



**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 2020**

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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 Catalyst.

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the half-year ended 30 September 2020 (“1H2021”) and 30 September 2019 (“1H2020”)

	<b>Group</b>		
	<b>1H2021 RM'000 (Unaudited)</b>	<b>1H2020 RM'000 (Unaudited)</b>	Increase/ (Decrease) %
Revenue	44,133	28,443	55.16
Cost of sales	(22,280)	(15,190)	46.68
<b>Gross Profit</b>	<b>21,853</b>	<b>13,253</b>	<b>64.89</b>
Other income	838	1,052	(20.34)
Administrative expenses	(5,602)	(4,962)	12.90
Marketing and distribution expenses	(7,115)	(5,072)	40.28
Finance costs	(189)	(243)	(22.22)
<b>Profit before tax</b>	<b>9,785</b>	<b>4,028</b>	<b>142.92</b>
Income tax expense	(2,134)	(857)	149.01
<b>Profit for the period</b>	<b>7,651</b>	<b>3,171</b>	<b>141.28</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	(55)	(48)	14.58
<b>Total comprehensive income for the period</b>	<b>7,596</b>	<b>3,123</b>	<b>143.23</b>
<b><u>Profit/(loss) for the period attributable to:</u></b>			
Equity holders of the Company	7,663	3,204	139.17
Non-controlling interests	(12)	(33)	(63.64)
	<b>7,651</b>	<b>3,171</b>	<b>141.28</b>

<b><u>Total comprehensive income/(loss) for the period attributable to:</u></b>			
Equity holders of the Company	7,617	3,161	140.97
Non-controlling interests	(21)	(38)	(44.74)
	<b>7,596</b>	<b>3,123</b>	<b>143.23</b>

**1(a)(ii) Notes to Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>Group</b>		
	<b>1H2021 RM'000 (Unaudited)</b>	<b>1H2020 RM'000 (Unaudited)</b>	<b>Increase/ (Decrease) %</b>
Profit for the year include the following charges/(credits):			
Interest income	(2)	(26)	(92.31)
Finance expenses:	189	243	(22.22)
- bank borrowings	170	231	(26.41)
- lease liabilities	19	12	58.33
Depreciation of property, plant and equipment	1,378	1,044	31.99
Amortisation of intangible assets	55	40	37.50
Rental expense	49	147	(66.67)
Foreign exchange (gain), net	(700)	(927)	(24.49)
Personnel expenses	4,525	4,567	(0.92)
Income tax expense	2,134	857	149.01

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 STATEMENTS OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30.09.20 RM'000 (Unaudited)</b>	<b>As at 31.03.20 RM'000 (Audited)</b>	<b>As at 30.09.20 RM'000 (Unaudited)</b>	<b>As at 31.03.20 RM'000 (Audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	25,817	26,643	-	-
Intangible assets	499	535	-	-
Investment in subsidiaries	-	-	10,490	10,490
Deferred tax assets	678	695	-	-
	<b>26,994</b>	<b>27,873</b>	<b>10,490</b>	<b>10,490</b>
<b>Current assets</b>				
Inventories	9,170	7,804	-	-
Trade and other receivables	24,609	30,859	33,292	30,954
Cash and bank balances	56,864	34,372	16,968	17,151
	<b>90,643</b>	<b>73,035</b>	<b>50,260</b>	<b>48,105</b>
<b>Total assets</b>	<b>117,637</b>	<b>100,908</b>	<b>60,750</b>	<b>58,595</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	52,653	52,653	52,653	52,653
Retained earnings	42,278	34,615	5,922	4,614
Foreign currency translation reserve	(241)	(305)	-	-
Share option reserve	64	64	64	64
Merger reserves	(9,368)	(9,368)	-	-
Equity attributable to:				
<b>Equity holders of the Company</b>	<b>85,386</b>	<b>77,659</b>	<b>58,639</b>	<b>57,331</b>
Non-controlling interest	(194)	(174)	-	-
<b>Total equity</b>	<b>85,192</b>	<b>77,485</b>	<b>58,639</b>	<b>57,331</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	16,068	11,827	1,929	1,082
Borrowings	10,723	5,518	-	-
Tax payable	707	678	182	182
<b>Total current liabilities</b>	<b>27,498</b>	<b>18,023</b>	<b>2,111</b>	<b>1,264</b>

<b>Non-current liabilities</b>				
Borrowings	4,194	4,652	-	-
Deferred tax liabilities	663	663	-	-
Other payables	90	85	-	-
<b>Total non-current liabilities</b>	<b>4,947</b>	<b>5,400</b>	-	-
<b>Total liabilities</b>	<b>32,445</b>	<b>23,423</b>	<b>2,111</b>	<b>1,264</b>
<b>Total equity and liabilities</b>	<b>117,637</b>	<b>100,908</b>	<b>60,750</b>	<b>58,595</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**

As at 30.09.20 (Unaudited)		As at 31.03.20 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
10,723	-	5,518	-

**Amount repayable after one year**

As at 30.09.20 (Unaudited)		As at 31.03.20 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
4,194	-	4,652	-

**Details of any collateral:**

As at 30 September 2020, total borrowings included secured liabilities of RM14,917,000 (31 March 2020: RM10,170,000) for the Group. Secured bank borrowings amounting to RM13,419,000 (31 March 2020: RM8,413,000) are secured and/or guaranteed by one or several collateral(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 lease liabilities of the Group amounting to RM1,498,000 (31 March 2020 RM1,757,000) are secured by the rights to the leased motor vehicle, forklift, machineries and right-of-use assets.

**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**

	<b>Group</b>	
	<b>1H2021 RM'000 (Unaudited)</b>	<b>1H2020 RM'000 (Unaudited)</b>
<b>Cash flow from operating activities</b>		
Profit before tax	9,785	4,028
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1,378	1,044
Amortisation of intangible asset	55	40
Interest expenses	189	243
Interest income	(2)	(26)
<b>Operating cash flow before working capital changes</b>	<b>11,405</b>	<b>5,329</b>
Working capital changes:		
Inventories	(1,366)	1,232
Trade and other receivables	5,292	3,004
Trade and other payables	4,246	(5,152)
Currency translation adjustment	37	-
Cash flow generated from operations	19,614	4,413
Income tax paid	(1,130)	(1,492)
Interest received	2	26
Interest paid	(189)	(243)
<b>Net cash generated from operating activities</b>	<b>18,297</b>	<b>2,704</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(553)	(1,978)
Purchase of intangible assets	(19)	(90)

<b>Net cash used in investing activities</b>	<b>(572)</b>	<b>(2,068)</b>
<b>Cash flow from financing activities</b>		
Increase in fixed deposits pledged	-	(604)
Drawdown/(Repayment) of bank borrowings	5,006	(3,905)
Repayment of lease liabilities	(259)	(149)
Dividend paid	-	(1,656)
<b>Net cash generated from/(used in) financing activities</b>	<b>4,747</b>	<b>(6,314)</b>
Net change in cash and cash equivalents	22,472	(5,678)
Cash and cash equivalents at beginning of financial period	33,248	28,849
Effect of exchange rate changes on cash and cash equivalents	20	17
<b>Cash and cash equivalents at end of financial period (Note A)</b>	<b>55,740</b>	<b>23,188</b>

**Note A**

	<b>Group</b>	
	<b>1H2021 RM'000 (Unaudited)</b>	<b>1H2020 RM'000 (Unaudited)</b>
Cash and bank balances as per statement of financial position	56,864	24,916
Less: Pledged bank deposits	(1,124)	(1,728)
Cash and cash equivalents as per consolidated cash flow statement	<b>55,740</b>	<b>23,188</b>

- 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	Share options reserves RM'000	Merger reserves RM'000	Retained earnings RM'000	Total RM'000		
<b>1H2021 (Unaudited)</b>								
<b>Balance at 1 April 2020</b>	<b>52,653</b>	<b>(305)</b>	64	<b>(9,368)</b>	<b>34,615</b>	<b>77,659</b>	<b>(174)</b>	<b>77,485</b>
Profit for the financial period					7,663	7,663	(12)	7,651
<b>Other comprehensive (loss)/income</b>								
Currency translation differences arising from consolidation	-	64	-	-		64	(8)	56
<b>Total comprehensive (loss)/income for the period</b>		<b>64</b>	-	-	<b>7,663</b>	<b>7,727</b>	<b>(20)</b>	<b>7,707</b>
<b>Balance at 30 September 2020</b>	<b>52,653</b>	<b>(241)</b>	<b>64</b>	<b>(9,368)</b>	<b>42,278</b>	<b>85,386</b>	<b>(194)</b>	<b>85,192</b>



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		
<b>1H2020 (Unaudited)</b>							
<b>Balance at 1 April 2019</b>	<b>52,653</b>	<b>(254)</b>	<b>(10,497)</b>	<b>32,305</b>	<b>74,207</b>	<b>(141)</b>	<b>74,066</b>
Profit for the financial period	-	-	-	3,204	3,204	(33)	3,171
<b>Other comprehensive (loss)/income</b>							
Currency translation differences arising from consolidation	-	(43)	-	-	(43)	(5)	(48)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>(43)</b>	<b>-</b>	<b>3,204</b>	<b>3,161</b>	<b>(38)</b>	<b>3,123</b>
Dividend paid	-	-	-	(1,656)	(1,656)	-	(1,656)
<b>Balance at 30 September 2019</b>	<b>52,653</b>	<b>(297)</b>	<b>(10,497)</b>	<b>33,853</b>	<b>75,712</b>	<b>(179)</b>	<b>75,533</b>

<b>Company</b>	<b>Share capital RM'000</b>	<b>Share option reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>1H2021 (Unaudited)</b>				
<b>Balance at 1 April 2020</b>	<b>52,653</b>	64	<b>4,614</b>	<b>57,331</b>
Comprehensive income for the financial period			1,308	1,308
<b>Balance at 30 September 2020</b>	<b>52,653</b>	<b>64</b>	<b>5,922</b>	<b>58,639</b>
<b>1H2020 (Unaudited)</b>				
<b>Balance at 1 April 2019</b>	<b>52,653</b>	-	<b>1,947</b>	<b>54,600</b>
Comprehensive loss for the financial period	-	-	(282)	(282)
Dividend paid	-	-	(1,656)	(1,656)
<b>Balance at 30 September 2019</b>	<b>52,653</b>	-	<b>9</b>	<b>52,662</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 31 March 2020.

As at 30 September 2020, the Company has outstanding 192,000 employees share options ("Options"), to selected employees which will entitle them to subscribe for 192,000 new shares of the Company. As at 30 September 2019, the Company has outstanding 196,000 Options, to selected employees which will entitle them to subscribe for 196,000 new shares of the Company.

The Company did not have any treasury shares or subsidiary holdings as at 30 September 2020 and 30 September 2019.

- 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 30.09.20</b>	<b>As at 31.03.20</b>
Total number of issued shares (excluding treasury shares)	<u>109,921,000</u>	<u>109,921,000</u>

The Company did not have any treasury shares as at 30 September 2020 and 31 March 2020.

- 1(d)(iv) A statement showing all sales, transfers, 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 modifications or emphasis of a matter).**

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion**

**or disclaimer of opinion: —**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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 year compared with the audited financial statements for the year ended 31 March 2020.

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.**

Not Applicable

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>30.09.20</b>	<b>30.09.19</b>
Profit attributable to equity holders of the Company (RM'000)	7,663	3,204
Weighted average number of ordinary shares ('000)	109,921	109,921
Basic and diluted earnings per share ("EPS") based on actual number of shares (RM sens):	6.97 <sup>(1)</sup>	2.91 <sup>(1)</sup>

Note:

- (1) The diluted EPS are the same as the basic EPS as the exercise period for the Options will only start from 3 June 2022.

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 financial period reported on; and**  
**(b) immediate preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30.09.20</b>	<b>As at 31.03.20</b>	<b>As at 30.09.20</b>	<b>As at 31.03.20</b>
Net asset value (RM'000)	85,192	77,485	58,639	57,331
Number of ordinary shares in issue ('000)	109,921	109,921	109,921	109,921
Net asset value per ordinary share (RM sens)	77.50	70.49	53.35	52.16

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**

### **1H2021 as compared to 1H2020**

#### **Revenue**

Revenue increased by approximately RM15.7 million or 55.16% from RM28.4 million in 1H2020 to RM44.1 million in 1H2021.

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

<b>RM' million</b>	<b>1H2021</b>	<b>1H2020</b>	<b>Change</b>	<b>% Change</b>
<b>Indonesia</b>	14.3	13.3	1.0	7.52
<b>Malaysia</b>	19.3	10.7	8.6	80.37
<b>Others (Thailand, Vietnam, Philippines, United Kingdom, Singapore, Cambodia, India and United States of America)</b>	10.5	4.4	6.1	138.64
<b>Total</b>	44.1	28.4	15.7	55.16

The increase in revenue was mainly due to increase in total sales volume of 2.3 million cans or 50.68% from 4.6 million cans in 1H2020 to 6.9 million cans in 1H2021 arising from higher demand from countries such as Malaysia, Thailand, Vietnam and Philippines.

#### **Cost of Sales and Gross Profit**

The increase in cost of sales is in line with the increase in revenue.

Gross profit increased by RM8.6 million or 64.89% while gross profit margin for 1H2021 and 1H2020 were 49.52% and 46.59% respectively. The slight increase in the gross profit margin was mainly due to the i) increase in average selling price for aerosol metallic colour paint ranging from 20% to 30%, ii) better production cost efficiency.

#### Other Income

Other income comprised mainly of interest income, net (loss)/gain on foreign exchange and rental income. The decrease in other income by RM0.2 million or 20.34% was mainly due to a decrease in net of foreign exchange gain from RM0.9 million in 1H2020 compared to RM0.7 million in 1H2021.

#### Administrative Expenses

Administrative expenses mainly comprised staff costs, professional fees, rental expenses, upkeep of office, depreciation, utilities, printing and stationery expenses and listing maintenance fees. Administrative cost increased by RM0.6 million or 12.90%, mainly due to director performance incentive recognised in 1H2021 by RM0.9 million offset with decrease in other administration cost by RM0.3 million.

#### Marketing and Distribution Expenses

Marketing and distribution expenses increased approximately by RM2.0 million or 40.28%, from RM5.1 million in 1H2020 to RM7.1 million in 1H2021 mainly due to enhancement of offline and online marketing activities carried out during the period.

### **REVIEW OF THE GROUP'S FINANCIAL POSITION**

#### **As at 30 September 2020 as compared to 31 March 2020**

##### Non-current assets

Non-current assets decreased by RM0.9 million, or 3.15%, from RM27.9 million as at 31 March 2020 to RM27.0 million as at 30 September 2020.

##### *Property, plant and equipment*

Property, plant and equipment decreased by RM0.8 million, or 3.10 % mainly due to depreciation expenses.

##### Current assets

Current assets increased by RM17.6 million, or 24.11%, from RM73.0 million as at 31 March 2020 to RM90.6 million as at 30 September 2020.

##### *Inventories*

Inventories increased by RM1.4 million, or 17.50% attributable to higher of raw material level of RM0.4 million, packing material of RM0.1 million, and finished goods of RM0.9 million.

##### *Trade and other receivables*

As at 30 September 2020, trade and other receivables consisted of approximately RM20.9 million of trade receivables (31 March 2020: RM25.4 million) and approximately RM3.7 million of other receivables (31 March 2020: RM5.5 million).

Trade receivables decreased by RM4.5 million due to improvement in collection from debtors while other receivables decreased by RM1.8 million mainly due to decrease of tax recoverable of RM1.0 million and prepayment of RM0.8 million.

As at the date of this announcement, the Group has collected approximately RM6.6 million or 31.58% of the trade receivables as at 30 September 2020.

#### Non-current liabilities

Non-current liabilities comprised the non-current portion of borrowings, deferred tax liabilities and other payables. Non-current liabilities decreased by RM0.5 million, or 8.39%, from RM5.4 million as at 31 March 2020 to RM4.9 million as at 30 September 2020 mainly due to repayment of bank borrowing of RM0.4 million.

#### Current liabilities

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

#### *Trade and other payables*

As at 30 September 2020, trade and other payables consisted of approximately RM12.7 million of trade payables (31 March 2020: RM10.0 million) and approximately RM3.4 million of other payable (31 March 2020: RM1.8 million).

Trade payables increased by RM2.7 million, or 27% mainly due to increase in purchases in line with increase in sales. Other payables increased by RM1.6 million, or 88.89% mainly due to the additional accrual of directors' performance incentive of RM1.0 million and other payable of RM0.6 million.

#### *Current borrowings*

Short term borrowings increased by RM5.2 million, or 94.33% mainly due to utilisation of banker's acceptance amounting to RM5.0 million and increase in lease liabilities of RM0.2 million.

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

#### Net cash generated from operating activities

In 1H2021, net cash generated from operating activities amounting to RM18.3 million, arising from operating cash flow before changes in working capital of RM11.4 million, changes in net working capital inflow of RM8.2 million and being offset by net interest payment amounting to RM0.2 million and income tax payment of RM1.1 million

The net working capital inflow of RM8.2 million comprised of lower trade and other receivable of RM5.3 million, increase in trade and other payable of RM4.3 million coupled with increase in inventories of RM1.4 million.

#### Net cash used in investing activities

In 1H2020, we recorded a net cash outflow from investing activities of approximately RM0.6 million mainly due to additional cost of upgrading and renovation of factory and purchase of plant and machinery.

Net cash from financing activities

In 1H2020, we recorded a net cash generated from financing activities of approximately RM4.7 million due to drawdown of bank borrowing which amounted to RM5.0 million and offset with repayment of lease liabilities of RM0.3 million.

As at 30 September 2020, the Group maintained a cash and cash equivalents balance of RM55.7 million.

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

No specific forecast or prospect statement has been previously disclosed. Despite the expected challenging environment, the Group managed to record an improvement in revenue and profit for 1H2021 mainly due to the reasons set out in paragraph 8 above.

**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.**

Management expects that there will be continued uncertainty with regards to the COVID-19 pandemic and the recovery of the global economy. The Group will continue its efforts to tighten cost controls, enhance online and offline marketing activities, as well as develop new and innovative products to maintain its market competitiveness.

The Group's marketing strategy plan for the USA market will be further delayed to 2H2021 due to the COVID-19 pandemic.

**11. Dividend**

If a decision regarding dividend has been made:-

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	SGD 0.01 per ordinary share
Tax Rate	Tax exempt (one-tier)

The Group is declaring a interim dividend for the current 1H2021. This decision is arrived at after the Board considered, among other factors, the Group's 1H2021 recorded cash flows and cash position, and the Group's current and future cash flows requirements.

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

No dividend has been declared or recommended for 1H2020.



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

Tax exempted (one-tier).

- (d) **The date the dividend is payable.**

The interim dividend will be paid on 10 December 2020.

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

The Share Transfer Books and the Register of Members of the Company will be closed at 5.00 pm on 30 November 2020 (“Record Date”) for the purpose of determining shareholders’ entitlements to the interim one-tier tax-exempt dividend of SGD0.01 per ordinary share in the Company (“Interim Dividend”).

Duly completed registrable transfers received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to the Record Date will be registered to determine shareholders’ entitlements to the Interim Dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (“CDP”), the Interim Dividend entitlements to the CDP account holders in accordance with its normal practice.

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

Not applicable

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

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

- 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:

<b>Use of Proceeds</b>	<b>Estimated amount allocated (\$'000)</b>	<b>Amount utilised as at the date of this announcement (\$'000)</b>	<b>Balance as at the date of this announcement (\$'000)</b>
<u>Net IPO Proceeds</u>			
Expansion of production facilities	1,200	(1,200)	-
General working capital	1,150	(1,150) <sup>(1)</sup>	-
<u>Net Placement Proceeds</u>			
Business development and expansion	9,600	(7,707)	1,893
<b>Total</b>	<b>11,950</b>	<b>(10,057)</b>	<b>1,893</b>

Note (1): Utilised for the payment of operating expense incurred by the Company wholly-owned subsidiary, Samurai 2K USA Inc.

**15. Disclosure on acquisition and realisation pursuant to Rule 706A**

On 22 May 2020, a subsidiary, Creative Paint Marketing Sdn Bhd, had been struck off.

**16. 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.

**17. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual**

We, Lim Siang Kai and Ong Yoke En, being the 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 2020 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 2020