



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 2022

30 MARCH 2022

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 28 FEBRUARY 2022**

	Note	Quarter Ended			Year-To-Date Ended		
		Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %
REVENUE	8	16,361	16,295	0.4	38,769	47,805	(18.9)
COST OF SALES		(11,155)	(9,874)	13.0	(27,071)	(29,303)	(7.6)
GROSS PROFIT		5,206	6,421	(18.9)	11,698	18,502	(36.8)
OTHER INCOME		401	265	51.3	972	1,496	(35.0)
		5,607	6,686	(16.1)	12,670	19,998	(36.6)
SELLING AND MARKETING EXPENSES		(424)	(409)	3.7	(1,048)	(1,329)	(21.1)
ADMINISTRATIVE EXPENSES		(2,212)	(1,810)	22.2	(5,565)	(5,324)	4.5
OTHER EXPENSES		10	(21)	(147.6)	(2)	(215)	(99.1)
NET IMPAIRMENT GAIN ON FINANCIAL ASSETS	9	1	162	(99.4)	34	163	(79.1)
FINANCE COST		(2)	(1)	100.0	(3)	(2)	50.0
PROFIT BEFORE TAXATION		2,980	4,607	(35.3)	6,086	13,291	(54.2)
INCOME TAX EXPENSES	27	(870)	(1,320)	(34.1)	(1,687)	(3,466)	(51.3)
PROFIT AFTER TAXATION		2,110	3,287	(35.8)	4,399	9,825	(55.2)
OTHER COMPREHENSIVE INCOME/(EXPENSE)							
<u>Items that will be Reclassified Subsequently to Profit or Loss</u>							
Foreign currency translation differences		(3)	-	100.0	(30)	(2)	1,400.0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		2,107	3,287	(35.9)	4,369	9,823	(55.5)
PROFIT/(LOSS) AFTER TAXATION							
ATTRIBUTABLE TO:-							
Owners of the Company		2,111	3,287	(35.8)	4,402	9,825	(55.2)
Non-controlling interest		(1)	-	100.0	(3)	-	100.0
		2,110	3,287	(35.8)	4,399	9,825	(55.2)
TOTAL COMPREHENSIVE INCOME/(EXPENSE)							
ATTRIBUTABLE TO:-							
Owners of the Company		2,108	3,287	(35.9)	4,372	9,823	(55.5)
Non-controlling interest		(1)	-	100.0	(3)	-	100.0
		2,107	3,287	(35.9)	4,369	9,823	(55.5)

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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 2022**

		Quarter Ended		Year-To-Date Ended	
		Unaudited 28.2.2022	Unaudited 28.2.2021	Unaudited 28.2.2022	Unaudited 28.2.2021
		Sen per share	Sen per share	Sen per share	Sen per share
EARNINGS PER SHARE ("EPS") ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic EPS	33	<u>0.32</u>	<u>0.68</u>	<u>0.66</u>	<u>2.02</u>
Diluted EPS	33	<u>0.32</u>	<u>0.68</u>	<u>0.66</u>	<u>2.02</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

(Registration No. 201701035607)(1249778-M)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2022**

	Note	Unaudited As at 28.2.2022 RM'000	Audited As at 31.05.2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	9,671	6,686
Right-of-use assets	12	5,112	3,738
		14,783	10,424
CURRENT ASSETS			
Inventories		13,698	13,202
Trade receivables		11,529	9,154
Other receivables, deposits and prepayments		285	468
Current tax assets		1,772	765
Short-term investments		28,194	27,335
Fixed deposits with licensed banks		12,282	14,446
Cash and bank balances		9,175	14,531
		76,935	79,901
TOTAL ASSETS		91,718	90,325
EQUITY AND LIABILITIES			
EQUITY			
Share capital		66,257	66,257
Merger deficit		(28,698)	(28,698)
Foreign exchange translation reserve		(27)	3
Retained profits		45,482	43,270
Equity attributable to owners of the Company		83,014	80,832
Non-controlling interest		13	-
TOTAL EQUITY		83,027	80,832
NON-CURRENT LIABILITIES			
Lease liabilities	13	44	29
Deferred tax liabilities		58	58
		102	87
CURRENT LIABILITIES			
Trade payables		7,248	7,465
Other payables and accruals		1,273	1,881
Amount owing to a related party		24	20
Lease liabilities	13	44	40
		8,589	9,406
TOTAL LIABILITIES		8,691	9,493
TOTAL EQUITY AND LIABILITIES		91,718	90,325

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2022**

	Unaudited As at 28.2.2022 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 28 FEBRUARY 2022**

	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	-	-	-	4,402	4,402	(3)	4,399
Other comprehensive expense for the financial period: - Foreign currency translation differences	-	-	(30)	-	(30)	-	(30)
Total comprehensive (expense)/income for the financial period	-	-	(30)	4,402	4,372	(3)	4,369
Distributions to owners of the Company: - Acquisition of a subsidiary - Dividends by the Company (Note 32)	-	-	-	-	-	16	16
	-	-	-	(2,190)	(2,190)	-	(2,190)
At 28 February 2022 (Unaudited)	66,257	(28,698)	(27)	45,482	83,014	13	83,027
At 1 June 2020	66,257	(28,698)	2	35,547	73,108	-	73,108
Profit after taxation for the financial period	-	-	-	9,825	9,825	-	9,825
Other comprehensive expense for the financial period: - Foreign currency translation differences	-	-	(2)	-	(2)	-	(2)
Total comprehensive (expense)/income for the financial period	-	-	(2)	9,825	9,823	-	9,823
Distributions to owners of the Company: - Dividends by the Company (Note 32)	-	-	-	(3,164)	(3,164)	-	(3,164)
At 28 February 2021 (Unaudited)	66,257	(28,698)	-	42,208	79,767	-	79,767

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 28 FEBRUARY 2022**

	Note	Year-To-Date Ended	
		Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before taxation		6,086	13,291
Adjustments for:-			
Allowance for impairment losses on trade receivables		-	4
Cost of business combination written-off		22	-
Depreciation of right-of-use assets		174	240
Depreciation of property, plant and equipment		239	251
Loss on lease modification		6	-
Property, plant equipment written off		3	1
Interest expenses on lease liabilities		3	2
Interest income		(600)	(899)
Reversal of impairment losses on:			
- trade receivables		(34)	(167)
Unrealised (gain)/loss on foreign exchange		(23)	187
Operating profit before working capital changes		5,876	12,910
Increase in inventories		(496)	(1,296)
Increase in trade and other receivables		(2,128)	(2,067)
(Decrease)/Increase in trade and other payables		(847)	3,575
Increase in amount owing to a related party		4	17
CASH FROM OPERATIONS		2,409	13,139
Income tax paid		(2,694)	(2,320)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(285)	10,819
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Interest received		600	899
Acquisition of a subsidiary	15	19	-
Withdrawal/(Placement) of fixed deposits with tenure more than 3 months		13,410	(2,414)
Purchase of property, plant and equipment		(3,219)	(651)
Addition of leasehold property		(1,505)	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		9,305	(2,166)
CASH FLOWS FOR FINANCING ACTIVITIES			
Repayment of lease liabilities		(30)	(131)
Interest paid on lease liabilities		(3)	(2)
Dividends paid		(2,190)	(3,164)
NET CASH FOR FINANCING ACTIVITIES		(2,223)	(3,297)
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,797	5,356
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(48)	(187)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		42,902	18,388
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	16	49,651	23,557

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 28 February 2022 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 2022.

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 28 February 2022.

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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 28 February 2022.

7. DIVIDENDS PAID

During the financial year-to-date ended 28 February 2022, the following payments of dividends were made:

- (a) 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.
- (b) In respect of the financial year ending 31 May 2022, a first interim dividend of 0.15 sen per share on 730,096,498 ordinary shares, amounted to RM1,095,145 was declared and paid on 23 December 2021 and 28 January 2022 respectively.

8. REVENUE

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	28.2.2022	28.2.2021		28.2.2022	28.2.2021	
RM'000	RM'000	%	RM'000	RM'000	%	
Aerosol products	14,164	14,183	(0.1)	32,813	40,935	(19.8)
Solvents and thinners	2,197	2,112	4.0	5,956	6,870	(13.3)
	16,361	16,295	0.4	38,769	47,805	(18.9)

9. NET IMPAIRMENT GAIN ON FINANCIAL ASSETS

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	28.2.2022	28.2.2021		28.2.2022	28.2.2021	
RM'000	RM'000	%	RM'000	RM'000	%	
Impairment losses during the financial period	-	(4)	(100.0)	-	(4)	(100.0)
Reversal of impairment losses	1	166	(99.4)	34	167	(79.6)
	1	162	(99.4)	34	163	(79.1)

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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 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %
Revenue												
External revenue (Note 8)	14,164	14,183	(0.1)	2,197	2,112	4.0	-	-	-	16,361	16,295	0.4
Inter-segment revenue	4,613	3,405	35.5	-	-	-	-	-	-	4,613	3,405	35.5
	18,777	17,588	6.8	2,197	2,112	4.0	-	-	-	20,974	19,700	6.5
Consolidated adjustments										(4,613)	(3,405)	35.5
Consolidated revenue										16,361	16,295	0.4

Results

Segment profit before
interest and taxation

	3,193	4,616	(30.8)	113	141	(19.9)	(324)	(149)	117.4	2,982	4,608	(35.3)
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	Year-To-Date Ended											
	Aerosol products			Solvents and thinners			Others			Total		
	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %
Revenue												
External revenue (Note 8)	32,813	40,935	(19.8)	5,956	6,870	(13.3)	-	-	-	38,769	47,805	(18.9)
Inter-segment revenue	9,256	8,772	5.5	-	-	-	-	-	-	9,256	8,772	5.5
	42,069	49,707	(15.4)	5,956	6,870	(13.3)	-	-	-	48,025	56,577	(15.1)
Consolidated adjustments										(9,256)	(8,772)	5.5
Consolidated revenue										38,769	47,805	(18.9)

Results

Segment profit before
interest and taxation

	6,786	12,859	(47.2)	230	835	(72.5)	(927)	(401)	131.2	6,089	13,293	(54.2)
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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	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes	Unaudited	Audited	Changes
	28.2.2022	31.05.2021		28.2.2022	31.05.2021		28.2.2022	31.05.2021		28.2.2022	31.05.2021	
RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	
Assets												
Segment assets	58,943	54,614	7.9	5,730	7,131	(19.6)	66,427	68,305	(2.7)	131,100	130,050	0.8
Unallocated assets:												
- current tax assets										1,772	765	131.6
Consolidated adjustments										(41,154)	(40,490)	1.6
Consolidated total assets										91,718	90,325	1.5
Addition to non-current assets other than financial instruments is:-												
Property, plant and equipment	3,201	2,204	45.2	18	68	(73.5)	-	-	-	3,219	2,272	41.7
Right-of-use assets	1,505	-	100.0	-	-	-	-	-	-	1,505	-	100.0
Liabilities												
Segment liabilities/												
Consolidated total liabilities	9,921	11,795	(15.9)	1,321	1,225	7.8	321	235	36.6	11,563	13,255	(12.8)
Unallocated liabilities:												
- deferred tax liabilities										58	58	-
- lease liabilities										88	69	27.5
Consolidated adjustments										(3,018)	(3,889)	(22.4)
Consolidated total liabilities										8,691	9,493	(8.4)

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
	28.2.2022	28.2.2021		28.2.2022	28.2.2021	
RM'000	RM'000	%	RM'000	RM'000	%	
Malaysia	12,604	14,203	(11.3)	31,503	40,367	(22.0)
Outside Malaysia	3,757	2,092	79.6	7,266	7,438	(2.3)
	16,361	16,295	0.4	38,769	47,805	(18.9)

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 28.2.2022 RM'000	Audited 31.05.2021 RM'000	Changes %
Malaysia	13,113	10,421	25.8
Singapore	1,670	3	55,566.7
	14,783	10,424	41.8

11. PROPERTY, PLANT AND EQUIPMENT

	Unaudited						At 28.2.2022 RM'000
	At 1.6.2021 RM'000	Acquisition of a subsidiary RM'000	Additions RM'000	Written Off RM'000	Depreciation Charges RM'000	Foreign Translation RM'000	
<i>Carrying Amount</i>							
Factory buildings	2,881	-	-	-	(57)	-	2,824
Machinery, factory and laboratory equipment	1,622	-	289	(1)	(128)	-	1,782
Renovation, office equipment, electrical, furniture and fittings	163	8	56	(2)	(36)	-	189
Motor vehicles	87	-	4	-	(18)	*	73
Capital work-in-progress	1,933	-	2,870	-	-	-	4,803
	6,686	8	3,219	(3)	(239)	-	9,671

	Audited						At 31.05.2021 RM'000
	At 1.6.2020 RM'000	Additions RM'000	Written Off RM'000	Depreciation Charges RM'000	Foreign Translation RM'000		
<i>Carrying Amount</i>							
Factory buildings	2,957	-	-	(76)	-	-	2,881
Machinery, factory and laboratory equipment	935	838	*	(151)	-	-	1,622
Renovation, office equipment, electrical, furniture and fittings	160	48	(1)	(44)	*	-	163
Motor vehicles	115	40	-	(68)	-	-	87
Capital work-in-progress	587	1,346	-	-	-	-	1,933
	4,754	2,272	(1)	(339)	-	-	6,686

Note:

* - less than RM1,000.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. RIGHT-OF-USE ASSETS

	Unaudited				
	At 01.06.2021 RM'000	Addition RM'000	Depreciation Charges RM'000	Modification of Lease Liabilities RM'000	At 28.2.2022 RM'000
<i>Carrying Amount</i>					
Leasehold building	-	1,505	(17)	-	1,488
Leasehold land	3,675	-	(128)	-	3,547
Lease contracts for office premises, warehouse and equipment	63	-	(29)	43	77
	<u>3,738</u>	<u>1,505</u>	<u>(174)</u>	<u>43</u>	<u>5,112</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 and building used in its operations under MFRS 16 with lease terms ranging from 22 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 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.

13. LEASE LIABILITIES

	Unaudited 28.2.2022 RM'000	Audited 31.05.2021 RM'000	Changes %
At beginning of the period	69	154	(55.2)
Interest expenses recognised in profit or loss	3	4	(25.0)
COVID-19 related rent concessions	-	(1)	(100.0)
Changes due to lease modification	49	64	(23.4)
Repayment of principal	(30)	(148)	(79.7)
Repayment of interest expense	(3)	(4)	(25.0)
At end of the period	<u>88</u>	<u>69</u>	<u>27.5</u>
Analysed by:-			
Current liabilities	44	40	10.0
Non-current liabilities	44	29	51.7
	<u>88</u>	<u>69</u>	<u>27.5</u>

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. RELATED PARTY DISCLOSURES

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	28.2.2022	28.2.2021		28.2.2022	28.2.2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Rental paid or payable to a company in which a director of the Company has a substantial financial interest	12	12	-	35	35	-

15. 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:-

	Unaudited 28.2.2022 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	<u>22</u>
Total purchase consideration	174
Less: Cash and bank balances of a subsidiary acquired	(193)
Net cash outflow from the acquisition of a subsidiary	<u>(19)</u>

16. CASH AND CASH EQUIVALENTS

The cash and cash equivalents comprise the following:-

	Unaudited As at 28.2.2022 RM'000	Audited As at 31.05.2021 RM'000
Short-term investments	28,194	27,335
Fixed deposits with licensed banks	12,282	14,446
Cash and bank balances	9,175	14,531
	<u>49,651</u>	<u>56,312</u>
Less: Fixed deposits with tenure of more than 3 months	-	(13,410)
	<u>49,651</u>	<u>42,902</u>

Fair value of money market fund	<u>28,194</u>	<u>27,335</u>
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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 1.45% to 2.20% per annum. The fixed deposits have maturity periods ranging from 3 to 12 months.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

17. 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 28.2.2022 RM'000	Audited As at 31.05.2021 RM'000
Approved and not contracted for:- Plant and equipment	13,066	14,699
Approved and contracted for:- Purchases of property and equipment	4,238	5,251
	<u>17,304</u>	<u>19,950</u>

18. CONTINGENT ASSETS AND LIABILITIES

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

19. CHANGES IN COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group for the current financial quarter and year-to-date ended 28 February 2022, save for the subscription by DPIA of 450 new ordinary shares in DPIJ, which represents 90% of the equity interest in DPIJ, for a cash consideration of JPY4.50 million. DPIJ is currently a dormant company.

20. FINANCIAL INSTRUMENTS

20.1 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 28.2.2022 RM'000	Audited As at 31.05.2021 RM'000
Assets		
Financial asset mandatorily at fair value through profit or loss		
Short-term investment	<u>28,194</u>	<u>27,335</u>
Financial assets at amortised cost		
Trade receivables	11,529	9,154
Other receivables	285	468
Fixed deposits with licensed banks	12,282	14,446
Cash and bank balances	<u>9,175</u>	<u>14,531</u>
Total financial assets	<u>33,271</u>	<u>38,599</u>
Liabilities		
Financial liabilities at amortised cost		
Trade payables	7,248	7,465
Other payables and accruals	1,273	1,881
Amount owing to a related party	<u>24</u>	<u>20</u>
Total financial liabilities	<u>8,545</u>	<u>9,366</u>

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

20. FINANCIAL INSTRUMENTS (CONT'D)

20.2 Gains or Losses Arising From Financial Instruments

	Unaudited As at 28.2.2022 RM'000	Audited As at 31.05.2021 RM'000
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss by:		
- mandatorily required by accounting standard	359	104
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	276	1,098

20.3 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months are approximated by 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.

21. EVENT AFTER THE REPORTING PERIOD

On 24 March 2022, the Company subscribed for the entire issued share capital of DPI Plastics Sdn. Bhd. ("DPIP") for a consideration of RM100 comprising 100 ordinary shares. DPIP will principally be engaged in the business of manufacturing plastic caps and other plastic products.

22. SIGNIFICANT EVENTS DURING THE PERIOD

- 22.1 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.
- 22.2 On 4 June 2021, the Company announced to undertake the bonus issue. The Company had 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.
- 22.3 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.
- 22.4 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.
- 22.5 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 interest in DPIJ, for a cash consideration of JPY4.50 million.
- 22.6 On 8 December 2021, a wholly-owned subsidiary, DPI Chemicals Sdn Bhd ("DPIC") located at Lot 2, Jalan Kecapi 33/2, Elite Industrial Park, Shah Alam ("Shah Alam") was affected by the flood. There are no material impact as no machineries were kept at Shah Alam. The inventories and assets are covered by insurance and DPIC has resumed its operations on 14 December 2021.
- 22.7 On 23 December 2021, the Company declared a first interim dividend of 0.15 sen per share amounting to RM1,095,145 in respect of the financial year ending 31 May 2022, which was paid on 28 January 2022, to shareholders whose names appeared in the record of depositors on 14 January 2022.

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SECURITIES BERHAD**

23. REVIEW OF PERFORMANCEThird Quarter FYE 2022 (3Q FYE 2022) Compared to Third Quarter FYE 2021 (3Q FYE 2021)**Revenue**

For the 3Q FYE 2022, the Group's revenue has increased marginally by RM0.07 million or 0.4% to RM16.36 million from RM16.29 million as compared to 3Q FYE 2021.

Aerosol Products

Revenue in aerosol products in 3Q FYE 2022 has decreased marginally by RM0.02 million, or approximately 0.1% to RM14.16 million as compared to RM14.18 million in 3Q FYE 2021.

Solvents and Thinners

Revenue in solvents and thinners in 3Q FYE 2022 had slightly increased by RM0.09 million, or approximately 4.0% to RM2.20 million as compared to RM2.11 million for the 3Q FYE 2021. The increased was mainly due to the increase in selling price of solvents and thinners.

Profit Before Taxation ("PBT")

During the 3Q FYE 2022, the Group's gross profit decreased by RM1.21 million, or approximately 18.9% to RM5.21 million as compared to RM6.42 million for the 3Q FYE 2021. The decreased was mainly due to increase in cost of raw materials as a result of a global logistic cost increased.

Consequently, the Group's PBT decreased by RM1.63 million or approximately 35.3% to RM2.98 million for the 3Q FYE 2022 as compared to RM4.61 million for the 3Q FYE 2021.

9 Months Financial Period Ended ("FPE") 28 February 2022 Compared to 9 Months FPE 28 February 2021**Revenue**

During the 9 months FPE 28 February 2022, the Group's revenue decreased by RM9.04 million, or approximately 18.9% to RM38.77 million from RM47.81 million recorded for the 9 months FPE 29 February 2021. The lower revenue recorded was mainly due 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 First Quarter FYE 2022 ("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 from aerosol products had decreased by RM8.12 million, or approximately 19.8% to RM32.81 million for 9 months FPE 28 February 2022 as compared to RM40.94 million for the 9 months FPE 28 February 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 from solvents and thinners had decreased by RM0.91 million, or approximately 13.3% to RM5.96 million for the 9 months FPE 28 February 2022 as compared to RM6.87 million for the 9 months FPE 28 February 2021. The decrease was mainly due to the MCO imposed by the Government as stated above, which has affected the Group's sales in the 1Q FYE 2022.

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23. REVIEW OF PERFORMANCE (CONT'D)9 Months Financial Period Ended ("FPE") 28 February 2022 Compared to 9 Months FPE 28 February 2021**Profit Before Taxation ("PBT")**

During the 9 months FPE 28 February 2022, due to the limited operating days and the reduction of the staff force as imposed by the MCO guidelines in the 1Q FYE 2022, as well as increase in raw materials and packaging cost, the Group's gross profit decreased by RM6.80 million or approximately 36.8% to RM11.70 million for the 9 months FPE 28 February 2022 as compared to RM18.50 million for the 9 months FPE 28 February 2021.

Consequently, the Group's PBT decreased by RM7.20 million or approximately 54.2% to RM6.09 million for the 9 months FPE 28 February 2022 as compared to RM13.29 million for the 9 months FPE 28 February 2021.

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

	Quarter Ended		Changes %
	Unaudited 28.2.2022 RM'000	Unaudited 30.11.2021 RM'000	
Revenue	16,361	15,722	4.1
Profit before taxation	2,980	2,786	7.0

The Group's revenue increased by of RM0.64 million, or approximately 4.1% from RM15.72 million in the immediate preceding quarter to RM16.36 million in the current financial quarter. The increase was mainly attributable to the increase in OEM sales to overseas customers.

The Group's PBT increased by RM0.19 million, or approximately 7.0% from RM2.79 million in the immediate preceding quarter to RM2.98 million in the current financial quarter. The increase in PBT during the current financial quarter was mainly due to increase in gross profit margin from the OEM sales as abovementioned.

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SECURITIES BERHAD**
25. 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.

The performance of the Group has been improving since the lifting of the full lockdown in October 2021.

With the incorporation of DPIP, new investment and induction of new expertise, the Group will improve its self catering plastic cap production needs and at the same time explore the potential of marketing its products in the plastic injection and moulding business in the open market.

In addition, the Group will continue to expand its aerosol as well as solvents and thinners business to East Malaysia.

26. PROFIT FORECAST

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

27. INCOME TAX EXPENSE

	Quarter Ended			Year-To-Date Ended		
	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %
Income tax	870	1,333	(34.7)	1,687	3,479	(51.5)
Deferred tax	-	(13)	(100.0)	-	(13)	(100.0)
Total income tax expense	870	1,320	(34.1)	1,687	3,466	(51.3)
Effective tax rate	29%	29%		28%	26%	

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

28. STATUS OF CORPORATE PROPOSALS

Save as disclosed in Note 21, there is no other outstanding corporate proposal as of 30 March 2022.

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

29. 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 28 February 2022 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	6,236	Within 18-24 months	Within 60 months	N/A
ii	Sales, marketing and advertising expenses	3,000	9.5	456	Within 24 months	Within 60 months	N/A
iii	Product development	1,300	4.1	211	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	10,331			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.

30. BORROWINGS AND DEBT SECURITIES

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

31. CHANGES IN MATERIAL LITIGATION

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

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

32. 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.

On 23 December 2021, the Board declared a first interim dividend of 0.15 sen per share amounting to RM1,095,145 in respect of the financial year ending 31 May 2022 which has been paid on 28 January 2022.

In addition, on 30 March 2022, the Board declared a second interim dividend of 0.15 sen per share amounting to RM1,095,145 in respect of the financial year ending 31 May 2022. The entitlement date has been fixed on 14 April 2022 and is payable on 25 April 2022.

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 14 April 2022 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.

33. EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	Unaudited 28.2.2022	Unaudited 28.2.2021	Unaudited 28.2.2022	Unaudited 28.2.2021
Profit after taxation attributable to owners of the Company (RM'000)	2,111	3,287	4,402	9,825
Weighted average number of ordinary shares in issue ('000)	666,804	486,731	666,804	486,731
Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.32	0.68	0.66	2.02
- Diluted ⁽²⁾ (Sen)	0.32	0.68	0.66	2.02

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

	Quarter Ended			Year-To-Date Ended		
	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %	Unaudited 28.2.2022 RM'000	Unaudited 28.2.2021 RM'000	Changes %
Allowance for impairment loss on trade receivables	-	4	(100.0)	-	4	(100.0)
Cost of business combination written-off	-	-	-	22	-	100.0
Depreciation of right-of-use assets	71	54	31.5	174	240	(27.5)
Depreciation of property, plant and equipment	89	87	2.3	239	251	(4.8)
Loss/(Gain) on foreign exchange:						
- realised	46	(19)	(342.1)	105	(61)	(272.1)
- unrealised	9	4	125.0	(23)	187	(112.3)
Loss on lease modification	6	-	100.0	6	-	100.0
Interest expenses on lease liabilities	2	-	100.0	3	2	50.0
Interest income from short term investment and fixed deposits with licensed banks	(193)	(344)	(43.9)	(600)	(899)	(33.3)
Property, plant and equipment written off	2	-	100.0	3	1	200.0
Rental expenses	69	-	100.0	203	-	100.0
Reversal of impairment losses on:						
- trade receivables	(1)	(166)	(99.4)	(34)	(167)	(79.6)

35. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

36. AUTHORISED FOR ISSUE

The Condensed Report was authorised for issue by the Board in accordance with a resolution of the Directors on 30 March 2022.