



DYNACIATE GROUP BERHAD

Registration No. 200601012544 (732294-W)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2021

DYNACIATE GROUP BERHAD 200601012544 (732294-W)

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2021**

	As at 31-Aug-21 Unaudited RM'000	As at 30-Nov-20 Audited RM'000
Assets		
Non-current assets		
Property, plant and equipment	19,697	21,074
Investment properties	41,032	40,650
Right-of-use assets	12,565	12,725
Investment in an associate	6,691	-
Prepayment	252	-
Total non-current assets	<u>80,237</u>	<u>74,449</u>
Current assets		
Trade and other receivables	17,084	15,482
Current tax assets	20	36
Contract assets	129	14,796
Cash and cash equivalents	4,603	2,234
Total current assets	<u>21,836</u>	<u>32,548</u>
Total assets	<u>102,073</u>	<u>106,997</u>
Equity		
Share capital	85,890	76,696
Reserves	(48,053)	(43,602)
Total equity attributable to owners of the Company	<u>37,837</u>	<u>33,094</u>
Non-controlling interests	6,000	6,000
Total equity	<u>43,837</u>	<u>39,094</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	16,421	17,107
Trade and other payables	11,408	11,039
Total non-current liabilities	<u>27,829</u>	<u>28,146</u>
Current liabilities		
Loans and borrowings	4,819	8,828
Current tax liabilities	-	8
Trade and other payables	23,435	29,759
Contract liabilities	2,153	1,162
Total current liabilities	<u>30,407</u>	<u>39,757</u>
Total liabilities	<u>58,236</u>	<u>67,903</u>
Total equity and liabilities	<u>102,073</u>	<u>106,997</u>
Net assets per ordinary share attributable to owners of the Company (sen)	5.63	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 AUGUST 2021**

	Individual period		Cumulative period	
	Current year- quarter-ended 31-Aug-21 RM'000	Preceding year corresponding quarter ended 31-Aug-20 RM'000	Current period-to-date 31-Aug-21 RM'000	Preceding year corresponding period ended 31-Aug-20 RM'000
Revenue	500	14,081	12,774	45,012
Cost of sales	(209)	(17,539)	(11,983)	(50,321)
Gross profit	<u>291</u>	<u>(3,458)</u>	<u>791</u>	<u>(5,309)</u>
Administrative expenses	(1,763)	(2,034)	(5,414)	(5,311)
Other operating expenses	-	(369)	-	(1,053)
Other operating income	15	65	1,118	2,915
Finance costs	(114)	(175)	(460)	(1,041)
Share of loss of associate, net of tax	(9)	-	(9)	-
Loss before taxation	<u>(1,580)</u>	<u>(5,971)</u>	<u>(3,974)</u>	<u>(9,799)</u>
Income tax income/(expense)	1	(4)	(2)	(13)
Loss after taxation/Total comprehensive expenses for the financial period	<u><u>(1,579)</u></u>	<u><u>(5,975)</u></u>	<u><u>(3,976)</u></u>	<u><u>(9,812)</u></u>
Loss after taxation attributable to:				
Owners of the Company	(1,579)	(5,975)	(3,976)	(9,812)
Non-controlling interests	-	-	-	-
	<u><u>(1,579)</u></u>	<u><u>(5,975)</u></u>	<u><u>(3,976)</u></u>	<u><u>(9,812)</u></u>
Total comprehensive expenses attributable to:				
Owners of the Company	(1,579)	(5,975)	(3,976)	(9,812)
Non-controlling interests	-	-	-	-
	<u><u>(1,579)</u></u>	<u><u>(5,975)</u></u>	<u><u>(3,976)</u></u>	<u><u>(9,812)</u></u>
Loss per ordinary share (sen):				
Basic	(0.24)	(1.01)	(0.62)	(1.83)
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)
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CONDENSED INTERIM FINANCIAL STATEMENT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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
At 1 December 2020	76,696	(10,834)	-	13,718	(46,486)	33,094	6,000	39,094
Loss for the financial period	-	-	-	-	(3,976)	(3,976)	-	(3,976)
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to conversion of ICPS	1,024	(475)	-	-	-	549	-	549
Issuance of ordinary shares pursuant to private placement	8,170	-	-	-	-	8,170	-	8,170
Transactions with owners of the Company	9,194	(475)	-	-	-	8,719	-	8,719
At 31 August 2021	85,890	(11,309)	-	13,718	(50,462)	37,837	6,000	43,837
At 1 December 2019	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	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
At 31 August 2020	76,697	(10,834)	(53,300)	13,718	21,197	47,478	6,000	53,478

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)
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CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2021

	Current period- to-date 31-Aug-21 RM'000	Preceding year corresponding period ended 31-Aug-20 RM'000
Cash flows from operating activities		
Loss before tax	(3,974)	(9,799)
Adjustments for:		
Depreciation on property, plant and equipment	1,381	864
Depreciation on right-of-use assets	160	-
Impairment loss on other receivables	-	125
Interest expense	460	1,041
Gain on disposal of:		
- property, plant and equipment	-	(364)
- investment in a subsidiary	-	(1,837)
Interest income	(8)	(24)
Reversal of impairment of contract assets	(1,070)	-
Reversal of impairment of other receivables	-	(121)
Share of loss of associate	9	-
Operating loss before working capital changes	<u>(3,042)</u>	<u>(10,115)</u>
Changes in working capital:		
Increase in inventories	-	(405)
(Increase)/Decrease in trade and other receivables	(1,854)	7,444
Decrease/(Increase) in contract assets	15,737	(1,868)
(Decrease)/Increase in trade and other payables	(6,323)	1,344
Increase/(Decrease) in contract liabilities	991	(521)
Cash generated from/(used in) operations	<u>5,509</u>	<u>(4,121)</u>
Income taxes paid	(27)	(42)
Income taxes refunded	32	(42)
Net cash from/(used in) operating activities	<u>5,514</u>	<u>(4,205)</u>
Cash flows from investing activities		
Acquisitions in an associate	(6,700)	-
Acquisitions in property, plant and equipment	(4)	(1,822)
Acquisitions in investment properties	(382)	-
Proceeds from disposal of property, plant and equipment	-	364
Interest received	8	24
Net cash outflow on disposal of a subsidiary	-	(16)
Net cash (used in)/from investing activities	<u>(7,078)</u>	<u>(1,450)</u>
Cash flows from financing activities		
Interest paid	(91)	(1,041)
Repayment to a Director	-	(482)
(Repayment)/Drawdown of banker acceptances	(3,644)	6,007
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	549	2,575
Proceeds from issuance of ordinary shares pursuant to private placement	8,170	-
Repayment of finance lease liabilities	(1,051)	(547)
Net cash from financing activities	<u>3,933</u>	<u>6,512</u>
Net increase in cash and cash equivalents	2,369	799
Cash and cash equivalents as at beginning of financial period	<u>2,234</u>	<u>894</u>
Cash and cash equivalents as at end of financial period	<u>4,603</u>	<u>1,693</u>
Cash and cash equivalents comprise of:-		
Cash and bank balances	3,096	1,686
Short term deposits with licensed banks	1,507	7
Cash and cash equivalents	<u>4,603</u>	<u>1,693</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 THIRD QUARTER ENDED 31 AUGUST 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 August 2021, the Company issued 1,000,000 new ordinary shares at RM0.12 per ordinary share arising from the conversion of 2,000,000 Irredeemable Convertible Preference Shares ("ICPS").

Save for the above, there were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the financial quarter ended 31 August 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 31.08.2021	Construction RM'000	Other RM'000	The Group RM'000
External revenue	12,514	260	12,774
Results			
Loss before following adjustments:	(822)	(1,150)	(1,972)
Interest income	2	6	8
Depreciation of property, plant and equipment	(1,380)	(1)	(1,381)
Depreciation of right-of-use assets	(160)	-	(160)
Share of loss of associate, net of tax	-	(9)	(9)
Segment results	(2,360)	(1,154)	(3,514)
Finance costs			(460)
Taxation			(2)
Loss after taxation			(3,976)
As at 31.08.2021			
Assets			
Segment assets	48,872	53,181	102,053
Unallocated assets			20
Consolidated total assets			102,073

Financial period ended 31.08.2021	Construction RM'000	Other RM'000	The Group RM'000
<u>Liabilities</u>			
Segment liabilities	42,546	15,690	58,236
Unallocated liabilities			<u>-</u>
Consolidated total liabilities			<u>58,236</u>

Revenue analysed by geographical location of customers is as follows:

	Current year- to- date ended 31.08.2021 RM'000	Preceding year- to- date ended 31.08.2020 RM'000
Malaysia	12,774	43,904
Asia (excluding Malaysia)	-	398
Europe	-	719
	<u>12,774</u>	<u>45,012</u>

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 19,000,000 MGSB Shares, representing 74.51% equity interest in MGudang Sdn, Bhd. ("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
 - (b) 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 Securities.

On 28 September 2021, the Company entered into a supplemental agreement with MMAG to amend and vary certain provisions of the Shares Sale Agreement dated 4 May 2021 in respect of 74.51% of the issued and paid-up capital of MGSB.

On 26 October 2021, a circular in relation to the Proposals and incorporating proposed new shareholders' mandate for new recurrent related party transactions of a revenue of trading nature was circulated to shareholders together with notice for an extraordinary general meeting scheduled on 16 November 2021.

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, District of Tangkak (previously known as District of Ledang), State of Johor with an area measuring approximately 2.4532 hectares for a total consideration of RM7 million.
3. On 3 September 2021, the Company announced the plan to undertake a Proposed Private Placement under a general mandate obtained from the shareholders at its 14th Annual General Meeting which authorised the Board to allot and issue new DGB shares pursuant to Section 75 and 76 of the Companies Act 2016 up to 20% of the total number of issued DGB shares.

On 6 September 2021, The Company submitted additional listing application in relation to the Proposed Private Placement to Bursa Securities. Approval was granted by Bursa Securities on 1 October 2021.

4. On 7 October 2021, the Company announced that its wholly owned subsidiary, MRSB had on 7 October 2021, entered into a conditional SPA with Brem Construction Sdn. Bhd. for the proposed acquisition of all that piece of leasehold industrial land identified as Plot K measuring approximately 8.0 acres in area held under PN119894 Lot 40907 (previously known as HSD 54822 PT 17400), Syksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor (Lease expiring on 4 January 2095) for a total consideration of RM Ten million One Hundred Five Thousand Nine Hundred and Twenty (RM10,105,920.00) Only.

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

1. On 18 March 2021, the Company incorporated a wholly subsidiary, MRSB with an initial paid-up capital of RM100.00.
2. The Company currently owns a 25.49% equity interest represented by 6,500,000 ordinary shares following completion of the acquisition of MGSB from Vortex Consolidated Berhad on 17 July 2021.

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

A10. Contingent liabilities

As at 31 August 2021, the Company has issued corporate guarantees for banking facilities granted to subsidiaries of which RM22.35 million were utilised in addition to corporate guarantees totalling RM2 million provided to suppliers of a subsidiary company.

A11. Capital commitment

	As at 31.08.2021
	RM'000
Approved and contracted for	
– Property, plant and equipment	6,921

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 31.8.2021	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	-	-	(17,811)	(17,811)	(17,811)
Finance lease liabilities	-	-	(148)	(148)	(148)
Amount due to companies in which certain Directors have a substantial financial interest	-	-	(12,405)	(12,405)	(12,405)
	-	-	(30,364)	(30,364)	(30,364)

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

(Cont'd)

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			
	31.08.2021	31.08.2020	Changes		31.08.2021	31.08.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Steel	-	1,976	(1,976)	-100%	-	4,810	(4,810)	-100%
- Construction	240	12,104	(11,864)	-98%	12,514	40,202	(27,688)	-69%
- Others	260	-	260	-	260	-	260	-
	500	14,080	(13,580)	-96%	12,774	45,012	(32,238)	-72%
(Loss)/Profit before taxation								
- Steel	-	20	(20)	-100%	-	(45)	45	100%
- Construction	(1,200)	(4,645)	3,445	74%	(2,586)	(8,890)	6,304	71%
- Others	(380)	(1,346)	966	72%	(1,388)	(863)	(525)	-61%
	(1,580)	(5,971)	4,391	74%	(3,974)	(9,798)	5,824	59%

The Group posted revenue of RM0.50 million and loss before tax (“LBT”) of RM1.58 million for the third quarter ended 31 August 2021 in respect of financial year ending 30 November 2021 (“Q3 FY2021”) as compared to revenue of RM14.08 million and LBT of RM5.97 million for Q3 FY2020.

The Covid-19 pandemic continues to have adverse impact to the progress of the Group’s construction activities resulting in a significant drop in revenue recognition compared to Q3 FY2020. However, on the other hand, the Group had rented out part of its investment properties located in the state of Penang following entry into a long-term tenancy agreement with an independent third party involved in logistic industry for a 3 years period commencing 1 August 2021 for a monthly rental of RM260,000.00. This recurrent rental is expected to provide additional income stream to the Group.

On a year-to-date basis, the Group recorded revenue of RM12.78 million and LBT of RM3.97 million for the financial period ended 31 August 2021 (“FPE AUG21”) as compared to revenue of RM45.01million and LBT of RM9.79 million for the corresponding financial period ended 31 August 2020 (“FPE AUG20”). The LBT in construction segment resulted from low revenue recognition which was insufficient to absorb overhead expenditures such as depreciation as well as finance and administrative costs. However, this LBT for Q3 FY2021 and FPE AUG21 were still lower compared to LBT for Q3 FY2020 and FPE AUG20 as the Group continued its cost rationalisation exercise.

B2. Variation of results against preceding quarter

	Current quarter ended 31.08.2021 RM'000	Immediate preceeding quarter ended 31.05.2021 RM'000	Changes	
			RM'000	%
Revenue				
- Steel	-	-	-	0%
- Construction	240	4,830	(4,590)	-95%
- Others	260	-	260	-
	500	4,830	(4,330)	-90%
(Loss)/Profit before taxation				
- Steel	-	-	-	-
- Construction	(1,200)	(414)	(786)	-190%
- Others	(380)	(602)	222	37%
	(1,580)	(1,016)	(564)	-56%

The Group revenue dropped substantially to RM0.50 million from RM4.83 million reported in the immediate preceding quarter ended 31 May 2021 (“Q2 FY2021”). The lower revenue from construction segment resulted from lower contribution affected by lockdowns which halted construction activities. However, the lower revenue in current quarter was mitigated by rental income of RM260,000 per month as stated in note B1 above.

LBT for the current quarter under review and Q2 FY2021 were RM1.58 million and RM1.02 million respectively. LBT from construction segment in the current quarter was much higher in comparison as income generated from reversal of impairment of contract assets of RM1.07 million was captured in Q2 FY2021.

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 where only sectors deemed essential were allowed to operate during the 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 Covid-19’s adverse impact to the Group’s 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

	Current quarter ended 31.08.2021 RM'000	Current year-to- date ended 31.08.2021 RM'000
Income tax expense	1	(2)

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

	Current quarter ended 31.08.2021 RM'000	Current year-to- date ended 31.08.2021 RM'000
Interest income	(4)	(8)
Other income	(10)	(40)
Interest expense	114	460
Amortisation	-	-
Depreciation of investment properties	-	-
Depreciation on property, plant and equipment	461	1,381
Depreciation on right-of-used assets	54	160
Impairment loss on trade and other receivables	-	-
Impairment loss on contract assets	-	-
Reversal of impairment of contract assets	-	(1,070)
Share of loss/(gain) of associate	9	9
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

Save as disclosed in Note A8 item 1 and item 3, there were 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 August 2021 are as follows:

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loans	2,135	15,676	17,811
Hire Purchases	148	745	893
Banker acceptance	2,536	-	2,536
Total	4,820	16,421	21,240

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 August 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	
	31.08.2021	31.08.2020	31.08.2021	31.08.2020
Loss attributable to owners of the Company (RM'000)	(1,579)	(5,975)	(3,976)	(9,812)
Weighted average number ordinary shares ('000)	671,902	590,107	643,728	536,460
Basic loss per share (sen)	(0.24)	(1.01)	(0.62)	(1.83)

(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.