



ECOMATE HOLDINGS BERHAD

(Registration No. 202001036445 (1392766-X))

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 AUGUST 2023**

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023

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

	Note	Individual Quarter		Cumulative Quarter	
		Unaudited	Unaudited	Unaudited	Unaudited
		Current Year Quarter 31/08/2023 RM'000	Preceding Year Corresponding Quarter 31/08/2022 RM'000	Current Year To Date 31/08/2023 RM'000	Preceding Year To Date 31/08/2022 RM'000
Revenue		10,020	13,092	21,975	26,617
Operating Expenses		(9,538)	(11,083)	(19,873)	(22,282)
Other Income		202	30	375	219
Finance Costs		(194)	(141)	(346)	(290)
Profit Before Tax		490	1,898	2,131	4,264
Taxation		(400)	(318)	(1,034)	(657)
Total comprehensive income		90	1,580	1,097	3,607
Profit After Tax Attributable To:					
Owners of the Company		90	1,580	1,097	3,607
Total Comprehensive Income Attributable To:					
Owners of the Company		90	1,580	1,097	3,607
Attributable to Equity Holders of the Company:					
Basic/diluted earnings per share (sen)	B11	0.03	0.45	0.31	1.03

Note:

- (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 audited financial statements for the year ended 28 February 2023 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Note	Unaudited As at 31/08/2023 RM'000	Audited As at 28/02/2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		11,197	11,537
Prepaid lease payments		8,193	8,193
Right-of-use assets		1,431	1,750
		20,821	21,480
Current Assets			
Inventories		14,471	10,098
Trade receivables		7,382	6,223
Other receivables, deposits and prepayments		3,268	4,037
Current tax assets		-	10
Fixed deposits with a licensed banks		14,289	13,792
Short term investments		2,002	-
Cash and bank balances		6,230	8,366
		47,642	42,526
TOTAL ASSETS		68,463	64,006
EQUITY AND LIABILITIES			
Equity			
Share capital		29,097	29,097
Merger reserve		(3,449)	(3,449)
Retained profits		17,132	17,825
TOTAL EQUITY		42,780	43,473
Non-Current Liabilities			
Bank borrowings	B8	7,233	7,572
Deferred income on government grant		860	900
Hire purchase payables		208	155
Lease liabilities		842	1,150
Deferred tax liabilities		1,810	1,410
		10,953	11,187
Current Liabilities			
Trade payables		1,392	3,055
Other payables and accruals		3,084	1,912
Bank borrowings	B8	9,232	3,304
Hire purchase payables		243	310
Lease liabilities		621	620
Derivative liabilities		64	145
Current tax liabilities		94	-
		14,730	9,346
TOTAL LIABILITIES		25,683	20,533
TOTAL EQUITY AND LIABILITIES		68,463	64,006
NET ASSETS PER ORDINARY SHARE (RM) ⁽²⁾		0.12	0.12

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 audited financial statements for the year ended 28 February 2023 and 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 358,025,834 ordinary shares at the end of the reporting period (28 February 2023 : 351,495,224).

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023

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 2023 (Audited)	29,097	(3,449)	17,825	43,473
Profit after tax and total comprehensive income for the financial period	-	-	1,097	1,097
Contributions by and distributions to owners of the Group :-				
- Dividends	-	-	(1,790)	(1,790)
As at 31 August 2023	29,097	(3,449)	17,132	42,780

	<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	-	-	3,607	3,607
Contributions by and distributions to owners of the Group :-				
- Dividends	-	-	(1,750)	(1,750)
As at 31 August 2022	22,730	(3,449)	15,262	34,543

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 audited financial statements for the year ended 28 February 2023 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾**

	Unaudited Current Year 6 Months Ended 31/08/2023 RM'000	Unaudited Preceding Corresponding 6 Months Ended 31/08/2022 RM'000
Cash Flow (For)/From Operating Activities		
Profit before tax	2,131	4,264
Adjustments for:		
Amortisation of deferred income on government grant	(40)	-
Depreciation of property, plant and equipment	736	659
Depreciation of right-of-use assets	403	462
(Gain)/Loss on fair value derivative	(81)	89
Listing expenses	639	-
Unrealised gain on foreign exchange	(69)	(7)
Interests on hire purchase payables	12	25
Interests on lease liabilities	33	44
Interest expenses	301	221
Interest income	(235)	(170)
Operating profit before working capital changes	3,830	5,587
Changes in working capital		
Inventories	(4,373)	(607)
Trade receivables	(1,159)	(498)
Other receivables, deposits and prepayments	769	(1,785)
Trade payables	(1,663)	(496)
Other payables and accruals	1,172	623
Cash (For)/From Operations	(1,424)	2,824
Interest paid	(346)	(290)
Interest received	235	170
Tax paid	(530)	(637)
Net Cash (For)/From Operating Activities	(2,065)	2,067
Cash Flows For Investing Activities		
Additions of hire purchase payables	161	-
Purchase of property, plant and equipment	(480)	(776)
Net Cash For Investing Activities	(319)	(776)
Carried Forward	(2,384)	1,291

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	Unaudited Current Year 6 Months Ended 31/08/2023 RM'000	Unaudited Preceding Corresponding 6 Months Ended 31/08/2022 RM'000
Brought Forward	(2,384)	1,291
Cash Flows From/(For) Financing Activities		
Net increase in fixed deposits pledged	(26)	(25)
Net movement in bankers' acceptances	5,912	2,300
Dividend paid	(1,790)	(1,750)
Net movement in lease liabilities	(307)	(583)
Payment of listing expenses	(639)	-
Repayment of hire purchase payables	(175)	-
Repayment of term loans	(323)	(263)
Net Cash Flows From/(For) Financing Activities	<u>2,652</u>	<u>(321)</u>
Net Changes In Cash and Cash Equivalents	268	970
Effect of exchange differences	69	7
Cash and Cash Equivalents at Beginning of the Financial Year	20,928	15,064
Cash and Cash Equivalents at End of the Financial Year	<u><u>21,265</u></u>	<u><u>16,041</u></u>
Cash and cash equivalents comprise the following:		
Fixed deposits with licensed banks	14,289	8,207
Short term investments	2,002	-
Cash and bank balances	6,230	9,019
	<u>22,521</u>	<u>17,226</u>
Less : Fixed deposits pledged to a licensed bank	(1,256)	(1,185)
	<u><u>21,265</u></u>	<u><u>16,041</u></u>

Note:

- (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 audited financial statements for the year ended 28 February 2023 and 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 audited financial statements for the financial year ended 28 February 2023 and 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 2023.

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 2023:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)		Effective Date
MFRS 17	: Insurance Contracts	1 January 2023
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 16	: Lease Liability in a Sale and Leaseback	1 January 2024
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
Amendments to MFRS 101	: Classification of Liabilities as Current or Noncurrent	1 January 2024
Amendments to MFRS 101	: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101	: Non-current Liabilities with Covenants	1 January 2024
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 107 and MFRS 7	: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 112	: International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 121	: Lack of Exchangeability	1 January 2025

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 2023.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023

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

There were no dividends paid during the financial quarter under review.

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.

	Individual Quarter		Cumulative Quarter	
	Unaudited	Audited	Unaudited	Audited
	31/08/2023	31/08/2022	31/08/2023	31/08/2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,371	7,428	8,631	13,219
Asia (excluding Malaysia)	3,205	1,954	7,677	4,337
Australasia	995	1,482	1,861	2,843
Europe	807	2,157	1,380	3,066
North America	984	40	1,228	1,660
Africa	658	-	1,198	1,195
South America	-	31	-	297
Total	<u>10,020</u>	<u>13,092</u>	<u>21,975</u>	<u>26,617</u>

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 August 2023 are as follow:

	RM'000
Progress claim for purchase of leasehold industrial land	431
Purchase of property, plant and equipment	159
	<u>590</u>

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 31/08/2023 RM'000	Unaudited 31/08/2022 RM'000	Unaudited 31/08/2023 RM'000	Unaudited 31/08/2022 RM'000
Companies in which person(s) connected to director has substantial financial interests				
Purchases	60	60	104	79
Upkeep of tools equipment	5	-	16	-
Company in which a director has substantial financial interest				
Fire protection maintenance expense	1	1	3	4

(The rest of the page is intentionally left blank)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023

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 second quarter ended 31 August 2023 (Q2FY2024) compared with the previous corresponding second quarter ended 31 August 2022 (Q2FY2023) are tabled below:

Description	Q2FY2024 RM'000	Q2FY2023 RM'000	Variance %
Revenue	10,020	13,092	(23.46)
Profit before tax ("PBT")	490	1,898	(74.18)

The Group recorded a revenue of RM10.0 million for the Q2FY2024 decreased by 23.46% compared with the corresponding quarter in the previous year. The decrease was mainly due to lower sales volume from domestic market, Australasia and Europe. The lower revenue contribution was mainly due to reduced demand in both local and export markets from the weakening in households' furniture spending.

The Group's PBT for the Q2FY2024 decreased by 74.18% compared with Q2FY2023. The decrease in profit before tax was in line with the lower revenue generated and the Group had incurred listing expenses of approximate RM0.64 million for the current financial quarter.

2. Comparison with Immediate Preceding Quarter's Results

The Group's performance for the second quarter ended 31 August 2023 (Q2FY2024) are tabled below:

Description	Q2FY2024 RM'000	Q1FY2024 RM'000	Variance %
Revenue	10,020	11,955	(16.19)
Profit before tax ("PBT")	490	1,641	(70.14)

The Group's revenue for the current financial quarter ended 31 August 2023 decreased by approximately RM1.9 million or 16.19% to approximately RM10.0 million compared to RM11.96 million in the preceding financial quarter ended 31 May 2023. The decrease in revenue was mainly due to the lower revenue contributed from domestic market and Asia (excluding Malaysia).

The Group's PBT for the current financial quarter ended 31 August 2023 decreased by approximately of RM1.15 million or 70.14% from RM1.61 million in the preceding financial quarter ended 31 May 2023 to RM0.49 million. The decrease in PBT was mainly due to the lower sales volume generated and incurred of listing expenses.

3. Prospects and Outlook for the Current Financial Year

The Global economy continues to pose challenges to the Group's business. The persistent of strong inflationary pressures, tighter monetary policy and continued devaluation of major currencies in relation to the US currency. With the multiple interest rate hikes from US since the pandemic and as well as in European countries have driven up the debt levels and elevated home prices have weakened households' furniture spending which dampened the growth of the Group's business.

The Group is in the view that the export market will remain challenging as world furniture consumption continues to be weaken in 2023 mainly due to the market elevated inflation and soaring furniture prices amid a slowing global economy, but furniture demand expects to recover should the US starts cutting rates in 2024.

In view of the above, the Board will regularly review the performance and progress of the Group's operations and financial performance as well as introduce measures to minimise our operating costs and continue to explore new market opportunities.

3. Prospects and Outlook for the Current Financial Year (cont'd)

Nevertheless, the Group intends to focus on its core competency in enhancing 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 second quarter of year 2024. Currently, our total annual production capacity is 475,200 units, Factory C is expected to increase our annual capacity to reach a combined manufacturing capacity of approximately 712,800 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 expects the financial performance to be satisfactory for the financial year ending 29 February 2024.

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 31/08/2023 RM'000	Unaudited 31/08/2022 RM'000	Unaudited 31/08/2023 RM'000	Unaudited 31/08/2022 RM'000
Current tax expense	300	318	634	807
Deferred tax expense	100	-	400	(150)
	<u>400</u>	<u>318</u>	<u>1,034</u>	<u>657</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 SECOND QUARTER ENDED 31 AUGUST 2023

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	Re-	Balance	Estimated Timeframe for Utilisation Upon Listing ⁽¹⁾
	Utilisation	Utilisation	allocation ⁽²⁾		
	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
General working capital ⁽³⁾	-	(583)	583	-	Within 12 months
	16,170	(14,170)	-	2,000	

Notes:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities on 8 November 2021.
- (2) Surplus of RM0.6 million (which the RM6 million allocated for the machinery and equipment) was re-allocated to the general working capital requirements of the Group, in accordance with the Company's prospectus dated 15 October 2021.
- (3) The amount re-allocated for the working capital purposes will be utilised for the day-to-day operations (e.g. purchase raw material).

8. Group's Borrowings and Debt Securities

	Unaudited As At 31/08/2023 RM'000	Audited As At 28/02/2023 RM'000
Non-current		
Term loans	7,233	7,572
	<u>7,233</u>	<u>7,572</u>
Current		
Bankers' acceptances	8,564	2,652
Term loans	668	652
	<u>9,232</u>	<u>3,304</u>
Total borrowings	<u>16,465</u>	<u>10,876</u>

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2023

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) As at 31/08/2023		Audited As at 28/02/2023	
	Contract/ Notional Amount RM'000	Fair Value - Loss Amount RM'000	Contract/ Notional Amount RM'000	Fair Value - Loss Amount RM'000
Forward currency contracts				
Less than one year	5,258	64	4,644	145

10. Material Litigation

There were no material litigation involving the Group as at 31 August 2023.

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 31/08/2023 RM'000	Unaudited Current Year To Date 31/08/2023 RM'000
Profit after tax attributable to owners of the Company	(RM)	90	1,097
Weighted average number of ordinary shares ('000)	(shares)	358,026	358,026
Basic earnings per share ⁽¹⁾	(sen)	0.03	0.31
Diluted earnings per share ⁽²⁾	(sen)	0.03	0.31

Notes:

(1) Basic earnings per share is calculated based on the Company's weighted average number of ordinary shares as at 31 August 2023.

(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.

12. Notes to the Statement of Comprehensive Income:

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

	Unaudited Current Quarter 31/08/2023 RM'000	Unaudited Current Year To Date 31/08/2023 RM'000
Depreciation		
- property, plant and equipment	381	736
- right-of-use assets	192	403
Short term leases	11	23
Interest expenses	194	346
Realised loss on foreign exchange	45	34
Gain on fair value derivative	(161)	(81)
Interest income	(144)	(235)
Amortisation of deferred income on government grant	(20)	(40)
Unrealised loss/(gain) on foreign exchange	31	(69)
	<hr/>	<hr/>

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

26th October 2023

(The rest of the page is intentionally left blank)