



SAMURAI 2K AEROSOL LIMITED

Company Registration No. 201606168C

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
FIRST QUARTER ENDED 30 JUNE 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.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of the announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in 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 first quarter ended 30 June 2019 (“1Q2020”) and first quarter ended 30 June 2018 (“1Q2019”)

	Group		
	1Q2020 RM'000 (Unaudited)	1Q2019 RM'000 (Unaudited)	Increase/ (Decrease) %
Revenue	11,891	5,798	105.1
Cost of sales	(6,453)	(3,698)	74.5
Gross Profit	5,438	2,100	158.9
Other income	871	43	n.m.
Administrative expenses	(2,347)	(2,932)	(19.9)
Marketing and distribution expenses	(2,102)	(806)	160.8
Finance costs	(117)	(108)	8.3
Profit/(loss) before tax	1,743	(1,703)	n.m.
Income tax expense	(404)	(21)	n.m
Profit/(loss) for the period	1,339	(1,724)	n.m
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Currency translation difference arising from consolidation	(29)	(21)	38.1
Total comprehensive income/(loss) for the period	1,310	(1,745)	175.1
<u>Profit/(loss) for the period attributable to:</u>			

Equity holders of the Company	1,353	(1,676)	n.m.
Non-controlling interests	(14)	(48)	(70.8)
	1,339	(1,724)	n.m.
<u>Total comprehensive income/(loss) for the period attributable to:</u>			
Equity holders of the Company	1,327	(1,697)	n.m.
Non-controlling interests	(17)	(48)	(64.6)
	1,310	(1,745)	(175.1)

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

	Group		
	1Q 2020 RM'000 (Unaudited)	1Q 2019 RM'000 (Unaudited)	Increase/ (Decrease) %
Profit for the period include the following charges/(credits):			
Interest income	(6)	(4)	50.0
Finance expenses:	117	108	8.3
- bank borrowings	113	104	8.6
- finance lease liabilities	2	4	(50.0)
- Lease Liabilities	2	-	n.m
Depreciation of property, plant and equipment	468	375	24.8
Amortisation of intangible assets	20	5	n.m.
Amortisation of right-of-use assets	46	-	n.m
Rental expense	64	169	(62.1)
Foreign exchange (gain)/loss, net	(831)	(32)	n.m.
Personnel expenses	2,272	2,683	(15.3)
Property, plant and equipment written off	-	2	n.m.
Tax expense:	404	21	n.m
- income tax	404	21	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 30.06.19 RM'000 (Unaudited)	As at 31.03.19 RM'000 (Audited)	As at 30.06.19 RM'000 (Unaudited)	As at 31.03.19 RM'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	23,500	23,085	-	-
Intangible assets	572	549	-	-
Right-of-use assets	387	-	-	-
Investment in subsidiaries	-	-	10,124	10,124
Deferred tax assets	551	542	-	-
	25,010	24,176	10,124	10,124
Current assets				
Inventories	9,357	8,088	-	-
Trade and other receivables	36,404	39,320	27,619	27,159
Tax recoverable	2,045	1,556	-	-
Cash and bank balances	26,539	29,973	19,230	19,624
	74,345	78,937	46,849	46,783
Total assets	99,355	103,113	56,973	56,907
EQUITY AND LIABILITIES				
Equity				
Share capital	52,653	52,653	52,653	52,653
Retained earnings	33,658	32,305	2,071	1,947
Foreign currency translation reserve	(280)	(254)	-	-
Merger reserves	(10,497)	(10,497)	-	-

Equity attributable to:				
Equity holders of the Company	75,534	74,207	54,724	54,600
Non-controlling interest	(158)	(141)	-	-
Total equity	75,376	74,066	54,724	54,600
LIABILITIES				
Current liabilities				
Trade and other payables	9,395	13,328	2,067	2,307
Borrowings	8,626	10,009	-	-
Lease Liabilities	186	-	-	-
Tax payable	736	545	182	-
Total current liabilities	18,943	23,882	2,249	2,307
Non-current liabilities				
Borrowings	3,667	3,812	-	-
Lease Liabilities	201	-	-	-
Deferred tax liabilities	1,074	1,074	-	-
Other payables	94	279	-	-
Total non-current liabilities	5,036	5,165	-	-
Total liabilities	23,979	29,047	2,249	2,307
Total equity and liabilities	99,355	103,113	56,973	56,907

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 30.06.19 (Unaudited)		As at 31.03.19 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
8,626	-	10,009	-

Amount repayable after one year

As at 30.06.19 (Unaudited)		As at 31.03.19 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
3,667	-	3,812	-

Details of any collateral:

As at the date of the statement of financial position, total borrowings included secured liabilities of RM12,293,000 (31 March 2019: RM13,821,000) for the Group. Secured bank borrowings amounting to RM12,293,000 (31 March 2019: RM13,821,000) 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 RM525,000 (31 March 2019 RM192,000) 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	
	1Q2020 RM'000 (Unaudited)	1Q2019 RM'000 (Unaudited)
Cash flow from operating activities		
Profit/(loss) before tax	1,743	(1,703)
Adjustments for:		
Depreciation of property, plant and equipment	468	375
Amortisation of intangible asset	20	5
Amortisation right-of-use assets	46	-
Property, plant and equipment written off	-	2
Interest expenses	117	108
Interest income	(6)	(4)
Operating cash flow before working capital changes	2,388	(1,217)
Working capital changes:		
Inventories	(1,267)	(2,574)
Trade and other receivables	2,931	(65)
Trade and other payables	(4,180)	(2,224)
Cash flow used in operations	(128)	(6,080)
Income tax paid	(707)	(1,348)
Interest received	6	4
Interest paid	(117)	(108)
Net cash used in operating activities	(946)	(7,532)
Cash flow from investing activities		
Purchase of property, plant and equipment	(523)	(603)
Purchase of intangible assets	(42)	(359)
Net cash used in investing activities	(565)	(962)
Cash flow from financing activities		
Decreases/(increase) in fixed deposits pledged	(604)	24
Repayment of obligations under finance lease	(25)	(34)
Repayment of bank borrowings	(1,861)	(94)
Repayment of lease liabilities	(46)	
Net cash used in financing activities	(2,536)	(104)
Net change in cash and cash equivalents	(4,047)	(8,598)
Cash and cash equivalents at beginning of financial period	28,849	38,068

Effect of exchange rate changes on cash and cash equivalents	9	38
Cash and cash equivalents at end of financial period (Note A)	24,811	29,508

Note A

	Group	
	1Q2020 RM'000 (Unaudited)	1Q2019 RM'000 (Unaudited)
Cash and bank balances as per statement of financial position	26,539	30,705
Less: Pledged bank deposits	(1,728)	(1,197)
Cash and cash equivalents as per consolidated cash flow statement	24,811	29,508

- 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		
1Q2020(Unaudited)							
Balance at 1 April 2019	52,653	(254)	(10,497)	32,305	74,207	(141)	74,066
Profit/(loss) for the financial period	-	-	-	1,353	1,353	(14)	1,339
Other comprehensive income							
Currency translation differences on consolidation	-	(26)	-	-	(26)	(3)	(29)
Total comprehensive income/(loss) for the period	-	(26)	-	1,353	1,327	(17)	1,310
Balance at 30 June 2019	52,653	(280)	(10,497)	33,658	75,534	(158)	75,376

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		
1Q2019 (Unaudited)							
Balance at 1 April 2018	52,653	(236)	(10,497)	23,830	65,750	158	65,908
Profit/(loss) for the financial period	-	-	-	(1,676)	(1,676)	(48)	(1,724)
Other comprehensive income							
Currency translation differences on consolidation	-	(21)	-	-	(21)	-	(21)
Total comprehensive income/(loss) for the period	-	(21)	-	(1,676)	(1,697)	(48)	(1,745)
Balance at 30 June 2018	52,653	(257)	(10,497)	22,154	64,053	(110)	64,163

Company	Share capital RM'000	Retained earnings RM'000	Total RM'000
1Q2020 (Unaudited)			
Balance at 1 April 2019	52,653	1,947	54,600
Profit and total comprehensive income for the period	-	124	124
Balance at 30 Jun 2019	52,653	2,071	54,724
1Q2019 (Unaudited)			
Balance at 1 April 2018	52,653	3,977	56,630
Loss and comprehensive loss for the period	-	(600)	(600)
Balance at 30 June 2018	52,653	3,377	56,030

- 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. 31 March 2019).

The Company did not have any outstanding convertibles as at 30 June 2019 and 30 June 2018.

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2019 and 30 June 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.**

	<u>As at 30.06.19</u>	<u>As at 31.03.19</u>
Total number of issued shares (excluding treasury shares)	109,921,000	109,921,000

The Company did not have any treasury shares as at 30 June 2019 and 31 March 2019.

- 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 2019.

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.

On 1st April 2019, the Group and the Company adopted all the new and revised SFRS(I) and INT SFRS(I)s that are relevant to its operations and which take effect for annual periods beginning on or after 1 January 2019.

The adoption of new/revise SFRS(I) and INT SFRS(I)s did not have any significant impact on the performance or position of the Group except for the following:

Application of SFRS(I) 16 Leases

The Group has applied SFRS(I) 16 from its mandatory adoption date of 1 April 2019 and have applied the simplified transition approach; no restatements were made on the comparative amounts for the prior periods. With the adoption of SFRS(I) 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

Right of use assets were measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

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 First Quarter Ended	
	30.06.19	30.06.18
Profit/(loss) attributable to equity holders of the Company (RM'000)	1,353	(1,676)
Weighted average number of ordinary shares ('000)	109,921	102,881
Basic and diluted EPS based on actual number of shares (RM sens):	1.23	(1.63)

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 30.06.19	As at 31.03.19	As at 30.06.19	As at 31.03.19
Net asset value (RM'000)	75,376	74,066	54,724	54,600
Number of ordinary shares in issue ('000)	109,921	109,921	109,921	109,921
Net asset value per ordinary share (RM sens)	68.57	67.38	49.78	49.67

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

1Q2020 as compared to 1Q2019

Revenue

Revenue increase by approximately 105.1% to RM11.9 million for the 3 months ended 30 June 2018 from RM5.8 million of the previous corresponding period of 1Q2019.

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

RM' million	1Q 2020	1Q 2019	Change	% Change
Indonesia	4.9	1.3	3.6	n.m
Malaysia	5.6	3.5	2.1	60.0
Others (Thailand, Vietnam, Philippines, United Kingdom, Singapore and United States of America)	1.4	1.0	0.4	40.0
Total	11.9	5.8	6.1	105.1

The revenue increase was mainly due to (1) increase in sales volume by 0.9 million cans or by 90% from 1.0 million cans in 1Q2019 to 1.9 million cans in 1Q2020; and (2) increase in average selling price in Indonesia and Malaysia market.

Cost of Sales and Gross Profit

The increase in Cost of Sales is in line with the increase in Revenue.

Gross profit for 1Q2020 rose by RM3.3 million as compared to 1Q2019 as, gross margin expanded from 36.2% in 1Q2019 to 45.7% for 1Q2020. The better gross profit margin in 1Q2020 was mainly due to (1) the appreciation of Indonesia Rupiah against Ringgit Malaysia approximately by 4.3% between 1Q2019 and 1Q2020, which resulted in higher export prices to Indonesia and (2) increase in average selling price in both Indonesia and Malaysia markets.

Other Income

The increase in Other Income by RM 0.83 million was mainly due to the foreign exchange gain.

Administrative Expenses

Administrative expenses mainly comprised of staff costs, professional fees, rental expenses, upkeep of office, depreciation, utilities, printing and stationery expenses as well as listing expenses. 1Q2020 administrative cost decreased approximately by RM 0.6 million or 19.9%, due mainly to (i) lower in staff salaries and allowance of RM 0.3 million and (ii) a decrease in upkeep and other administration cost of RM0.3 million.

Marketing and Distribution Expenses

Marketing and distribution expenses increased by approximately RM1.3 million or 160.8%, from RM 0.8 million in 1Q2019 to RM2.1 million in 1Q2020 mainly due to higher marketing expenditure for Indonesia amounted to RM 1.6 million, which was broadly in line with the increase in export sales.

REVIEW OF THE GROUP'S FINANCIAL POSITION

As at 30 June 2019 as compared to 31 March 2019

Non-current assets

Non-current assets increased by RM0.8 million, or 3.4%, from RM24.2 million as at 31 March 2019 to RM25.0 million as at 30 June 2019.

Property, plant and equipment

Property, plant and equipment increased by RM0.4 million, or 1.8 % due largely to the addition of motor vehicle of RM0.3 million and factory renovation works of RM0.1 million.

Current assets

Current assets decreased by RM4.6 million, or 5.8%, from RM78.9 million as at 31 March 2019 to RM74.3 million as at 30 June 2019.

Inventories

Inventories rose by RM1.3 million, or by 15.7% attributable to increases in finished goods of RM1.0 million, and work in progress of RM0.9 million but partially offset by decreases in raw material of RM0.2 million, and packing material of RM0.3 million as well as allowance for inventories obsolescence amounting to RM0.1 million was also made.

Trade and other receivables

As at 30 June 2019, the trade and other receivables consisted of approximately RM32.6 million in trade receivables (31 March 2019: RM35.6 million) along with approximately RM3.8 million of other receivables (31 March 2019: RM3.8 million).

Trade receivables fell by RM3.0 million mainly due to smoother collection from debtors. Other receivables were remain changed at RM3.8 million.

As at this announcement, the Group has collected approximately RM4.7 million, or 14.4% the

trade receivables in respects of the outstanding amount as at 30 June 2019.

Non-current liabilities

Non-current liabilities included non-current portion of borrowings, deferred tax liabilities and other payables. Non-current liabilities declined by RM0.1 million, or 2.5%, from RM5.1 million as at 31 March 2019 to RM5.0 million as at 30 June 2019 mainly due to a decreased in borrowings of RM0.1 million and other payables of RM0.2 million, but partially offset by the additional lease liabilities of RM0.2 million.

Current liabilities

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

Trade and other payables

As at 30 June 2019, trade and other payables consisted of approximately RM 7.1 million in trade payables (31 March 2019: RM10.9 million) and approximately RM2.3 million in other payables (31 March 2019: RM2.4 million).

Trade payables fell by RM3.8 million, or 34.9% due mainly to prompt repayment to suppliers while the decrease in other payables by RM0.1 million, or 4.2% was mainly due to decrease in accrued expenses.

Current borrowings

Short term borrowings decreased by RM1.4 million, or 13.8% due to more repayments of bank borrowing.

Tax payable

The slight increase in tax payable was mainly due to higher provision of tax expenses for the current period.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash generated from operating activities

In 1Q2020, we recorded a cash deficit in operating activities of approximately RM 0.9 million. This arose from a RM2.4 million surplus in operating cash flow before changes in working capital was applied in higher net working capital outflow of RM2.5 million, net interest payment of approximately RM0.1 million and income tax payment of approximately RM0.7 million.

The net working capital outflow arose despite lower trade and other receivables which generated RM3.0 million in cash, because the Group increased the inventories by RM1.2 million and paid off RM4.1 million trade and other payables.

Net cash used in investing activities

In 1Q2020, we recorded a net cash outflow from investing activities of approximately RM0.6 million on additional cost in renovating the new factory.

Net cash used in financing activities

In 1Q2020, we recorded a net cash outflow from financing activities of approximately RM2.5 million due to net repayment of bank borrowings amounting to RM1.9 million and an increase of RM0.6 million in fixed deposit being pledged. As at 30 June 2019, the Group maintained a cash and cash equivalents balance of RM24.8 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 on the on-going trade tensions 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.

The Group will continue to focus on emerging markets in Asia where demographics and income growth should provide some resilience in demand for aerosol paints and coating products.

11. Dividend

If a decision regarding dividend has been made:-

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

No dividend has been declared or recommended for 1Q2020.

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

No dividend has been declared or recommended for 1Q2019.

(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).

Not applicable

(d) The date the dividend is payable.

Not applicable.

- (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.**

Not applicable

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

No dividend has been declared or recommended for 1Q2020. The Company does not have a formal dividend policy and in view of the uncertainty in the market outlook and business environment, the Board deems it prudent to defer any decision on dividends till the end of financial year.

- 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.

- 14. 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	Amount utilised as at the date of this announcement	Balance as at the date of this announcement
	(\$’000)	(\$’000)	(\$’000)
<u>Net IPO Proceeds</u>			
Expansion of production facilities	1,200	(1,200)	-
General working capital	1,150	(794) ⁽¹⁾	356
<u>Net Placement Proceeds</u>	9,600	(4,948)	4,652
Business development and expansion			

Total	11,950	(6,942)	5,008
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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.

15. 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.

16. Confirmation pursuant to Rule 705(5) of the catalyst listing manual.

We, Lim Siang Kai and Ong Yoke En, being two of the director of the Company, hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of the directors which may render the unaudited financial statements of the Company and the Group for the quarter ended 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board,

LIM SIANG KAI

Non-Executive Chairman and
Lead Independent Director

ONG YOKE EN

Executive Director and Chief Executive
Officer

9 August 2019