



DPI HOLDINGS BERHAD

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

6 JANUARY 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

	Note	Quarter Ended			Year-To-Date Ended		
		Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
REVENUE	8	15,950	11,992	33.0	31,510	23,142	36.2
COST OF SALES		(9,887)	(7,172)	37.9	(19,429)	(14,435)	34.6
GROSS PROFIT		6,063	4,820	25.8	12,081	8,707	38.8
OTHER INCOME		699	660	5.9	1,231	939	31.1
		6,762	5,480	23.4	13,312	9,646	38.0
SELLING AND MARKETING EXPENSES		(483)	(421)	14.7	(920)	(819)	12.3
ADMINISTRATIVE EXPENSES		(1,898)	(1,802)	5.3	(3,514)	(3,302)	6.4
OTHER EXPENSES		(93)	*	100.0	(194)	*	100.0
NET IMPAIRMENT GAIN ON FINANCIAL ASSETS	9	-	-	-	1	-	100.0
FINANCE COST		-	-	-	(1)	-	100.0
PROFIT BEFORE TAXATION		4,288	3,257	31.7	8,684	5,525	57.2
INCOME TAX EXPENSES	25	(1,029)	(864)	19.1	(2,146)	(1,495)	43.5
PROFIT AFTER TAXATION		3,259	2,393	36.2	6,538	4,030	62.2
OTHER COMPREHENSIVE INCOME							
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>							
Foreign currency translation difference		-	-	-	(2)	-	100.0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		3,259	2,393	36.2	6,536	4,030	62.2
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-							
Owners of the Company		3,259	2,393	36.2	6,538	4,030	62.2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-							
Owners of the Company		3,259	2,393	36.2	6,536	4,030	62.2

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

		Quarter Ended		Year-To-Date Ended	
		Unaudited 30.11.2020 Sen per share	Unaudited 30.11.2019 Sen per share	Unaudited 30.11.2020 Sen per share	Unaudited 30.11.2019 Sen per share
EARNINGS PER SHARE ("EPS") ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic EPS	31	<u>0.67</u>	<u>0.49</u>	<u>1.34</u>	<u>0.83</u>
Diluted EPS	31	<u>0.67</u>	<u>0.49</u>	<u>1.34</u>	<u>0.83</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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2020**

	Note	Unaudited As at 30.11.2020 RM'000	Audited As at 31.05.2020 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		4,934	4,754
Right-of-use assets	11	3,790	3,976
		8,724	8,730
CURRENT ASSETS			
Inventories		9,695	9,782
Trade receivables		9,822	7,748
Other receivables, deposits and prepayments		258	362
Current tax assets		888	1,607
Short-term investment		1,041	1,031
Fixed deposits with licensed banks		40,006	39,867
Cash and bank balances		15,962	9,336
		77,672	69,733
TOTAL ASSETS		86,396	78,463
EQUITY AND LIABILITIES			
EQUITY			
Share capital		66,257	66,257
Merger deficit		(28,698)	(28,698)
Retained profits		41,112	35,547
Foreign translation reserve		-	2
TOTAL EQUITY		78,671	73,108
NON-CURRENT LIABILITIES			
Deferred tax liabilities		78	78
Lease liabilities	12	8	13
		86	91
CURRENT LIABILITIES			
Trade payables		5,614	3,445
Other payables and accruals		1,901	884
Amount owing to a related party		18	10
Lease liabilities	12	30	141
Dividend payable		-	730
Current tax liabilities		76	54
		7,639	5,264
TOTAL LIABILITIES		7,725	5,355
TOTAL EQUITY AND LIABILITIES		86,396	78,463

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2020**

	Unaudited As at 30.11.2020 RM	Audited As at 31.05.2020 RM
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	0.16	0.15

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 NOVEMBER 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
At 31 May 2020 (Audited)/ 1 June 2020	66,257	(28,698)	2	35,547	73,108
Profit after taxation for the financial period	-	-	-	6,538	6,538
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	(2)	-	(2)
Total comprehensive income for the financial period	-	-	(2)	6,538	6,536
Distributions to owners of the Company: - Dividend by the Company (Note 30)	-	-	-	(973)	(973)
At 30 November 2020 (Unaudited)	66,257	(28,698)	-	41,112	78,671
At 1 June 2019	66,257	(28,698)	-	33,400	70,959
Profit after taxation/Total comprehensive income for the financial period	-	-	*	4,030	4,030
At 30 November 2019 (Unaudited)	66,257	(28,698)	*	37,430	74,989

Notes:

* - less than RM1,000.

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 NOVEMBER 2020**

	Note	Year-To-Date Ended	
		Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,684	5,525
Adjustments for:-			
Depreciation of right-of-use assets		186	-
Depreciation of property, plant and equipment		164	232
Property, plant equipment written off		1	*
Interest expenses on lease liabilities		1	-
Interest income		(555)	(841)
Reversal of impairment losses on:			
- trade receivables		(1)	(16)
Unrealised gain on foreign exchange		183	28
Operating profit before working capital changes		8,663	4,928
Decrease/(Increase) in inventories		87	(1,075)
(Increase)/Decrease in trade and other receivables		(1,960)	193
Increase/(Decrease) in trade and other payables		2,443	(11)
Increase in amount owing to a related party		8	-
CASH FROM OPERATIONS		9,241	4,035
Income tax paid		(1,407)	(1,614)
NET CASH FROM OPERATING ACTIVITIES		7,834	2,421
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		555	841
(Placement)/Withdrawal of fixed deposits with licensed banks		(2,068)	7,087
Purchase of property, plant and equipment		(345)	(457)
NET CASH FROM INVESTING ACTIVITIES		(1,858)	7,471
CASH FLOWS FOR FINANCING ACTIVITIES			
Repayment of lease liabilities		(116)	-
Interest paid on lease liabilities		(1)	-
Dividend paid		(973)	-
Repayment to a related party		-	(23)
NET CASH FOR FINANCING ACTIVITIES		(1,090)	(23)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,886	9,869
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(179)	(28)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		18,388	16,109
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	23,095	25,950

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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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 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 2020 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 2020.

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 2020, 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 2020

Amendments to MFRS 3 Business combinations - *Definition of Business*

Amendments to MFRS 4 Insurance Contracts - *Extension of the Temporary Exemption from Applying MFRS 9 Financial Instruments*

Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and

MFRS 139 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Material*

Amendment to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current - Deferral of Effective Date*

Effective for financial periods beginning on or after 1 June 2020

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

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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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 2021

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

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*
Amendments to MFRS 116 Property, Plant and Equipment - *Property, Plant and Equipment-Proceeds before Intended Use*
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contracts - Cost of Fulfilling a Contract*
Amendments to MFRSs contained in the document entitled "*Annual Improvements to MFRS Standards 2018 - 2020*"

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current*

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 30 November 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 30 November 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 30 November 2020.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**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 30 November 2020.

7. DIVIDENDS PAID

In respect of the financial year ended 31 May 2021, a first interim dividend of 0.20 sen per share on 486,731,000 ordinary shares, amounting to RM973,462 was declared on 24 September 2020 and paid on 30 October 2020.

8. REVENUE

	Quarter Ended			Year-To-Date Ended		
	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Aerosol products	13,658	9,651	41.5	26,752	18,455	45.0
Solvents and thinners	2,292	2,341	(2.1)	4,758	4,687	1.5
	15,950	11,992	33.0	31,510	23,142	36.2

9. NET IMPAIRMENT GAIN ON FINANCIAL ASSETS

	Quarter Ended			Year-To-Date Ended		
	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Reversal of impairment losses	-	-	-	1	-	100.0

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**10. 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 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Revenue												
External revenue (Note 8)	13,658	9,651	41.5	2,292	2,341	(2.1)	-	-	-	15,950	11,992	33.0
Inter-segment revenue	2,065	1,773	16.5	-	-	-	-	-	-	2,065	1,773	16.5
	15,723	11,424	37.6	2,292	2,341	(2.1)	-	-	-	18,015	13,765	30.9
Consolidated adjustments										(2,065)	(1,773)	16.5
Consolidated revenue										15,950	11,992	33.0

Results

Segment profit before interest and taxation

	3,930	3,012	30.5	327	131	(149.6)	31	114	72.8	4,288	3,257	31.7
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	Year-To-Date Ended											
	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 30.11.2020 RM'000	Audited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Audited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Audited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Audited 30.11.2019 RM'000	Changes %
Revenue												
External revenue (Note 8)	26,752	18,455	45.0	4,758	4,687	1.5	-	-	-	31,510	23,142	36.2
Inter-segment revenue	5,367	3,462	55.0	-	-	-	-	-	-	5,367	3,462	55.0
	32,119	21,917	46.5	4,758	4,687	1.5	-	-	-	36,877	26,604	38.6
Consolidated adjustments										(5,367)	(3,462)	55.0
Consolidated revenue										31,510	23,142	36.2

Results

Segment profit before interest and taxation

	8,243	5,600	47.2	694	126	(450.8)	(252)	(201)	(25.4)	8,685	5,525	57.2
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**10. SEGMENT INFORMATION (CONT'D)**

	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 30.11.2020 RM'000	Audited 31.05.2020 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Audited 31.05.2020 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Audited 31.05.2020 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Audited 31.05.2020 RM'000	Changes %
Assets												
Segment assets	52,710	46,035	14.5	3,937	4,520	(12.9)	67,147	68,070	(1.4)	123,794	118,625	4.4
Unallocated assets:												
- current tax assets										888	1,607	(44.7)
Consolidated adjustments										(38,286)	(41,769)	(8.3)
Consolidated total assets										<u>86,396</u>	<u>78,463</u>	<u>10.1</u>
Addition to non-current assets other than financial instruments is:-												
Property, plant and equipment	287	765	(62.5)	58	91	(36.3)	-	-	-	345	856	(59.7)
Liabilities												
Segment liabilities/												
Consolidated total liabilities	7,765	8,969	(13.4)	485	326	48.8	187	923	(79.7)	8,437	10,218	(17.4)
Unallocated liabilities:												
- current tax liabilities										76	54	40.7
- deferred tax liabilities										78	78	-
- lease liabilities										38	154	(75.3)
Consolidated adjustments										(904)	(5,149)	(82.4)
Consolidated total liabilities										<u>7,725</u>	<u>5,355</u>	<u>44.3</u>

Geographical Information

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

	Quarter Ended			Year-To-Date Ended		
	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Malaysia	12,808	9,536	34.3	26,165	18,202	43.7
Outside Malaysia	3,142	2,456	27.9	5,345	4,940	8.2
	<u>15,950</u>	<u>11,992</u>	<u>33.0</u>	<u>31,510</u>	<u>23,142</u>	<u>36.2</u>

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. SEGMENT INFORMATION (CONT'D)

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 30.11.2020 RM'000	Audited 31.05.2020 RM'000	Changes %
Malaysia	8,719	8,725	(0.1)
Singapore	5	5	(100.0)
	<u>8,724</u>	<u>8,730</u>	<u>(0.1)</u>

11. RIGHT-OF-USE ASSETS

	At 01.06.2020 RM'000	Depreciation Charges RM'000	At 30.11.2020 RM'000
<i>Carrying Amount</i>			
Leasehold land	3,846	(85)	3,761
Lease contracts for office premises, warehouse and equipment	130	(101)	29
	<u>3,976</u>	<u>(186)</u>	<u>3,790</u>

	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000	As Restated RM'000	Depreciation Charges RM'000	At 31.05.2020 RM'000
<i>Carrying Amount</i>					
Leasehold land	-	4,016	4,016	(170)	3,846
Lease contracts for office premises, warehouse and equipment	-	389	389	(259)	130
	<u>-</u>	<u>4,405</u>	<u>4,405</u>	<u>(429)</u>	<u>3,976</u>

- (a) The Group has reclassified the leasehold land used in its operations under MFRS 16 with lease terms ranging from 29 to 46 years.
- (b) The Group has lease contracts for office premises, warehouse and equipment used in its operations. Their lease term range from 2 to 5 years.
- (c) The Group has a lease with lease term of 12 months. The Group has applied the 'short-term lease' recognition exemptions for the lease.
- (d) The Group has several lease contracts that include extension and termination options. These options are negotiated by the management to provide flexibility in managing the portfolio of leased assets and to align with the Company's business needs. The management exercises judgement in determining whether these extension and termination options are reasonable to be exercised.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. LEASE LIABILITIES

	Quarter Ended			Year-To-Date Ended		
	Unaudited 30.11.2020 RM'000	Unaudited 31.05.2020 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Audited 31.05.2020 RM'000	Changes %
At beginning of the period	154	389	(60.4)	154	389	(60.4)
Interest expenses recognised in profit or loss	1	9	(88.9)	1	9	(88.9)
Repayment of principal	(116)	(235)	(50.6)	(116)	(235)	(50.6)
Repayment of interest expenses	(1)	(9)	(88.9)	(1)	(9)	(88.9)
At end of the period	38	154	(75.3)	38	154	(75.3)
Analysed by:-						
Current liabilities	30	141	(78.7)	30	141	(78.7)
Non-current liabilities	8	13	(38.5)	8	13	(38.5)
	38	154	(75.3)	38	154	(75.3)

13. RELATED PARTY DISCLOSURES

	Quarter Ended			Year-To-Date Ended		
	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Rental paid or payable to a company in which a director of the Company has a substantial financial interest	12	12	-	23	23	-

14. CASH AND CASH EQUIVALENTS

The cash and cash equivalents comprise the following:-

	Unaudited As at 30.11.2020 RM'000	Audited As at 31.05.2020 RM'000
Short-term investment	1,041	1,031
Fixed deposits with licensed banks	40,006	39,867
Cash and bank balances	15,962	9,336
	57,009	50,234
Less: Fixed deposits with tenure of more than 3 months	(33,914)	(31,846)
	23,095	18,388
Fair value of money market fund	1,041	1,031

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. CASH AND CASH EQUIVALENTS (CONT'D)

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 considers the investment in money market fund to represent investments 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 2.50% to 3.45% per annum. The fixed deposits have maturity periods ranging from 3 to 12 months.

15. 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 30.11.2020 RM'000	Audited As at 31.05.2020 RM'000
Approved and not contracted for:- Plant and equipment	21,856	22,164
Approved and contracted for:- Purchases of property and equipment	-	5
	<u>21,856</u>	<u>22,169</u>

16. CONTINGENT ASSETS AND LIABILITIES

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

17. 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 30 November 2020.

DPI HOLDINGS BERHAD

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**18. FINANCIAL INSTRUMENTS**

18.1 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 30.11.2020 RM'000	Audited As at 31.05.2020 RM'000
Assets		
Financial asset mandatorily at fair value through profit or loss		
Short-term investment	1,041	1,031
Financial assets at amortised cost		
Trade receivables	9,822	7,748
Other receivables	-	*
Fixed deposits with licensed banks	40,006	39,867
Cash and bank balances	15,962	9,336
Total financial assets	65,790	56,951
Liabilities		
Financial liabilities at amortised cost		
Trade payables	5,614	3,445
Other payables and accruals	1,901	884
Amount owing to a related party	18	10
Lease liabilities	38	154
Dividend payable	-	730
Total financial liabilities	7,571	5,223

18.2 Gains or Losses Arising From Financial Instruments

Financial AssetsFair Value Through Profit or Loss

Net gains recognised in profit or loss by:

- mandatorily required by accounting standard

11	28
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Amortised Cost

Net gains recognised in profit or loss

544	953
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Financial LiabilitiesAmortised Cost

Net losses recognised in profit or loss

(1)	(9)
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Note:

*- less than RM1,000.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

18. FINANCIAL INSTRUMENTS (CONT'D)

18.3 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.

19. EVENT AFTER THE REPORTING PERIOD

Save as disclosed in Note 30, there were no significant events subsequent to 30 November 2020.

20. SIGNIFICANT EVENT DURING THE PERIOD

There was no significant event during the period.

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

21. REVIEW OF PERFORMANCE

Second Quarter FYE 2021 (2Q FYE 2021) Compared to Second Quarter FYE 2020 (2Q FYE 2020)

Revenue

During the 2Q FYE 2021, the Group's revenue had increased by RM4.0 million, or approximately 33.0% to RM16.0 million from RM12.0 million as compared to the 2Q FYE 2020. The increase was mainly attributable to increased in sales orders from new and existing customers.

Aerosol Products

Revenue from aerosol products had increased by RM4.0 million, or approximately 41.5%, to RM13.7 million for the 2Q FYE 2021 as compared to RM9.7 million for the 2Q FYE 2020. This was mainly attributable to increase in sales orders from new and existing customers.

Solvents and Thinners

Revenue from solvents and thinners was remained constant or approximately of RM2.3 million for the 2Q FYE 2021 and 2Q FYE 2020.

Profit Before Taxation ("PBT")

During the 2Q FYE 2021, the Group's PBT increased by RM1.0 million during the 2Q FYE 2021 or approximately 31.7% to RM4.3 million from RM3.3 million during the 2Q FYE 2020. The increase was mainly due to the increase in revenue during the current financial quarter.

6 Months Financial Period Ended ("FPE") 30 November 2020 Compared to 6 Months FPE 30 November 2019

Revenue

During the 6 months FPE 30 November 2020, the Group's revenue increased by RM8.4 million, or approximately 36.2% to RM31.5 million from RM23.1 million for the 6 months FPE 30 November 2019. The increase was mainly mainly attributable to increased in sales orders from new and existing customers.

Aerosol Products

Revenue from aerosol products had increased by RM8.4 million, or approximately 45.0%, to RM26.8 million for the 6 months FPE 30 November 2020 as compared to RM18.4 million for the 6 months FPE 30 November 2019. This was mainly attributable to increase in sales orders from new and existing customers.

Solvents and Thinners

Revenue from solvents and thinners was remained constant, or approximately of RM4.7 million for 6 months FPE 30 November 2020 and 6 months FPE 30 November 2019.

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

21. REVIEW OF PERFORMANCE (CONT'D)

6 Months Financial Period Ended ("FPE") 30 November 2020 Compared to 6 Months FPE 30 November 2019

Profit Before Taxation ("PBT")

During the 6 months FPE 30 November 2020, the Group's PBT increased by RM3.2 million or approximately 57.2% to RM8.7 million for the 6 months FPE 30 November 2020 from RM5.5 million as compared to 6 months FPE 30 November 2019. The increase was mainly due to increased in revenue during the current financial period.

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

	Quarter Ended		Changes %
	Unaudited 30.11.2020 RM'000	Unaudited 31.08.2020 RM'000	
Revenue	15,950	15,560	2.5
Profit before taxation	4,288	4,396	(2.5)

The Group's revenue of RM16.0 million for the current quarter under review was 2.5% higher than RM15.6 million recorded in the immediate preceding quarter. The increase was mainly attributable to the increase in sales orders from existing customers and new customers.

The Group's profit before taxation decreased by RM0.1 million, or approximately 2.5% from RM4.4 million in the immediate preceding quarter to RM4.3 million in the current financial quarter. This was mainly additional costs for staff provided during the current financial quarter.

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

23. PROSPECTS

Following the reopening of the local economy in May 2020, the Group has seen an increase in sales orders from existing and new customers. However, the recent increase in the number of COVID-19 cases in Malaysia and around the world have sparked concerns over fresh lockdowns which has resulted in heightened economic uncertainty. As such, the Board is mindful that the Group may continue to face challenges in securing new sales orders which in turn may affect the Group's financial performance.

The Board is cognizant of the dampened economic environment and will actively monitor and assess market demand for the Group's products. Further, the Board will continue to actively monitor its operating costs. The Board will also review the Group's business strategies from time to time and consider modifying them according to the prevailing market environment and any impact thereof to the Group's financial performance.

24. PROFIT FORECAST

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

25. INCOME TAX EXPENSE

	Quarter Ended			Year-To-Date Ended		
	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Income tax	1,029	925	11.2	2,146	1,539	39.4
Deferred tax	-	(61)	(100.0)	-	(44)	(100.0)
Total income tax expense	1,029	864	19.1	2,146	1,495	43.5
Effective tax rate	24%	27%		25%	27%	

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 year is higher than the statutory tax rate principally due to certain expenses being not deductible for tax purpose.

26. STATUS OF CORPORATE PROPOSALS

There is no outstanding corporate proposal as of 6 January 2021.

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

27. 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 30 November 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	1,684	Within 60 months	N/A
ii	Sales, marketing and advertising expenses	3,000	9.5	278	Within 24 months	N/A
iii	Product development	1,300	4.1	129	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	5,519		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 and the announcement dated 6 July 2020.

28. BORROWINGS AND DEBT SECURITIES

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

29. CHANGES IN MATERIAL LITIGATION

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

30. DIVIDENDS

On 6 January 2021, the Board declared a second interim dividend of 0.20 sen per share and a special interim dividend of 0.25 sen in respect of the financial year ending 31 May 2021 and payable on 3 February 2021. The entitlement date has been fixed on 21 January 2021.

A depositor shall qualify for the entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 21 January 2021 in respect of ordinary shares.
- (b) Shares bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the rules of BMSB.

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

31. EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	Unaudited 30.11.2020	Unaudited 30.11.2019	Unaudited 30.11.2020	Unaudited 30.11.2019
Profit after taxation attributable to owners of the Company (RM'000)	3,259	2,393	6,538	4,030
Weighted average number of ordinary shares in issue ('000)	486,731	486,731	486,731	486,731
Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.67	0.49	1.34	0.83
- Diluted ⁽²⁾ (Sen)	0.67	0.49	1.34	0.83

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

32. 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 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %	Unaudited 30.11.2020 RM'000	Unaudited 30.11.2019 RM'000	Changes %
Allowance for impairment loss on a trade receivable written back	-	(1)	(100.0)	(1)	(16)	(93.8)
Depreciation of right-of-use assets	77	-	100.0	186	-	100.0
Depreciation of property, plant and equipment	83	122	(32.0)	164	232	(29.3)
(Gain)/Loss on foreign exchange:						
- realised	(49)	(77)	(36.4)	(42)	(111)	(62.2)
- unrealised	101	43	134.9	183	28	553.6
Interest expenses on lease liabilities	-	-	-	1	-	100.0
Interest income from fixed deposits with licensed banks	(414)	(625)	(33.8)	(555)	(841)	(34.0)
Property, plant and equipment written off	-	*	*	1	*	*

Note:

* - less than RM1,000.

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**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA
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33. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 May 2020 was unmodified.

34. AUTHORISED FOR ISSUE

The Condensed Report was authorised for issue by the Board in accordance with a resolution of the Directors on 6 January 2021.