



**SAMURAI 2K AEROSOL LIMITED**  
**Company Registration No. 201606168C**

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR  
THE HALF-YEAR ENDED 30 SEPTEMBER 2017**

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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 SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, 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, 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 of Singapore 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 Company’s 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 half-year ended 30 September 2017 (“1H2018”) and the comparative results of the Group for the half-year ended 30 September 2016 (“1H2017”) have been prepared on the assumption that the Restructuring Exercise had been completed 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 half-year ended 30 September 2017 (“1H2018”) and 30 September 2016 (“1H2017”)

	<b>Group</b>		
	<b>1H2018</b> RM'000 (Unaudited)	<b>1H2017</b> RM'000 (Unaudited)	Increase/ (Decrease) %
Revenue	34,489	17,105	101.6
Cost of sales	(19,016)	(9,200)	106.7
<b>Gross Profit</b>	<b>15,473</b>	<b>7,905</b>	<b>95.7</b>
Other (expenses)/income	(376)	401	n.m.
Administrative expenses	(4,747)	(3,989)	19.0
Marketing and distribution expenses	(2,240)	(1,479)	51.5
Finance costs	(266)	(207)	28.5
<b>Profit before tax</b>	<b>7,844</b>	<b>2,631</b>	<b>198.1</b>
Income tax expense	(1,538)	(1,134)	35.6
<b>Profit for the period</b>	<b>6,306</b>	<b>1,497</b>	<b>321.2</b>
<b>Other comprehensive income:</b> <i>Items that are or may be reclassified subsequently to profit or loss</i>			
Currency translation difference arising from consolidation	(43)	128	n.m.
<b>Total comprehensive income for the period</b>	<b>6,263</b>	<b>1,625</b>	<b>285.4</b>
<b><u>Profit/(loss) for the period attributable to:</u></b>			
Equity holders of the Company	6,444	1,497	330.5
Non-controlling interests	(138)	-	n.m.
	<b>6,306</b>	<b>1,497</b>	<b>321.2</b>

<b><u>Total comprehensive income/(loss) for the period attributable to:</u></b>			
Equity holders of the Company	6,403	1,625	294.0
Non-controlling interests	(140)	-	n.m.
	<b>6,263</b>	<b>1,625</b>	<b>285.4</b>

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

	<b>Group</b>		
	<b>1H2018 RM'000 (Unaudited)</b>	<b>1H2017 RM'000 (Unaudited)</b>	<b>Increase/ (Decrease) %</b>
Profit for the period include the following charges/(credits):			
Finance expenses:	266	207	28.5
- bank borrowings	255	200	27.5
- finance lease liabilities	11	7	57.1
Depreciation of property, plant and equipment	491	356	37.9
Amortisation of intangible assets	3	3	-
Rental expense	217	148	46.6
Foreign exchange loss/(gain), net	551	(340)	n.m.
Listing expenses	-	1,526	n.m.
Personnel expenses	4,606	2,514	83.2
Income tax expense:	1,538	1,134	35.5
- current income tax expense	1,822	1,105	64.9
- deferred income tax (reversal)/expense	(284)	29	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.

**COMBINED STATEMENT OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30.09.17 RM'000 (Unaudited)</b>	<b>As at 31.03.17 RM'000 (Audited)</b>	<b>As at 30.09.17 RM'000 (Unaudited)</b>	<b>As at 31.03.17 RM'000 (Audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13,168	10,859	-	-
Intangible assets	56	18	-	-
Investment in subsidiaries	-	-	12,650	12,650
Other receivables	1,167	261	-	-
Deferred tax assets	62	45	-	-
	<b>14,453</b>	<b>11,183</b>	<b>12,650</b>	<b>12,650</b>
<b>Current assets</b>				
Inventories	6,199	6,388	-	-
Trade and other receivables	12,946	5,188	1,840	342
Cash and bank balances	20,784	19,922	5,717	8,576
	<b>39,929</b>	<b>31,498</b>	<b>7,557</b>	<b>8,918</b>
<b>Total assets</b>	<b>54,382</b>	<b>42,681</b>	<b>20,207</b>	<b>21,568</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	23,287	23,287	23,287	<b>23,287</b>
Foreign currency translation reserve	249	290	-	-
Retained earnings/(accumulated losses)	19,029	12,585	(5,725)	(4,939)
Merger reserves	(11,345)	(11,345)	-	-
Equity attributable to:				
<b>Equity holders of the Company</b>	<b>31,220</b>	<b>24,817</b>	<b>17,562</b>	<b>18,348</b>
Non-controlling interest	(178)	(38)	-	-
<b>Total equity</b>	<b>31,042</b>	<b>24,779</b>	<b>17,562</b>	<b>18,348</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	12,099	7,020	2,645	3,220
Borrowings	4,474	4,668	-	-
Tax payable	1,481	319	-	-
<b>Total current liabilities</b>	<b>18,054</b>	<b>12,007</b>	<b>2,645</b>	<b>3,220</b>

<b>Non-current liabilities</b>				
Borrowings	4,710	5,128	-	-
Deferred tax liabilities	307	591	-	-
Other payables	269	176	-	-
<b>Total non-current liabilities</b>	<b>5,286</b>	<b>5,895</b>	-	-
<b>Total liabilities</b>	<b>23,340</b>	<b>17,902</b>	<b>2,645</b>	<b>3,220</b>
<b>Total equity and liabilities</b>	<b>54,382</b>	<b>42,681</b>	<b>20,207</b>	<b>21,568</b>

**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**

<b>As at 30.09.17 (Unaudited)</b>		<b>As at 30.03.17 (Audited)</b>	
<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>
4,474	-	4,668	-

**Amount repayable after one year**

<b>As at 30.09.17 (Unaudited)</b>		<b>As at 30.03.17 (Audited)</b>	
<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>
4,710	-	5,128	-

**Details of any collateral:**

As at the date of the statement of financial position, total borrowings included secured liabilities of RM 9,184,000 (31 March 2017: RM 9,796,000) for the Group. Secured bank borrowings amounting to RM 8,809,000 (31 March 2017: RM 9,359,000) 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 375,000 (31 March 2017: RM 437,000) 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**

	<b>Group</b>	
	<b>1H2018 RM'000 (Unaudited)</b>	<b>1H2017 RM'000 (Unaudited)</b>
<b>Cash flow from operating activities</b>		
Profit before tax	7,844	2,631
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	491	356
Amortisation of intangible asset	3	3
Property, plant and equipment written off	13	24
Gain on disposal of property, plant and equipment	(11)	-
Interest expenses	263	207
Interest income	(68)	(41)
Initial public offering related expenses	-	1,526
<b>Operating cash flow before working capital changes</b>	<b>8,535</b>	<b>4,706</b>
Working capital changes:		
Inventories	104	(1,070)
Trade and other receivables	(7,607)	1,460
Trade and other payables	5,717	(206)
Cash flow generated from operations	6,749	4,890
Income tax paid	(962)	(664)
Interest received	68	8
Interest paid	(263)	(207)
<b>Net cash generated from operating activities</b>	<b>5,592</b>	<b>4,027</b>

<b>Cash flow from investing activities</b>		
Proceed from disposal of property, plant and equipment	26	-
Deposit for purchase of property, plant and equipment	(1,167)	-
Purchase of property, plant and equipment	(2,882)	(5,840)
<b>Net cash used in investing activities</b>	<b>(4,023)</b>	<b>(5,840)</b>
<b>Cash flow from financing activities</b>		
Decrease in fixed deposits pledged	-	287
Payment of initial public offering related expenses	-	(1,598)
Repayment of obligations under finance lease	(62)	(73)
Proceeds from bank borrowings	-	4,663
Repayment of bank borrowings	(550)	(699)
<b>Net cash (used in)/generated from financing activities</b>	<b>(612)</b>	<b>2,580</b>
Net change in cash and cash equivalents	957	767
Cash and cash equivalents at beginning of financial period	18,739	8,767
Effect of exchange rate changes on cash and cash equivalents	(95)	290
<b>Cash and cash equivalents at end of financial period (Note A)</b>	<b>19,601</b>	<b>9,824</b>

**Note A**

	<b>Group</b>	
	<b>30.09.17 RM'000 (Unaudited)</b>	<b>30.09.16 RM'000 (Unaudited)</b>
Cash and bank balances as per statement of financial position	20,784	10,994
Less: Pledged bank deposits	(1,183)	(1,170)
Cash and cash equivalents as per consolidated cash flow statement	19,601	9,824

- 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		
<b>1H2018 (Unaudited)</b>							
<b>Balance at 1 April 2017</b>	<b>23,287</b>	<b>290</b>	<b>(11,345)</b>	<b>12,585</b>	<b>24,817</b>	<b>(38)</b>	<b>24,779</b>
Profit/(loss) for the financial period	-	-	-	6,444	6,444	(138)	6,306
<b>Other comprehensive income</b>							
Currency translation differences on consolidation	-	(41)	-	-	(41)	(2)	(43)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>(41)</b>	<b>-</b>	<b>6,444</b>	<b>6,403</b>	<b>(140)</b>	<b>6,263</b>
<b>Balance at 30 September 2017</b>	<b>23,287</b>	<b>249</b>	<b>(11,345)</b>	<b>19,029</b>	<b>31,220</b>	<b>(178)</b>	<b>31,042</b>



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		
<b>1H2017 (Unaudited)</b>							
<b>Balance at 1 April 2016</b>	1,336	159	-	10,390	11,885	-	11,885
Profit for the period	-	-	-	1,497	1,497	-	1,497
<b>Other comprehensive income</b>							
Currency translation differences on consolidation	-	128	-	-	128	-	128
<b>Total comprehensive income for the period</b>	-	<b>128</b>	-	<b>1,497</b>	<b>1,625</b>	-	<b>1,625</b>
<b>Balance at 30 September 2016</b>	<b>1,336</b>	<b>287</b>	-	<b>11,887</b>	<b>13,510</b>	-	<b>13,510</b>

Company	Share capital RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total RM'000
<b>1H2018 (Unaudited)</b>				
<b>Balance at 1 April 2017</b>	23,287	-	(4,939)	18,348
Loss for the period	-	-	(786)	(786)
<b>Other comprehensive income</b>				
Currency translation differences on consolidation	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(786)	(786)
<b>Balance at 30 September 2017</b>	23,287	-	(5,725)	17,562
<b>1H2017 (Unaudited)</b>				
<b>Balance at 1 April 2016</b>	- *	-	- *	- *
Loss for the period	-	-	(1,414)	(1,414)
<b>Other comprehensive income</b>				
Currency translation differences on consolidation	-	(26)	-	(26)
<b>Total comprehensive income for the period</b>	-	(26)	-	(26)
<b>Balance at 30 September 2016</b>	- *	(26)	(1,414)	(1,440)

\* 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 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 2017).

The Company did not have any outstanding convertibles as at 30 September 2017 and 30 September 2016.

The Company did not have any treasury shares or subsidiary holdings as at 30 September 2017 and 30 September 2016.

- 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.**

	<b>As at 30.09.17</b>	<b>As at 31.03.17</b>
Total number of issued shares (excluding treasury shares)	<u>100,000,000</u>	<u>100,000,000</u>

The Company did not have any treasury shares as at 30 September 2017 and 31 March 2017.

- 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.**

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 2017.

**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 current financial results or position of the Group and the Company.

**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.**

	<b>Group</b>	
	<b>Half-year ended</b>	
	<b>30.09.17</b>	<b>30.09.16</b>
Profit attributable to equity holders of the Company (RM'000)	6,444	1,497
Actual number of ordinary shares ('000)	100,000	100,000
Basic and diluted EPS based on actual number of shares (RM sens):	6.44	1.50

For comparative purposes, the earnings per share for the respective financial periods 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 since 1 April 2015.

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 30.09.17	As at 31.03.17	As at 30.09.17	As at 31.03.11
Net asset value (RM'000)	31,042	24,779	17,562	18,348
Number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Net asset value per ordinary share (RM sens)	31.04	24.78	17.56	18.35

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

##### 1H2018 as compared to 1H2017

##### Revenue

Revenue increased by approximately RM17.4 million or 101.6% from RM17.1 million in 1H2017 to RM34.5 million in 1H2018. was mainly due to (i) the increase in revenue from "Paint – Standard" segment by RM10.7 million, or 105.9% from RM10.1 million in 1H2017 to RM20.8 million in 1H2018 and (ii) the increase in revenue from our "Paint – Premium" segment by RM6.9 million, or 111.3% from RM6.2 million in 1H2017 to RM13.1 million in 1H2018.

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

RM' million	1H2017	1H2018	Change	% Change
<b>Indonesia</b>	7.3	19.8	12.5	171.2%
<b>Malaysia</b>	8.7	11.5	2.8	32.2%
<b>Others (Thailand, Vietnam and Philippines)</b>	1.1	3.2	2.1	190.9%
<b>Total</b>	17.1	34.5	17.4	101.6%

The increase in revenue was mainly due to sales volume increased by 3.08 million cans or 103.0% from 2.99 million cans in 1H2017 to 6.07 million cans in 1H2018. Higher revenue was achieved as a result of enhanced marketing initiatives taken such as advertisements on social media, exhibition, demonstration and training activities for potential end-users.

#### Cost of Sales and Gross Profit

Our gross profit increased by RM7.6 million or 95.7% from RM7.9 million in 1H2017 to RM15.5 million in 1H2018 while gross profit margin for 1H2018 and 1H2017 were 44.9% and 46.2% respectively. Gross profit margin reduced despite higher sales volume mainly due to (i) the appreciation of Ringgit Malaysia against Indonesian Rupiah by approximately 5.5% resulting in lower export selling prices to Indonesian market; and (ii) increase in costs of raw materials namely propellant gas and solvents by 22.7% and 37.6% respectively during the financial period under review.

#### Other (Expenses)/Income

Other expenses comprised mainly loss on foreign exchange of RM0.5 million (1H2017: gain on foreign exchange of RM0.3 million), interest income of RM0.1 million and rental income of RM0.1 million. Loss on foreign exchange in 1H2018 was mainly caused by the appreciation of Ringgit Malaysia against Indonesian Rupiah by approximately 5.5%.

#### Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, rental expenses, upkeep of office, depreciation, utilities, printing and stationery expenses and listing maintenance fees. The administrative cost increased by RM0.8 million or 19.0%, from RM4.0 million in 1H2017 to RM4.8 million in 1H2018, mainly due to (i) listing maintenance fees of RM0.2 million in 1H2018; (ii) higher director remuneration packages of RM0.9 million, from RM0.4 million in 1H2017 to RM1.3 million in 1H2018; (iii) higher salaries and related costs paid for supporting staff of RM0.7 million, from RM0.9 million in 1H2017 to RM1.6 million in 1H2018; (iv) offset by the absence of initial public offering related expenses of RM1.5 million incurred in 1H2017.

#### Marketing and Distribution Expenses

Marketing and distribution expenses increased approximately by RM0.7 million or 51.5%, from RM1.5 million in 1H2017 to RM2.2 million in 1H2018 mainly due to (i) higher marketing cost consisting of advertisement in social media, exhibition, demonstration, training for potential end-users and samples amounting to RM0.4 million; (ii) higher sales team's travelling expenses of RM0.2 million; (iii) higher salaries and commission paid to sales team amounting to RM0.2 million.

#### Finance Cost

Finance costs increased approximately by RM 0.1 million or 28.5%, from RM0.2 million in 1H2017 to RM0.3 million in 1H2018 due to higher interest from term loans drawn down in August 2016.

## REVIEW OF THE GROUP'S FINANCIAL POSITION

### As at 30 September 2017 as compared to 31 March 2017

#### Non-current assets

Non-current assets increased by RM3.3 million, or 29.5%, from RM11.2 million as at 31 March 2017 to RM14.5 million as at 30 September 2017.

#### *Property, plant and equipment*

Property, plant and equipment increased by RM2.3 million, or 21.1% from RM10.9 million as at 31 March 2017 to RM13.2 million as at 30 September 2017. This was mainly due to (i) the acquisition of two additional production lines amounted to RM1.9 million; and (ii) plant upgrading and renovation works for properties at No. 4 and No. 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81500 Johor, Malaysia amounted to RM0.5 million.

#### *Other receivables*

The increase in other receivables of RM0.9 million was in respect of deposit for purchase of new machineries.

#### Current assets

Current assets increased by RM8.4 million, or 26.7%, from RM31.5 million as at 31 March 2017 to RM39.9 million as at 30 September 2017.

#### *Trade and other receivables*

Trade receivables increased by RM7.0 million from RM2.9 million as at 31 March 2017 to RM9.9 million as at 30 September 2017, in line with increased sales volume. Other receivables increased by RM0.8 million from RM2.3 million as at 31 March 2017 to RM3.1 million as at 30 September 2017 mainly due to (i) increase of advance payment to suppliers by RM0.5 million; and (ii) increase in net goods and services tax receivable by RM0.3 million.

As at the date of this announcement, the Group has collected approximately RM5.8 million from the trade receivables in respect of the amounts due as at 30 September 2017.

#### Non-current liabilities

Non-current liabilities comprised the non-current portion of our borrowings, deferred tax liabilities and other payables. Our non-current liabilities decreased by RM0.6 million, or 10.2%, from RM5.9 million as at 31 March 2017 to RM5.3 million as at 30 September 2017 mainly due to repayment of bank borrowings.

#### Current liabilities

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

#### *Trade and other payables*

Trade and other payables increased by RM5.1 million, or 72.9% from RM7.0 million as at 31 March 2017 to RM12.1 million as at 30 September 2017 mainly due to higher trade purchases in line with higher cost of sales.

#### *Tax payable*

Tax payable increased by RM1.2 million, or 400% from RM0.3 million as at 31 March 2017

to RM1.5 million as at 30 September 2017 mainly due to higher tax expense, in line with higher profit before tax for the period under review.

## **REVIEW OF THE GROUP'S CASH FLOW STATEMENT**

### Net cash generated from operating activities

In 1H2018, we recorded net cash generated from operating activities of approximately RM5.6 million, arising from operating cash flow before changes in working capital of RM8.5 million offset by changes in net working capital outflow of RM1.8 million, net interest payment of approximately RM0.2 million and income tax payment of approximately RM1.0 million.

The working capital outflow was mainly due to increase in trade and other receivables by approximately RM7.6 million offset by increase in trade and other payables of RM5.7 million.

### Net cash used in investing activities

In 1H2018, we recorded a net cash outflow from investing activities of approximately RM4.0 million mainly due to the purchase of property, plant and equipment to expand our Group's production capacity.

### Net cash used in financing activities

In 1H2018, we recorded a net cash outflow from financing activities of approximately RM0.6 million due to repayment of bank borrowings and obligations under finance lease.

As at 30 September 2017, the Group maintained a cash and cash equivalents balance of RM19.6 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 geopolitical uncertainty that could adversely impact global trade. However, the Group will continue its efforts to expand its sales outreach, tighten cost controls and develop new and innovative products in order to maintain its market competitiveness and to enhance its operating margins.

Identifying North America as the next engine of growth, the Company had showcased its coating solution at the Specialty Equipment Market Association Show 2017 in the United States of America during 31 October 2017 to 3 November 2017.

In addition, the Company had on 10 October 2017 announced that its wholly-owned subsidiary, Orientus Industry Sdn Bhd had signed a memorandum of understanding with a distributor for sole and exclusive distributorship of the Group's line of products in Cambodia. With the



memorandum of understanding, the Group is poised to establish its foothold in Cambodia.

**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. No dividend has been declared for 1H2017

**(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 recommended for 1H2018.

**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 proceeds

As at the date of this announcement, the status on the use of proceeds raised from IPO was as follows:

<b>Use of Proceeds</b>	<b>Amount allocated SGD'000</b>	<b>Amount utilised SGD'000</b>	<b>Balance SGD'000</b>
Expansion of production facilities	1,200	(1,034)	166
General working capital	1,150	-	1,150
Net Proceeds	2,350	(1,034)	1,316

The above utilisations of proceeds are in line with the intended use of proceeds as set out in the Company's offer document dated 9 January 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 Catalist Listing Manual

We, Lim Siang Kai and Ong Yoke En, being two of the directors 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 directors which may render the unaudited financial statements of the Company and the Group for the half-year ended 30 September 2017 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

10 November 2017