



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 31 AUGUST 2021**

28 OCTOBER 2021

DPI HOLDINGS BERHAD

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2021**

	Note	Quarter Ended			Year-To-Date Ended		
		Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %
REVENUE	8	6,686	15,560	(57.0)	6,686	15,560	(57.0)
COST OF SALES		(4,953)	(9,542)	(48.1)	(4,953)	(9,542)	(48.1)
GROSS PROFIT		1,733	6,018	(71.2)	1,733	6,018	(71.2)
OTHER INCOME		263	532	(50.6)	263	532	(50.6)
		1,996	6,550	(69.5)	1,996	6,550	(69.5)
SELLING AND MARKETING EXPENSES		(180)	(437)	(58.8)	(180)	(437)	(58.8)
ADMINISTRATIVE EXPENSES		(1,512)	(1,616)	(6.4)	(1,512)	(1,616)	(6.4)
OTHER EXPENSES		(27)	(101)	(73.3)	(27)	(101)	(73.3)
NET IMPAIRMENT GAIN ON FINANCIAL ASSETS	9	44	1	4,300.0	44	1	4,300.0
FINANCE COST		(1)	(1)	-	(1)	(1)	-
PROFIT BEFORE TAXATION		320	4,396	(92.7)	320	4,396	(92.7)
INCOME TAX EXPENSES	26	(111)	(1,117)	(90.1)	(111)	(1,117)	(90.1)
PROFIT AFTER TAXATION		209	3,279	(93.6)	209	3,279	(93.6)
OTHER COMPREHENSIVE INCOME							
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>							
Foreign currency translation differences		(21)	(2)	950.0	(21)	(2)	950.0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		188	3,277	(94.3)	188	3,277	(94.3)
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-							
Owners of the Company		210	3,279	(93.6)	210	3,279	(93.6)
Non-controlling interest		(1)	-	(100.0)	(1)	-	(100.0)
		209	3,279	(93.6)	209	3,279	(93.6)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-							
Owners of the Company		189	3,277	(94.2)	189	3,277	(94.2)
Non-controlling interest		(1)	-	(100.0)	(1)	-	(100.0)
		188	3,277	(94.3)	188	3,277	(94.3)

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 AUGUST 2021**

		Quarter Ended		Year-To-Date Ended	
		Unaudited 31.08.2021	Unaudited 31.08.2020	Unaudited 31.08.2021	Unaudited 31.08.2020
		Sen per share	Sen per share	Sen per share	Sen per share
EARNINGS PER SHARE ("EPS") ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic EPS	32	<u>0.04</u>	<u>0.67</u>	<u>0.04</u>	<u>0.67</u>
Diluted EPS	32	<u>0.04</u>	<u>0.67</u>	<u>0.04</u>	<u>0.67</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 2021 and the accompanying explanatory notes attached to these interim financial statements.

DPI HOLDINGS BERHAD

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

	Note	Unaudited As at 31.08.2021 RM'000	Audited As at 31.05.2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,970	6,686
Right-of-use assets	11	<u>3,686</u>	<u>3,738</u>
		<u>10,656</u>	<u>10,424</u>
CURRENT ASSETS			
Inventories		12,457	13,202
Trade receivables		4,897	9,154
Other receivables, deposits and prepayments		297	468
Current tax assets		1,573	765
Short-term investment		27,448	27,335
Fixed deposits with licensed banks		14,470	14,446
Cash and bank balances		<u>12,534</u>	<u>14,531</u>
		<u>73,676</u>	<u>79,901</u>
TOTAL ASSETS		<u>84,332</u>	<u>90,325</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		66,257	66,257
Merger deficit		(28,698)	(28,698)
Foreign exchange translation reserve		(18)	3
Retained profits		<u>43,480</u>	<u>43,270</u>
Equity attributable to owners of the Company		81,021	80,832
Non-controlling interest		<u>15</u>	<u>-</u>
TOTAL EQUITY		<u>81,036</u>	<u>80,832</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12	20	29
Deferred tax liabilities		<u>58</u>	<u>58</u>
		<u>78</u>	<u>87</u>
CURRENT LIABILITIES			
Trade payables		2,285	7,465
Other payables and accruals		881	1,881
Amount owing to a related party		14	20
Lease liabilities	12	<u>38</u>	<u>40</u>
		<u>3,218</u>	<u>9,406</u>
TOTAL LIABILITIES		<u>3,296</u>	<u>9,493</u>
TOTAL EQUITY AND LIABILITIES		<u>84,332</u>	<u>90,325</u>

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

	Unaudited As at 31.08.2021 RM	Audited As at 31.05.2021 RM
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	0.11	0.17

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 AUGUST 2021**

	Share Capital RM'000	Non- distributable Merger Deficit RM'000	Non- distributable Foreign Exchange Translation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
At 31 May 2021 (Audited)/ 1 June 2021	66,257	(28,698)	3	43,270	80,832	-	80,832
Profit after taxation for the financial period	-	-	-	210	210	(1)	209
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	(21)	-	(21)	*	(21)
Total comprehensive income for the financial period	-	-	(21)	210	189	(1)	188
Distributions to owners of the Company: - Acquisition of a subsidiary	-	-	-	-	-	16	16
At 31 August 2021 (Unaudited)	66,257	(28,698)	(18)	43,480	81,021	15	81,036
At 1 June 2020	66,257	(28,698)	2	35,547	73,108	-	73,108
Profit after taxation for the financial period	-	-	-	3,279	3,279	-	3,279
Other comprehensive income for the financial period: - Foreign currency translation differences	-	-	(2)	-	(2)	-	(2)
Total comprehensive income for the financial period	-	-	(2)	3,279	3,277	-	3,277
At 31 August 2020 (Unaudited)	66,257	(28,698)	-	38,826	76,385	-	76,385

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 2021 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 31 AUGUST 2021**

	Note	Year-To-Date Ended	
		Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before taxation		320	4,396
Adjustments for:-			
Cost of business combination written-off		22	-
Depreciation of right-of-use assets		52	109
Depreciation of property, plant and equipment		73	81
Property, plant equipment written off		-	1
Interest expenses on lease liabilities		1	1
Interest income		(201)	(141)
Reversal of impairment losses on:			
- trade receivables		(44)	(1)
Unrealised loss on foreign exchange		25	82
Operating profit before working capital changes		248	4,528
Decrease in inventories		745	118
Decrease/(Increase) in trade and other receivables		4,482	(2,447)
(Decrease)/Increase in trade and other payables		(5,490)	3,252
(Decrease)/Increase in amount owing to a related party		(6)	9
CASH (FOR)/FROM OPERATIONS		(21)	5,460
Income tax paid		(920)	(723)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(941)	4,737
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Interest received		201	141
Acquisition of a subsidiary	14	19	-
Placement of fixed deposits with tenure more than 3 months		(1,060)	-
Purchase of property, plant and equipment		(348)	(90)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,188)	51
CASH FLOWS FOR FINANCING ACTIVITIES			
Repayment of lease liabilities		(11)	(66)
Interest paid on lease liabilities		(1)	(1)
Dividends paid		(730)	(730)
NET CASH FOR FINANCING ACTIVITIES		(742)	(797)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,871)	3,991
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(49)	(56)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		42,902	18,388
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	15	39,982	22,323

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 2021 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 2021 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 2021.

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 2021, 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 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 April 2021

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

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 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: *Onerous Contracts - Cost of Fulfilling a Contract*
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: *Classification of Liabilities as Current or Non-current*
Amendments to MFRS 101: Disclosure of Accounting Policies
Amendments to MFRS 108: Definition of Accounting Estimates
Amendments to MFRS 112: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

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

Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's business operations during the current financial quarter and year-to-date ended 31 August 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 31 August 2021.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have any material effect during the current financial quarter and year-to-date ended 31 August 2021.

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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 31 August 2021.

7. DIVIDENDS PAID

In respect of the financial year ended 31 May 2021, a fourth interim dividend of 0.15 sen per share on 730,096,498 ordinary shares, amounted to RM1,095,145 was declared and paid on 29 July 2021 and 9 September 2021 respectively.

8. REVENUE

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	31.08.2021	31.08.2020		31.08.2021	31.08.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Aerosol products	5,428	13,096	(58.6)	5,428	13,096	(58.6)
Solvents and thinners	1,258	2,464	(48.9)	1,258	2,464	(48.9)
	6,686	15,560	(57.0)	6,686	15,560	(57.0)

9. NET IMPAIRMENT GAIN ON FINANCIAL ASSETS

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	31.08.2021	31.08.2020		31.08.2021	31.08.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Reversal of impairment losses	44	1	4,300.0	44	1	4,300.0
	44	1	4,300.0	44	1	4,300.0

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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 and Year-To-Date Ended											
	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %
Revenue												
External revenue (Note 8)	5,428	13,096	(58.6)	1,258	2,464	(48.9)	-	-	-	6,686	15,560	(57.0)
Inter-segment revenue	919	3,302	(72.2)	-	-	-	-	-	-	919	3,302	(72.2)
	6,347	16,398	(61.3)	1,258	2,464	(48.9)	-	-	-	7,605	18,862	(59.7)
Consolidated adjustments										(919)	(3,302)	(72.2)
Consolidated revenue										6,686	15,560	(57.0)
Results												
Segment profit before interest and taxation	473	4,313	(89.0)	(36)	367	(109.8)	(116)	(283)	(59.0)	321	4,397	(92.7)

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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	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes
	31.08.2021	31.05.2021		31.08.2021	31.05.2021		31.08.2021	31.05.2021		31.08.2021	31.05.2021	
RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	
Assets												
Segment assets	48,073	54,614	(12.0)	5,446	7,131	(23.6)	67,859	68,305	(0.7)	121,378	130,050	(6.7)
Unallocated assets:												
- current tax assets										1,573	765	105.6
Consolidated adjustments										(38,619)	(40,490)	(4.6)
Consolidated total assets										84,332	90,325	(6.6)
Addition to non-current assets other than financial instruments is:-												
Property, plant and equipment	354	2,204	(83.9)	3	68	(95.6)	-	-	-	348	2,272	(84.7)
Liabilities												
Segment liabilities/												
Consolidated total liabilities	2,963	11,795	(74.9)	704	1,225	(42.5)	214	235	(8.9)	3,881	13,255	(70.7)
Unallocated liabilities:												
- deferred tax liabilities										58	58	-
- lease liabilities										58	69	(15.9)
Consolidated adjustments										(701)	(3,889)	(82.0)
Consolidated total liabilities										3,296	9,493	(65.3)

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
	31.08.2021	31.8.2020		31.08.2021	31.8.2020	
RM'000	RM'000	%	RM'000	RM'000	%	
Malaysia	5,371	13,272	(59.5)	5,371	13,272	(59.5)
Outside Malaysia	1,315	2,288	(42.5)	1,315	2,288	(42.5)
	6,686	15,560	(57.0)	6,686	15,560	(57.0)

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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 31.08.2021 RM'000	Audited 31.05.2021 RM'000	Changes %
Malaysia	10,480	10,421	0.6
Singapore	176	3	5,766.7
	<u>10,656</u>	<u>10,424</u>	<u>2.2</u>

11. RIGHT-OF-USE ASSETS

	Unaudited		
	At 01.06.2021 RM'000	Depreciation Charges RM'000	At 31.08.2021 RM'000
<i>Carrying Amount</i>			
Leasehold land	3,675	(43)	3,632
Lease contracts for office premises, warehouse and equipment	63	(9)	54
	<u>3,738</u>	<u>(52)</u>	<u>3,686</u>

	Audited			
	At 01.06.2020 RM'000	Depreciation Charges RM'000	Modification of Lease Liabilities RM'000	At 31.05.2021 RM'000
<i>Carrying Amount</i>				
Leasehold land	3,846	(171)	-	3,675
Lease contracts for office premises, warehouse and equipment	130	(132)	65	63
	<u>3,976</u>	<u>(303)</u>	<u>65</u>	<u>3,738</u>

- (a) The Group has reclassified the leasehold land used in its operations under MFRS 16 with lease terms ranging from 26 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 months to 5 years.
- (c) The Group also has leases with lease terms of 12 months or less. The Group has applied the 'short-term lease' recognition exemptions for the these leases.
- (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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**12. LEASE LIABILITIES**

	Quarter Ended			Year-To-Date Ended		
	Unaudited 31.08.2021 RM'000	Audited 31.05.2021 RM'000	Changes %	Unaudited 31.08.2021 RM'000	Audited 31.05.2021 RM'000	Changes %
At beginning of the period	69	154	(55.2)	69	154	(55.2)
Interest expenses recognised in profit or loss	1	4	(75.0)	1	4	(75.0)
COVID-19 related rent concessions	-	(1)	(100.0)	-	(1)	(100.0)
Changes due to lease modification	-	64	(100.0)	-	64	(100.0)
Repayment of principal	(11)	(148)	(92.6)	(11)	(148)	(92.6)
Repayment of interest expense	(1)	(4)	(75.0)	(1)	(4)	(75.0)
At end of the period	58	69	(15.9)	58	69	(15.9)

Analysed by:-

Current liabilities	38	40	(5.0)
Non-current liabilities	20	29	(31.0)
	58	69	(15.9)

13. RELATED PARTY DISCLOSURES

	Quarter Ended			Year-To-Date Ended		
	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %
Rental paid or payable to a company in which a director of the Company has a substantial financial interest	12	12	-	12	12	-

14. ACQUISITION OF A SUBSIDIARY

On 30 July 2021, DPI Alliance Pte. Ltd. ("DPIA"), a wholly-owned subsidiary of the Company, has subscribed for 90% of the equity interest in DPI Japan Co., Ltd. ("DPIJ").

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	31.08.2021 RM'000
Computer equipment	8
Cash at bank	193
Amount owing to a director	(32)
	<u>169</u>
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets	(17)
Add: Cost of combination written-off	22
Total purchase consideration	<u>174</u>
Less: Cash and bank balances of a subsidiary acquired	(193)
Net cash inflow from the acquisition of a subsidiary	<u>(19)</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**15. CASH AND CASH EQUIVALENTS**

The cash and cash equivalents comprise the following:-

	Unaudited As at 31.08.2021 RM'000	Audited As at 31.05.2021 RM'000
Short-term investment	27,448	27,335
Fixed deposits with licensed banks	14,470	14,446
Cash and bank balances	12,534	14,531
	<u>54,452</u>	<u>56,312</u>
Less: Fixed deposits with tenure of more than 3 months	(14,470)	(13,410)
	<u>39,982</u>	<u>42,902</u>
Fair value of money market fund	<u>27,448</u>	<u>27,335</u>

The short-term money market fund represents the Group's investment in money market fund which is designed to provide investors with a stream of income and is managed with the aim of maintaining the fund's unit price at RM1. The redemption proceeds for investment in money market fund will normally be collected by the next business day. Therefore, the Group 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 1.75% to 2.20% per annum. The fixed deposits have maturity periods ranging from 3 to 12 months.

16. CAPITAL COMMITMENTS

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

	Unaudited As at 31.08.2021 RM'000	Audited As at 31.05.2021 RM'000
Approved and not contracted for:-		
Plant and equipment	14,521	14,699
Approved and contracted for:-		
Purchases of property and equipment	5,151	5,251
	<u>19,672</u>	<u>19,950</u>

17. CONTINGENT ASSETS AND LIABILITIES

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

18. CHANGES IN COMPOSITION OF THE GROUP

There were no other changes in composition of the Group for the current financial quarter and year-to-date ended 31 August 2021, save for the subscription by DPIA of the 450 new ordinary shares in DPIJ, which represents 90% of the equity interests, for a cash consideration of JPY4.50 million. DPIJ is currently a dormant company.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**19. FINANCIAL INSTRUMENTS**

19.1 Classification

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

	Unaudited As at 31.08.2021 RM'000	Audited As at 31.05.2021 RM'000
Assets		
Financial asset mandatorily at fair value through profit or loss		
Short-term investment	27,448	27,335
Financial assets at amortised cost		
Trade receivables	4,897	9,154
Other receivables	297	468
Fixed deposits with licensed banks	14,470	14,446
Cash and bank balances	12,534	14,531
Total financial assets	32,198	38,599
Liabilities		
Financial liabilities at amortised cost		
Trade payables	2,285	7,465
Other payables and accruals	881	1,881
Amount owing to a related party	14	20
Total financial liabilities	3,180	9,366

19.2 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

108	104
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Amortised Cost

Net gains recognised in profit or loss

137	1,098
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19. FINANCIAL INSTRUMENTS (CONT'D)

19.3 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.

20. EVENT AFTER THE REPORTING PERIOD

There were no significant events subsequent to the end of the current financial quarter.

21. SIGNIFICANT EVENT DURING THE PERIOD

21.1 The numbers of new COVID-19 cases increased substantially in Malaysia and markets in which the Group operates. As the outbreak is evolving, the full effect of the COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably at this juncture.

21.2 On 4 June 2021, the Company proposed to undertake the bonus issue. The Company announced to fix the entitlement basis of 1 bonus share for every 2 existing shares held.

The bonus issue has been completed following the listing and quotation of 243,365,498 bonus shares on the ACE Market of Bursa Securities on 11 August 2021.

21.3 On 19 July 2021, the Company further subscribed for 400,000 ordinary shares issued by its wholly-owned subsidiary, DPIA for a consideration of SGD400,000.

21.4 On 29 July 2021, the Company declared a fourth interim dividend of 0.15 sen per share amounting to RM1,095,145 in respect of the financial year ended 31 May 2021, which was paid on 9 September 2021, to shareholders whose names appeared in the record of depositors on 19 August 2021.

21.5 On 30 July 2021, DPIA, a wholly owned subsidiary of the Company, has subscribed for 450 new ordinary shares in DPIJ, which represents 90% of the equity interests, for a cash consideration of JPY4.50 million.

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

First Quarter FYE 2022 (1Q FYE 2022) Compared to First Quarter FYE 2021 (1Q FYE 2021)

Revenue

For the 1Q FYE 2022, the Group's revenue had decreased by RM8.87 million or 57.03% to RM6.69 million from RM15.56 million as compared to 1Q FYE 2021. The lower revenue recorded was mainly attributable to the Movement Control Order ("MCO") imposed by the Government which had required the Group to halt its aerosol production from 29 June 2021 to 27 August 2021, and thus affected the Group's ability to fulfill sales orders in the 1Q FYE 2022. In addition, the Group followed the standard operating procedures set by the Government, where production activities were allowed to resume at 60% staff capacity.

This resulted in the Group only operating for a total of 21 days in 1Q FYE 2022 with the reduced labour force, thus significantly affecting the Group's production capacity and revenue.

Aerosol Products

Revenue in aerosol products in 1Q FYE 2022 had reduced by RM7.67 million, or approximately 58.55% to RM5.43 million as compared to RM13.10 million in 1Q FYE 2021. This was mainly due to the MCO imposed by the Government which had required the Group to halt its aerosol production from 29 June 2021 to 27 August 2021, and thus affected the Group's ability to fulfill sales orders in the 1Q FYE 2022.

Solvents and Thinners

Revenue in solvents and thinners in 1Q FYE 2022 had reduced by RM1.21 million, or approximately 48.94% to RM1.26 million as compared to RM2.47 million for the 1Q FYE 2021. The decrease was mainly due to MCO imposed by the Government as stated above, which has affected the Group's sales in the 1Q FYE 2022.

Profit Before Taxation ("PBT")

During the 1Q FYE 2022, due to the limited operating days and the reduction of the staff force as imposed by the MCO guidelines, the Group's gross profit decreased by RM4.29 million, or approximately 71.20% to RM1.73 million as compared to RM6.02 million for the 1Q FYE 2021.

Consequently, PBT decreased by RM4.08 million or approximately 92.72% to RM0.32 million from RM4.40 million for the 1Q FYE 2021.

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

	Quarter Ended		Changes %
	Unaudited 31.08.2021 RM'000	Unaudited 31.05.2021 RM'000	
Revenue	6,686	14,612	(54.2)
Profit before taxation	320	2,891	(88.9)

The Group's revenue decreased by RM7.92 million, or approximately 54.24% from RM14.61 million in the immediate preceding quarter to RM6.69 million in the current financial quarter. The decrease was mainly attributable to the MCO imposed by the Government, which had required the Group to halt its aerosol production from 29 June 2021 to 27 August 2021, and thus affected the Group's ability to fulfill sales orders in the 1Q FYE 2022.

The Group's PBT decreased by RM2.57 million, or approximately 88.93% from RM2.89 million in the immediate preceding quarter to RM0.32 million in the current financial quarter. The decrease in PBT during the current financial quarter was mainly due to decrease in both revenue and the gross profit during the current financial quarter.

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PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**24. PROSPECTS**

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

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

Subject to a smooth recovery from the Pandemic, the Group is expected to normalise its operations in the remaining financial quarters.

25. PROFIT FORECAST

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

26. INCOME TAX EXPENSE

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	31.08.2021	31.08.2020		31.08.2021	31.08.2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Income tax	111	1,117	(90.1)	111	1,117	(90.1)
Total income tax expense	111	1,117	(90.1)	111	1,117	(90.1)
Effective tax rate	35%	25%		35%	25%	

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.

27. STATUS OF CORPORATE PROPOSALS

There is no outstanding corporate proposal as of 28 October 2021.

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PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**28. UTILISATION OF PROCEEDS RAISED FROM THE IPO**

The gross proceeds raised from the Company's Initial Public Offering of RM31.64 million and status of utilisation as at 31 August 2021 is disclosed in the following table:

No.	Purpose	Proposed utilisation		Actual Utilisation RM'000	Intended timeframe for utilisation (from the listing date)	Revised time frame 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	3,868	Within 18-24 months	Within 60 months	N/A
ii	Sales, marketing and advertising expenses	3,000	9.5	386	Within 24 months	Within 60 months	N/A
iii	Product development	1,300	4.1	175	Within 24 months	Within 60 months	N/A
iv	Estimated listing expenses	3,800	12.0	3,428	Within 1 month	No change	372 ⁽¹⁾
	Total	31,640	100.0	7,857			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.

29. BORROWINGS AND DEBT SECURITIES

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

30. CHANGES IN MATERIAL LITIGATION

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

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PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**31. DIVIDENDS**

On 29 July 2021, the Board declared a fourth interim dividend of 0.15 sen per share amounting to RM1,095,145 in respect of the financial year ended 31 May 2021 which has been paid on 9 September 2021.

32. EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	Unaudited 31.08.2021	Unaudited 31.08.2020	Unaudited 31.08.2021	Unaudited 31.08.2020
Profit after taxation attributable to owners of the Company (RM'000)	210	3,279	210	3,279
Weighted average number of ordinary shares in issue ('000)	542,282	486,731	542,282	486,731
Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.04	0.67	0.04	0.67
- Diluted ⁽²⁾ (Sen)	0.04	0.67	0.04	0.67

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 end of the current quarter under review.

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

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PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**33. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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

	Quarter Ended			Year-To-Date Ended		
	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Changes %
Cost of business combination written-off	22	-	100.0	22	-	100.0
Depreciation of right-of-use assets	52	109	(52.3)	52	109	(52.3)
Depreciation of property, plant and equipment	73	81	(9.9)	73	81	(9.9)
(Gain)/Loss on foreign exchange:						
- realised	(38)	7	(642.9)	(38)	7	(642.9)
- unrealised	25	82	(69.5)	25	82	(69.5)
Interest expenses on lease liabilities	1	1	-	1	1	-
Interest income from short term investment and fixed deposits with licensed banks	(201)	(141)	42.6	(201)	(141)	42.6
Property, plant and equipment written off	-	1	(100.0)	-	1	(100.0)
Rental expenses	66	-	100.0	66	-	100.0
Reversal of impairment losses on:						
- trade receivables	(44)	(1)	4,300.0	(44)	(1)	4,300.0

34. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 May 2021 was unmodified.

35. AUTHORISED FOR ISSUE

The Condensed Report was authorised for issue by the Board in accordance with a resolution of the Directors on 28 October 2021.