



ECOMATE HOLDINGS BERHAD

(Registration No. 202001036445 (1392766-X))

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MAY 2022**

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year 31/05/2022 RM'000	Audited Preceding Year Corresponding Quarter 31/05/2021 RM'000	(Unaudited) Current Year To Date 31/05/2022 RM'000	Audited Preceding Year To Date 31/05/2021 RM'000
Revenue	13,525	18,794	13,525	18,794
Operating Expenses	(11,199)	(15,892)	(11,199)	(15,892)
Other Income	189	385	189	385
Finance Costs	(149)	(139)	(149)	(139)
Profit Before Tax	2,366	3,148	2,366	3,148
Taxation	(339)	(750)	(339)	(750)
Total comprehensive income	2,027	2,398	2,027	2,398
Profit After Tax Attributable To:				
Owners of the Company	2,027	2,398	2,027	2,398
Total Comprehensive Income Attributable To:				
Owners of the Company	2,027	2,398	2,027	2,398
Attributable to Equity Holders of the Company:				
Basic earnings per share (sen) ⁽²⁾	0.58	0.80	0.58	0.80
Diluted earnings per share (sen) ⁽³⁾	0.58	0.80	0.58	0.80

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the Company's weighted average number of ordinary shares as at 31 May 2022 (2022: 350,000,000 shares; 2021: 301,000,000 shares).
- (3) Diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Note	Unaudited As at 31/05/2022 RM'000	Audited As at 28/02/2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		10,542	10,111
Prepaid lease payments		6,900	6,900
Right-of-use assets		3,546	3,223
		<u>20,988</u>	<u>20,234</u>
Current Assets			
Inventories		11,638	11,881
Trade receivables		5,753	5,583
Other receivables, deposits and prepayments		1,303	2,221
Current tax assets		160	330
Fixed deposits with a licensed bank		3,160	3,160
Cash and bank balances		12,422	13,064
		<u>34,436</u>	<u>36,239</u>
TOTAL ASSETS		<u>55,424</u>	<u>56,473</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		22,730	22,730
Merger reserve		(3,449)	(3,449)
Retained profits		13,682	13,405
TOTAL EQUITY		<u>32,963</u>	<u>32,686</u>
Non-Current Liabilities			
Bank borrowings	B8	6,931	7,051
Lease liabilities	B8	1,425	1,231
Deferred tax liabilities		1,010	1,160
		<u>9,366</u>	<u>9,442</u>
Current Liabilities			
Trade payables		3,404	5,437
Other payables and accruals		3,416	3,915
Bank borrowings	B8	5,064	3,960
Lease liabilities	B8	1,090	1,026
Derivative liabilities		121	7
		<u>13,095</u>	<u>14,345</u>
TOTAL LIABILITIES		<u>22,461</u>	<u>23,787</u>
TOTAL EQUITY AND LIABILITIES		<u>55,424</u>	<u>56,473</u>
NET ASSETS PER ORDINARY SHARE (RM) ⁽²⁾		<u>0.09</u>	<u>0.10</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's weighted average number of 350,000,000 ordinary shares at the end of the reporting period (28 February 2022 : 316,169,863).

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

<u>Group</u>	<u>Share capital</u>	<u>Non-distributable Re-organisation Reserve</u>	<u>Distributable Retained profits</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000	RM'000
<u>Unaudited</u>				
As at 1 March 2022 (Audited)	22,730	(3,449)	13,405	32,686
Profit after tax and total comprehensive income for the financial period	-	-	2,027	2,027
Contributions by and distributions to owners of the Group :-				
- Dividends	-	-	(1,750)	(1,750)
As at 31 May 2022 (Unaudited)	22,730	(3,449)	13,682	32,963

<u>Group</u>	<u>Share capital</u>	<u>Non-distributable Re-organisation Reserve</u>	<u>Distributable Retained profits</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000	RM'000
<u>Audited</u>				
As at 1 March 2021 (Audited)	3,926	-	8,063	11,989
Profit after tax and total comprehensive income for the financial period	-	-	2,398	2,398
As at 31 May 2021 (Audited)	3,926	-	10,461	14,387

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾**

	Unaudited	Audited
	Current Year	Preceding
	3 Months Ended	Corresponding
	31/05/2022	31/05/2021
	RM'000	RM'000
Cash Flow From Operating Activities		
Profit before tax	2,366	3,148
Adjustments for:		
Depreciation of property, plant and equipment	341	140
Depreciation of right-of-use assets	227	264
Loss on fair value derivative	114	7
Unrealised loss/(gain) on foreign exchange	*	(29)
Interests on lease liabilities	32	39
Interest expenses	117	100
Interest income	(86)	(14)
Operating profit before working capital changes	3,111	3,655
Changes in working capital		
Inventories	243	(2,389)
Trade receivables	(170)	(187)
Other receivables, deposits and prepayments	918	(1,389)
Trade payables	(2,033)	2,391
Other payables and accruals	(499)	1,558
Amount due to directors	-	53
Cash From Operations	1,570	3,692
Interest paid	(149)	(139)
Interest received	86	14
Tax paid	(319)	(448)
Net Cash From Operating Activities	1,188	3,119
Cash Flows For Investing Activities		
Purchase of property, plant and equipment	(772)	(103)
Net Cash For Investing Activities	(772)	(103)
Carried Forward	416	3,016

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	Unaudited Current Year 3 Months Ended 31/05/2022 RM'000	Audited Preceding Corresponding 3 Months Ended 31/05/2021 RM'000
Brought Forward	416	3,016
Cash Flows For Financing Activities		
Net movement in bankers' acceptances	1,098	(1,630)
Dividend paid	(1,750)	-
Repayment of lease liabilities	(292)	(307)
Repayment of term loans	(114)	(109)
Net Cash Flows For Financing Activities	(1,058)	(2,046)
Net Changes In Cash and Cash Equivalents	(642)	970
Effect of exchange differences	*	29
Cash and Cash Equivalents at Beginning of the Financial Year	13,064	7,322
Cash and Cash Equivalents at End of the Financial Year	12,422	8,321

Note:

* Negligible

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial statements of Ecomate Holdings Berhad (“**Ecomate**” or the “**Company**”) and its subsidiary (“**Group**”) are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“**MASB**”) and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the accompanying explanatory note attached to this interim financial report.

2. Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the year ended 28 February 2022.

The Group has not applied in advance the following accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the financial year ended 28 February 2022:

MFRSs and/or IC Interpretations

(Including The Consequential Amendments)

Effective Date

MFRS 17	: Insurance Contracts	1 January 2023
Amendments to MFRS 3	: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17	: Insurance Contracts	1 January 2023
Amendment to MFRS 17	: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101	: Classification of Liabilities as Current or Noncurrent	1 January 2023
Amendments to MFRS 101	: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116	: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020		1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

There was no qualified report issued by the auditors in the financial statements of the Group for the financial year ended 28 February 2022.

4. Seasonality or Cyclicity of Operations

There were no material seasonal or cyclical factors affecting the business operations of the Group in the current quarter.

5. Exceptional Items

There were no material exceptional items during the current financial quarter under review.

6. Material Changes in Estimates

There were no material changes in estimates amount that had a material effect for the current financial period under review.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the financial period under review.

8. Dividend Paid

An interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ended 28 February 2023 was declared by the Board on 25 April 2022 and subsequently paid on 3 June 2022 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 13 May 2022.

9. Segment Information

The Group is principally engaged in manufacturing of furniture and furniture parts.

No products and services segment information is presented as the Group's revenue and profit or loss are mainly confined to a single operating segment, namely furniture manufacturing.

Segment assets is not presented, as all non-current assets are located in Malaysia.

Segment revenue is presented based on the geographical location of the customers.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

	Individual Quarter		Cumulative Quarter	
	Unaudited	Audited	Unaudited	Audited
	31/05/2022	31/05/2021	31/05/2022	31/05/2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,791	8,498	5,791	8,498
Asia (excluding Malaysia)	2,383	3,616	2,383	3,616
North America	1,620	2,793	1,620	2,793
Australasia	1,361	1,777	1,361	1,777
Africa	1,195	-	1,195	-
Europe	909	2,110	909	2,110
South America	266	-	266	-
Total	13,525	18,794	13,525	18,794

10. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment in the current financial quarter under review.

11. Capital Commitments

The material capital commitments of the Group as at 31 May 2022 are as follow:

Progress claim for purchase of leasehold industrial land	RM'000
	1,725

12. Material Subsequent Event

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

14. Contingent Liabilities

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

15. Recurrent Related Party Transactions

	Individual Quarter		Cumulative Quarter	
	Unaudited 31/05/2022 RM'000	Audited 31/05/2021 RM'000	Unaudited 31/05/2022 RM'000	Audited 31/05/2021 RM'000
Companies in which person(s) connected to director has substantial financial interests				
Purchases	19	88	19	88
Company in which a director has substantial financial interest				
Fire protection maintenance expense	3	3	3	3

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The Group's performance for the first quarter ended 31 May 2022 (Q1FY2023) compared with the previous corresponding first quarter ended 31 May 2021 (Q1FY2022) are tabled below:

Description	Q1FY2023 RM'000	Q1FY2022 RM'000	Variance %
Revenue	13,525	18,794	(28.04)
Profit before tax ("PBT")	2,366	3,148	(24.84)

The Group recorded a revenue of RM13.5 million for the Q1FY2023 decreased by 28.04% compared with the corresponding period last financial year. The decrease was mainly due to lower revenue contribution from domestic market.

The Group's profit before tax ("PBT") for the Q1FY2023 decreased by 24.8% compared with Q1FY2022. The lower profit before tax was in line with the lower revenue for the current financial quarter.

The disruption in global supply chain and exorbitant shipping charges were the main reasons for the deferment of shipments by customers which led to a lower volume of goods shipped in the current quarter.

2. Comparison with Immediate Preceding Quarter's Results

The Group's performance for the first quarter ended 31 May 2022 (Q1FY2023) are tabled below:

Description	Q1FY2023 RM'000	Q4FY2022 RM'000	Variance %
Revenue	13,525	17,793	(23.99)
Profit before tax ("PBT")	2,366	4,288	(44.82)

The Group's revenue for the current financial quarter ended 31 May 2022 decreased by approximately RM4.27 million or 23.99% to approximately RM13.53 million compared to RM17.79 million in the preceding financial quarter ended 28 February 2022. The revenue decrease was mainly due to the lower revenue contributed from Asia (excluding Malaysia) and Europe.

The Group's PBT for the current financial quarter ended 31 May 2022 decreased by approximately of RM1.92 million or 44.82% from RM4.3 million in the preceding financial quarter ended 28 February 2022 to RM2.4 million. The decrease in profit before tax was mainly due to lower revenue contribution in the current financial quarter under review.

The lower revenue and PBT for the current quarter under review as compared with the preceding quarter was mainly attributable to deferment of shipments by customers which resulted lower revenue generated from several regions.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

3. Prospects and Outlook for the Current Financial Year

The Russia-Ukraine conflict continued to caused disruptions to the current strained global supply chain. The prevailing economic and logistics issues like rising commodities prices; container shortage and disrupted supply chain and elevated inflation continues to pose challenges to the Group's business.

Nevertheless, the Group intends to enhance the efficiency of the existing manufacturing activities and increase the manufacturing capacity to enable the Group to take on opportunities arising from future demand. The Group is confident that the future prospects will be favourable as the Group is targeted to commence the construction of Factory C by final quarter of financial year 2023. Currently, our total annual production capacity is 549,600 units, Factory C is expected to increase our annual capacity to reach a combined manufacturing capacity of approximately 846,720 units.

The Group will continue to remain focused in our core business of design, manufacture and sale of home furniture products and continue to drive more research and development activities in enhancing our product to better suit the needs of our customers. The Group will continue with their business plans and strive to develop new products, new design in order to derive better cost efficiencies and effective cost management across all functions. The Board is of the view that the Group's prospects for the financial year ending 28 February 2023 will continue to be profitable.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	Unaudited 31/05/2022 RM'000	Audited 31/05/2021 RM'000	Unaudited 31/05/2022 RM'000	Audited 31/05/2021 RM'000
Current tax expense	489	557	489	557
Deferred tax expense	(150)	193	(150)	193
	<u>339</u>	<u>750</u>	<u>339</u>	<u>750</u>

6. Status of Corporate Proposals

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

7. Utilisation of Proceeds Raised from the IPO

The gross proceeds from the IPO amounting to RM16.2 million is intended to be utilised in the following manner:

Details of Use of Proceeds	Proposed	Actual	Deviation	Balance	Estimated Timeframe for Utilisation Upon Listing ⁽¹⁾
	Utilisation	Utilisation			
	RM'000	RM'000	RM'000	RM'000	
Machinery and equipment	6,000	(5,417)	-	583	Within 12 months
Factory and hostel construction	2,000	-	-	2,000	Within 24 months
Purchase of raw material	5,270	(5,270)	-	-	Within 6 months
Estimated listing expenses	2,900	(2,900)	-	-	Immediate
	16,170	(13,587)	-	2,583	

Note:

(1) From the date of listing of the Company on the ACE Market of Bursa Securities on 8 November 2021.

8. Group's Borrowings and Debt Securities

	Unaudited	Audited
	As At 31/05/2022 RM'000	As At 28/02/2022 RM'000
Non-current		
Lease liabilities	1,425	1,231
Term loans	6,931	7,051
	<u>8,356</u>	<u>8,282</u>
Current		
Bankers' acceptances	4,592	3,494
Lease liabilities	1,090	1,026
Term loans	472	466
	<u>6,154</u>	<u>4,986</u>
Total borrowings	<u>14,510</u>	<u>13,268</u>

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

9. Financial Instruments - Derivatives

The Group uses derivative financial instruments, mainly foreign currency option forward contracts to hedge its exposure to fluctuations in foreign exchange arising from sales. The Group does not hold or issue derivative financial instruments for trading purposes.

	(Unaudited)		Audited	
	As at 31/05/2022		As at 28/02/2022	
	Contract/ Notional Amount RM'000	Fair Value - Net Loss Amount RM'000	Contract/ Notional Amount RM'000	Fair Value - (Gain) Amount RM'000
Forward currency contracts				
Less than one year	4,749	114	4,435	(4)

10. Material Litigation

There were no material litigation involving the Group as at 31 May 2022.

11. Earnings Per Share

The basic and diluted earnings per share for the current financial quarter and financial year to date are computed as follows:

		Unaudited Current Quarter 31/05/2022 RM'000	Unaudited Current Year To Date 31/05/2022 RM'000
Profit after tax attributable to			
owners of the Company	(RM)	2,047	2,047
Weighted average number of ordinary shares ('000)	(shares)	350,000	350,000
Basic earnings per share ⁽¹⁾	(sen)	0.58	0.58
Diluted earnings per share ⁽²⁾	(sen)	0.58	0.58

Notes:

- (1) Basic earnings per share is calculated based on the Company's weighted average number of ordinary shares as at 31 May 2022.
- (2) The diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MAY 2022

12. Notes to the Statement of Comprehensive Income:

Profit before tax for the period has been arrived at after (crediting) / charging:

	Unaudited Current Quarter 31/05/2022 RM'000	Unaudited Current Year To Date 31/05/2022 RM'000
Depreciation		
- property, plant and equipment	341	341
- right-of-use assets	227	227
Short term leases	11	11
Interest expenses	149	149
Loss on fair value derivative	114	114
Interest income	(86)	(86)
Unrealised loss on foreign exchange	*	*
	<hr/>	<hr/>

Note:

* Negligible

13. Proposed Dividends

The Board of Directors has not recommended any dividend for the current financial quarter under review.

BY ORDER OF THE BOARD

ECOMATE HOLDINGS BERHAD

28th July 2022

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