



**DPI HOLDINGS BERHAD**

**(Company No. 201701035607)(1249778-M)**

**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 29 FEBRUARY 2020**

**29 MAY 2020**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 29 FEBRUARY 2020**

	Note	Quarter Ended			Year-To-Date Ended		
		Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %
REVENUE	8	11,603	10,140	14.4	34,745	35,760	(2.8)
COST OF SALES		(7,326)	(6,627)	10.5	(21,761)	(24,067)	(9.6)
GROSS PROFIT		4,277	3,513	21.7	12,984	11,693	11.0
OTHER INCOME		186	137	35.8	1,125	523	115.1
		4,463	3,650	22.3	14,109	12,216	15.5
SELLING AND MARKETING EXPENSES		(368)	(471)	(21.9)	(1,187)	(1,192)	(0.4)
ADMINISTRATIVE EXPENSES		(1,678)	(1,807)	(7.1)	(4,980)	(4,456)	11.8
OTHER EXPENSES		(349)	(457)	(23.6)	(349)	(937)	(62.8)
PROFIT BEFORE TAXATION		2,068	915	126.0	7,593	5,631	34.8
INCOME TAX EXPENSES	23	(785)	(360)	118.1	(2,280)	(1,671)	36.4
PROFIT AFTER TAXATION		1,283	555	131.2	5,313	3,960	34.2
OTHER COMPREHENSIVE INCOME							
Items that will be reclassified subsequently to Profit or Loss							
Foreign currency translation difference		(2)	-	100.0	(2)	-	100.0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		1,281	555	130.8	5,311	3,960	34.1
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>							
Owners of the Company		1,283	555	131.2	5,313	3,960	34.2
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>							
Owners of the Company		1,281	555	130.8	5,311	3,960	34.1

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 29 FEBRUARY 2020**

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		Quarter Ended		Year-To-Date Ended	
		Unaudited	Unaudited	Unaudited	Unaudited
		29.02.2020	28.02.2019	29.02.2020	28.02.2019
		Sen per	Sen per	Sen per	Sen per
		share	share	share	share
EARNINGS PER SHARE ("EPS")					
ATTRIBUTABLE TO					
OWNERS OF THE COMPANY:					
Basic EPS	29	<u>0.26</u>	<u>0.14</u>	<u>1.09</u>	<u>1.03</u>
Diluted EPS	29	<u>0.26</u>	<u>0.14</u>	<u>1.09</u>	<u>1.03</u>

*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.*

**DPI HOLDINGS BERHAD**  
 (Company No. 201701035607)(1249778-M)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 29 FEBRUARY 2020**

	<b>Unaudited As at 29.02.2020 RM'000</b>	<b>Audited As at 31.05.2019 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	8,597	8,234
	<u>8,597</u>	<u>8,234</u>
<b>CURRENT ASSETS</b>		
Inventories	9,526	8,751
Trade receivables	8,244	9,448
Other receivables, deposits and prepayments	199	253
Current tax assets	1,207	1,120
Short term investment	1,024	503
Fixed deposits with licensed banks	39,504	35,214
Cash and bank balances	10,546	13,072
	<u>70,250</u>	<u>68,361</u>
<b>TOTAL ASSETS</b>	<u><b>78,847</b></u>	<u><b>76,595</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	66,257	66,257
Merger deficit	(28,698)	(28,698)
Retained profits	35,549	
Foreign translation reserve	(2)	-
<b>TOTAL EQUITY</b>	<u><b>73,106</b></u>	<u><b>37,559</b></u>
<b>NON-CURRENT LIABILITY</b>		
Deferred tax liabilities	219	270
<b>CURRENT LIABILITIES</b>		
Trade payables	3,234	4,178
Other payables and accruals	2,288	1,165
Amount owing to a related party	-	23
	<u>5,522</u>	<u>5,366</u>
<b>TOTAL LIABILITIES</b>	<u><b>5,741</b></u>	<u><b>5,636</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>78,847</b></u>	<u><b>43,195</b></u>
	<b>RM</b>	<b>RM</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u><b>0.15</b></u>	<u><b>0.08</b></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.*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 29 FEBRUARY 2020**

	Share Capital RM'000	Non- distributable Merger Deficit RM'000	Non- distributable Foreign Translation Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>At 31 May 2019 (Audited)/ 1 June 2019</b>	66,257	(28,698)	-	33,400	70,959
Profit after taxation for the financial period	-	-	-	5,313	5,313
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	(2)	-	(2)
Total comprehensive income for the financial period	-	-	(2)	5,313	5,311
Distributions to owners of the Company: - Dividends by the Company	-	-	-	(3,164)	(3,164)
<b>At 29 February 2020 (Unaudited)</b>	<b>66,257</b>	<b>(28,698)</b>	<b>(2)</b>	<b>35,549</b>	<b>73,106</b>
<b>At 31 May 2018, as previously reported (Audited)</b>	36,017	(28,698)	-	27,248	34,567
Effects of adoption of MFRS 9	-	-	-	-	-
<b>At 1 June 2018, as restated</b>	36,017	(28,698)	-	27,248	34,567
Contributions by owners of the Company: - Issuance of shares - Shares issuance expenses	31,640 (1,400)	- -	- -	- -	31,640 (1,400)
	30,240	-	-	-	30,240
Profit after taxation/Total comprehensive income for the financial period	-	-	-	3,960	3,960
<b>At 28 February 2019 (Unaudited)</b>	<b>66,257</b>	<b>(28,698)</b>	<b>-</b>	<b>31,208</b>	<b>68,767</b>

*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.*

**DPI HOLDINGS BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 29 FEBRUARY 2020**

	Year-To-Date Ended	
	Unaudited	Unaudited
	29.02.2020	28.02.2019
Note	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,593	5,631
Adjustments for:-		
Allowance for impairment losses on trade receivables	349	-
Depreciation of property, plant and equipment	359	305
Listing expenses	-	936
Property, plant equipment written off	*	1
Interest income	(938)	(269)
Reversal of impairment losses on:		
- trade receivables	(17)	-
Unrealised gain on foreign exchange	(23)	(93)
Operating profit before working capital changes	7,323	6,511
Increase in inventories	(775)	(842)
Decrease in trade and other receivables	926	1,043
Decrease in amount owing by a related party	-	15
Decrease in trade and other payables	(1,038)	(3,999)
<b>CASH FROM OPERATIONS</b>	<b>6,436</b>	<b>2,728</b>
Income tax paid	(2,418)	(2,455)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>4,018</b>	<b>273</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Interest received	938	269
Placement of fixed deposits with licensed banks	1,052	-
Purchase of property, plant and equipment	(723)	(2,876)
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>	<b>1,267</b>	<b>(2,607)</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,947)	-
Proceeds from issuance of ordinary shares	-	31,640
Payment of share issuance expenses	-	(1,400)
Payment of listing expenses	-	(936)
Repayment to a related party	(23)	-
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>	<b>(1,970)</b>	<b>29,304</b>

**DPI HOLDINGS BERHAD** (1249778-M)  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 29 FEBRUARY 2020**

		Year-To-Date Ended	
		Unaudited 29.02.2020	Unaudited 28.02.2019
	Note	RM'000	RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,315	26,970
EFFECT OF FOREIGN EXCHANGE TRANSLATION		21	93
EFFECT OF PROVISION FOR EXPECTED CREDIT LOSS		-	(53)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		16,109	18,027
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	11	19,445	45,037

Note:

\* - less than RM1,000.

*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**

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**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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("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.

**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 3 Business combinations - *Definition of Business*

Amendments to MFRS 101 Presentation of Financial Statements - *Definition of Material*

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Material*



**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 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 29 February 2020 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 29 February 2020.

**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 29 February 2020.

**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 29 February 2020.

**7. DIVIDEND PAID**

During the financial quarter and year-to-date ended 29 February 2020, the following payment of dividend was made:

In respect of the financial year ended 31 May 2019, RM1,946,924 was declared and paid on 15 November 2019 and 17 December 2019 respectively as final single tier dividend of 0.40 sen per share on 486,731,000 ordinary shares.

In respect of the financial year ending 31 May 2020, RM1,216,828 was declared and paid on 22 January 2020 and 5 March 2020 respectively as first interim single tier dividend of 0.25 sen per share on 486,731,000 ordinary shares.

**8. REVENUE**

	Quarter Ended			Year-To-Date Ended		
	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %
Aerosol products	9,324	8,051	15.8	27,779	28,739	(3.3)
Solvents and thinners	2,279	2,089	9.1	6,966	7,021	(0.8)
	11,603	10,140	14.4	34,745	35,760	(2.8)

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**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 Ended											
	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %
<b>Revenue</b>												
External revenue (Note 8)	9,324	8,051	15.8	2,279	2,089	9.1	-	-	-	11,603	10,140	14.4
Inter-segment revenue	2,112	1,259	67.8	-	-	-	-	-	-	2,112	1,259	67.8
	11,436	9,310	22.8	2,279	2,089	9.1	-	-	-	13,715	11,399	20.3
Consolidated adjustments										(2,112)	(1,259)	67.8
Consolidated revenue										11,603	10,140	14.4
<b>Results</b>												
Segment profit before interest and taxation	1,894	1,518	24.8	493	91	441.8	(319)	(694)	54.0	2,068	915	126.0

	Year-To-Date Ended											
	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %
<b>Revenue</b>												
External revenue (Note 8)	27,779	28,739	(3.3)	6,966	7,021	(0.8)	-	-	-	34,745	35,760	(2.8)
Inter-segment revenue	5,574	4,967	12.2	-	965	(100.0)	-	-	-	5,574	5,932	(6.0)
	33,353	33,706	(1.0)	6,966	7,986	(12.8)	-	-	-	40,319	41,692	(3.3)
Consolidated adjustments										(5,574)	(5,932)	(6.0)
Consolidated revenue										34,745	35,760	(2.8)
<b>Results</b>												
Segment profit before interest and taxation	7,494	6,889	8.8	619	71	771.8	(520)	(1,329)	60.9	7,593	5,631	34.8

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**9. SEGMENT INFORMATION (CONT'D)**

	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes
	29.02.2020	31.05.2019		29.02.2020	31.05.2019		29.02.2020	31.05.2019		29.02.2020	31.05.2019	
RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	
<b>Assets</b>												
Segment assets	43,724	43,917	(0.4)	7,306	5,307	37.7	65,305	64,393	1.4	116,335	113,617	2.4
Consolidated adjustments										(37,488)	(37,022)	1.3
Consolidated total assets										<u>78,847</u>	<u>76,595</u>	<u>2.9</u>
Addition to non-current assets other than financial instruments is:-												
Property, plant and equipment	636	2,890	(78.0)	87	14	521.4	-	-	-	723	2,904	(75.1)
<b>Liabilities</b>												
Segment liabilities/												
Consolidated total liabilities	3,266	4,582	(28.7)	1,815	1,662	9.2	1,483	138	974.6	6,564	6,382	2.9
Consolidated adjustments										(823)	(746)	10.3
Consolidated total liabilities										<u>5,741</u>	<u>5,636</u>	<u>1.9</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	Unaudited	Changes
	29.02.2020	28.02.2019		29.02.2020	28.02.2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Malaysia	9,791	8,189	19.6	27,993	29,641	(5.6)
Outside Malaysia	1,812	1,951	(7.1)	6,752	6,119	10.3
	<u>11,603</u>	<u>10,140</u>	<u>14.4</u>	<u>34,745</u>	<u>35,760</u>	<u>(2.8)</u>

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Unaudited	Audited	Changes
	29.02.2020	31.05.2019	
	RM'000	RM'000	%
Malaysia	8,592	8,234	4.3
Singapore	5	-	100.0
	<u>8,597</u>	<u>8,234</u>	<u>4.4</u>

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**10. RELATED PARTY DISCLOSURES**

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	29.02.2020	28.02.2019		29.02.2020	28.02.2019	
	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	12	-	35	35	-

**11. CASH AND CASH EQUIVALENTS**

The cash and cash equivalents comprise the following:-

	Unaudited As at 29.02.2020 RM'000	Unaudited As at 28.02.2019 RM'000
Money market fund	1,024	-
Fixed deposits with licensed banks	39,504	35,161
Cash and bank balances	10,546	9,876
	51,074	45,037
Less: Fixed deposits with tenure of more than 3 months	(31,629)	-
	19,445	45,037
Fair value of money market fund	1,024	-

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 3.08% 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:-

	<b>Unaudited As at 29.02.2020 RM'000</b>	<b>Audited As at 31.05.2019 RM'000</b>
Approved and not contracted for:- Plant and equipment	22,238	22,868
Approved and contracted for:- Purchases of property and equipment	-	28
	<u>22,238</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 29 February 2020 save for the subscription by the Company of the entire issued share capital of DPI Aerosol Pte. Ltd. ("DPIA") for a consideration of SGD 100 which comprising 100 ordinary shares on 4 November 2019. Subsequently, the paid-up share capital was increased from SGD 100 to SGD 100,000 by an additional allotment of 99,900 ordinary shares in DPIA on 3 January 2020. DPIA is principally engaged in the business of distributing aerosol products.

**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:-

	<b>Unaudited As at 29.02.2020 RM'000</b>	<b>Audited As at 31.05.2019 RM'000</b>
Not later than 1 year	32	35
Later than 1 year and not later than 5 years	-	23
	<u>32</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.

	<b>Unaudited As at 29.02.2020 RM'000</b>	<b>Audited As at 31.05.2019 RM'000</b>
<b>Assets</b>		
<b>Financial asset mandatorily at fair value through profit or loss</b>		
Short-term investment	1,024	503
<b>Financial assets at amortised cost</b>		
Trade receivables	8,244	9,448
Other receivables	-	1
Fixed deposits with licensed banks	39,504	35,214
Cash and bank balances	10,546	13,072
<b>Total financial assets</b>	<b>58,294</b>	<b>57,735</b>
<b>Liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Trade payables	3,234	4,178
Other payables and accruals	2,288	1,165
Amount owing to a related party	-	23
<b>Total financial liabilities</b>	<b>5,522</b>	<b>5,366</b>

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

	21	3
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Amortised Cost

Net gains recognised in profit or loss

	938	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**

Save as disclosed in Note 28, there were no other significant events subsequent to 29 February 2020.

**18. SIGNIFICANT EVENT DURING THE PERIOD**

Save as disclosed in Note 28, there was no other significant event during the period.

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

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**19. REVIEW OF PERFORMANCE**

Third Quarter FYE 2020 (3Q FYE 2020) Compared to Third Quarter FYE 2019 (3Q FYE 2019)

**Revenue**

During the 3Q FYE 2020, the Group's revenue had increased by RM1.5 million, or approximately 14.4% to RM11.6 million from RM10.1 million as compared to the 3Q FYE 2019.

*Aerosol Products*

Revenue from aerosol products had increased by RM1.3 million, or approximately 15.8%, to RM9.3 million for the 3Q FYE 2020 as compared to RM8.0 million for the 3Q FYE 2019. This increase was primarily due to the increase in sales orders from customers during the current financial quarter.

*Solvents and Thinners*

Revenue from solvents and thinners increased by RM0.2 million, or approximately 9.1%, to RM2.3 million for the 3Q FYE 2020 as compared to RM2.1 million for the 3Q FYE 2019, which was mainly due to the increase in customers' orders during the current financial quarter.

**Profit Before Taxation ("PBT")**

During the 3Q FYE 2020, the Group's gross profit had increased by RM0.8 million or approximately 21.7% to RM4.3 million from RM3.5 million for the 3Q FYE 2019. The increase was mainly due to the increase in revenue during the current financial quarter.

PBT increased by RM1.2 million during the 3Q FYE 2020 or approximately 126.0% to RM2.1 million from RM0.9 million during the 3Q FYE 2019. The increase was mainly due to the increase in gross profit as stated above and there was a listing expenses incurred in 3Q FYE 2019 which amounted to RM0.5 million.

9 Months Financial Period Ended ("FPE") 29 February 2020 Compared to 9 Months FPE 28 February 2019

**Revenue**

During the 9 months FPE 29 February 2020, the Group's revenue decreased by RM1.0 million, or approximately 2.8% to RM34.8 million from RM35.8 million for the 9 months FPE 28 February 2019.

*Aerosol Products*

Revenue from aerosol products had decreased by RM0.9 million, or approximately 3.3%, to RM27.8 million for the 9 months FPE 29 February 2020 as compared to RM28.7 million for the 9 months FPE 28 February 2019. This decrease was primarily due to the decrease in sales orders from customers during the current financial period.

*Solvents and Thinners*

Revenue from solvents and thinners decreased by RM0.1 million, or approximately 0.8%, to RM6.9 million for 9 months FPE 29 February 2020 as compared to RM7.0 million for the 9 months FPE 28 February 2019, which was mainly due to the decrease in customers' orders during the current financial period.

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

**19. REVIEW OF PERFORMANCE (CONT'D)**

9 Months Financial Period Ended ("FPE") 29 February 2020 Compared to 9 Months FPE 28 February 2019

**Profit Before Taxation ("PBT")**

During the 9 months FPE 29 February 2020, the Group's gross profit had increased by RM1.3 million or approximately 11.0% to RM13.0 million from RM11.7 million for the 9 months FPE 28 February 2019. The increase was mainly due to the decrease in cost of sales by RM2.3 million, or approximately 9.6% to RM21.8 million from RM24.1 million for the 9 months FPE 28 February 2019. The decrease in cost of sales was mainly due to the decrease in prices of raw materials.

Other income increased by RM0.6 million or approximately 115.1% to RM1.1 million during the 9 months FPE 29 February 2020 as compared to RM0.5 million during the 9 months FPE 28 February 2019. The increase was mainly due to interest earned from the fixed deposits placed with licensed banks.

PBT increased by RM2.0 million during the 9 months FPE 29 February 2020 or approximately 34.8% to RM7.6 million from RM5.6 million during the 9 months FPE 28 February 2019. The increase was mainly due to the increase in other income and increase in gross profit as stated above.

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

	Quarter Ended		
	Unaudited 29.02.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Revenue	11,603	11,992	(3.2)
Profit before taxation	2,068	3,257	(36.5)

The Group's revenue of RM11.6 million for the current quarter under review was 3.2% lower than RM12.0 million recorded in the immediate preceding quarter. The decrease was mainly due to the decrease in sales orders from customers during the current financial quarter as compared to the immediate preceding quarter.

The Group's profit before taxation decreased by RM1.2 million, or approximately 36.5% from RM3.3 million in the immediate preceding quarter to RM2.1 million in the current financial quarter. This was mainly due to the decrease in revenue by RM0.4 million, decrease in fixed deposit interest income of RM0.5 million due to upliftment of fixed deposits placed with financial institutions before maturity; and allowance for impairment loss on trade receivables of RM0.3 million during the current financial quarter as compared to the immediate preceding quarter.



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

**21. PROSPECTS**

The Government of Malaysia has recently instituted a Movement Control Order (“MCO”) to contain the coronavirus (Covid-19) outbreak in Malaysia. The MCO will have an impact on the Group’s results for the financial year ending 31 May 2020. Notwithstanding the above, the Group is continuously exploring new sources of revenue by constantly looking to develop a wider range of aerosol products and to expand its customer base. To supplement its efforts, the Group is also increasing its sales, marketing and advertising initiatives to increase brand awareness in new market segments.

In addition, the Group is currently exploring new opportunities on the back of the Covid-19 pandemic which has prioritised the need for anti-bacteria sanitiser or cleansing products. The Group is currently assessing the various regulatory compliance in relation to the production of household cleaning and disinfecting product series.

In light of recent global events and the Group’s various initiatives, the Board is of the view that there are opportunities for the Group to venture into new markets and segments. Further, the Group’s focus remains on improving performance growth and to strengthen its financial position. Notwithstanding the above, this will be challenging with the unprecedented Covid-19 pandemic which has resulted in an expected negative global economic growth for 2020 and an uncertain outlook on the timing and rate of recovery of the global economy going forward.

**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 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %
Income tax	792	265	198.9	2,331	1,546	50.8
Deferred tax	(7)	95	(107.4)	(51)	125	(140.8)
Total income tax expense	785	360	118.1	2,280	1,671	36.4
Effective tax rate	38%	39%		30%	30%	

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.

**24. STATUS OF CORPORATE PROPOSALS**

There is no outstanding corporate proposal as of 20 April 2020.

**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 29 February 2020 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	1,302	Within 18 to 24 months	N/A
ii	Sales, marketing and advertising expenses	3,000	9.5	156	Within 24 months	N/A
iii	Product development	1,300	4.1	70	Within 24 months	N/A
iv	Estimated listing expenses	3,800	12.0	3,428	Within 1 month	372 <sup>(1)</sup>
	<b>Total</b>	<b>31,640</b>	<b>100.0</b>	<b>4,956</b>		<b>372</b>

<sup>(1)</sup> 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**

On 29 May 2020, the Board has declared a second interim dividend of 0.15 sen per share in respect of the financial year ending 31 May 2020.

On 22 January 2020, the Board has declared a first interim dividend of 0.25 sen per share in respect of the financial year ending 31 May 2020. The dividend was paid on 5 March 2020.

Notwithstanding the above, a final single tier dividend of 0.4 sen per share for the financial year ended 31 May 2019 was declared on 15 November 2019. The dividend was paid on 17 December 2019.

**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 29.02.2020	Unaudited 28.02.2019	Unaudited 29.02.2020	Unaudited 28.02.2019
Profit after taxation attributable to owners of the Company (RM'000)	1,283	555	5,313	3,960
Weighted average number of ordinary shares in issue ('000)	486,731	384,278	486,731	384,278
Earnings per share attributable to owners of the Company				
- Basic <sup>(1)</sup> (Sen)	0.26	0.14	1.09	1.03
- Diluted <sup>(2)</sup> (Sen)	0.26	0.14	1.09	1.03

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 29 February 2020.
- (2) The diluted earnings per share is equal to the basic earnings per share.

**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 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %
Allowance for impairment loss on a trade receivable written back	(1)	-	100.0	(17)	(4)	325.0
Allowance for impairment loss on trade receivables	349	-	100.0	349	-	100.0
Bad debts written off	-	-	-	-	-	-
Depreciation of investment properties	-	-	-	-	-	-
Depreciation of property, plant and equipment	127	102	24.5	359	305	17.7
Exceptional items	-	-	-	-	-	-
Gain on disposal of investment properties	-	-	-	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	-	-	-	-	-	-

**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 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %	Unaudited 29.02.2020 RM'000	Unaudited 28.02.2019 RM'000	Changes %
(Gain)/Loss on foreign exchange:						
- realised	(38)	(43)	(11.6)	(149)	(155)	(3.9)
- unrealised	(51)	109	(146.8)	(23)	(93)	(75.3)
Gain or loss on derivatives	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-
Interest expenses	-	-	-	-	-	-
Interest income from fixed deposits with licensed banks	(97)	(204)	(52.5)	(938)	(269)	248.7
Inventories written down	-	-	-	-	-	-
Inventories written off	-	-	-	-	-	-
Listing expenses	-	517	(100.0)	-	936	(100.0)
Property, plant and equipment written off	*	-	-	*	1	(100.0)
Rental income	-	-	-	-	-	-
Reversal of provision for expected credit loss on cash and bank balances	-	-	-	-	-	-
Reversal of provision for expected credit loss on trade receivables	-	-	-	-	-	-

*Note:*

\* - less than RM1,000.

**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 29 May 2020.