



# **DYNACIATE GROUP BERHAD**

Registration No. 200601012544 (732294-W)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2021**

**DYNACIATE GROUP BERHAD 200601012544 (732294-W)**  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MAY 2021**

	<b>As at 31-May-21 Unaudited RM'000</b>	<b>As at 30-Nov-20 Audited RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	20,190	21,074
Investment properties	40,650	40,650
Right-of-use assets	12,619	12,725
Other investment	4,000	-
<b>Total non-current assets</b>	<u>77,459</u>	<u>74,449</u>
<b>Current assets</b>		
Trade and other receivables	22,254	15,482
Current tax assets	47	36
Contract assets	1,184	14,796
Cash and cash equivalents	9,251	2,234
<b>Total current assets</b>	<u>32,736</u>	<u>32,548</u>
<b>Total assets</b>	<u><u>110,195</u></u>	<u><u>106,997</u></u>
<b>Equity</b>		
Share capital	85,849	76,696
Reserves	(46,433)	(43,602)
<b>Total equity attributable to owners of the Company</b>	<u>39,416</u>	<u>33,094</u>
Non-controlling interests	6,000	6,000
<b>Total equity</b>	<u>45,416</u>	<u>39,094</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	16,650	17,107
Other payables	11,296	11,039
<b>Total non-current liabilities</b>	<u>27,946</u>	<u>28,146</u>
<b>Current liabilities</b>		
Loans and borrowings	8,407	8,828
Current tax liabilities	17	8
Trade and other payables	24,477	29,759
Contract liabilities	3,932	1,162
<b>Total current liabilities</b>	<u>36,833</u>	<u>39,757</u>
<b>Total liabilities</b>	<u>64,779</u>	<u>67,903</u>
<b>Total equity and liabilities</b>	<u><u>110,195</u></u>	<u><u>106,997</u></u>
Net assets per ordinary share attributable to owners of the Company (sen)	5.87	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.*

**DYNACIATE GROUP BERHAD 200601012544 (732294-W)**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT  
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MAY 2021**

	Individual period		Cumulative period	
	Current year- quarter-ended 31-May-21 RM'000	Preceding year corresponding quarter ended 31-May-20 RM'000	Current period-to-date 31-May-21 RM'000	Preceding year corresponding period ended 31-May-20 RM'000
Revenue	4,830	9,267	12,274	30,932
Cost of sales	(5,047)	(12,485)	(11,774)	(32,782)
<b>Gross profit</b>	<u>(217)</u>	<u>(3,218)</u>	<u>500</u>	<u>(1,850)</u>
Administrative expenses	(1,719)	(1,366)	(3,652)	(3,277)
Other operating expenses	-	(377)	-	(684)
Other operating income	1,087	2,166	1,104	2,847
Finance costs	(167)	(257)	(345)	(866)
<b>Loss before taxation</b>	<u>(1,016)</u>	<u>(3,052)</u>	<u>(2,393)</u>	<u>(3,830)</u>
Income tax expense	(3)	(8)	(4)	(8)
<b>Loss after taxation/Total comprehensive expenses for the financial period</b>	<u><u>(1,019)</u></u>	<u><u>(3,060)</u></u>	<u><u>(2,397)</u></u>	<u><u>(3,838)</u></u>
<b>Loss after taxation attributable to:</b>				
Owners of the Company	(1,019)	(3,060)	(2,397)	(3,838)
Non-controlling interests	-	-	-	-
	<u><u>(1,019)</u></u>	<u><u>(3,060)</u></u>	<u><u>(2,397)</u></u>	<u><u>(3,838)</u></u>
<b>Total comprehensive expenses attributable to:</b>				
Owners of the Company	(1,019)	(3,060)	(2,397)	(3,838)
Non-controlling interests	-	-	-	-
	<u><u>(1,019)</u></u>	<u><u>(3,060)</u></u>	<u><u>(2,397)</u></u>	<u><u>(3,838)</u></u>
<b>Loss per ordinary share (sen):</b>				
Basic	(0.15)	(0.57)	(0.38)	(0.72)
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 31 MAY 2021**

	<----- Attributable to owners of the Company ----->				<----- Non-distributable -----> Distributable			
	Share capital	Capital	Reverse	Warrant	(Accumulate d losses)/ Retained	Total	Non- controlling	Total Equity
	RM'000	reserve RM'000	acquisition reserve RM'000	reserve RM'000	profits RM'000	RM'000	interests RM'000	RM'000
<b>At 1 December 2020</b>	76,696	(10,834)	-	13,718	(46,486)	33,094	6,000	39,094
Loss for the financial period	-	-	-	-	(2,397)	(2,397)	-	(2,397)
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to conversion of ICPS	983	(434)	-	-	-	549	-	549
Issuance of ordinary shares pursuant to private placement	8,170	-	-	-	-	8,170	-	8,170
<b>Transactions with owners of the Company</b>	<b>9,153</b>	<b>(434)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,719</b>	<b>-</b>	<b>8,719</b>
<b>At 31 May 2021</b>	<b>85,849</b>	<b>(11,268)</b>	<b>-</b>	<b>13,718</b>	<b>(48,883)</b>	<b>39,416</b>	<b>6,000</b>	<b>45,416</b>
<b>At 1 December 2019</b>	71,806	(8,518)	(53,300)	13,718	25,035	48,741	6,000	54,741
Loss for the financial year	-	-	-	-	(3,838)	(3,838)	-	(3,838)
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to conversion of ICPS	2,314	(2,314)	-	-	-	-	-	-
<b>Transactions with owners of the Company</b>	<b>2,314</b>	<b>(2,314)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 May 2020</b>	<b>74,120</b>	<b>(10,832)</b>	<b>(53,300)</b>	<b>13,718</b>	<b>21,197</b>	<b>44,903</b>	<b>6,000</b>	<b>50,903</b>

*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.*

**DYNACIATE GROUP BERHAD 200601012544 (732294-W)**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT  
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2021**

	<b>Current period- to-date 31-May-21 RM'000</b>	<b>Preceding year corresponding period ended 31-May-20 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(2,393)	(3,830)
Adjustments for:		
Depreciation on property, plant and equipment	920	545
Depreciation on right-of-use assets	106	-
Impairment loss on other receivables	-	125
Interest expense	345	866
Gain on disposal of:		
- property, plant and equipment	-	(364)
- investment in a subsidiary	-	(1,837)
Interest income	(4)	(19)
Reversal of impairment of contract assets	(1,070)	-
Reversal of impairment of other receivables	-	(121)
<b>Operating loss before working capital changes</b>	<u>(2,096)</u>	<u>(4,635)</u>
<b>Changes in working capital:</b>		
Increase in inventories	-	(174)
(Increase)/Decrease in trade and other receivables	(6,772)	200
Decrease/(Increase) in contract assets	14,682	(3,700)
(Decrease)/Increase in trade and other payables	(8,192)	8,077
Increase/(Decrease) in contract liabilities	2,770	(792)
<b>Cash generated from/(used in) operations</b>	<u>392</u>	<u>(1,024)</u>
Income taxes paid	(6)	(94)
<b>Net cash from/(used in) operating activities</b>	<u>386</u>	<u>(1,118)</u>
<b>Cash flows from investing activities</b>		
Acquisitions of other investment	(4,000)	-
Acquisitions of property, plant and equipment	(36)	-
Proceeds from disposal of property, plant and equipment	-	364
Interest received	4	19
Net cash outflow on disposal of a subsidiary	-	(16)
<b>Net cash (used in)/from investing activities</b>	<u>(4,032)</u>	<u>367</u>
<b>Cash flows from financing activities</b>		
Interest paid	(88)	(866)
Repayment to a Director	-	(582)
Drawdown of banker acceptances	(144)	3,404
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	549	-
Proceeds from issuance of ordinary shares pursuant to private placement	8,170	-
Repayment of finance lease liabilities	(734)	(444)
<b>Net cash from financing activities</b>	<u>7,753</u>	<u>1,512</u>
Net increase in cash and cash equivalents	4,107	761
Cash and cash equivalents as at beginning of financial period	2,234	894
<b>Cash and cash equivalents as at end of financial period</b>	<u>6,341</u>	<u>1,655</u>
<b>Cash and cash equivalents comprise of:-</b>		
Cash and bank balances	9,039	1,418
Short term deposits with licensed banks	212	237
Cash and cash equivalents	<u>9,251</u>	<u>1,655</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.*

# DYNACIATE GROUP BERHAD

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MAY 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 31 May 2021, the Company issued 7,598,000 new ordinary shares at RM0.12 per ordinary share arising from the conversion of 8,598,000 Irredeemable Convertible Preference Shares (“ICPS”).

On 11 March 2021, the Company completed a private placement exercise with the issuance and listing of 65,885,500 new ordinary shares at RM0.124 per share.

Save for the above, there were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the financial quarter ended 31 May 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.

<b>Financial period ended 31.05.2021</b>	<b>Construction RM'000</b>	<b>Other RM'000</b>	<b>The Group RM'000</b>
External revenue	12,274	-	<b>12,274</b>
<b>Results</b>			
Loss before following adjustments:	(172)	(854)	<b>(1,026)</b>
Interest income	2	2	<b>4</b>
Depreciation of property, plant and equipment	(919)	(1)	<b>(920)</b>
Depreciation of right-of-use assets	(106)	-	<b>(106)</b>
Segment results	(1,195)	(853)	<b>(2,048)</b>
Finance costs			<b>(345)</b>
Taxation			<b>(4)</b>
Loss after taxation			<b>(2,397)</b>
<b>As at 31.05.2021</b>			
<b><u>Assets</u></b>			
Segment assets	56,978	53,170	110,148
Unallocated assets			47
Consolidated total assets			<b>110,195</b>
<b><u>Liabilities</u></b>			
Segment liabilities	50,505	14,256	64,762
Unallocated liabilities			17
Consolidated total liabilities			<b>64,779</b>



Revenue analysed by geographical location of customers is as follows:

	<b>Current year- to- date ended 31.05.2021 RM'000</b>	<b>Preceding year- to- date ended 31.05.2020 RM'000</b>
Malaysia	12,274	29,735
Asia (excluding Malaysia)	-	478
Europe	-	719
	12,274	30,932

**A8. 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 4 May 2021, the Company announced to undertake the following:
  - (a) Proposed acquisition of 2,500,000 ordinary shares in MGudang Sdn. Bhd. (“MGSB”) (“MGSB Shares”), representing 9.80% equity interest in MGSB, by the Company from Vortex Consolidated Berhad (“VCB”), for a total cash consideration of RM2,500,000.00 (“Proposed Acquisition of MGSB from VCB”);
  - (b) Proposed acquisition of 19,000,000 MGSB Shares, representing 74.51% equity interest in MGSB, by the Company from MMAG Holding Berhad (“MMAG”), for a purchase consideration of RM17,830,000, to be satisfied via a combination of cash of cash RM534,900 and issuance of 180,157,290 new shares in the Company (“DGB Shares”) at an issue price of RM0.096 each (“Proposed Acquisition of MGSB from MMAG”); and
  - (c) Proposed settlement of an amount owing by MGSB to MMAG of RM4,500,000.00 via issuance of 46,875,000 new DGB Shares (“Settlement Shares”) at an issue price of RM0.096 each upon completion of the Proposed Acquisition of MGSB from MMAG (“Proposed Settlement”) (collectively referred to as “Proposals”)

On 2 July 2021, the additional listing application in relation to the Proposed Acquisition of MGSB from MMAG and Propose Settlement has been submitted to Bursa Security.

On 14 July 2021, the Proposed Acquisition of MGSB from VCB has been completed following the payment by the Company of the remaining balance of the purchase consideration of RM2.25 million to VCB.

2. On 16 July 2021, the Company announced that its wholly owned subsidiary, Magnitude Resources Sdn. Bhd. (“MRSB”) had on 16 July 2021, entered into a sale and purchase agreement (“SPA”) with Tan Book Teck, Tan Kim Loong and Dewah Really Sdn. Bhd. for the proposed acquisition of all that piece of freehold industrial land held under GRN 523534 (previously known as HSD 10355) Lot 33820 (previously known as PTD 29303), Mukim Tangkak, Districk of Tangkak (previously known as District of Ledang), State of Johor with an are measuring approximately 2.4532 hectares for a total consideration of RM7 million.

**A9. Changes in composition of the Group during financial year ending 30 November 2021**

On 18 March 2021, the Company incorporated a wholly subsidiary, MRSB with an initial paid-up capital of RM100.

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

**A10. Contingent liabilities**

As at 31 May 2021, the Company has issued corporate guarantees for banking facilities granted to subsidiaries of which RM26.08 million were utilised in addition to corporate guarantees totalling RM2 million provided to suppliers of a subsidiary company.

**A11. Capital commitment**

	<b>As at 31.05.2021</b>
	<b>RM'000</b>
Approved and contracted for	
– Property, plant and equipment	<u>621</u>

**A12. Significant related party transactions**

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

**A13. 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.

**A14. 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.

As at 31.5.2021	Fair value of financial instruments not carried at fair value				Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
<u>Financial liabilities</u>					
Term loan	-	-	(18,039)	(18,039)	(18,039)
Finance lease liabilities	-	-	(236)	(236)	(236)
Amount due to companies in which certain Directors have a substantial financial interest	-	-	(13,564)	(13,564)	(13,564)
	-	-	(31,839)	(31,839)	(31,839)

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			
	31.05.2021 RM'000	31.05.2020 RM'000	Changes RM'000	%	31.05.2021 RM'000	31.05.2020 RM'000	Changes RM'000	%
<b>Revenue</b>								
- Steel	-	922	(922)	-100%	-	2,834	(2,834)	-100%
- Construction	4,830	8,345	(3,515)	-42%	12,274	28,098	(15,824)	-56%
- Others	-	-	-	-	-	-	-	-
	<b>4,830</b>	<b>9,267</b>	<b>(4,437)</b>	<b>-48%</b>	<b>12,274</b>	<b>30,932</b>	<b>(18,658)</b>	<b>-60%</b>
<b>(Loss)/Profit before taxation</b>								
- Steel	-	(118)	118	-100%	-	(65)	65	100%
- Construction	(414)	(4,079)	3,665	90%	(1,385)	(4,247)	2,862	67%
- Others	(602)	1,145	(1,747)	153%	(1,008)	482	(1,490)	309%
	<b>(1,016)</b>	<b>(3,052)</b>	<b>2,036</b>	<b>67%</b>	<b>(2,393)</b>	<b>(3,830)</b>	<b>1,437</b>	<b>38%</b>

The Group posted revenue of RM4.83 million and loss before tax (“LBT”) of RM1.02 million for the second quarter ended 31 May 2021 in respect of financial year ending 30 November 2021 (“Q2 FY2021”) as compared to revenue of RM9.27 million and LBT of RM3.05 million for preceding year corresponding quarter ended 31 May 2020 (“Q2 FY2020”).

Construction segment represents the sole revenue source following the Group’s exit from the steel business in the last financial year. The Group’s revenue of RM4.83 million represented a 42% drop as compared to Q2 FY2020. Year-to-date revenue for the current 6 months period of 12.27 million declined by 56% year-on-year. The Covid-19 pandemic continues to pose negative impact on the Group’s construction activities resulted in low revenue recognition.

On a quarter-on-quarter basis, the Group recorded LBT of RM1.02 million compared to the LBT of RM3.05 million in Q2 FY2020. The lockdowns imposed to curb the spread of Covid-19 had affected the progress of the Group’s projects resulting in lower revenue recognised which was insufficient to absorb overhead expenditures such as depreciation as well as finance and administrative costs. The LBT in construction segment during the current quarter was mitigated, in part, by income from reversal of impairment of contract assets of RM1.07 million while LBT in others segment was mainly due to expenses incurred with regards to the ongoing acquisition exercises. Comparatively, profit before tax posted in Q2 FY2020 from other segment of RM1.14 million was mainly due to a one-off gain from disposal of a subsidiary.

## B2. Variation of results against preceding quarter

	Current	Immediate	Changes	
	quarter	preceeding		
	ended	quarter		
	31.05.2021	ended		
	RM'000	28.02.2021	RM'000	%
		RM'000		
<b>Revenue</b>				
- Steel	-	-	-	0%
- Construction	4,830	7,444	(2,614)	-35%
- Others	-	-	-	-
	<b>4,830</b>	<b>7,444</b>	<b>(2,614)</b>	<b>-35%</b>
<b>(Loss)/Profit before taxation</b>				
- Steel	-	-	-	-
- Construction	(414)	(971)	557	57%
- Others	(602)	(406)	(196)	-48%
	<b>(1,016)</b>	<b>(1,377)</b>	<b>361</b>	<b>26%</b>

The Group revenue dropped about 35% from RM7.44 million reported in the immediate preceding quarter ended 28 February 2021 (“Q1 FY2021”). The lower revenue from construction segment was mainly due to low order book and low work-in-progress.

LBT for the current quarter under review and Q1 FY2021 were RM1.02 million and RM1.38 million respectively. During the current quarter, the construction segment incurred high loss as lower revenue recognition was insufficient to absorb high overheads such as depreciation as well as finance and administrative costs. However, it was moderated by income from reversal of impairment of contract assets of RM1.07 million and. Under others segment, the higher LBT incurred in the current quarter was mainly due to expenses incurred with regards to the ongoing acquisition exercise.

## B3. Prospects

Notwithstanding the ongoing vaccination rollout program, the Covid-19 pandemic continues to pose uncertainties and disruptions across many sectors in view of resurgence in reported cases and that only sectors deemed essential were allowed to operate during the ongoing lockdown. Given these developments, the Directors are of the view that prospects of the Group for the current financial year would continue to be challenging. As part of the initiatives to mitigate the Covid-19 related 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 and planning to better position the Group strategically and operationally. The current on-going acquisition exercises would strengthen the Group’s business activities and operations and provide the Group with strong recurring income going forward.

## B4. Variance between actual profit and forecast profit

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

**B5. Income tax expense**

	<b>Current quarter ended 31.05.2021 RM'000</b>	<b>Current year-to- date ended RM'000</b>
Income tax expense	(3)	(4)

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

	<b>Current quarter ended 31.05.2021 RM'000</b>	<b>Current year-to- date ended RM'000</b>
Interest income	(3)	(4)
Other income	(15)	(30)
Interest expense	167	345
Amortisation	-	-
Depreciation of investment properties	-	-
Depreciation on property, plant and equipment	460	920
Depreciation on right-of-used assets	54	106
Impairment loss on trade and other receivables	-	-
Impairment loss on contract assets	-	-
Reversal of impairment of contract assets	(1,070)	(1,070)
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 31 May 2021 are as follows:

	<b>Current Secured RM'000</b>	<b>Non-Current Secured RM'000</b>	<b>Total RM'000</b>
Term loans	2,135	15,905	18,040
Hire Purchases	236	745	981
Banker acceptance	6,036	-	6,036
<b>Total</b>	<b>8,407</b>	<b>16,650</b>	<b>25,057</b>

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 31 May 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.

	<b>Individual Quarter ended</b>		<b>Cumulative Period ended</b>	
	<b>31.05.2021</b>	<b>31.05.2020</b>	<b>31.05.2021</b>	<b>31.05.2020</b>
Loss attributable to owners of the Company (RM'000)	(1,019)	(3,060)	(2,397)	(3,838)
Weighted average number ordinary shares ('000)	666,913	524,705	629,486	524,705
Basic loss per share (sen)	(0.15)	(0.57)	(0.38)	(0.72)

**DYNACIATE GROUP BERHAD**

Registration No. 200601012544 (732294-W)  
(Incorporated in Malaysia)

Notes to the Unaudited Interim Financial Report for the second quarter ended 31 May 2021

(Cont'd)

**(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.