



TRUSTED AEROSOLS SINCE 1982

DPI HOLDINGS BERHAD

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER AND YEAR-TO-DATE ENDED 28 FEBRUARY 2021

23 MARCH 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 28 FEBRUARY 2021**

	Note	Quarter Ended			Year-To-Date Ended		
		Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %
REVENUE	8	16,295	11,603	40.4	47,805	34,745	37.6
COST OF SALES		(9,874)	(7,326)	34.8	(29,303)	(21,761)	34.7
GROSS PROFIT		6,421	4,277	50.1	18,502	12,984	42.5
OTHER INCOME		265	186	42.5	1,496	1,125	33.0
		6,686	4,463	49.8	19,998	14,109	41.7
SELLING AND MARKETING EXPENSES		(409)	(368)	11.1	(1,329)	(1,187)	12.0
ADMINISTRATIVE EXPENSES		(1,810)	(1,678)	7.9	(5,324)	(4,980)	6.9
OTHER EXPENSES		(21)	(349)	(94.0)	(215)	(349)	(38.4)
NET IMPAIRMENT GAIN ON FINANCIAL ASSETS	9	162	-	100.0	163	-	100.0
FINANCE COST		(1)	-	100.0	(2)	-	100.0
PROFIT BEFORE TAXATION		4,607	2,068	122.8	13,291	7,593	75.0
INCOME TAX EXPENSES	25	(1,320)	(785)	68.2	(3,466)	(2,280)	52.0
PROFIT AFTER TAXATION		3,287	1,283	156.2	9,825	5,313	84.9
OTHER COMPREHENSIVE INCOME							
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>							
Foreign currency translation difference		-	(2)	(100.0)	(2)	(2)	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		3,287	1,281	156.6	9,823	5,311	85.0
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-							
Owners of the Company		3,287	1,283	156.2	9,825	5,313	84.9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-							
Owners of the Company		3,287	1,281	156.6	9,823	5,311	85.0

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 28 FEBRUARY 2021**

		Quarter Ended		Year-To-Date Ended	
		Unaudited	Unaudited	Unaudited	Unaudited
		28.02.2021	29.02.2020	28.02.2021	29.02.2020
		Sen per	Sen per	Sen per	Sen per
		share	share	share	share
EARNINGS PER SHARE ("EPS")					
ATTRIBUTABLE TO					
OWNERS OF THE COMPANY:					
Basic EPS	31	<u>0.68</u>	<u>0.26</u>	<u>2.02</u>	<u>1.09</u>
Diluted EPS	31	<u>0.68</u>	<u>0.26</u>	<u>2.02</u>	<u>1.09</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.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021**

	Note	Unaudited As at 28.02.2021 RM'000	Audited As at 31.05.2020 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,154	4,754
Right-of-use assets	11	3,736	3,976
		<u>8,890</u>	<u>8,730</u>
CURRENT ASSETS			
Inventories		11,078	9,782
Trade receivables		9,685	7,748
Other receivables, deposits and prepayments		638	362
Current tax assets		394	1,607
Short-term investment		6,247	1,031
Fixed deposits with licensed banks		35,292	39,867
Cash and bank balances		16,278	9,336
		<u>79,612</u>	<u>69,733</u>
TOTAL ASSETS		<u>88,502</u>	<u>78,463</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		66,257	66,257
Merger deficit		(28,698)	(28,698)
Retained profits		42,208	35,547
Foreign translation reserve		-	2
TOTAL EQUITY		<u>79,767</u>	<u>73,108</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		65	78
Lease liabilities	12	8	13
		<u>73</u>	<u>91</u>
CURRENT LIABILITIES			
Trade payables		7,163	3,445
Other payables and accruals		1,457	884
Amount owing to a related party		27	10
Lease liabilities	12	15	141
Dividend payable		-	730
Current tax liabilities		-	54
		<u>8,662</u>	<u>5,264</u>
TOTAL LIABILITIES		<u>8,735</u>	<u>5,355</u>
TOTAL EQUITY AND LIABILITIES		<u>88,502</u>	<u>78,463</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021**

	Unaudited As at 28.02.2021 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.

DPI HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 28 FEBRUARY 2021**

	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	-	-	-	9,825	9,825
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	(2)	-	(2)
Total comprehensive income for the financial period	-	-	(2)	9,825	9,823
Distributions to owners of the Company: - Dividends by the Company (Note 30)	-	-	-	(3,164)	(3,164)
At 28 February 2021 (Unaudited)	66,257	(28,698)	-	42,208	79,767
At 1 June 2019	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 (Note 30)	-	-	-	(3,164)	(3,164)
At 29 February 2020 (Unaudited)	66,257	(28,698)	(2)	35,549	73,106

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.

DPI HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 28 FEBRUARY 2021**

	Note	Year-To-Date Ended	
		Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		13,291	7,593
Adjustments for:-			
Allowance for impairment losses on trade receivables		4	349
Depreciation of right-of-use assets		240	-
Depreciation of property, plant and equipment		251	359
Property, plant equipment written off		1	*
Interest expenses on lease liabilities		2	-
Interest income		(899)	(938)
Reversal of impairment losses on:			
- trade receivables		(167)	(17)
Unrealised loss/(gain) on foreign exchange		187	(23)
Operating profit before working capital changes		12,910	7,323
Increase in inventories		(1,296)	(775)
(Increase)/Decrease in trade and other receivables		(2,067)	926
Increase/(Decrease) in trade and other payables		3,575	(1,038)
Increase in amount owing to a related party		17	-
CASH FROM OPERATIONS		13,139	6,436
Income tax paid		(2,320)	(2,418)
NET CASH FROM OPERATING ACTIVITIES		10,819	4,018
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		899	938
(Placement)/Withdrawal of fixed deposits with licensed banks		(2,414)	1,052
Purchase of property, plant and equipment		(651)	(723)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,166)	1,267
CASH FLOWS FOR FINANCING ACTIVITIES			
Repayment of lease liabilities		(131)	(1,947)
Interest paid on lease liabilities		(2)	-
Dividends paid		(3,164)	-
Repayment to a related party		-	(23)
NET CASH FOR FINANCING ACTIVITIES		(3,297)	(1,970)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,356	3,315
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(187)	21
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		18,388	16,109
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	14	23,557	19,445

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.

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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*"
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 28 February 2021 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 28 February 2021.

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 28 February 2021.

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 28 February 2021.

7. DIVIDENDS PAID

During the financial quarter and year-to-date ended 28 February 2021, the following payments of dividends were made:

In respect of the financial year ending 31 May 2021:

- (a) 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.
- (b) a second interim dividend of 0.20 sen per share on 486,731,000 ordinary shares, amounting to RM973,462 was declared on 6 January 2021 and paid on 3 February 2021.
- (c) a special interim dividend of 0.25 sen per share on 486,731,000 ordinary shares, amounting to RM1,216,828 was declared on 6 January 2021 and paid on 3 February 2021.

8. REVENUE

	Quarter Ended			Year-To-Date Ended		
	Unaudited 28.02.2021	Unaudited 29.02.2020	Changes %	Unaudited 28.02.2021	Unaudited 29.02.2020	Changes %
	RM'000	RM'000		RM'000	RM'000	
Aerosol products	14,183	9,324	52.1	40,935	27,779	47.4
Solvents and thinners	2,112	2,279	(7.3)	6,870	6,966	(1.4)
	16,295	11,603	40.4	47,805	34,745	37.6

9. NET IMPAIRMENT GAIN ON FINANCIAL ASSETS

	Quarter Ended			Year-To-Date Ended		
	Unaudited 28.02.2021	Unaudited 29.02.2020	Changes %	Unaudited 28.02.2021	Unaudited 29.02.2020	Changes %
	RM'000	RM'000		RM'000	RM'000	
Impairment losses during the financial period	(4)	-	100.0	(4)	-	100.0
Reversal of impairment losses	166	-	100.0	167	-	100.0
	162	-	100.0	163	-	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 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %
Revenue												
External revenue (Note 8)	14,183	9,324	52.1	2,112	2,279	(7.3)	-	-	-	16,295	11,603	40.4
Inter-segment revenue	3,405	2,112	61.2	-	-	-	-	-	-	3,405	2,112	61.2
	17,588	11,436	53.8	2,112	2,279	(7.3)	-	-	-	19,700	13,715	43.6
Consolidated adjustments										(3,405)	(2,112)	61.2
Consolidated revenue										16,295	11,603	40.4

Results

Segment profit before
interest and taxation

	4,616	1,894	143.7	141	493	(71.4)	(149)	(319)	53.3	4,608	2,068	122.8
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	Year-To-Date Ended											
	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 28.02.2021 RM'000	Audited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Audited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Audited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Audited 29.02.2020 RM'000	Changes %
Revenue												
External revenue (Note 8)	40,935	27,779	47.4	6,870	6,966	(1.4)	-	-	-	47,805	34,745	37.6
Inter-segment revenue	8,772	5,574	57.4	-	-	-	-	-	-	8,772	5,574	57.4
	49,707	33,353	49.0	6,870	6,966	(1.4)	-	-	-	56,577	40,319	40.3
Consolidated adjustments										(8,772)	(5,574)	57.4
Consolidated revenue										47,805	34,745	37.6

Results

Segment profit before
interest and taxation

	12,859	7,494	71.6	835	619	34.9	(401)	(520)	22.9	13,293	7,593	75.1
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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 28.02.2021 RM'000	Audited 31.05.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Audited 31.05.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Audited 31.05.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Audited 31.05.2020 RM'000	Changes %
Assets												
Segment assets	55,227	46,035	20.0	3,955	4,520	(12.5)	67,002	68,070	(1.6)	126,184	118,625	6.4
Unallocated assets:												
- current tax assets										394	1,607	(75.5)
Consolidated adjustments										(38,076)	(41,769)	(8.8)
Consolidated total assets										<u>88,502</u>	<u>78,463</u>	<u>12.8</u>
Addition to non-current assets other than financial instruments is:-												
Property, plant and equipment	586	765	(23.4)	65	91	(28.6)	-	-	-	651	856	(23.9)
Liabilities												
Segment liabilities/												
Consolidated total liabilities	9,024	8,969	0.6	530	326	62.6	220	923	(76.2)	9,774	10,218	(4.3)
Unallocated liabilities:												
- current tax liabilities										-	54	(100.0)
- deferred tax liabilities										65	78	(16.7)
- lease liabilities										23	154	(85.1)
Consolidated adjustments										(1,127)	(5,149)	(78.1)
Consolidated total liabilities										<u>8,735</u>	<u>5,355</u>	<u>63.1</u>

Geographical Information

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

	Quarter Ended			Year-To-Date Ended		
	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %
Malaysia	14,203	9,791	45.1	40,367	27,993	44.2
Outside Malaysia	2,092	1,812	15.5	7,438	6,752	10.2
	<u>16,295</u>	<u>11,603</u>	<u>40.4</u>	<u>47,805</u>	<u>34,745</u>	<u>37.6</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 28.02.2021 RM'000	Audited 31.05.2020 RM'000	Changes %
Malaysia	8,887	8,725	1.9
Singapore	3	5	(40.0)
	<u>8,890</u>	<u>8,730</u>	<u>1.8</u>

11. RIGHT-OF-USE ASSETS

	At 01.06.2020 RM'000	Depreciation Charges RM'000	At 28.02.2021 RM'000
<i>Carrying Amount</i>			
Leasehold land	3,846	(129)	3,717
Lease contracts for office premises, warehouse and equipment	130	(111)	19
	<u>3,976</u>	<u>(240)</u>	<u>3,736</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

	Unaudited 28.02.2021 RM'000	Audited 31.05.2020 RM'000	Changes %
At beginning of the period	154	389	(60.4)
Interest expenses recognised in profit or loss	2	9	(77.8)
Repayment of principal	(131)	(235)	(44.3)
Repayment of interest expenses	(2)	(9)	(77.8)
At end of the period	<u>23</u>	<u>154</u>	<u>(85.1)</u>
Analysed by:-			
Current liabilities	15	141	(89.4)
Non-current liabilities	8	13	(38.5)
	<u>23</u>	<u>154</u>	<u>(85.1)</u>

13. RELATED PARTY DISCLOSURES

	Quarter Ended			Year-To-Date Ended		
	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %
Rental paid or payable to a company in which a director of the Company has a substantial financial interest	12	12	-	35	35	-

14. CASH AND CASH EQUIVALENTS

The cash and cash equivalents comprise the following:-

	Unaudited As at 28.02.2021 RM'000	Audited As at 31.05.2020 RM'000
Short-term investment	6,247	1,031
Fixed deposits with licensed banks	35,292	39,867
Cash and bank balances	16,278	9,336
	<u>57,817</u>	<u>50,234</u>
Less: Fixed deposits with tenure of more than 3 months	(34,260)	(31,846)
	<u>23,557</u>	<u>18,388</u>
Fair value of money market fund	6,247	1,031

DPI HOLDINGS BERHAD

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

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 1.80% to 2.50% 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 28.02.2021 RM'000	Audited As at 31.05.2020 RM'000
Approved and not contracted for:- Plant and equipment	21,648	22,164
Approved and contracted for:- Purchases of property and equipment	-	5
	<u>21,648</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 28 February 2021.

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 28.02.2021 RM'000	Audited As at 31.05.2020 RM'000
Assets		
Financial asset mandatorily at fair value through profit or loss		
Short-term investment	6,247	1,031
Financial assets at amortised cost		
Trade receivables	9,685	7,748
Other receivables	-	*
Fixed deposits with licensed banks	35,292	39,867
Cash and bank balances	16,278	9,336
Total financial assets	61,255	56,951
Liabilities		
Financial liabilities at amortised cost		
Trade payables	7,163	3,445
Other payables and accruals	1,457	884
Amount owing to a related party	27	10
Lease liabilities	23	154
Dividend payable	-	730
Total financial liabilities	8,670	5,223

18.2 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

17	28
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Amortised Cost

Net gains recognised in profit or loss

882	953
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Financial Liabilities

Amortised Cost

Net losses recognised in profit or loss

(2)	(9)
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Note:

*- less than RM1,000.

DPI HOLDINGS BERHAD

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

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 28 February 2021.

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

3rd Quarter FYE 2021 (3Q FYE 2021) Compared to 3rd Quarter FYE 2020 (3Q FYE 2020)

Revenue

During the 3Q FYE 2021, the Group's revenue had increased by RM4.7 million, or approximately 40.4% to RM16.3 million from RM11.6 million as compared to the 3Q FYE 2020. The increase was mainly attributable to increase in sales orders from new and existing customers.

Aerosol Products

Revenue from aerosol products had increased by RM4.9 million, or approximately 52.1%, to RM14.2 million for the 3Q FYE 2021 as compared to RM9.3 million for the 3Q FYE 2020. This was mainly attributable to increase in sales orders from new and existing customers.

Solvents and Thinners

Revenue from solvents and thinners had decreased by RM0.2 million, or approximately 7.3% to RM2.1 million for the 3Q FYE 2021 as compared to RM2.3 million for the 3Q FYE 2020. This is mainly attributable to decrease in sales orders from the existing customers.

Profit Before Taxation ("PBT")

During the 3Q FYE 2021, the Group's Gross Profit PBT increased by RM2.5 million during the 3Q FYE 2021 or approximately 122.8% to RM4.6 million from RM2.1 million during the 3Q FYE 2020. The increase was mainly due to the increase in revenue and gross profit margin during the current financial quarter.

9 Months Financial Period Ended ("FPE") 28 February 2021 Compared to 9 Months FPE 29 February 2020

Revenue

During the 9 months FPE 28 February 2021, the Group's revenue increased by RM13.1 million, or approximately 37.6% to RM47.8 million from RM34.7 million for the 9 months FPE 29 February 2020. The increase was mainly attributable to increase in sales orders from new and existing customers.

Aerosol Products

Revenue from aerosol products had increased by RM13.2 million, or approximately 47.4%, to RM40.9 million for the 9 months FPE 28 February 2021 as compared to RM27.8 million for the 9 months FPE 29 February 2020. This was mainly attributable to increase in sales orders from new and existing customers.

Solvents and Thinners

Revenue from solvents and thinners had decreased by RM0.1 million, or approximately 1.4% to RM6.9 million for 9 months FPE 28 February 2021 as compared to RM7.0 million for the 9 months FPE 29 February 2020. The decrease was mainly due to the decrease in sales orders from the existing customers.

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

21. REVIEW OF PERFORMANCE (CONT'D)

9 Months Financial Period Ended ("FPE") 28 February 2021 Compared to 9 Months FPE 29 February 2020

Profit Before Taxation ("PBT")

During the 9 months FPE 28 February 2021, the Group's PBT increased by RM5.7 million or approximately 75.0% to RM13.3 million for the 9 months FPE 28 February 2021 from RM7.6 million as compared to 9 months FPE 29 February 2020. The increase was mainly due to increase in revenue and gross profit margin 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 28.02.2021 RM'000	Unaudited 30.11.2020 RM'000	
Revenue	16,295	15,950	2.2
Profit before taxation	4,607	4,288	7.4

The Group's revenue of RM16.3 million for the current quarter under review was 2.2% higher than RM16.0 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 increased by RM0.3 million, or approximately 7.4% from RM4.3 million in the immediate preceding quarter to RM4.6 million in the current financial quarter. The increase in profit before taxation during the current quarter was mainly contributed by the increase in revenue and gross profit margin.

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 had resulted in the re-implementation of the Movement Control Order ("MCO") in January 2021. 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 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %
Income tax	1,333	792	68.3	3,479	2,331	49.2
Deferred tax	(13)	(7)	85.7	(13)	(51)	(74.5)
Total income tax expense	1,320	785	68.2	3,466	2,280	52.0
Effective tax rate	29%	38%		26%	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 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 23 March 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	1,892	Within 60 months	N/A
ii	Sales, marketing and advertising expenses	3,000	9.5	293	Within 60 months	N/A
iii	Product development	1,300	4.1	149	Within 60 months	N/A
iv	Estimated listing expenses	3,800	12.0	3,428	Within 1 month	372 ⁽¹⁾
	Total	31,640	100.0	5,762		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 announcements dated 6 July 2020 and 6 January 2021.

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 23 March 2021, the Board declared a third interim dividend of 0.20 sen per share in respect of the financial year ending 31 May 2021. The entitlement date has been fixed on 8 April 2021 and the dividend will be paid on 22 April 2021.

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

- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 8 April 2021 in respect of ordinary shares.
- 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 28.02.2021	Unaudited 29.02.2020	Unaudited 28.02.2021	Unaudited 29.02.2020
Profit after taxation attributable to owners of the Company (RM'000)	3,287	1,283	9,825	5,313
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)	0.68	0.26	2.02	1.09
- Diluted ⁽²⁾ (Sen)	0.68	0.26	2.02	1.09

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 28 February 2021.

(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 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %	Unaudited 28.02.2021 RM'000	Unaudited 29.02.2020 RM'000	Changes %
Allowance for impairment loss on a trade receivable written back	(166)	(1)	16,500.0	(167)	(17)	882.4
Allowance for impairment loss on trade receivables	4	349	(98.9)	4	349	(98.9)
Depreciation of right-of-use assets	54	-	100.0	240	-	100.0
Depreciation of property, plant and equipment	87	127	(31.5)	251	359	(30.1)
(Gain)/Loss on foreign exchange:						
- realised	(19)	(38)	(50.0)	(61)	(149)	(59.1)
- unrealised	4	(51)	(107.8)	187	(23)	(913.0)
Interest expenses on lease liabilities	-	-	-	2	-	100.0
Interest income from fixed deposits with licensed banks	(344)	(97)	254.6	(899)	(938)	(4.2)
Property, plant and equipment written off	-	*	*	1	*	*

Note:

* - less than RM1,000.

DPI HOLDINGS BERHAD

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

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

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 23 March 2021.