



DPI HOLDINGS BERHAD (1249778-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2019

25 OCTOBER 2019

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2019**

	Note	Quarter Ended			Year-To-Date Ended																
		Unaudited 31.08.2019	Unaudited 31.08.2018	Changes %	Unaudited 31.08.2019	Unaudited 31.08.2018	Changes %														
		RM'000	RM'000		RM'000	RM'000															
REVENUE	8	11,150	N/A	N/A	11,150	N/A	N/A														
COST OF SALES		(7,263)	N/A	N/A	(7,263)	N/A	N/A														
GROSS PROFIT		3,887	N/A	N/A	3,887	N/A	N/A														
OTHER INCOME		279	N/A	N/A	279	N/A	N/A														
		4,166	N/A	N/A	4,166	N/A	N/A														
SELLING AND MARKETING EXPENSES		(398)	N/A	N/A	(398)	N/A	N/A														
ADMINISTRATIVE EXPENSES		(1,500)	N/A	N/A	(1,500)	N/A	N/A														
OTHER EXPENSES		-	N/A	N/A	-	N/A	N/A														
PROFIT BEFORE TAXATION		2,268	N/A	N/A	2,268	N/A	N/A														
INCOME TAX EXPENSES	23	(631)	N/A	N/A	(631)	N/A	N/A														
PROFIT AFTER TAXATION		1,637	N/A	N/A	1,637	N/A	N/A														
OTHER COMPREHENSIVE INCOME		-	N/A	N/A	-	N/A	N/A														
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		1,637	N/A	N/A	1,637	N/A	N/A														
PROFIT AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- Owners of the Company		1,637	N/A	N/A	1,637	N/A	N/A														
		<table border="1"> <thead> <tr> <th colspan="2">Quarter Ended</th> </tr> <tr> <th>Unaudited 31.08.2019</th> <th>Unaudited 31.08.2018</th> </tr> <tr> <th>Sen per share</th> <th>Sen per share</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>		Quarter Ended		Unaudited 31.08.2019	Unaudited 31.08.2018	Sen per share	Sen per share			<table border="1"> <thead> <tr> <th colspan="2">Year-To-Date Ended</th> </tr> <tr> <th>Unaudited 31.08.2019</th> <th>Unaudited 31.08.2018</th> </tr> <tr> <th>Sen per share</th> <th>Sen per share</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>		Year-To-Date Ended		Unaudited 31.08.2019	Unaudited 31.08.2018	Sen per share	Sen per share		
Quarter Ended																					
Unaudited 31.08.2019	Unaudited 31.08.2018																				
Sen per share	Sen per share																				
Year-To-Date Ended																					
Unaudited 31.08.2019	Unaudited 31.08.2018																				
Sen per share	Sen per share																				
EARNINGS PER SHARE ("EPS") ATTRIBUTABLE TO OWNERS OF THE COMPANY:																					
Basic EPS	29	0.34	N/A	0.34	N/A																
Diluted EPS	29	0.34	N/A	0.34	N/A																

N/A - Not applicable.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019**

	Unaudited As at 31.08.2019 RM'000	Audited As at 31.05.2019 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	8,160	8,234
	<u>8,160</u>	<u>8,234</u>
CURRENT ASSETS		
Inventories	9,210	8,751
Trade receivables	9,594	9,448
Other receivables, deposits and prepayments	186	253
Current tax assets	1,317	1,120
Short term investment	1,003	503
Fixed deposits with licensed banks	33,047	35,214
Cash and bank balances	15,376	13,072
	<u>69,733</u>	<u>68,361</u>
TOTAL ASSETS	<u>77,893</u>	<u>76,595</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	66,257	66,257
Merger deficit	(28,698)	(28,698)
Retained profits	35,037	33,400
TOTAL EQUITY	<u>72,596</u>	<u>70,959</u>
NON-CURRENT LIABILITY		
Deferred tax liabilities	287	270
CURRENT LIABILITIES		
Trade payables	4,066	4,178
Other payables and accruals	936	1,165
Amount owing to a related party	8	23
	<u>5,010</u>	<u>5,366</u>
TOTAL LIABILITIES	<u>5,297</u>	<u>5,636</u>
TOTAL EQUITY AND LIABILITIES	<u>77,893</u>	<u>76,595</u>
	RM	RM
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>0.15</u>	<u>0.15</u>

The above condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these interim financial statements.

DPI HOLDINGS BERHAD (1249778-M)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2019**

	Share Capital RM'000	Non- distributable Merger Deficit RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 31 May 2019 (Audited)/1 June 2019	66,257	(28,698)	33,400	70,959
Profit after taxation/Total comprehensive income for the financial period	-	-	1,637	1,637
At 31 August 2019 (Unaudited)	66,257	(28,698)	35,037	72,596

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2019**

	Quarter and Year-To-Date Ended	
	Unaudited	Unaudited
	31.08.2019	31.08.2018
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,268	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	110	N/A
Property, plant equipment written off	*	N/A
Interest income	(216)	N/A
Reversal of impairment losses on:		
- trade receivables	(15)	N/A
Unrealised gain on foreign exchange	(15)	N/A
Operating profit before working capital changes	2,132	N/A
Increase in inventories	(460)	N/A
Increase in trade and other receivables	(64)	N/A
Decrease in trade and other payables	(341)	N/A
CASH FROM OPERATIONS	1,267	N/A
Income tax paid	(811)	N/A
NET CASH FROM OPERATING ACTIVITIES	456	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	216	N/A
Withdrawal of fixed deposits with licensed banks	5,101	N/A
Purchase of property, plant and equipment	(36)	N/A
NET CASH FROM INVESTING ACTIVITIES	5,281	N/A
CASH FLOWS FOR FINANCING ACTIVITY		
Repayment to a related party	(15)	N/A
NET CASH FOR FINANCING ACTIVITY	(15)	N/A

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2019**

		Quarter and Year-To-Date Ended	
		Unaudited	Unaudited
		31.08.2019	31.08.2018
	Note	RM'000	RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,722	N/A
EFFECT OF FOREIGN EXCHANGE TRANSLATION		15	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		16,109	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	11	21,846	N/A

Note:

* - less than RM1,000.

N/A - Not applicable.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

The above condensed consolidated statement of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these interim financial statements.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

These condensed consolidated financial statements ("Condensed Report") have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting*. The Condensed Report has been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in section 2 below.

This Condensed Report has also been prepared in accordance with rule 9.22 of the Listing Requirements.

This Condensed Report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 May 2019 and the accompanying explanatory notes attached to these interim financial statements. These explanatory notes provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2019.

This is the first announcement on the Company's consolidated results for the first quarter ended 31 August 2019, which is announced in compliance with the Listing Requirements. Hence, there are no comparative figures for the preceding year's corresponding quarter.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Condensed Report are consistent with those used in the preparation of the Group's audited financial statements for the financial year ended 31 May 2019, except for the following:-

- 2.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

Amendments to MFRS 9 Financial Instruments - *Prepayment Features with Negative Compensation*

Amendments to MFRS 119 Employee Benefits - *Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 128 Investments in Associates and Joint Ventures - *Long-term Interests in Associates and Joint Ventures*

Annual Improvements to MFRS Standards 2015 - 2017 Cycle:

- Amendments to MFRS 3 Business Combinations - *Previously held interest in a joint operation*
 - Amendments to MFRS 11 Joint Arrangements - *Previously held interest in a joint operation*
 - Amendments to MFRS 112 Income Taxes - *Income tax consequences of payments on financial instruments classified as equity*
 - Amendments to MFRS 123 Borrowing Costs - *Borrowing costs eligible for capitalisation*
- IC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

- 2.2 As at the date of the authorisation of this Condensed Report, the following Standards and Amendments to Standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group. The Group expects that the adoption of the relevant pronouncements will not have any significant impact on the Group's financial statements.

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 3 Business combinations

Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources

Amendments to MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 134 Interim Financial Reporting

Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

Amendment to MFRS 138 Intangible Assets

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Effective for financial periods beginning on or after 1 January 2020

Amendments to IC Interpretation 12 Service Concession Arrangements
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132 Intangible Assets - Web Site costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective date of these Standards have been deferred, and yet to be announced

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

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business operations during the current financial quarter and year-to-date ended 31 August 2019 were not materially affected by any major seasonal or cyclical factors.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter and year-to-date ended 31 August 2019.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect during the current financial quarter and year-to-date ended 31 August 2019.

6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities, shares buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter and year-to-date ended 31 August 2019.

7. DIVIDEND PAID

No dividend was paid during the current financial quarter and year-to-date ended 31 August 2019.

8. REVENUE

	Quarter Ended			Year-To-Date Ended		
	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %
Aerosol products	8,804	N/A	N/A	8,804	N/A	N/A
Solvents and thinners	2,346	N/A	N/A	2,346	N/A	N/A
	11,150	N/A	N/A	11,150	N/A	N/A

N/A - Not applicable.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. SEGMENT INFORMATION

There have been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the last annual financial statements.

Business Segment

The Group's financial information analysed by business segment is as follows:-

	Quarter and Year-To-Date Ended											
	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %
Revenue												
External revenue (Note 8)	8,804	N/A	N/A	2,346	N/A	N/A	-	N/A	N/A	11,150	N/A	N/A
Inter-segment revenue	1,689	N/A	N/A	-	N/A	N/A	-	N/A	N/A	1,689	N/A	N/A
	10,493	N/A	N/A	2,346	N/A	N/A	-	N/A	N/A	12,839	N/A	N/A
Consolidated adjustments										(1,689)	N/A	N/A
Consolidated revenue										11,150	N/A	N/A
Results												
Segment profit before interest and taxation	2,588	N/A	N/A	(5)	N/A	N/A	(315)	N/A	N/A	2,268	N/A	N/A

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. SEGMENT INFORMATION (CONT'D)

Business Segment (Cont'd)

	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes
	31.08.2019	31.05.2019		31.08.2019	31.05.2019		31.08.2019	31.05.2019		31.08.2019	31.05.2019	
RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	
Assets												
Segment assets	43,897	43,917	(0.0)	6,879	5,307	29.6	64,219	64,393	(0.3)	114,995	113,617	1.2
Consolidated adjustments										(37,102)	(37,022)	0.2
Consolidated total assets										<u>77,893</u>	<u>76,595</u>	<u>1.7</u>
Addition to non-current assets other than financial instruments is:-												
Property, plant and equipment	34	2,890	(98.8)	2	14	(85.7)	-	-	-	36	2,904	(98.8)
Liabilities												
Segment liabilities/ Consolidated total liabilities	3,517	4,582	(23.2)	2,326	1,662	40.0	278	138	101.4	6,121	6,382	(4.1)
Consolidated adjustments										(824)	(746)	10.5
Consolidated total liabilities										<u>5,297</u>	<u>5,636</u>	<u>(6.0)</u>

Geographical Information

Revenue is based on the country in which the customers are located.

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Audited	Changes
	31.08.2019	31.08.2018		31.08.2019	31.08.2018	
RM'000	RM'000	%	RM'000	RM'000	%	
Malaysia	8,666	N/A	N/A	8,666	N/A	N/A
Outside Malaysia	2,484	N/A	N/A	2,484	N/A	N/A
	<u>11,150</u>	<u>N/A</u>	<u>N/A</u>	<u>11,150</u>	<u>N/A</u>	<u>N/A</u>

No information is presented on the basis of geographical information for non-current assets as the Group operates primarily in Malaysia during the financial period.

N/A - Not applicable.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. RELATED PARTY DISCLOSURES

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	31.08.2019	31.08.2018		31.08.2019	31.08.2018	
	RM'000	RM'000	%	RM'000	RM'000	%
Rental paid or payable to a company in which a director of the Company has a substantial financial interest	12	N/A	N/A	12	N/A	N/A

N/A - Not applicable.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

11. CASH AND CASH EQUIVALENTS

The cash and cash equivalents comprise the following:-

	Unaudited As at 31.08.2019 RM'000	Audited As at 31.05.2019 RM'000
Money market fund	1,003	503
Fixed deposits with licensed banks	33,047	35,214
Cash and bank balances	15,376	13,072
	<u>49,426</u>	<u>48,789</u>
Less: Fixed deposits with tenure of more than 3 months	(27,580)	(32,680)
	<u>21,846</u>	<u>16,109</u>
Fair value of money market fund	<u>1,003</u>	<u>503</u>

The short-term money market fund represents the Group's investment in money market fund which is designed to provide investors with a stream of income and is managed with the aim of maintaining the fund's unit price at RM1. The redemption proceeds for investment in money market fund will normally be collected by the next business day. Therefore, the Group considered the investment in money market fund represent investment in highly liquid money market instruments which is readily convertible to known amount of cash, and is subject to an insignificant risk of changes in value.

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 3.00% to 3.95% per annum. The fixed deposits have maturity periods ranging from 1 to 12 months.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. CAPITAL COMMITMENTS

Capital commitments for the purchase of property, plant and equipment not provided for in the Condensed Report as at the end of the financial period are as follows:-

	Unaudited As at 31.08.2019 RM'000	Audited As at 31.05.2019 RM'000
Approved and not contracted for:-		
Plant and equipment	22,839	22,868
Approved and contracted for:-		
Purchases of property and equipment	14	28
	<u>22,853</u>	<u>22,896</u>

13. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities at the end of the financial period.

14. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial quarter and year-to-date ended 31 August 2019.

15. OPERATING LEASE COMMITMENTS

The Group leases a number of factory facilities and warehouse under non-cancellable operating leases. The lease periods range from 2 to 3 years with an option to renew after that date.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	Unaudited As at 31.08.2019 RM'000	Audited As at 31.05.2019 RM'000
Not later than 1 year	35	35
Later than 1 year and not later than 5 years	15	23
	<u>50</u>	<u>58</u>

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. FINANCIAL INSTRUMENTS

16.1 Classification

The following table analyses the financial assets and financial liabilities of the Group in the condensed consolidated statement of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

	Unaudited As at 31.08.2019 RM'000	Audited As at 31.05.2019 RM'000
Assets		
Financial asset mandatorily at fair value through profit or loss		
Short-term investment	1,003	503
Financial assets at amortised cost		
Trade receivables	9,594	9,448
Other receivables	-	1
Fixed deposits with licensed banks	33,047	35,214
Cash and bank balances	15,376	13,072
Total financial assets	58,017	57,735
Liabilities		
Financial liabilities at amortised cost		
Trade payables	4,066	4,178
Other payables and accruals	936	1,165
Amount owing to a related party	8	23
Total financial liabilities	5,010	5,366

16.2 Gains or Losses Arising From Financial Instruments

Financial Assets

Fair Value Through Profit or Loss

Net gains recognised in profit or loss by:

- mandatorily required by accounting standard

-	3
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Amortised Cost

Net gains recognised in profit or loss

216	400
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16.3 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

Fair Value of Financial Instruments Carried at Fair Value

The fair value of the money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

17. EVENT AFTER THE REPORTING PERIOD

There were no significant events subsequent to 31 August 2019.

18. SIGNIFICANT EVENT DURING THE PERIOD

Save as disclosed in Note 24, there was no other significant event during the period.

**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD**

19. REVIEW OF PERFORMANCE

First Quarter of the Financial Year Ending ("FYE") 2020 ("1QFYE2020")

During the 1Q FYE 2020, the Group reported a revenue of RM11.2 million and profit before taxation of RM2.3 million.

Revenue for the current financial quarter was contributed by the aerosol products segment which amounted to RM8.8 million or 79.0% of total revenue, while revenue contributed by solvent and thinners amounted to RM2.3 million or 21.0% of total revenue.

There are no comparative figures for the preceding year's corresponding quarter and year-to-date available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

**20. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER
COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	Quarter Ended		Changes %
	Unaudited 31.08.2019 RM'000	Unaudited 31.05.2019 RM'000	
Revenue	11,150	13,369	(16.6)
Profit before taxation	2,268	3,097	(26.8)

The Group's revenue of RM11.2 million for the current quarter under review was 16.6% lower than RM13.4 million recorded in the immediate preceding quarter. The decrease was mainly due to the Hari Raya promotion activities that were carried out in the immediate preceding quarter which resulted in increased sales orders from customers in the immediate preceding quarter.

The Group's profit before taxation decreased by 26.8% from RM3.1 million in the immediate preceding quarter to RM2.3 million in the current financial quarter. This was mainly due to the decrease in revenue during the current financial quarter as compared with the immediate preceding quarter.

PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

21. PROSPECTS

The Group is constantly pursuing opportunities to establish new geographical footprints and to develop a wider range of aerosol products to cater for new market segments. The Group is also increasing its sales, marketing and advertising initiatives to expand its customer base and will closely monitor its profitability and costs associated with such initiatives.

The Group is also in the midst of setting up a new building equipped with fully automated aerosol filling lines while progressively upgrading its existing aerosol filling lines to boost production capacity and efficiency.

Taking into account the initiatives being undertaken and the current economic conditions, the Board is cautiously optimistic of the Group's performance for the financial year ending 31 May 2020.

22. PROFIT FORECAST

The Group did not issue any profit forecast or guarantee during the current financial quarter and financial year under review.

23. INCOME TAX EXPENSE

	Quarter Ended			Year-To-Date Ended		
	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %
Income tax	614	N/A	N/A	614	N/A	N/A
Deferred tax	17	N/A	N/A	17	N/A	N/A
Total income tax expense	631	N/A	N/A	631	N/A	N/A
Effective tax rate	28%	N/A		28%	N/A	

N/A - Not applicable.

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period.

The effective tax rate of the Group for the current financial period is higher than the statutory tax rate principally due to certain expenses being not deductible for tax purpose.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

24. STATUS OF CORPORATE PROPOSALS

On 10 May 2019, the Company had entered into a Memorandum of Understanding ("MOU") with Chen Junxiong and Li Feng Ming to form a strategic collaboration to invest in an aerosol business in the People's Republic of China. This MOU had lapsed on 8 September 2019.

There is no outstanding corporate proposal as of 25 October 2019.

PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

25. UTILISATION OF PROCEEDS RAISED FROM THE IPO

The gross proceeds raised from the Company's Initial Public Offering of RM31.64 million and status of utilisation as at 31 August 2019 is disclosed in the following table:

No.	Purpose	Proposed utilisation		Actual Utilisation RM'000	Intended timeframe for utilisation (from the listing date)	Deviation Explanation (if deviation is 5% or more)
		RM'000	%			
i	Capital expenditure and expansion	23,540	74.4	701	Within 18 to 24 months	N/A
ii	Sales, marketing and advertising expenses	3,000	9.5	100	Within 24 months	N/A
iii	Product development	1,300	4.1	66	Within 24 months	N/A
iv	Estimated listing expenses	3,800	12.0	3,428	Within 1 month	372 ⁽¹⁾
	Total	31,640	100.0	4,295		372

⁽¹⁾ The surplus has been re-allocated for working capital purposes.

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 27 November 2018.

26. BORROWINGS AND DEBT SECURITIES

As at the reporting date, there were no borrowings and the Group has not issued any debt securities.

27. CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group as at the reporting date.

28. DIVIDEND

There was no dividend payable in the current quarter and year-to-date ended 31 August 2019.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

29. EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	Unaudited 31.08.2019	Unaudited 31.08.2018	Unaudited 31.08.2019	Unaudited 31.08.2018
Profit after taxation attributable to owners of the Company (RM'000)	1,637	N/A	1,637	N/A
Weighted average number of ordinary shares in issue ('000)	486,731	N/A	486,731	N/A
Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.34	N/A	0.34	N/A
- Diluted ⁽²⁾ (Sen)	0.34	N/A	0.34	N/A

N/A - Not applicable.

Notes:

(1) The basic earnings per share is computed based on profit after tax attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 31 August 2019.

(2) The diluted earnings per share is equal to the basic earnings per share.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

30. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Included in the Statement of Profit or Loss and Other Comprehensive Income are:-

	Quarter Ended			Year-To-Date Ended		
	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %
Allowance for impairment loss on a trade receivable written back	(15)	N/A	N/A	(15)	N/A	N/A
Allowance for impairment loss on trade receivables	-	N/A	N/A	-	N/A	N/A
Bad debts written off	-	N/A	N/A	-	N/A	N/A
Depreciation of investment properties	-	N/A	N/A	-	N/A	N/A
Depreciation of property, plant and equipment	110	N/A	N/A	110	N/A	N/A
Exceptional items	-	N/A	N/A	-	N/A	N/A
Gain on disposal of investment properties	-	N/A	N/A	-	N/A	N/A
Loss/(Gain) on disposal of property, plant and equipment	-	N/A	N/A	-	N/A	N/A

PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

30. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

Included in the Statement of Profit or Loss and Other Comprehensive Income are:-

	Quarter Ended			Year-To-Date Ended		
	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %	Unaudited 31.08.2019 RM'000	Unaudited 31.08.2018 RM'000	Changes %
(Gain)/Loss on foreign exchange:						
- realised	(34)	N/A	N/A	(34)	N/A	N/A
- unrealised	(15)	N/A	N/A	(15)	N/A	N/A
Gain or loss on derivatives	-	N/A	N/A	-	N/A	N/A
Impairment of assets	-	N/A	N/A	-	N/A	N/A
Interest expenses	-	N/A	N/A	-	N/A	N/A
Interest income from fixed deposits with licensed banks	(216)	N/A	N/A	(216)	N/A	N/A
Inventories written down	-	N/A	N/A	-	N/A	N/A
Inventories written off	-	N/A	N/A	-	N/A	N/A
Listing expenses	-	N/A	N/A	-	N/A	N/A
Property, plant and equipment written off	*	N/A	N/A	*	N/A	N/A
Rental income	-	N/A	N/A	-	N/A	N/A
Reversal of provision for expected credit loss on cash and bank balances	-	N/A	N/A	-	N/A	N/A
Reversal of provision for expected credit loss on trade receivables	-	N/A	N/A	-	N/A	N/A

Notes:

* - less than RM1,000.

N/A - Not applicable.

No comparative figures for the preceding year's corresponding quarter and year-to-date is available as this is the first announcement on the consolidated results for the first quarter ended 31 August 2019 in compliance with the Listing Requirements.

31. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 May 2019 was unmodified.

32. AUTHORISED FOR ISSUE

The Condensed Report was authorised for issue by the Board in accordance with a resolution of the Directors on 25 October 2019.