



SAMURAI 2K AEROSOL LIMITED
Company Registration No. 201606168C

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
YEAR ENDED 31 MARCH 2019**

This announcement has been prepared by Samurai 2K Aerosol Limited (the “Company”) and its contents have been reviewed by UOB Kay Hian Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019 (“FY2019”) and financial year ended 31 March 2018 (“FY2018”)

	Group		
	FY2019 RM'000 (Unaudited)	FY2018 RM'000 (Audited)	Increase/ (Decrease) %
Revenue	72,605	90,014	(19.3)
Cost of sales	(40,922)	(51,341)	(20.3)
Gross Profit	31,683	38,673	(18.1)
Other income/(expenses)	709	(3,787)	n.m.
Administrative expenses	(12,457)	(11,550)	7.9
Marketing and distribution expenses	(6,222)	(7,214)	(13.8)
Finance costs	(493)	(487)	1.2
Profit before tax	13,220	15,635	(15.5)
Income tax expense	(3,082)	(3,726)	(17.3)
Profit for the period	10,138	11,909	(14.9)
Other comprehensive income: <i>Items that are or may be reclassified subsequently to profit or loss</i>			
Currency translation difference arising from consolidation	(14)	(146)	(90.4)
Total comprehensive income for the period	10,124	11,763	(13.9)
<u>Profit for the period attributable to:</u>			
Equity holders of the Company	10,441	11,703	(10.8)
Non-controlling interests	(303)	206	n.m.
	10,138	11,909	(14.9)

<u>Total comprehensive income for the period attributable to:</u>			
Equity holders of the Company	10,423	11,567	(9.9)
Non-controlling interests	(299)	196	n.m.
	10,124	11,763	(13.9)

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group		
	FY2019 RM'000 (Unaudited)	FY2018 RM'000 (Audited)	Increase/ (Decrease) %
Profit for the period include the following charges/(credits):			
Interest income	(233)	(175)	20.0
Finance expenses:	493	487	1.2
- bank borrowings	480	467	2.8
- finance lease liabilities	13	20	(35.0)
Depreciation of property, plant and equipment	1,654	1,090	51.7
Amortisation of intangible assets	53	5	n.m.
Rental expense	571	542	5.4
Foreign exchange (gain)/loss, net	(363)	4,115	n.m.
Personnel expenses	11,531	10,141	13.7
Loss /(gain) on disposal of property, plant and equipment	57	(11)	n.m.
Property, plant and equipment written off	-	13	n.m.
Inventory written down	319	-	n.m.
Provision of stock obsolescence	388	-	n.m.
Tax expense:	3,082	3,726	(17.3)
- income tax	2,957	3,849	23.2
- deferred tax	125	(123)	n.m.

n.m. - not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group			Company		
	As at 31.03.19 RM'000 (Unaudited)	As at 31.03.18 RM'000 (Audited) <i>Restated</i> ⁽¹⁾	As at 1.04.17 RM'000 (Audited) <i>Restated</i> ⁽¹⁾	As at 31.03.19 RM'000 (Unaudited)	As at 31.03.18 RM'000 (Audited)	As at 1.04.17 RM'000 (Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	23,085	16,117	10,859	-	-	-
Intangible assets	549	168	18	-	-	-
Other receivable	-	-	261	-	-	-
Investment in subsidiaries	-	-	-	10,124	10,451	12,650
Deferred tax assets	542	74	45	-	-	-
	24,176	16,359	11,183	10,124	10,451	12,650
Current assets						
Inventories	8,088	8,263	6,388	-	-	-
Trade and other receivables	40,876	29,925	5,188	27,159	20,170	342
Cash and bank balances	29,973	39,290	19,922	19,624	28,454	8,576
	78,937	77,478	31,498	46,783	48,624	8,918
Total assets	103,113	93,837	42,681	56,907	59,075	21,568
EQUITY AND LIABILITIES						
Equity						
Share capital	52,653	52,653	23,287	52,653	52,653	23,287
Retained earnings	32,305	23,830	12,875	1,947	3,977	(4,939)
Foreign currency translation reserve	(254)	(236)	-	-	-	-
Merger reserves	(10,497)	(10,497)	(11,345)	-	-	-
Equity attributable to: Equity holders of the Company	74,207	65,750	24,817	54,600	56,630	18,348
Non-controlling interest	(141)	158	(38)	-	-	-
Total equity	74,066	65,908	24,779	54,600	56,630	18,348
LIABILITIES						
Current liabilities						
Trade and other payables	13,328	18,843	7,020	2,307	2,445	3,220
Borrowings	10,009	3,631	4,668	-	-	-
Tax payable	545	522	319	-	-	-
Total current liabilities	23,882	22,996	12,007	2,307	2,445	3,220

Non-current liabilities						
Borrowings	3,812	4,178	5,128	-	-	-
Deferred tax liabilities	1,074	483	591	-	-	-
Other payables	279	272	176	-	-	-
Total non-current liabilities	5,165	4,933	5,895	-	-	-
Total liabilities	29,047	28,472	12,007	2,307	2,445	3,220
Total equity and liabilities	103,113	93,837	42,681	56,907	59,075	21,568

(1) The comparative figures as at 31 March 2018 and 1 April 2017 have been restated as a result of the adoption of Singapore Financial Reporting Standards (International) (“SFRS(I)”).

1(b)(ii) Aggregate amount of group’s borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 31.03.19 (Unaudited)		As at 31.03.18 (Audited)	
Secured RM’000	Unsecured RM’000	Secured RM’000	Unsecured RM’000
10,009	-	3,631	-

Amount repayable after one year

As at 31.03.19 (Unaudited)		As at 31.03.18 (Audited)	
Secured RM’000	Unsecured RM’000	Secured RM’000	Unsecured RM’000
3,812	-	4,178	-

Details of any collateral:

As at the date of the statement of financial position, total borrowings included secured liabilities of RM13,821,000 (31 March 2018: RM7,809,000) for the Group. Secured bank borrowings amounting to RM13,821,000 (31 March 2018: RM7,501,000) are secured and/or guaranteed by one or several collaterals(s) including:

- (i) legal mortgage over the Group’s properties at No. 4, Jalan Dato Yunus 1, Taman Perindustrian Dato Yunus Sulaiman Lima Kedai, 81120 Skudai, Johor, Malaysia, No. 6 and 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81500 Johor, Malaysia and No.14, Jalan Dato Yunus 1, Taman Perindustrian Dato Yunus Sulaiman Lima Kedai, 81120 Skudai, Johor, Malaysia;

- (ii) fixed deposits;
- (iii) corporate guarantee by Samurai 2K Aerosol Limited; and
- (iv) In addition, the loan for the Group's properties at No. 6 and 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81500 Johor and No.14, Jalan Dato Yunus 1, Taman Perindustrian Dato Yunus Sulaiman Lima Kedai, 81120 Skudai, Johor, Malaysia is also covered by insurance purchased for loan coverage in the event of death of the key personnel, Chief Executive Officer, Mr Ong Yoke En and Chief Operating Officer, Ms Lim Lay Yong.

Other finance lease liabilities of the Group amounting to RM192,000 (31 March 2018 RM308,000) are secured by the rights to the leased motor vehicle, forklift and machineries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY2019 RM'000 (Unaudited)	FY2018 RM'000 (Audited)
Cash flow from operating activities		
Profit before tax	13,220	15,635
Adjustments for:		
Depreciation of property, plant and equipment	1,654	1,090
Amortisation of intangible asset	53	5
Property, plant and equipment written off	-	13
Loss/(gain) on disposal of property, plant and	57	(11)
Inventory written down	319	-
Interest expenses	493	484
Interest income	(233)	(175)
Provision of stock obsolescence	388	-
Operating cash flow before working capital changes	15,951	17,041
Working capital changes:		
Inventories	(517)	(1,932)
Trade and other receivables	(9,646)	(24,668)
Trade and other payables	(5,631)	12,645
Currency transaction adjustment	5	(239)
Cash flow generated from operations	162	2,847
Income tax paid	(4,220)	(3,900)
Interest received	233	175
Interest paid	(493)	(484)
Net cash used in operating activities	(4,318)	(1,362)

Cash flow from investing activities		
Proceed from disposal of property, plant and equipment	98	(155)
Deposit for purchase of property, plant and equipment	-	25
Purchase of property, plant and equipment	(8,832)	(6,166)
Purchase of intangible assets	(367)	-
Net cash used in investing activities	(9,101)	(6,296)
Cash flow from financing activities		
Decrease/(increase) in fixed deposits pledged	97	(39)
Proceed from issuance of ordinary shares	-	30,258
Repayment of obligations under finance lease	(116)	(129)
Drawdown of bank borrowings	6,623	-
Repayment of bank borrowings	(494)	(1,858)
Share issuance expenses	-	(892)
Dividend paid	(1,966)	-
Net cash generated from financing activities	4,144	27,340
Net change in cash and cash equivalents	(9,275)	19,682
Cash and cash equivalents at beginning of financial period	38,068	18,739
Effect of exchange rate changes on cash and cash equivalents	56	(353)
Cash and cash equivalents at end of financial period (Note A)	28,849	38,068

Note A

	Group	
	FY2019 RM'000 (Unaudited)	FY2018 RM'000 (Audited)
Cash and bank balances as per statement of financial position	29,973	39,290
Less: Pledged bank deposits	(1,124)	(1,222)
Cash and cash equivalents as per consolidated cash flow statement	28,849	38,068

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

Group	<----- Attributable to equity holders of the Company----->					Non-controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	Currency translation reserve RM'000	Merger reserves RM'000	Retained earnings RM'000	Total RM'000		
FY2019 (Unaudited)							
Balance at 1 April 2018	52,653	54	(10,497)	23,540	65,750	158	65,908
Effects of adopting SFRS(I)1	-	(290)	-	290	-	-	-
As restated at 1 April 2018	52,653	(236)	(10,497)	23,830	65,750	158	65,908
Profit for the financial period	-	-	-	10,441	10,441	(303)	10,138
Other comprehensive income							
Currency translation differences on consolidation	-	(18)	-	-	(18)	4	(14)
Total comprehensive income/(loss) for the period	-	(18)	-	10,441	10,423	(299)	10,124
Dividend paid	-	-	-	(1,966)	(1,966)	-	(1,966)
Balance at 31 March 2019	52,653	(254)	(10,497)	32,305	74,207	(141)	74,066

Group	<----- Attributable to equity holders of the Company----->					Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Currency translation reserve RM'000	Merger reserves RM'000	Retained earnings RM'000	Total RM'000		
FY2018 (Audited) (Restated)							
Balance at 1 April 2017	23,287	290	(11,345)	12,585	24,817	(38)	24,779
Effect of adopting SFRS(I) 1	-	(290)	-	290	-	-	-
As restated at 1 April 2017	23,287	-	(11,345)	12,875	24,817	(38)	24,779
Profit for the financial period	-	-	-	11,703	11,703	206	11,909
Other comprehensive income							
Currency translation differences on consolidation	-	(136)	-	-	(136)	(10)	(146)
Total comprehensive income/(loss) for the period	-	(136)	-	11,703	11,567	196	11,763
Issuance of ordinary shares pursuant to placement	30,258	-	-	-	30,258	-	30,258
Capitalisation of share issuance expenses	(892)	-	-	-	(892)	-	(892)
Strike off of subsidiary	-	(100)	848	(748)	-	-	-
Balance at 31 March 2018	52,653	(236)	(10,497)	23,830	65,750	158	65,908

Company	Share capital RM'000	Retained earnings RM'000	Total RM'000
FY2019 (Unaudited)			
Balance at 1 April 2018	52,653	3,977	56,630
Loss and total comprehensive loss for the period	-	(64)	(64)
Dividend paid	-	(1,966)	(1,966)
Balance at 31 March 2019	52,653	1,947	54,600
FY2018 (Audited)			
Balance at 1 April 2017	23,287	(4,939)	18,348
Loss and comprehensive loss for the period	-	8,916	8,916
Issuance of ordinary shares pursuant to placement	30,258	-	30,258
Capitalisation of share issuance expenses	(892)	-	(892)
	29,366	8,916	38,282
Balance at 31 March 2018	52,653	3,977	56,630

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

SHARE CAPITAL

There was no change in the Company's share capital since the end of the previous period reported on (i.e. 30 September 2018).

The Company did not have any outstanding convertibles as at 31 March 2019 and 31 March 2018.

The Company did not have any treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31.03.19	As at 31.03.18
Total number of issued shares (excluding treasury shares)	109,921,000	109,921,000

The Company did not have any treasury shares as at 31 March 2019 and 31 March 2018.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group's financial statements for the financial period beginning 1 April 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)).

In adopting the new SFRS(I) framework from 1 April 2018, the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

Adoption of SFRS(I) 1

The Group has elected the option to reset its cumulative translation differences for foreign operations to nil as at 1 April 2017, the date of transition. As a result, cumulative translation losses of RM290,000 were reclassified from foreign currency translation reserve to retained earnings as at 1 April 2017.

Adoption of SFRS(I) 15

The Group previously recognised revenue from sale of goods at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. The Group provides prompt discount and retrospective volume rebates to some of its customers. Such provisions for trade discounts and volume rebates in the Group's contracts with customers give rise to variable considerations under SFRS(I) 15 which will be required to be estimated at contract inception. Revenue is only recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

The Group has quantified the impact upon adoption of SFRS(I) 15 and determined that there is no material impact to the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	31.03.19	31.03.18
Profit attributable to equity holders of the Company (RM'000)	10,441	11,703
Weighted average number of ordinary shares ('000)	109,921	102,881
Basic and diluted EPS based on actual number of shares (RM sens):	9.50	11.4

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
(a) current period reported on; and
(b) immediate preceding financial year

	Group		Company	
	As at 31.03.19	As at 30.03.18	As at 31.03.19	As at 31.03.18
Net asset value (RM'000)	74,066	65,908	54,600	56,630
Number of ordinary shares in issue ('000)	109,921	109,921	109,921	109,921
Net asset value per ordinary share (RM sens)	67.38	59.96	49.67	51.52

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF THE GROUP'S PERFORMANCE

FY2019 as compared to FY2018

Revenue

Revenue decreased by approximately RM17.4 million or 19.3% from RM90.0 million in FY2018 to RM72.6 million in FY2019.

In terms of geographical segment, the revenue contribution is as follows:

RM' million	FY2019	FY2018	Change	% Change
Indonesia	38.95	57.86	(18.91)	(32.6)
Malaysia	24.74	24.51	0.23	0.9
Others (Thailand, Vietnam, Philippines, United Kingdom, Singapore and United States of America)	8.92	7.64	1.28	16.8
Total	72.61	90.01	(17.40)	(19.3)

The decrease in revenue was mainly due in lower sales volume to 12.3 million cans (decreased by 3.5m cans year-on-year) in FY2019. Although the sales in Malaysia and other markets rose by 4.7% in FY2019, exports to Indonesia fell by 32.6% year-on-year. The FY2019 lower sales to Indonesia was due in part to inventory building by buyers in 2H FY2018 to hedge against currency volatility and in anticipation of stronger new two-wheelers sales.

Cost of Sales and Gross Profit

Gross profit decreased by RM7.0 million or 18.1% while gross profit margin for FY2019 and FY2018 were 43.6% and 43.0% respectively. The slight increase in the gross profit margin was mainly due to the appreciation of Indonesia Rupiah against Ringgit Malaysia by approximately 2.9% between FY2018 and FY2019 which has caused the export selling prices to Indonesia to be slightly higher, despite there are inventory written off of RM0.3 million and provision of obsolescence of RM 0.4 million after stock taking

Other Income/(Expenses)

Other income comprised mainly interest income of RM0.2 million and gain on foreign exchange of RM 0.4 million and other income of RM0.1 million. Other income of RM 0.8 million in FY2019 as compared to Other expenses of RM 3.8 million in FY2018 was mainly due to the absence of foreign exchange loss incurred in FY2018.

Administrative Expenses

Administrative expenses mainly comprised staff costs, professional fees, rental expenses, upkeep of office, depreciation, utilities, printing and stationery expenses and listing maintenance fees. Administrative cost increased approximately by RM1.0 million or 7.9%, mainly due to (i) the increase in legal and professional fee by RM0.5 million and (ii) higher depreciation of RM0.5 million as a result of the increase in property, plant and equipment.

Marketing and Distribution Expenses

Marketing and distribution expenses decreased approximately by RM1.0 million or 13.8%, from RM7.2 million in FY2018 to RM6.2 million in FY2019 mainly due to (i) decrease in salaries and commission paid to sales team amounting to RM0.2 million, (ii) lower marketing cost consisted of exhibitions, roadshows, events and samples amounting to RM0.8 million which in line with the decrease in sales.

Finance Costs

The slight increase in finance costs in FY2019 was mainly due to additional banker acceptance drawdown during the financial period.

REVIEW OF THE GROUP'S FINANCIAL POSITION

As at 31 March 2019 as compared to 31 March 2018

Non-current assets

Non-current assets increased by RM7.8 million, or 47.8%, from RM16.4 million as at 31 March 2018 to RM24.2 million as at 31 March 2019.

Property, plant and equipment

Property, plant and equipment increased by RM7.0 million, or 43.2 % mainly due to purchase of new factory at No. 14, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81120 Johor, Malaysia amounted to RM3.4 million, plant and machineries of RM 2.9 million, renovation of RM2.3 million and furniture and fittings of RM0.2 million. The increase in property, plant and equipment was partially offset by depreciation of RM1.7 million

Intangible assets

Intangible asset increased by RM0.4 million, or 226.8% mainly due to the acquisition of a new enterprise resource planning system of RM0.2 million, capitalisation of trademark and patent granted of RM0.1 million and research and development cost of RM0.1 million.

Deferred tax assets

Deferred tax asset increased by RM0.5 million representing of tax credit, which can be used to offset against future tax expenses.

Current assets

Current assets increased by RM1.5 million, or 1.9%, from RM77.5 million as at 31 March 2018 to RM78.9 million as at 31 March 2019.

Inventories

Inventories decreased by RM0.2 million, or 2.1% was mainly due to the decrease in the finished goods by RM0.6 million, or 28.5% from RM2.0 million in FY2018 to RM1.4 million in FY2019, partially offset by increase in raw and packaging material by RM0.4 million, or 6.5% from RM6.2 million in FY2018 to RM 6.6 million in FY2019 .

Trade and other receivables

As at 31 March 2019, trade and other receivables consisted of approximately RM35.6 million of trade receivables (31 March 2018: RM25.1 million) and approximately RM5.3million of other receivables (31 March 2018: RM4.8 million).

Trade receivables increased by RM10.5 million due to slower repayment from debtors. Other receivables increased by RM0.5 million mainly due to the increase in tax recoverable of RM1.3 million, which partly offset by (i) decrease in GST refundable of RM0.5 million, (ii) decrease in prepayment paid to suppliers of RM0.2 million and (iii) decrease in deposit of RM0.1 million.

However, RM9.7 million or 92.4% have since been received up to the release of this announcement in respect of the amount of trade receivables as at 31 March 2019.

Non-current liabilities

Non-current liabilities comprised the non-current portion of borrowings, deferred tax liabilities and other payables. Non-current liabilities increased by RM0.2 million, or 4.7%, from RM4.9 million as at 31 March 2018 to RM5.2 million as at 31 March 2019 mainly due to increase in deferred tax liabilities by RM0.6 million offset against decrease in non-current borrowings by RM0.4 million.

Current liabilities

Current liabilities comprised the current portion of borrowings, trade and other payables and tax payable.

Trade and other payables

As at 31 March 2019, trade and other payables consisted of approximately RM10.9 million of trade payables (31 March 2018: RM15.8 million) and approximately RM2.4 million of other payable (31 March 2018: RM3.0 million).

The decrease in trade payables by RM4.9 million, or 31.0% was mainly due to reduction in purchases in line with decline in sales. The decrease in other payables by RM0.6 million, or 20.0% was mainly due to the decrease in the accrued expenses.

Current borrowings

Short term borrowings increased by RM6.4 million, or 176.9% was due to drawdown of additional banker acceptances.

Tax payable

The slight increase in tax payable was mainly due to higher tax paid against provision of tax expenses for the current period of a subsidiary, PT. Samurai Paint.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities

In FY2019, we recorded net cash used in operating activities of approximately RM4.3 million, arising from operating cash flow before changes in working capital of RM16.0 million offset by changes in net working capital outflow of RM15.8 million, net interest payment of approximately RM0.3 million and income tax payment of approximately RM4.0 million.

The working capital outflow was mainly due to increase in trade and other receivables by RM9.6 million and offset by decrease in inventories and trade and other payables of RM0.5 million and RM5.6 million respectively.

Net cash used in investing activities

In FY2019, we recorded a net cash outflow from investing activities of approximately RM9.1 million mainly due to acquisition and renovation of new factory and plant and machineries to expand the Group's production capacity.

Net cash generated from financing activities

In FY2019, we recorded a net cash inflow from financing activities of approximately RM4.1 million mainly due to net drawdown of bank borrowings of RM 6.1 million and offset by dividend of RM2.0 million paid on 13 August 2018.

As at 31 March 2019, the Group maintained a cash and cash equivalents balance of RM28.8 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Board of Director of the Company expects the Group's operating environment and condition to be challenging for the next 12 months given the geopolitical uncertainty that could adversely impact global trade. However, the Group will continue its efforts to expand sales, tighten cost controls and develop new and innovative products to maintain its market competitiveness.

One of the new products the Group is focusing on will be based on its unique single head 2K aerosol system, which the Group has successfully patented in United States of America (USA), Canada, Singapore, Russia, South Korea, New Zealand and the European Union. This means the Group has the right to exclude others from making, using, offering for sale, or selling the invention in these jurisdictions.

Meanwhile, the Group will continue to expand sales to emerging markets in Asia where demographics and income growth should provide some resilience in demand for aerosol paints and coating products.

New market's update

i) USA

The Group is still in the process of learning to understand the American market better so as to be able to map out a more effective marketing strategy that takes into consideration the different weather, culture and rules and regulations of different states in USA.

ii) India

The Group manages to penetrate the Indian market within 6 months' time after the first market survey was completed in September 2018. As at the date of this announcement, our sales and marketing team has already covered the 4 Indian states of Haryana, Delhi, Uttar Pradesh and Bihar. The Group hopes that in the near future, Samurai products can also be successfully marketed in other Indian states.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Rate	SGD 0.005 per ordinary share
Tax Rate	Tax exempt

(b) Amount per share (sen) and previous corresponding period (sen).

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Rate	SGD 0.006 per ordinary share
Tax Rate	Tax exempt

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Tax exempted (one-tier).

(d) The date the dividend is payable.

Subject to approval by the Shareholders at the forthcoming annual general meeting to be held on 25 July 2019, dividend to be paid on 8 August 2019.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Subject to approval by the Shareholders at the forthcoming annual general meeting to be held on 25 July 2019, the book closure date will be 31 July 2019 (up to 5.00pm).

12. If no dividend has been declared/recommended, a statement to that effect and reason(s) for the decision.

Not applicable.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from its shareholders for IPT. There were no IPTs that exceeded S\$100,000 during the financial period under review.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year

By Business segments

	Paint - Standard RM’000	Paint - Maintenance Premium RM’000	and others RM’000	Group RM’000
31 March 2019				
Segment revenue				
Sales to external customers	37,440	34,292	874	72,605
Segment profit	5,517	7,793	271	13,481
Other segment information				
Depreciation of property, plant and equipment	936	654	64	1,654
Segment assets	50,995	46,707	1,189	98,891
Unallocated assets				
- Deferred tax assets				542
- Fixed deposits				2,124
- Tax recoverable				1,556
Total assets				103,113
Segment assets include:				
Additions to non-current assets	4,744	4,345	110	9,199
Segment liabilities	7,016	6,427	164	13,607
Unallocated liabilities				
- Deferred tax liabilities				1,074
- Borrowings				13,821
- Tax payable				545
Total liabilities				29,047
	Paint - Standard RM’000	Paint - Maintenance Premium RM’000	and others RM’000	Group RM’000
31 March 2018				
Segment revenue				
Sales to external customers	53,448	35,094	1,472	90,014
Segment profit	7,124	8,531	292	15,947

Other segment information

Depreciation of property, plant and equipment

720	349	21	1,090
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Segment assets

52,411	34,413	1,442	88,266
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Unallocated assets

- Deferred tax assets

74

- Fixed deposits

5,222

- Tax recoverable

275

Total assets

93,837

Segment assets include:

Additions to non-current assets

3,904	2,563	108	6,575
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Segment liabilities

11,351	7,453	311	19,115
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Unallocated liabilities

- Deferred tax liabilities

483

- Borrowings

7,809

-Tax Payable

522

Total liabilities

27,929

By geographical segments

	Sales to external customers		Non-current assets	
	FY2019 RM'000	FY2018 RM'000	FY2019 RM'000	FY2018 RM'000
Malaysia	24,738	24,514	23,515	15,948
Indonesia	38,948	57,858	-	212
Others	8,919	7,642	119	125
	72,605	90,014	23,634	16,285

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

FY2019 turnover declined 19.3% year-on-year on weaker exports to Indonesian by 32.6% year-on-year even as other markets continued to grow 4.7% year-on-year.

We believe FY2018 saw some stock building along the distribution channels on the back of currency volatility and in anticipation of stronger two-wheeler sales. Two-wheeler sales did improve in FY2018 but was slower than envisaged which led to some inventory being cleared only in early FY2019, which again dampened some orders for our products in FY2019.

However, overall Gross Profit margins firmed up from 43.0% in FY2018 to 43.6% in FY2019 on better selling mix and prices.

Please refer to paragraph 8 above for more detailed review.

16. A breakdown of sales as follows:

	Group FY2019 RM'000	Group FY2018 RM'000	Group Increase / (Decrease)%
(a) Sales reported for first half year	38,376	34,489	11.3
(b) Operating profit after tax before deducting minority interests reported for first half year	7,706	6,306	22.2
(c) Sales reported for second half year	34,229	55,525	(38.4)
(d) Operating profit after tax before deducting minority interests reported for second half year	2,432	5,603	(56.6)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	FY2019 RM'000	FY2018 RM'000
Ordinary shares	1,966 ⁽¹⁾	-

Note:

(1) Payment of the first and final cash dividend of S\$0.006 per ordinary share in the capital of the Company in respect of the FY2018 was made in FY2019

18. Use of IPO and Placement Proceeds

Pursuant to the Company's initial public offering ("IPO") and the Placement exercise completed on 15 December 2017 ("Placement"), the Company received net proceeds from the IPO and Placement of approximately S\$ 2.35 million and S\$ 9.60 million respectively (the "Net Proceeds"). Please refer to the Company's offer document dated 9 January 2017 ("Offer Document") and announcement on the Placement dated 27 November 2017 for further details. As at the date of this announcement, the Net Proceeds have been utilised as follows:

Use of Proceeds	Estimated amount allocated (\$'000)	Amount utilised as at the date of this announcement (\$'000)	Balance as at the date of this announcement (\$'000)
<u>Net IPO Proceeds</u>			
Expansion of production facilities	1,200	(1,200)	-
General working capital	1,150	(685) ⁽¹⁾	465
<u>Net Placement Proceeds</u>			
Business development and expansion	9,600	(4,371)	5,229

Total	11,950	(6,256)	5,694
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Note

- (1) Utilised for the payment of operating expenses incurred by the Company's wholly-owned subsidiary, Samurai 2K USA Inc.

The above utilisations of proceeds are in line with the intended use of proceeds as set out in the Offer Document and the Placement announcement dated 27 November 2017.

19. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Detail of changes in duties and position held, if any, during the year
Ong How En	37	Brother of our Executive Director and CEO, Mr Ong Yoke En and the brother-in-law of Ms Lim Lay Yong, our Executive Director and COO.	Technical manager since 2015	No change

On behalf of the Board,

LIM SIANG KAI
Non-Executive Chairman and
Lead Independent Director

ONG YOKE EN
Executive Director and Chief Executive
Officer

30 May 2019