions with owners of the Company	410	(257)	-	-	-	153	-	153
At 28 February 2021	77,106	(11,091)	-	13,718	(47,864)	31,869	6,000	37,869
At 1 December 2019	71,805	(8,518)	(53,300)	13,718	25,036	48,741	6,000	54,741
Loss for the financial year	-	-	-	-	(18,222)	(18,222)	-	(18,222)
Issuance of ordinary shares	2,575	-	-	-	-	2,575	-	2,575
Issuance of ordinary shares pursuant to conversion of ICPS	2,316	(2,316)	-	-	-	-	-	-
Transactions with owners of the Company	4,891	(2,316)	-	-	-	2,575	-	2,575
Reclassification on disposal of subsidiary	-	-	53,300	-	(53,300)	-	-	-
At 30 November 2020	76,696	(10,834)	-	13,718	(46,486)	33,094	6,000	39,094

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2020 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 28 FEBRUARY 2021

	Current period- to-date 28-Feb-21 RM'000	Preceding year corresponding period ended 29-Feb-20 RM'000
Cash flows from operating activities		
Loss before tax	(1,377)	(778)
Adjustments for:		
Depreciation on property, plant and equipment	460	270
Depreciation on right-of-use assets	52	-
Interest expense	178	610
Gain on disposal of property, plant and equipment	-	(364)
Interest income	(1)	(15)
Reversal of impairment of other receivables	-	(121)
Operating loss before working capital changes	<u>(688)</u>	<u>(398)</u>
Changes in working capital:		
Increase in inventories	-	(55)
Increase in trade and other receivables	(6,322)	(2,006)
Decrease/(Increase) in contract assets	7,886	(2,457)
Increase/(Decrease) in trade and other payables	931	(32)
Increase/(Decrease) in contract liabilities	74	(855)
Cash generated from/(used in) operations	<u>1,881</u>	<u>(5,803)</u>
Income taxes paid	(7)	(86)
Net cash from/(used in) operating activities	<u>1,874</u>	<u>(5,889)</u>
Cash flows from investing activities		
Acquisitions of other investment	(4,000)	-
Proceeds from disposal of property, plant and equipment	-	364
Interest received	1	15
Net cash (used in)/from investing activities	<u>(3,999)</u>	<u>379</u>
Cash flows from financing activities		
Interest paid	(178)	(610)
Repayment to a Director	-	(578)
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	153	-
Drawdown of banker acceptances	1,074	4,048
Repayment of term loans	(229)	-
Repayment of finance lease liabilities	(132)	(174)
Net cash from financing activities	<u>688</u>	<u>2,686</u>
Net decrease in cash and cash equivalents	(1,437)	(2,824)
Cash and cash equivalents as at beginning of financial period	2,234	894
Cash and cash equivalents as at end of financial period	<u>797</u>	<u>(1,930)</u>
Cash and cash equivalents comprise of:-		
Cash and bank balances	585	2,200
Short term deposits with licensed banks	212	-
Bank overdrafts	-	(4,130)
Cash and cash equivalents	<u>797</u>	<u>(1,930)</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2020 with the accompanying explanatory notes attached to the financial statements.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2021

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 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 (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 November 2020. 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 30 November 2020.

The following are accounting standard 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 period beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2021

- Amendment to MFRS 9, *Financial Instrument*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosure*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*

- Amendments to MFRS 137, *Provision, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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 amendments, where applicable, in the respective financial years when the above amendments 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 2023 as it is not applicable to the Group and the Company.

A2. Qualification of financial statements

The auditor's report on the audited financial statements for the financial year ended 30 November 2020 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

During the financial quarter ended 28 February 2021, the Company issued 7,538,800 new ordinary shares at RM0.12 per ordinary share arising from the conversion of 12,538,800 Irredeemable Convertible Preference Shares (“ICPS”).

Save for the above, there were no cancellation, repurchases, resale and repayments of debts and equity securities during the financial year period 28 February 2021.

A7. Dividend Paid

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

A8. Segmental information

The Group is principally engaged in construction activities focusing on civil, main mechanical, architectural, piping pre-fabrication and installation works.

The Group operates principally in Malaysia.

Financial period ended 28.02.2021	Construction RM'000	Other RM'000	The Group RM'000
External revenue	7,444	-	<u>7,444</u>
Results			
Loss before following adjustments:	(413)	(327)	(740)
Interest income	1	-	1
Depreciation of property, plant and equipment	(459)	(1)	<u>(460)</u>
Segment results	(871)	(328)	(1,199)
Finance costs			(178)
Taxation			<u>(1)</u>
Loss after taxation			<u>(1,378)</u>
As at 28.02.2021			
<u>Assets</u>			
Segment assets	62,256	45,192	107,448
Unallocated assets			<u>36</u>
Consolidated total assets			<u><u>107,484</u></u>
<u>Liabilities</u>			
Segment liabilities	55,846	13,768	69,614
Unallocated liabilities			<u>1</u>
Consolidated total liabilities			<u><u>69,615</u></u>

Revenue analysed by geographical location of customers is as follows:

	Current year- to- date ended 28.02.2021 RM'000	Preceding year- to- date ended 28.02.2020 RM'000
Malaysia	7,444	20,275
Asia (excluding Malaysia)	-	332
Europe	-	582
	7,444	21,665

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

Save as disclosed below, there were no material events subsequent to the end of the interim period under review:

- (1) On 17 November 2020, the Company announced the plan to undertake a Proposed Private Placement of up to 20% of the total number of issued shares of the Company (excluding treasury shares) to be issued under the general mandate obtained from the shareholders at an extraordinary general meeting on 9 October 2020.

The Proposed Private Placement was completed with the listing of 65,885,500 new ordinary shares on Bursa Securities on 11 March 2021. The said exercise raised about RM8.17 million to meet working capital requirements of the Group.

- (2) On 16 April 2021, a wholly owned subsidiary, Dynaciate SPI Sdn. Bhd. (“DSPI”) entered into a Deed of Mutual Termination with MGudang Sdn. Bhd. (“MGudang”) for the termination of the Conditional Sale and Purchase Agreement dated 18 October 2019 and the Supplemental Agreement dated 22 April 2020 in connection with the disposal of 2 parcels of contiguous freehold land together with a detached factory premise in Penang.

A10. Changes in composition of the Group during financial year ending 30 November 2021

On 18 March 2021, the Company incorporated a wholly subsidiary, Magnitude Resources Sdn. Bhd. (“MRSB”) with an initial paid-up capital of RM100.

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

A11. Contingent liabilities

As at 28 February 2021, the Company has issued corporate guarantees for banking facilities granted to subsidiaries of which RM26.6 million were utilised in addition to corporate guarantees totalling RM2 million provided to suppliers of a subsidiary company.

A12. Capital commitment

There was no capital commitment approved and contracted for during the current quarter ended 28 February 2021.

A13. Significant related party transactions

There were no significant recurrent related party transactions during the financial quarter and period under review.

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 year under review.

A15. Fair value of financial instruments

Other than those disclosed below, the fair values of the financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of these 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 not carried at fair value				Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
As at 28.2.2021					
<u>Financial liabilities</u>					
Term loans	-	-	(18,268)	(18,268)	(18,268)
Finance lease liabilities	-	-	(1,116)	(1,116)	(1,116)
Amount due to companies in which certain Directors have a substantial financial interest	-	-	(11,185)	(11,185)	(11,185)
	-	-	(30,569)	(30,569)	(30,569)

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 3.5% to 8.10% (As at 30.11.2020: 3.5% to 8.10% per annum) 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			
	28.02.2021	29.02.2020	Changes		28.02.2021	29.02.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- steel	-	1,911	(1,911)	-100%	-	1,911	(1,911)	-100%
- construction	7,444	19,754	(12,310)	-62%	7,444	19,754	(12,310)	-62%
- investment holding	-	-	-	-	-	-	-	-
	7,444	21,665	(14,221)	-66%	7,444	21,665	(14,221)	-66%
(Loss)/Profit before taxation								
- steel	-	53	(53)	-100%	-	53	(53)	-100%
- construction	(971)	(127)	(844)	-665%	(971)	(127)	(844)	-665%
- investment holding	(406)	(704)	298	42%	(406)	(704)	298	42%
	(1,377)	(778)	(599)	-77%	(1,377)	(778)	(599)	-77%

The Group posted revenue of RM7.44 million and loss before tax (“LBT”) of RM1.38 million for the first quarter ended 28 February 2021 (“Q1FY2021”) as compared to revenue of RM21.67 million and LBT of RM0.78 million for preceding year corresponding quarter ended 28 February 2020 (“Q1FY2020”).

Following the Group’s exit from the steel business by end of last financial period, revenue from construction segment represents the sole revenue source during Q1FY2021 under review. Revenue from construction segment declined significantly as compared to Q1FY2020 mainly due to low order book. On the other hand, construction revenue for Q1FY2020 was very much higher mainly because it was not affected by Movement Control Order (“MCO”). The MCO period (which occurred from March to May 2020) caused disruptions to many non-essential services and businesses including construction activities.

Construction segment recorded higher LBT in Q1FY2021 by approximately RM0.84 million as compared to Q1FY2020 mainly because low revenue recognised was insufficient to absorb the high overheads, such as depreciation, finance cost and administrative overheads.

B2. Variation of results against preceding quarter

	Current quarter ended 28.02.2021 RM'000	Immediate preceding quarter ended 30.11.2020 RM'000	Changes	
			RM'000	%
Revenue				
- steel	-	950	(950)	-100%
- construction	7,444	13,288	(5,844)	-44%
- investment holding	-	-	-	-
	7,444	14,238	(6,794)	-48%
(Loss)/Profit before taxation				
- steel	-	(74)	74	100%
- construction	(971)	(3,563)	2,592	73%
- investment holding	(406)	(4,716)	4,310	91%
	(1,377)	(8,353)	6,976	84%

The Group revenue dropped by approximately 48% when compared to the immediate preceding quarter ended 30 November 2020 ("Q4FY2020") with the lower revenue construction revenue mainly due to low order book.

LBT for Q1FY2021 and Q4FY2020 were RM1.38 million and RM8.35 million respectively. Although losses have been mitigated, the LBT incurred during the current quarter came about as low revenue recognised was insufficient to absorb the high overheads, such as depreciation, finance cost and administrative overheads.

B3. Prospects

Notwithstanding the ongoing vaccination rollout program, the Covid-19 pandemic continues to pose uncertainties and disruptions across many sectors. As such, the Directors are of the view that prospects of the Group for the current financial year would continue to be challenging. In order to mitigate the negative impact to the Group's existing construction segment, the Directors have identified industrial and commercial warehousing sector to be part of the Group's recalibration of strategic planning to better position the Group strategically and operationally. The proposal to venture into this sector would strengthen the Group's business activities and operations and provide the Group with strong recurring income.

B4. Variance between actual profit and forecast profit

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

B5. Income tax expense

	Current quarter ended 28.02.2021	Current year-to- date ended
	RM'000	RM'000
Income tax expense	(1)	(1)

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

	Current quarter ended 28.02.2021	Current year-to- date ended
	RM'000	RM'000
<u>Charged/(Credited)</u>		
Interest income	(1)	(1)
Other income	(15)	(15)
Interest expense	178	178
Amortisation	-	-
Depreciation of investment properties	-	-
Depreciation on property, plant and equipment	460	460
Depreciation on right-of-used assets	52	52
Impairment loss on trade and other receivables	-	-
Impairment loss on contract assets	-	-
Reversal of inventories written down	-	-
Deposits written off	-	-
Property, plant and equipment written off	-	-
Gain on disposal of plant and equipment	-	-
Realised loss/(gain) on foreign exchange	-	-
Unrealised (gain)/loss on foreign exchange	-	-
Gain or loss on derivatives	-	-
Impairment loss on property, plant and equipment	-	-

B7. Corporate proposals

There was no other corporate proposal pending for completion as at the date of this report.

B8. Group's borrowings

The Group's borrowings as at 28 February 2021 are as follows:

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loans	2,894	15,374	18,268
Hire Purchases	371	745	1,116
Banker acceptance	7,264	-	7,264
Total	10,529	16,119	26,648

The above borrowings are denominated in Ringgit Malaysia.

B9. Material litigation

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

B10. Proposed dividend

The Board did not recommend any dividend for the current quarter and period ended 28 February 2021.

B11. 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 ended		Cumulative Period ended	
	28.02.2021	28.02.2020	28.02.2021	28.02.2020
Loss attributable to owners of the Company (RM'000)	(1,378)	(778)	(1,378)	(778)
Weighted average number ordinary shares ('000)	591,304	524,705	591,304	524,705
Basic loss per share (sen)	(0.23)	(0.15)	(0.23)	(0.15)

(b) Diluted

The diluted loss per share of the Group is calculated from the loss attributable to owners of the Company divided by weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares during the financial year.

The diluted loss per share of the Group were not presented as the effect of the assumed conversion of ICPS on the loss per ordinary share is anti-dilutive. The effect of the assumed exercise of Warrants has not been considered as the exercise price of the Warrants is higher than the average market price of the Company's shares.