



SAMURAI 2K AEROSOL LIMITED
Company Registration No. 201606168C

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2017**

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Offer Document of the Company dated 9 January 2017 (the “Offer Document”).

Samurai 2K Aerosol Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 16 January 2017. The initial public offering (the “IPO”) of the Company was sponsored by UOB Kay Hian Private Limited (the “Sponsor”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the relevant Catalist rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of the announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Mr. Alvin Soh, Head of Catalist Operations, Senior Vice President and Mr. Lan Kang Ming, Vice President, who can be contacted at 8 Anthony Road #01-01, Singapore 229957, Telephone: +65 6590 6881.

Background

The Company was incorporated in Singapore on 9 March 2016 under the Companies Act Chapter 50 as a private limited company, under the name Samurai 2K Aerosol Pte. Ltd. On 16 December 2016, the Company was converted into a public limited company by shares and its name was changed to Samurai 2K Aerosol Limited. The Company and its Subsidiaries (the “Group”), were formed pursuant to a restructuring exercise which was conducted to rationalise and streamline the Group structure and business activities (the “Restructuring Exercise”) prior to the Company’s initial public offering (“IPO”) and listed on catalist of the SGX-ST. Please refer to the Offer Document dated 9 January 2017 for further details on the Restructuring Exercise.

The Group is a leading aerosol coating specialist with a focus on high performance coating solutions for the automotive refinishing and refurbishing industry. The Group is principally engaged in the manufacturing, distribution and marketing of its products under its own brands, including “Samurai”, “Kurobushi”, “Kameleon”, “Canbrush”, “Ninjutsu”, “Geigi”, “CanArt” and “Bushido”.

For the purpose of this announcement, the results of the Group for the financial year ended 31 March 2017 (“FY2017”) and the comparative results of the Group for the financial year ended 31 March 2016 (“FY2016”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 April 2015.

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.

COMBINED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016 (“FY2016”) and financial year ended 31 March 2017 (“FY2017”)

	Group		
	FY2017 RM'000 (Unaudited)	FY2016 RM'000 (Audited)	Increase/ (Decrease) %
Revenue	39,350	30,624	28.5
Cost of sales	(21,585)	(18,326)	17.8
Gross Profit	17,765	12,298	44.5
Other income	833	321	159.5
Administrative expenses	(10,342)	(3,850)	168.6
Marketing and distribution expenses	(3,481)	(1,741)	99.9
Finance costs	(490)	(268)	82.8
Profit before tax	4,285	6,760	(36.6)
Income tax expense	(2,442)	(1,336)	82.8
Profit for the year	1,843	5,424	(66.0)
Other comprehensive income: <i>Items that are or may be reclassified subsequently to profit or loss</i>			
Currency translation difference arising from consolidation	171	14	1,121.4
Total comprehensive income for the year	2,014	5,438	(63.0)
Profit/(loss) for the year attributable to:			
Equity holders of the Company	2,221	5,438	(59.2)
Non-controlling interests	(378)	-	n.m
	1,843	5,438	(66.1)

Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company	2,368	5,438	(56.5)
Non-controlling interests	(354)	-	n.m
	2,014	5,438	(63.0)

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

The following items (with appropriate breakdown and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year

	Group		
	FY2017 RM'000 (Unaudited)	FY2016 RM'000 (Audited)	Increase/ (Decrease) %
Profit for the year include the following charges/(credits):			
Finance expenses:	490	268	82.8
- bank borrowings	463	241	92.1
- finance lease liabilities	27	27	-
Impairment loss on trade receivables	-	12	(100.0)
Depreciation of property, plant and equipment	761	485	56.9
Amortisation of intangible assets	5	2	150.0
Rental expense	296	171	73.1
Foreign exchange gain, net	(674)	(217)	210.6
Listing expenses	4,399	-	n.m
Personnel expenses	4,498	3,956	13.7
Income tax expense:	2,444	1,336	82.9
- current income tax	2,022	1,128	79.3
- deferred income tax	422	208	102.9

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.

COMBINED STATEMENT OF FINANCIAL POSITION

	Group		Company
	31 March 2017 RM'000 (Unaudited)	31 March 2016 RM'000 (Audited)	31 March 2017 RM'000 (Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	10,859	5,112	-
Intangible assets	18	23	-
Investment in subsidiaries	-	-	12,650
Deferred tax assets	45	17	-
Other receivables	261	560	-
	11,183	5,712	12,650
Current assets			
Inventories	6,388	5,374	-
Trade and other receivables	5,188	6,948	342
Cash and bank balances	19,922	10,191	8,576
	31,498	22,513	8,918
Total assets	42,681	28,225	21,568
EQUITY AND LIABILITIES			
Equity			
Share capital	23,287	1,336	23,287
Foreign currency translation reserve	290	159	-
Retained earnings/(accumulated loss)	12,585	10,390	(4,939)
Merger reserves	(11,345)	-	-
Equity attributable to:			
Equity holders of the Company	24,817	11,885	18,348
Non-controlling interest	(38)	-	-
Total equity	24,779	11,885	18,348
LIABILITIES			
Current liabilities			
Trade and other payables	7,020	10,375	3,220
Borrowings	4,668	4,161	-
Tax payable	319	-	-

Total current liabilities	12,007	14,536	3,220
Non-current liabilities			
Borrowings	5,128	1,443	-
Deferred tax liabilities	591	294	-
Other payables	176	67	-
Total non-current liabilities	5,895	1,804	-
Total liabilities	17,902	16,340	3,220
Total equity and liabilities	42,681	28,225	21,568

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 March 2017 (Unaudited)		As at 31 March 2016 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
4,668	-	4,161	-

Amount repayable after one year

As at 31 March 2017 (Unaudited)		As at 31 March 2016 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
5,128	-	1,443	-

Details of any collateral:

As at the date of the statement of financial position, total borrowings included secured liabilities of RM 9,796,000 (31 March 2016: RM 5,604,000) for the Group. Secured bank borrowings amounting to RM 9,381,000 (31 March 2016: RM 5,051,000) are secured and/or guaranteed by one or several collaterals(s) including:

(i) legal mortgage over our Group's properties at No. 4, Jalan Dato Yunus 1, Taman Perindustrian Dato Yunus Sulaiman Lima Kedai, 81120 Skudai, Johor, Malaysia and No. 6 and 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81500 Johor, Malaysia, (ii) charges over fixed deposits, (iii) guarantee from Credit Guarantee Corporate Malaysia Berhad under SME Assistance Guarantee Scheme, (iv) personal guarantees from our Chief Executive Officer, Mr. Ong Yoke En and Chief Operating Officer, Ms. Lim Lay Yong. In addition, the loan for Group's properties at No. 6 and 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus

Sulaiman Lima Kedai, Gelang Patah, 81500 Johor, Malaysia is also covered by insurance purchased for loan coverage in the event of death of the two guarantors.

Other finance lease liabilities of the Group amounting to RM 415,000 (31 March 2016: RM 553,000) are secured to the leased motor vehicles, 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.

COMBINED STATEMENT OF CASH FLOWS

	Group	
	Twelve Months Ended 31 March 2017 RM'000 (Unaudited)	Twelve Months Ended 31 March 2016 RM'000 (Audited)
Cash flow from operating activities		
Profit before tax	4,285	6,760
Adjustments for:		
Depreciation of property, plant and equipment	761	485
Amortisation of intangible asset	5	2
Property, plant and equipment written off	24	-
Interest expenses	490	268
Interest income	(69)	(41)
Impairment loss on trade receivables	-	12
Listing expenses	4,399	-
Operating cash flow before working capital changes	9,895	7,486
Working capital changes:		
Inventories	(763)	(2,000)
Trade and other receivables	2,101	(3,709)
Trade and other payables	574	7,645
Currency transaction adjustments	26	16
Cash flow generated from operations	11,833	9,438
Income tax paid	(1,924)	(1,267)
Interest received	69	41
Interest paid	(490)	(268)
Net cash generated from operating activities	9,488	7,944
Cash flow from investing activities		
Purchase of intangible assets	-	(25)
Deposit for purchase of property, plant and equipment	(254)	(560)
Purchase of property, plant and equipment	(1,289)	(2,456)

Net cash used in investing activities	(1,543)	(3,041)
Cash flow from financing activities		
(Increase)/decrease in fixed deposits pledged	241	(432)
Repayment of loan to directors	(4,377)	-
Proceed from issuance of ordinary shares	12,407	-
Payment of IPO related expenses	(5,926)	-
Repayment of obligations under finance lease	(145)	(122)
Proceeds from bank borrowings	250	2,222
Repayment of bank borrowings	(576)	(231)
Net cash generated from financing activities	1,874	1,437
Net change in cash and cash equivalents	9,819	6,340
Cash and cash equivalents at beginning of financial year	8,767	2,427
Effect of exchange rate changes on cash and cash equivalents	153	-
Cash and cash equivalents at end of financial year (Note A)	18,739	8,767

Note A

For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group	
	31 March 2017 RM'000 (Unaudited)	31 March 2016 RM'000 (Audited)
Cash and bank balances	19,922	10,191
Less: fixed deposit pledged	(1,183)	(1,424)
Cash and cash equivalents per consolidated cash flow statement	18,739	8,767

- 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		
FY2017 (Unaudited)							
Balance at 1 April 2016	1,336	159	-	10,390	11,885	-	11,885
Profit/(loss) for the financial year	-	-	-	2,221	2,221	(378)	1,841
Other comprehensive income							
Currency translation differences on consolidation	-	147	-	-	147	24	171
Total comprehensive income/(loss) for the year	-	147	-	2,221	2,368	(354)	2,014
Issuance of ordinary shares pursuant to initial public offering	12,407	-	-	-	12,407	-	12,407
Share issuance expenses	(1,527)	-	-	-	(1,527)	-	(1,527)
Adjustment pursuant to the Restructuring Exercise	11,071	-	(11,345)	-	(274)	274	-
Change in ownership interest in subsidiary							

Change in ownership interest in a subsidiary that do not result in loss of control	-	(16)	-	(26)	(42)	42	-
Total changes in ownership interest in a subsidiary	-	(16)	-	(26)	(42)	42	-
Balance at 31 March 2017	23,287	290	(11,345)	12,585	24,817	(38)	24,779
FY2016 (Audited)							
Balance at 1 April 2015	1,336	145	-	4,966	6,447	-	6,447
Profit for the year	-	-	-	5,424	5,424	-	5,424
Other comprehensive income							
Currency translation differences on consolidation	-	14	-	-	14	-	14
Total comprehensive income for the year	-	14	-	5,424	5,438	-	5,438
Balance at 31 March 2016	1,336	159	-	10,390	11,885	-	11,885

Company	Share capital RM'000	Accumulated losses RM'000	Total RM'000
FY2016 (Unaudited)			
Issuance of shares on 9 March 2016 (date of incorporation)	-	-	-
Loss for the period	-	(4,939)	(4,939)
Issuance of ordinary shares pursuant to Restructuring Exercise	12,407	-	12,407
Share issuance expenses	(1,527)	-	(1,527)
Issue of ordinary shares through initial public offering	12,407	-	12,407
	23,287	(4,939)	18,348
Balance at 31 March 2017	23,287	(4,939)	18,348

* Less than RM 1,000

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issue, 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

	Resultant no. of shares	Issued and paid-up share capital (\$\$)
Issued and paid-up share capital as at incorporation	1	1
Issue of shares pursuant to the Restructuring Exercise	4,000,000	4,000,000
Sub-division	80,000,000	4,000,000
Issue of new placement shares pursuant to the Listing	100,000,000	7,499,373
Post-IPO issued and paid-up share capital	100,000,000	7,499,373

The Company did not have any treasury shares or any outstanding options or convertibles as at 31 March 2017.

- 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 March 2017	As at 31 March 2016
Total number of issued shares (excluding treasury shares)	<u>100,000,000</u>	<u>1</u>

- 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.**

There are no treasury shares held by the Company.

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.

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 2016.

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 and the Company have adopted the new and revised Financial Reporting Standards in Singapore ("FRSs") and Interpretations of FRS ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new FRSs and INT-FRSs did not have any material effect on the financial results or position of the Group and the Company.

6. Earning 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	
	FY2017	FY2016
Profit attributable to equity holders of the Company (RM'000)	2,221	5,438
Actual number of ordinary shares ('000)	100,000	100,000
Basic and diluted EPS based on actual number of shares (sen per share):	2.22	5.44

For comparative purposes, the earnings per share for the respective financial years have been computed based on the profit attributable to equity holders of the Company and the Company's enlarged share capital of 100,000,000 shares, assuming that the Restructuring Exercise and the issuance of the 20,000,000 New Shares pursuant to the IPO had been completed as at the end of the respective financial years.

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 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Net asset value (RM'000)	24,779	11,885	18,348	- ⁽¹⁾
Net asset value per ordinary share based on issued share capital:				
- sen	24.78	11.89	18.35	- ⁽¹⁾

Note:

(1) The Company was incorporated on 9 March 2016 with a paid-up capital of RM 3 and the NAV as at 31 March 2016 remained at RM 29.

For comparison and illustrative purposes, the calculation for the NAV per share for the respective financial years is based on the post-IPO share capital of 100,000,000 shares in issue

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;

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Our revenue increased by approximately RM 8.73 million or 28.5% from RM 30.62 million in FY2016 to 39.35 million in FY2017. The increase in revenue was due to (i) the increase in revenue from our "Paint – Standard" segment by RM 5.75 million, or 31.8% from RM 18.07 million in FY2016 to RM 23.82 million in FY2017 and (ii) the increase in revenue from our "Paint – Premium" segment by RM 3.92 million, or 37.4% from RM 10.46 million in FY2016 to RM 14.38 million in FY2017.

Revenue contribution from Indonesia increased by RM 6.60 million or 58.5% from RM 11.28 million in FY2016 to RM 17.88 million in FY2017 and revenue contribution from other countries comprising Thailand, Vietnam, Philippines, United Kingdom and Singapore increased by RM 1.74 million or 103.0% from RM 1.69 million in FY2016 to RM 3.43 million in FY2017. Revenue from Malaysia had slightly increased by RM 0.39 million or 2.2% from RM 17.65 million in FY2016 to RM 18.04 million in FY2017.

The increase in revenue was mainly due to sales volume increased by 1.32 million cans or

24.0% from 5.49 million cans in FY2016 to 6.81 million cans in FY2017 at a higher selling price from RM 5.48 in FY2016 to RM 5.74 in FY2017 attributable by product of “Paint – Standard” sales volume increased 0.81 million cans or 20.5%, from 3.96 million cans to 4.77 million cans in FY2017, product of “Paint – premium” sales volume increased 0.6 million cans or 45.8%, from 1.31 million cans to 1.91 million cans in FY2017.

Sales volume contribution from Indonesia increased by 0.90 million cans or 43.1% from 2.09 million cans in FY2016 to 2.99 million cans in FY2017 and sales volume from other countries including Thailand, Vietnam, Philippines, United Kingdom and Singapore increased by 0.34 million cans or 154.5% from 0.22 million cans in FY2016 to 0.56 million cans in FY2017. Sales volume from Malaysia had slightly increased by 0.07 million cans or 2.2% from 3.18 million cans in FY2016 to 3.25 million cans in FY2017.

Higher sales volume was achieved as a result of enhanced marketing initiative taken such as advertisements on social media, exhibition, demonstration and training activities for potential end-users.

The relative weakness of Ringgit Malaysia against Indonesian Rupiah in particular, by approximately 5.7% between FY2016 and FY2017 had resulted in the increase in average selling price per can for Indonesia market.

Cost of Sales and Gross Profit

Our gross profit increased by RM 5.47 million or 44.5% from RM 12.30 million in FY2016 to RM 17.77 million in FY2017 while gross profit margin for FY2017 and FY2016 were 45.1% and 40.2% respectively mainly due to (i) higher proportion of the higher profit margin products sold and (ii) appreciation of Indonesian Rupiah against Ringgit Malaysia by approximately 5.7% between FY2016 and FY2017 had resulted in the increase in average selling price per can for Indonesia market.

Other Income

Other income comprised mainly of interest income and gain on foreign exchange. Other income had increased RM 0.51 million or 159.4%, from RM 0.32 million in FY2016 to RM 0.83 million in FY2017. Gain on foreign exchange amounted to RM 0.67 million in FY2017 and RM 0.22 million in FY2016, due to weakening of Ringgit Malaysia during FY2017.

Administrative Expenses

Administrative expenses consisted of mainly staff costs, professional fees, rental expenses, upkeep of office, depreciation, utilities, printing and stationery expenses and one-off listing cost. The administrative cost increased RM 6.49 million or 168.6%, from RM 3.85 million in FY 2016 to RM 10.34 million in FY2017, mainly due to (i) one off listing expenses of RM 4.40 million in FY2017, (ii) listing maintenance fees of RM 0.12 million in FY2017, (iii) higher audit, secretarial, tax and related professional fees of about RM 0.21 million compared to FY2016, (iv) higher salaries and related costs paid for supporting staff of RM 0.61 million, from RM 1.67 million in FY2016 to RM 2.28 in FY2017, (v) higher director remuneration package of RM 0.20 million, from RM 0.67 million in FY2016 to RM 0.87 million in FY2017 and (vi) increased of other administrative expenses amounting to RM 0.29 million compared to FY2016.

Marketing and Distribution Expenses

Marketing and distribution expenses increased approximately by RM 1.74 million or 100.0%,

from RM1.74 million in FY2016 to RM 3.48 million in FY2017 mainly due to higher (i) salaries and commission paid to sales team amounting to RM 0.63 million, (ii) sales team's travelling expenses of RM 0.35 million and (iii) marketing cost consisting of advertisement in social media, exhibition, demonstration and training for potential end-users amounting to RM 0.55 million compared to FY2016.

Finance Cost

Finance costs increased approximately by RM 0.22 million or 81.5%, from RM 0.27 million in FY2016 to RM 0.49 million in FY2017 due to more borrowings.

(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 FINANCIAL POSITION

Non-current assets

Non-current assets increased by RM 5.47 million, or 95.8%, from RM 5.71 million as at 31 March 2016 to RM 11.18 million as at 31 March 2017. This was mainly due to the acquisition of properties No. 6 and 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81500 Johor, Malaysia for the Group's new factories which amounted to RM 5.60 million.

Current assets

Current assets increased by RM 8.99 million, or 39.9%, from RM 22.51 million as at 31 March 2016 to RM 31.50 million as at 31 March 2017. This was mainly due to (i) decrease in trade and other receivables by RM 1.76 million, (ii) increase in inventories by RM 1.01 million in line with increased sales volume, and (iii) increase in cash and cash balance by RM 9.73 million as a result of net cash generated from operating and financing activities and partially offset by cash used in investing activities. Please refer to the Review of the Group's Cash Flow Statement for further details.

Non-current liabilities

Non-current liabilities comprised the non-current portion of our borrowings, deferred tax liabilities and other payables. Our non-current liabilities had increased by RM 4.10 million, or 227.8%, from RM 1.80 million as at 31 March 2016 to RM 5.90 million as at 31 March 2017. This was mainly due to (i) the mortgage loan of RM 4.20 million for our new factories at No. 6 and 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81500 Johor, Malaysia and (ii) increase in deferred tax liabilities approximately by RM 0.30 million.

Current liabilities

Current liabilities comprised the current portion of our borrowings, trade and other payables and tax payable. Our current liabilities decreased by RM 2.54 million, or 17.5%, from RM 14.54 million as at 31 March 2016 to RM 12.00 million as at 31 March 2017 mainly due to the repayment of loan of RM 4.38 million to directors and an increase in tax payable by approximately RM 0.32 million.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net Cash Generated from Operating Activities

In FY2017, we recorded net cash generated from operating activities of approximately RM 9.49 million, arising from operating cash flow before changes in working capital of RM 9.90 million offset by changes in net working capital inflow of RM 1.94 million, net interest payment of approximately RM 0.42 million and income tax payment of approximately RM 1.92 million.

The working capital inflow was mainly due sales increase during FY2017 and better collection of trade and other receivables by approximately RM 2.10 million offset by (i) increase in trade and other payables of RM 0.58 million and (ii) increase in inventories of approximately RM 0.76 million in line with the increase in sales volume.

Net Cash Used in Investing Activities

In FY2017, we recorded a net cash outflow from investing activities of approximately RM 1.54 million mainly due to the purchase of property, plant and equipment to expand our Group's production.

Net Cash Generated from Financing Activities

In FY2017, we recorded a net cash inflow from financing activities of approximately RM 1.87 million mainly due to a decrease in fixed deposit pledged of RM 0.24 million and receipt of net IPO proceeds of RM 6.48 million. This was offset by net repayment of bank borrowings and finance leases of RM 0.47 million and repayment of loan of RM 4.38 million to directors.

As at 31 March 2017, the Group maintained a cash and cash equivalents balance of RM 18.74 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 gradual rise of crude oil price and rising anti-globalisation 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 in order to maintain its market competitiveness and to enhance its operating margins.

11. Dividend

If a decision regarding dividend has been made:-

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

None.

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

Not applicable.

- (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.

No dividend has been declared or recommend.

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.

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 - Premium RM’000	Maintenance and others RM’000	Group RM’000
31 March 2017				
Segment revenue				
Sales to external customers	23,819	14,379	1,152	39,350
	<hr/>			
Segment profit	1,256	2,807	153	4,216
	<hr/>			
Other segment information				
Depreciation of property, plant and equipment	513	232	16	761
	<hr/>			
Segment assets	25,092	15,147	1,214	41,453
Unallocated assets				
- Deferred tax assets				45
- Fixed deposits				1,183
				<hr/>
Total assets				42,681
	<hr/>			
Segment assets include:				
Additions to non-current assets	3,942	2,379	191	6,512
	<hr/>			
Segment liabilities	4,549	2,746	220	7,515
Unallocated liabilities				
- Deferred tax liabilities				591
- Borrowings				9,796
				<hr/>
Total liabilities				17,902
	<hr/>			

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
31 March 2016				
Segment revenue				
Sales to external customers	18,066	10,463	2,095	30,624
	<hr/>			
Segment profit	2,661	3,645	681	6,987
	<hr/>			
Other segment information				
Impairment loss on trade receivables	7	4	1	12
Depreciation of property, plant and equipment	333	131	21	485
	<hr/>			
Segment assets	15,801	9,151	1,832	26,784
Unallocated assets				
- Deferred tax assets				17
- Fixed deposits				1,424
				<hr/>
Total assets				28,225
	<hr/>			
Segment assets include:				
Additions to non-current assets	1,490	863	173	2,526
	<hr/>			
Segment liabilities	6,159	3,567	716	10,442
Unallocated liabilities				
- Deferred tax liabilities				294
- Borrowings				5,604
				<hr/>
Total liabilities				16,340
	<hr/>			

By geographical segments

	Sales to external customers		Non-current assets	
	FY2017 RM'000	FY2016 RM'000	FY2017 RM'000	FY2016 RM'000
Malaysia	18,036	17,650	10,714	4,961
Indonesia	17,883	11,282	163	174
Others	3,431	1,692	-	-
	39,350	30,624	10,877	5,135

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

Please refer to item 8 above

16. A breakdown of sales as follows:

	Group FY2017 RM'000	Group FY2017 RM'000	Group Increase / (Decrease) %
(a) Sales reported for first half year	17,105	13,862	23.4
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	1,505	2,187	(31.2)
(c) Sales reported for second half year	22,245	16,762	32.7
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	338	3,237	(90.9)

17. Summary of Interested Person Transactions for the financial year ended 31 March 2017

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)		
	1 April 2016 to 30 June 2016 ⁽¹⁾	1 July 2016 to 11 December 2016 ⁽¹⁾	FY2017
	RM	RM	RM
Amount owing from OISB to Ms Lim Lay Yong	3,000 ⁽²⁾	-	-
Amount owing from CPMSB to Ms Lim Lay Yong	31,000 ⁽²⁾	-	-
Amount owing to PTSP from Mr Ong How En	60,000 ⁽³⁾	-	-
Amount owing to CPMSB from Mr Ong Yoke En	104,000 ⁽⁴⁾	-	-
Amount owing to PTSP from Mr Ong Yoke En	513,000 ⁽⁴⁾	-	-
Amount owing from Company to Mr Ong Yoke En	5,170,000 ⁽⁴⁾	-	-
Amount owing from OISB to Mr Ong Yoke En	23,000 ⁽⁴⁾	-	-
Amount owing from SWHL to Mr Ong Yoke En	8,000 ⁽⁴⁾	-	-

<u>Other transaction</u>	1 April 2016 to 30 June 2016 ⁽¹⁾	1 July 2016 to 11 December 2016 ⁽¹⁾	FY2017
Aggregate insurance premium amount paid by OISB to Mr Teng Boon Sang	-	2,000	2,000

Note

- (1) Please refer to the Offer Document for further details
- (2) As at the Latest Practicable Date of Offer Document, the amount due from OISB and CPMSB to Ms Lim Lay Yong has been settled in full
- (3) As at the date of Offer Document, all amounts owing from Mr Ong How En have been fully repaid by way of set-off against the amounts owed by our Group to Mr Ong Yoke En
- (4) As at the date of Offer Document, all amounts owing from Mr Ong Yoke En have been fully repaid by way of set-off against the amounts owed by our Group to Mr Ong Yoke En. The advances between the Group and Mr Ong Yoke En have been settled in full as at 22 February 2017

The Group has not obtained a general mandate from shareholders for interested person transaction.

18. Use of IPO Proceeds

Pursuant to the company's IPO, the Company received net proceeds from the IPO of approximately S\$ 2.35 million (the "Net Proceeds"). Please refer to the Offer Document for further details. As at the date of this announcement, the Net Proceeds have been utilized as follows:

<u>Purpose</u>	Allocation of Net Proceeds (as disclosed in Offer Document) (S\$'000)	Net Proceeds utilized as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Expansion of production facilities	1,200	(212) ⁽¹⁾	988
General working capital	1,150	-	1,150
	<u>2,350</u>	<u>(212)</u>	<u>2,138</u>

Note

- (1) This figure comprises the amount utilised previously (being approximately S\$80,000, as disclosed in the Previous Announcement) and the amount of RM419,000.00 (equivalent to approximately S\$132,236.40, based on the exchange rate of RM100.00: S\$31.56 as at 5 April 2017 extracted from information published by the Monetary Authority of Singapore) utilised on 6 April 2017 as part payment for the purchase of a new automatic undercut aerosol filling system as well as new labelling and packing machines which are expected to cost RM840,605.46 (equivalent to approximately S\$265,295.08, based on the aforementioned exchange rate). The aggregate amount payable for the purchase of new machinery of the Group (including the new automatic aerosol machines as mentioned in the Previous Announcement) is expected to be RM1,856,577.77 (equivalent to S\$585,935.94, based on the aforementioned exchange rate)

As at the date of this announcement, the Company has utilized S\$ 0.21 million as part payment for purchase of a new automatic undercut aerosol filling system as well as new labelling and packing machineries.

The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.

19. 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

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	34	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

20. 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.

By Order of the Board

Ong Yoke En
Executive Director and Chief Executive Officer

29 May 2017