



SAMURAI 2K AEROSOL LIMITED
Company Registration No. 201606168C

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR
THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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 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 SGXST assume no responsibility for the contents of this 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 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 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”, “Khameleon”, “Canbrush”, “Ninjutsu”, “Geigi”, “CanArt” and “Bushido”.

For the purpose of this announcement, the results of the Group for the financial year ended 31 March 2018 (“FY2018”) and the comparative results of the Group for the financial year ended 31 March 2017 (“FY2017”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 April 2016.

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 2017 (“FY2017”) and financial year ended 31 March 2018 (“FY2018”)

	Group		
	FY2018 RM'000 (Unaudited)	FY2017 RM'000 (Audited)	Increase/ (Decrease) %
Revenue	90,014	39,350	128.8
Cost of sales	(51,341)	(21,585)	137.9
Gross Profit	38,673	17,765	117.7
Other (expenses)/income	(3,787)	833	N.M.
Administrative expenses	(11,550)	(10,342)	11.7
Marketing and distribution expenses	(7,214)	(3,481)	107.2
Finance costs	(487)	(490)	(0.6)
Profit before tax	15,635	4,285	264.9
Income tax expense	(3,726)	(2,442)	52.6
Profit for the year	11,909	1,843	546.2
Other comprehensive (loss)/income: <i>Items that are or may be reclassified subsequently to profit or loss</i>			
Currency translation difference arising from consolidation	(146)	171	N.M.
Total comprehensive income for the year	11,763	2,014	484.1
Profit/(loss) for the year attributable to:			
Equity holders of the Company	11,703	2,221	426.9
Non-controlling interests	206	(378)	N.M.
	11,909	1,843	546.2

Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company	11,567	2,368	388.5
Non-controlling interests	196	(354)	N.M.
	11,763	2,014	484.1

N.M. – Not meaningful

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		
	FY2018 RM'000 (Unaudited)	FY2017 RM'000 (Audited)	Increase/ (Decrease) %
Profit for the year include the following charges/(credits):			
Finance expenses:	487	490	(0.6)
- bank borrowings	467	463	0.9
- finance lease liabilities	20	27	(25.9)
Depreciation of property, plant and equipment	1,090	761	43.2
Amortisation of intangible assets	5	5	-
Rental expense	542	296	83.1
Foreign exchange loss/(gain), net	4,115	(673)	N.M.
Listing expenses	-	4,399	(100.0)
Personnel expenses	10,141	5,745	76.5
Gain on disposal of property, plant and equipment	(11)	-	100.0
Property, plant and equipment written off	13	24	(45.8)
Income tax expense:	3,726	2,442	52.6
Income tax			
- current year	3,743	1,998	87.3
- prior year	106	175	(39.4)
Deferred income tax			
- current year	(76)	218	N.M.
- prior year	(47)	51	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

	Group		Company	
	31 March 2018 RM'000 (Unaudited)	31 March 2017 RM'000 (Audited)	31 March 2018 RM'000 (Unaudited)	31 March 2017 RM'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	16,117	10,859	-	-
Intangible assets	168	18	-	-
Investment in subsidiaries	-	-	10,451	12,650
Deferred tax assets	74	45	-	-
Other receivables	-	261	-	-
	16,359	11,183	10,451	12,650
Current assets				
Inventories	8,263	6,388	-	-
Trade and other receivables	29,925	5,188	20,170	342
Cash and bank balances	39,290	19,922	28,454	8,576
	77,478	31,498	48,624	8,918
Total assets	93,837	42,681	59,075	21,568
EQUITY AND LIABILITIES				
Equity				
Share capital	52,653	23,287	52,653	23,287
Foreign currency translation reserve	54	290	-	-
Retained earnings/(accumulated loss)	23,540	12,585	3,977	(4,939)
Merger reserves	(10,497)	(11,345)	-	-
Equity attributable to:				
Equity holders of the Company	65,750	24,817	56,630	18,348
Non-controlling interest	158	(38)	-	-
Total equity	65,908	24,779	56,630	18,348
LIABILITIES				
Current liabilities				
Trade and other payables	18,843	7,020	2,445	3,220
Borrowings	3,631	4,668	-	-
Tax payable	522	319	-	-

Total current liabilities	22,996	12,007	2,445	3,220
Non-current liabilities				
Borrowings	4,178	5,128	-	-
Deferred tax liabilities	483	591	-	-
Other payables	272	176	-	-
Total non-current liabilities	4,933	5,895	-	-
Total liabilities	27,929	17,902	2,445	3,220
Total equity and liabilities	93,837	42,681	59,075	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 2018 (Unaudited)		As at 31 March 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
3,631	-	4,668	-

Amount repayable after one year

As at 31 March 2018 (Unaudited)		As at 31 March 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
4,178	-	5,128	-

Details of any collateral:

As at the date of the statement of financial position, total borrowings included secured liabilities of RM7,809,000 (31 March 2017: RM9,796,000) for the Group. Secured bank borrowings amounting to RM7,501,000 (31 March 2017: RM9,381,000) 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 and No. 6 and 8, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman Lima Kedai, Gelang Patah, 81500 Johor, Malaysia;
- (ii) fixed deposits; and

- (iii) personal guarantees from the Directors, namely Mr. Ong Yoke En and Ms. Lim Lay Yong. 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, 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 RM308,000 (31 March 2017: RM415,000) are secured by the rights to the leased motor vehicle, forklift and machineries.

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

COMBINED STATEMENT OF CASH FLOWS

	Group	
	FY2018 RM'000 (Unaudited)	FY2017 RM'000 (Audited)
Cash flow from operating activities		
Profit before tax	15,635	4,285
Adjustments for:		
Depreciation of property, plant and equipment	1,090	761
Amortisation of intangible asset	5	5
Property, plant and equipment written off	13	24
Gain on disposal of property, plant and equipment	(11)	-
Interest expenses	487	490
Interest income	(175)	(69)
Listing expenses	-	4,399
Operating cash flow before working capital changes	17,044	9,895
Working capital changes:		
Inventories	(1,932)	(1,014)
Trade and other receivables	(24,415)	2,101
Trade and other payables	12,645	(3,552)
Currency transaction adjustments	(245)	26
Cash flow generated from operations	3,097	7,456
Income tax paid	(3,900)	(1,924)
Interest received	175	69
Interest paid	(487)	(490)
Net cash (used in)/generated from operating activities	(1,115)	5,111
Cash flow from investing activities		
Purchase of intangible assets	(155)	-
Deposit for purchase of property, plant and equipment	-	(254)
Proceeds from disposal of property, plant and equipment	25	-
Purchase of property, plant and equipment	(6,413)	(5,852)

Net cash used in investing activities	(6,543)	(6,106)
Cash flow from financing activities		
(Increase)/decrease in fixed deposits pledged	(38)	241
Proceeds from issuance of ordinary shares	29,366	12,407
Payment of initial public offering related expenses	-	(5,926)
Repayment of obligations under finance lease	(129)	(145)
Proceeds from bank borrowings	-	4,813
Repayment of bank borrowings	(1,858)	(576)
Net cash generated from financing activities	27,341	10,814
Net change in cash and cash equivalents	19,683	9,819
Cash and cash equivalents at beginning of financial year	18,739	8,767
Effect of exchange rate changes on cash and cash equivalents	(354)	153
Cash and cash equivalents at end of financial year (Note A)	38,068	18,739

Note A

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

	Group	
	31 March 2018 RM'000 (Unaudited)	31 March 2017 RM'000 (Audited)
Cash and bank balances per consolidated statement of financial position	39,290	19,922
Less: fixed deposit pledged	(1,222)	(1,183)
Cash and cash equivalents per consolidated cash flow statement	38,068	18,739

- 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		
FY2018 (Unaudited)							
Balance at 1 April 2017	23,287	290	(11,345)	12,585	24,817	(38)	24,779
Profit for the financial year	-	-	-	11,703	11,703	206	11,909
Other comprehensive income							
Currency translation differences on consolidation	-	(136)	-	-	(136)	(10)	(146)
Total comprehensive income/(loss) for the year	-	(136)	-	11,703	11,567	196	11,763
Issuance of ordinary shares pursuant to placement	30,258	-	-	-	30,258	-	30,258
Capitalisation of share issuance expenses	(892)	-	-	-	(892)	-	(892)
Strike off of subsidiary	-	(100)	848	(748)	-	-	-
Balance at 31 March 2018	52,653	54	(10,497)	23,540	65,750	158	65,908

FY2017 (Audited)							
Balance at 1 April 2016	1,336	159	-	10,390	11,885	-	11,885
Profit for the financial year	-	-	-	2,221	2,221	(378)	1,843
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 Restructuring Exercise	12,407	-	-	-	12,407	-	12,407
Capitalisation of share issuance expenses	(1,527)	-	-	-	(1,527)	-	(1,527)
Adjustment pursuant to Restructuring Exercise	(1,336)	-	(11,345)	-	(12,681)	274	(12,407)
Issuance of ordinary shares pursuant to IPO	12,407	-	-	-	12,407	-	12,407
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

Company	Share capital RM'000	(Accumulated losses)/Retained earnings RM'000	Total RM'000
FY2018 (Unaudited)			
Balance at 1 April 2017	23,287	(4,939)	18,348
Profit for the financial year	-	8,916	8,916
Issuance of ordinary shares pursuant to placement	30,258	-	30,258
Capitalisation of share issuance expenses	(892)	-	(892)
	29,366	8,916	38,282
Balance at 31 March 2018	52,653	3,977	56,630
FY2017 (Audited)			
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
Issuance of ordinary shares pursuant to IPO	12,407	-	12,407
Capitalisation of share issuance expenses	(1,527)	-	(1,527)
Balance at 31 March 2017	23,287	(4,939)	18,348

- 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

	No. of issued shares	Issued and paid-up share capital (RM'000)
Issued and paid-up share capital as at 30 September 2017	100,000,000	23,287
Issue of new ordinary shares pursuant to the placement	9,921,000	29,366
Issued and paid-up share capital as at 31 March 2018	109,921,000	52,653

The Company did not have any outstanding convertibles as at 31 March 2018 and 31 March 2017.

The Company did not have any treasury shares and subsidiary holdings as at 31 March 2018 and 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 2018	As at 31 March 2017
Total number of issued shares (excluding treasury shares)	<u>109,921,000</u>	<u>100,000,000</u>

The Company did not have any treasury shares and subsidiary holdings as at 31 March 2018 and 31 March 2017.

- 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 qualifications or emphasis of a matter).

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

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

Except as disclosed in paragraph 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the most recently audited consolidated financial statements for the financial 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 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.

	Group	
	FY2018	FY2017
Profit attributable to equity holders of the Company (RM'000)	11,703	2,221
Weighted average number of ordinary shares ('000)	102,881	100,000
Basic and diluted earnings per share (RM sen):	11.38	2.22

For comparative purposes, the earnings per share for FY2017 has been computed based on 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 2016.

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 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Net asset value (RM'000)	65,908	24,779	56,630	18,348
Number of ordinary shares in issue ('000)	109,921	100,000	109,921	100,000
Net asset value per ordinary share based on issued share capital (RM sen)	59.96	24.78	51.52	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;**

REVIEW OF THE GROUP'S PERFORMANCE FOR FY2018 AS COMPARED TO FY2017

Revenue

Revenue increased by approximately RM 50.66 million or 128.8%. The increase in revenue was mainly due to (i) the increase in revenue from our "Paint – Standard" segment by RM 29.65 million, or 124.5% and (ii) the increase in revenue from our "Paint – Premium" segment by RM 20.70 million, or 143.9%.

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

RM' million	FY2018	FY2017	Change	% Change
Indonesia	57.86	17.88	39.98	223.6
Malaysia	24.51	18.04	6.47	35.9
Others (Thailand, Vietnam, Philippines, United Kingdom and Singapore)	7.64	3.43	4.21	122.7
Total	90.01	39.35	50.66	128.8

The increase in revenue was mainly due to sales volume increased by 9.02 million cans or 132.6% to 15.83 million cans in FY2018. Higher sales volume 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

Gross profit increased by RM 20.91 million or 117.7% while gross profit margin for FY2018 and FY2017 were 43.0% and 45.1% respectively. The slight drop in the gross profit margin was mainly due to the appreciation of Ringgit Malaysia against Indonesian Rupiah by approximately 3.2% between FY2017 and FY2018 which has caused the export selling prices to Indonesia to be lower.

Included in the cost of sales was the depreciation of property, plant and equipment of RM 0.83 million, which had increased by RM 0.29 million, or 53.1% in FY2018. The increase was mainly due to the acquisition of plant and machineries amounted to RM 6.41 million for expansion purpose.

Other Income/(expenses)

Other income/(expenses) comprised mainly of loss on foreign exchange. The Company incurred a loss on foreign exchange of RM4.11 million in FY2018 while a gain on foreign exchange of RM0.67 million in FY2017. The loss on foreign exchange was attributable to the appreciation of Ringgit Malaysia against Indonesian Rupiah by approximately 3.2% (based on yearly average of FY2018 and FY2017). The appreciation of Ringgit Malaysia intensified in the second half of FY2018 by approximately 8.7% as compared to first half of FY2018.

Administrative Expenses

Administrative expenses consisted of mainly directors' remuneration, staff costs, professional fees, rental expenses and depreciation. The administrative cost increased by RM 1.21 million or 11.7%, mainly due to (i) the variable performance bonus for the Executive Directors and the increase in their salaries with effect from 1 July 2017 as per their service agreements dated 16 December 2016 of RM 2.73 million from RM 0.87 million in FY2017 to RM 3.60 million in FY2018; (ii) higher salaries and related costs paid for supporting staff of RM 1.06 million from RM 2.24 million in FY2017 to RM 3.30 million in FY2018 mainly due to increase in the number of staff; (iii) administrative and service tax expenses incurred by the subsidiaries, of RM 0.82 million; (iv) higher professional fees and related expenses of RM 0.58 million (v) increase in other miscellaneous expenses of RM0.29 million; and (vi) offset by the absence of initial public offering related expenses of RM 4.40 million incurred in FY2017.

Marketing and Distribution Expenses

Marketing and distribution expenses increased by RM 3.73 million or 107.2%, mainly due to higher (i) salaries and commission paid to sales team by RM 0.63 million for the higher revenue generated; and (ii) marketing cost consisting of advertisement in social media, exhibition, demonstration, travelling and training for potential end-users by RM 3.10 million.

Finance Costs

Finance costs of RM 0.49 million in FY2018 remained relatively unchanged as compared to FY2017.

- (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 AS AT 31 MARCH 2018 AS COMPARED TO 31 MARCH 2017

Non-current assets

Property, plant and equipment

Property, plant and equipment increased by RM 5.26 million or 48.4 % was mainly due to the acquisition of plant and machineries amounted to RM 6.41 million for expansion purpose.

Other receivables

The other receivables as at 31 March 2017 was in respect of deposit for purchase of property, plant and equipment. There was no such other receivables as at 31 March 2018.

Current assets

Inventories

Inventories increased by RM 1.88 million or 29.4% was mainly due to (i) increase in raw and packaging materials by RM 3.19 million, or 104.8% to RM6.23 million as at 31 March 2018; (ii) offset by decrease in finished goods by RM 1.31 million, or 39.3% to RM 2.03 million as at 31 March 2018.

Trade and other receivables

As at 31 March 2018, trade and other receivables consisted of approximately RM 25.15 million of trade receivables (31 March 2017: RM 2.89 million) and approximately RM 4.78 million of other receivables (31 March 2017: 2.30 million).

The increase in trade receivables by RM 22.26 million was mainly due to increased sales volume. The increase in the other receivables by RM 2.48 million, or 107.8% was mainly due to (i) increase in the advance payment to suppliers by RM 1.13 million to RM 1.28 million as at 31 March 2018; and (ii) increase in goods and services tax receivables by RM 1.33 million, to RM 1.84 million as at 31 March 2018.

As at the date of this announcement, the Group has collected approximately RM 4.95 million from the trade receivables in respect of the amounts due as at 31 March 2018.

Non-current liabilities

Non-current borrowings

Non-current borrowings decreased by RM 0.95 million, or 18.5% was due to repayment of bank borrowings.

Current liabilities

Trade and other payables

As at 31 March 2018, trade and other payables consists of approximately RM 15.80 million of trade payables (31 March 2017: RM 5.59 million) and approximately RM 3.04 million of other payables (31 March 2017: 1.43 million).

The increase in trade payables by RM 10.21 million, or 182.6% was mainly due to higher trade purchases in line with higher cost of sales. The increase in the other payables by RM 1.61 million, or 112.6% was mainly due to the accrual of variable performance bonus for the Executive Directors amounting to RM 1.72 million (31 March 2017: NIL)

Current borrowings

Short term borrowings decreased by RM 1.04 million, or 22.2% was due to repayment of bank

borrowings.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net Cash Used in Operating Activities

In FY2018, the Group recorded net cash used in operating activities of approximately RM 1.12 million, arising from operating cash flow before changes in working capital of RM 17.04 million offset by changes in net working capital outflow of RM 13.96 million, net interest payment of approximately RM 0.31 million and income tax payment of approximately RM 3.89 million.

The working capital outflow was mainly due to increase in trade and other receivables by RM 24.42 million and offset by increase in trade and other payables by RM 12.65 million.

Net Cash Used in Investing Activities

In FY2018, the Group recorded a net cash outflow from investing activities of approximately RM 6.54 million mainly due to the purchase of property, plant and equipment to expand its production.

Net Cash Generated from Financing Activities

In FY2018, the Group recorded a net cash inflow from financing activities of approximately RM 27.34 million mainly due to receipt of net placement proceeds of RM 29.37 million. This was offset by net repayment of bank borrowings and finance leases of RM 1.99 million.

As at 31 March 2018, the Group maintained a cash and cash equivalents balance of RM 38.07 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.

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

The Company has identified the United States of America ("USA") as the next engine of growth. The recent granting of "Single Head 2K System" invention patent by the United States Patent and Trademark Office (as announced on 17 April 2018) gives us the right to exclude others from making, using, offering for sale, or selling our invention throughout USA or importing the invention into USA.

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 FY2017.

- (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 for FY2018.

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

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

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

By Business segments

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
31 March 2018				
Segment revenue				
Sales to external customers	53,448	35,094	1,472	90,014
<hr/>				
Segment profit	7,122	8,530	292	15,944
<hr/>				
Other segment information				
Depreciation of property, plant and equipment	726	352	12	1,090
<hr/>				
Segment assets	52,411	34,413	1,444	88,268
Unallocated assets				
- Deferred tax assets				74
- Fixed deposits				5,221
- Tax recoverable				274
Total assets				93,837
<hr/>				
Segment assets include:				
Additions to non-current assets	3,808	2,501	105	6,414
<hr/>				
Segment liabilities	11,351	7,453	311	19,115
Unallocated liabilities				
- Deferred tax liabilities				483
- Borrowings				7,809
- Tax payable				522
Total liabilities				27,929
<hr/>				

	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	1,552	2,986	168	4,706
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Other segment information

Depreciation of property, plant and equipment

513	232	16	761
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Segment assets

Unallocated assets

- Deferred tax assets

- Fixed deposits

-Tax recoverable

24,887	15,023	1,204	41,114
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45

1,183

339

Total assets

42,681

Segment assets include:

Additions to non-current assets

3,696	2,231	179	6,106
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Segment liabilities

Unallocated liabilities

- Deferred tax liabilities

- Borrowings

-Tax Payable

4,355	2,630	211	7,196
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591

9,796

319

Total liabilities

17,902

By geographical segments**Sales to external customers**

FY2018	FY2017
RM'000	RM'000

Non-current assets

FY2018	FY2017
RM'000	RM'000

Malaysia

24,514

18,036

15,948

10,714

Indonesia

57,858

17,883

212

163

Others

7,642

3,431

125

-

90,014

39,350

16,286

10,877

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 paragraph 8 above.

16. A breakdown of sales as follows:

	Group FY2018 RM'000	Group FY2017 RM'000	Group Increase / (Decrease) %
(a) Sales reported for first half year	34,489	17,105	101.6
(b) Operating profit after tax before deducting minority interests reported for first half year	6,306	1,505	319.0
(c) Sales reported for second half year	55,525	22,245	149.6
(d) Operating profit after tax before deducting minority interests reported for second half year	5,603	338	1,557.7

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

No dividend has been declared or recommend for FY2018 and FY2017.

18. Use of IPO and Placement Proceeds

Pursuant to the Company's 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 Offer Document and announcement on the Placement dated 27 November 2017 for further details. As at the date of this announcement, the Net Proceeds have been utilised as follows:

Use of Proceeds	Estimated amount allocated (\$'000)	Amount utilised as at the date of this announcement (\$'000)	Balance as at the date of this announcement (\$'000)
<u>Net IPO Proceeds</u>			
Expansion of production facilities	1,200	(1,200) ⁽¹⁾	-
General working capital	1,150	(291) ⁽²⁾	859

Net Placement Proceeds

Business development
and expansion

9,600

(624)

8,976

Total

11,950

(2,115)

9,835

Note

(1) Fully utilised for purchase of machineries.

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

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

19. 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	35	Brother of our Executive Director and CEO, Mr Ong Yoke En and the brother-in-law of Ms Lim Lay Yong, 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

28 May 2018