APPENDIX I

AUDITED COMBINED FINANCIAL STATEMENTS OF ASTRAMINA GROUP BERHAD FOR THE FYE 28 FEBRUARY 2018 AND FYE 28 FEBRUARY 2019

ASTRAMINA GROUP BERHAD

Company No.: 201901002673 (1311999-P)
(Incorporated in Malaysia)

COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

MAZARS

21 October 2019

The Board of Directors
Astramina Group Berhad
Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Astramina Group Berhad (the "Company") which comprise the combined statements of financial position as at 28 February 2018 and 2019, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the financial years ended 28 February 2018 and 2019, and a summary of significant accounting policies and other explanatory information, as set out in pages 6 to 44.

Astramina Sdn Bhd ("Astramina") and Seasonings Specialities Sdn Bhd ("Seasonings") become the subsidiaries of the Company subsequent to 28 February 2019. The Company, Astramina and Seasonings are collectively referred to as the "Group". The accompanying combined financial statements present the financial position, financial performance and cash flows of the entities now comprising the Group.

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 28 February 2018 and 2019 and of their financial performance and their cash flows for each of the financial years ended 28 February 2018 and 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Standards Ethics Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The directors of the Company are responsible for the preparation of the combined financial statements of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountant's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the combined financial statements of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

The combined financial statements have been prepared for inclusion in the information memorandum of the Company in connection with the proposed listing by way of introduction of the entire issued share capital of the Company on the LEAP Market of Bursa Malaysia Securities Berhad (the "Information Memorandum").

This report is made solely to the board of directors of the Company for inclusion in the Information Memorandum; and should not be used or relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

LEE SOO ENG
03230/02/2020 J
Chartered Accountant

Kuala Lumpur

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Tan Sri Dato' Wong See Wah and Dato' Foo Chi Ching, being two of the directors of Astramina Group Berhad, do hereby state that, in the opinion of the directors, the combined financial statements set out on pages 6 to 44 are drawn up so as to give a true and fair view of the financial position of the Group (as defined in the combined financial statements) as at 28 February 2018 and 2019 and of their financial performance and their cash flows for each of the financial years ended 28 February 2018 and 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Signed on behalf of the board of directors on 21 October 2019.

TAN SRI DATO' WONG SEE WAH
Director

DATO' FOO CHI CHING
Director

Kuala Lumpur

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018 AND 2019

	Note	2019 RM	2018 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,376,969	4,298,984
Deferred tax asset	6	-	42,474
		4,376,969	4,341,458
CURRENT ASSETS			
Inventories	7	1,922,148	1,733,691
Trade and other receivables	8	3,124,740	2,753,814
Short term investments	9	14,937,119	16,359,247
Fixed deposits		-	53,196
Cash and bank balances		1,235,665	1,008,480
		21,219,672	21,908,428
TOTAL ASSETS		25,596,641	26,249,886
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	3,000,100	3,000,000
Retained earnings		19,274,150	21,274,011
		22,274,250	24,274,011
NON-CURRENT LIABILITIES			
Bank borrowings	11	1,233,644	2,728
Deferred tax liability	6	100,490	-
		1,334,134	2,728

	Note	2019 RM	2018 RM
CURRENT LIABILITIES			
Contract liabilities	12	96,919	-
Trade and other payables	13	1,724,364	1,701,581
Current tax liability		122,446	269,517
Bank borrowings	11	44,528	2,049
		1,988,257	1,973,147
TOTAL LIABILITIES		3,322,391	1,975,875
TOTAL EQUITY AND LIABILITIES		25,596,641	26,249,886

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

	Note	2019 RM	2018 RM
Revenue	14	16,228,899	14,966,340
Cost of sales		(8,383,625)	(8,106,185)
Gross profit		7,845,274	6,860,155
Other income and gains		282,251	417,756
Administrative and general expenses		(2,896,168)	(2,463,556)
Finance cost		(39,029)	(1,508)
Profit before tax	15	5,192,328	4,812,847
Tax expense	16	(1,192,189)	(1,002,375)
Profit for the financial year and total comprehensive income for the financial year		4,000,139	3,810,472
Earnings per share - basic and diluted (RM)	20	1.33	1.27

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

	Note	Share capital RM	Retained earnings RM	Total equity RM
At 1 March 2017		3,000,000	17,463,539	20,463,539
Profit for the financial year and total comprehensive income for the financial year		-	3,810,472	3,810,472
At 28 February 2018		3,000,000	21,274,011	24,274,011
Issuance during the financial year	10	100	-	100
Profit for the financial year and total comprehensive income for the financial year		-	4,000,139	4,000,139
Dividends	19	-	(6,000,000)	(6,000,000)
At 28 February 2019		3,000,100	19,274,150	22,274,250

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

	2019 RM	2018 RM
OPERATING ACTIVITIES		
Profit before tax	5,192,328	4,812,847
Adjustments for:		
Depreciation of property, plant and equipment	169,688	153,967
Dividend income	(89,760)	(22,379)
Gain on disposal of property, plant and equipment	(50,000)	-
Interest expense	39,029	1,508
Interest income	(902)	(1,036)
Net gain on financial assets at fair value through profit or loss mandatorily	(44,711)	(332,674)
Net unrealised (gain)/loss on foreign exchange	(48,763)	2,621
Operating profit before working capital changes	5,166,909	4,614,854
Changes in inventories	(188,457)	(143,852)
Changes in receivables	(373,265)	821,091
Changes in payables	137,270	(429,781)
Cash generated from operations	4,742,457	4,862,312
Interest received	902	1,036
Tax paid	(1,196,296)	(1,088,509)
Net cash generated from operating activities	3,547,063	3,774,839
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(247,673)	(1,644,148)
Dividend received	89,760	22,379
Proceeds from disposal of property, plant and equipment	50,000	-
Proceeds from disposal of short term investments	28,979,760	2,330,910
Subscription of short term investments	(27,512,921)	(4,318,907)
Net cash generated from/(used in) investing activities	1,358,926	(3,609,766)

	2019 RM	2018 RM
FINANCING ACTIVITIES		
Dividend paid	(6,000,000)	-
Drawdown from/(Repayment of) bank borrowings	1,273,395	(1,773)
Interest paid	(39,029)	(1,508)
Proceeds from issuance of shares	100	-
Repayment of hire purchase	-	(20,000)
Net cash used in financing activities	(4,765,534)	(23,281)
NET CHANGES IN CASH AND CASH EQUIVALENTS	140,455	141,792
EFFECTS OF EXCHANGE RATE FLUCTUATION	33,534	(987)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,061,676	920,871
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,235,665	1,061,676
Represented by:		
FIXED DEPOSITS	-	53,196
CASH AND BANK BALANCES	1,235,665	1,008,480
	1,235,665	1,061,676

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

1. GENERAL INFORMATION

Astramina Group Berhad (the "Company") was incorporated in Malaysia under the Companies Act 2016 as a private limited company on 22 January 2019. The Company is domiciled in Malaysia. On 17 July 2019, the Company was converted into a public limited company and assumed its present name.

The Company is an investment holding company.

The addresses of the registered office and principal place of business of the Company are Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur and No. 102, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park Off Jalan Kepong, 52100 Kuala Lumpur respectively.

The Company and the following entities are collectively referred to as the "Group".

Name of entity	Paid-up share capital as at 28.2.2019	Country of incorporation	Principal activities
Astramina Sdn Bhd ("Astramina")	RM2,000,000	Malaysia	Trading of food ingredients
Seasonings Specialities Sdn Bhd ("Seasonings")	RM1,000,000	Malaysia	Manufacturing and selling of food ingredients

Throughout the periods presented in the combined financial statements, and as at the approval date of the combined financial statements, in the opinion of the directors of the Company, the ultimate controlling party of the Group is Dato' Foo Chi Ching.

The Internal Reorganisation

In connection with the proposed listing by way of introduction of the entire issued share capital of the Company on the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Company undertook an internal group reorganisation (the "Internal Reorganisation") as set out below:

(a) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Astramina for the acquisition of the entire issued share capital of Astramina for a consideration of RM12,915,001 satisfied by way of issuance of 129,150,010 new ordinary shares in the Company at an issue price of RM0.10 per share; and

(b) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Seasonings for the acquisition of the entire issued share capital of Seasonings for a consideration of RM11,501,230 satisfied by way of issuance of 115,012,300 new ordinary shares in the Company at an issue price of RM0.10 per share.

The acquisition of these subsidiaries was completed on 15 May 2019. Thereafter, Astramina and Seasonings become the wholly-owned subsidiaries of the Company.

2. BASIS OF PREPARATION

The combined financial statements have been prepared for inclusion in the Information Memorandum of the Company in connection with the proposed listing by way of introduction of the entire issued share capital of the Company on the LEAP Market of Bursa Malaysia, and for no other purpose.

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards.

The combined financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies set out in note 3.

The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

Combined Financial Statements

Immediately prior to and after the Internal Reorganisation, the Company and the entities now comprising the Group are ultimately controlled by Dato' Foo Chi Ching. Because the Internal Reorganisation did not result in any change in the ultimate control over the Group's businesses, the Group is regarded as a continuing entity and therefore, the Internal Reorganisation is considered as a business combination under common control.

Accordingly, the combined financial statements have been prepared on a combined basis under merger accounting principles, as further explained in note 3(a) below, which present the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the Group as if the combination had occurred from the date when the combining entities or businesses first came under common control of Dato' Foo Chi Ching.

Application of New Standards, Amendments and Interpretation

In the preparation of the combined financial statements, the directors have applied consistently throughout the two financial years ended 28 February 2019, a number of new standards, amendments and interpretation that became effective mandatorily for the financial periods beginning on or after 1 January 2018.

New Standards, Amendments and Interpretation Issued that are Not Yet Effective

The Group has not applied the following new standards, amendments and interpretation that have been issued by the MASB, which may be relevant to the Group, but are not yet effective:

		Effective Date
MFRS 16	Leases	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above new standards, amendments and interpretation is not expected to have significant impact on the combined financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of combination

The entities or businesses under common control are accounted for in accordance with merger accounting.

The combined financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of Dato' Foo Chi Ching.

The combined financial statements have prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on combination and the combined financial statements reflect external transactions only.

The net assets of the combining entities or businesses are combined using the existing carrying amounts from Dato' Foo Chi Ching's perspective. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost at the time of common control combination. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded, arising from common control combination, have been recognised directly in equity as part of the capital reserve.

The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

(b) Property, plant and equipment

(i) Measurement Basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Depreciation

Depreciation is calculated to write off the depreciable amount of property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The principal annual rates are as follows:

Leasehold land and buildings	Lease period
Building improvement	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	25%
Plant and machinery	25%

The depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

(c) Impairment of non-financial assets

Tangible assets are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(e) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent Measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

Financial Assets at Amortised Cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

The effective interest method is a method of calculating the amortised cost of a debt instrument by allocating interest income over the relevant periods.

Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated as at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Impairment of Financial Assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets is estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within twelve months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

Derecognition of Financial Assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset are expired; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial Liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

Financial Liabilities at Amortised Cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability by allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, to the amortised cost of a financial liability.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Equity Instrument

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

(g) Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting date, taking into account the risks and uncertainties surrounding the obligation.

(h) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sales are in progress and the expenditures and borrowing costs are incurred and ceases when the asset is completed or during extended periods when active development is interrupted.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Revenue recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Sales of Goods

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to a customer, generally upon delivery of goods.

In measuring the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

Contract Balances Arising from Revenue Recognition

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

Other Income is Recognised as Follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

(j) Government grant

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that: (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

(k) Foreign currencies

Transactions and Balances in Foreign Currencies

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at the prevailing exchange rate on the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rate on that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the prevailing exchange rate on the date of the transaction. Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the prevailing exchange rate on the date when the fair values were determined.

Exchange differences are recognised in profit or loss, except for:

- Exchange differences on borrowings denominated in foreign currency relating to an asset under construction, which are included in the cost of that asset when the exchange difference is regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on amounts receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (i.e. form part of the net investment in that foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(l) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current Tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted for using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantially enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

(m) Employee benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) Post-employment Benefits

The Group pays monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Group is limited to the amount that agrees to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

(n) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Operating Lease

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

(o) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of combined financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities (if any) at the end of the reporting period, and reported amounts of income and expenses during the financial years.

Although these estimates are based on management's best knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives and residual values of the property, plant and equipment.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

The carrying amount of the property, plant and equipment as at the end of each reporting period is disclosed in note 5.

(ii) Inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less the estimated costs necessary to make the sale.

Inventories are reviewed on a regular basis and the Group will write down excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group products, the Group might be required to reduce the value of its inventories.

The carrying amount of the inventories as at the end of each reporting period is disclosed in note 7.

(iii) Trade Receivables

Management assesses the ECL for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the Group and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 *Financial Instruments* in assessing the impairment of trade receivables.

In determining the ECL, management uses its historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables as at the respective reporting date is mainly based upon the historical credit loss experience.

The carrying amount of the trade receivables as at the end of each reporting period is disclosed in note 8.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Motor vehicles RM	Building improvement RM	Total RM
Cost						
At 1 March 2018	4,200,000	376,162	533,908	503,138	231,100	5,844,308
Additions	-	13,564	39,149	-	194,960	247,673
Disposals	-	-	-	(147,758)	-	(147,758)
Write-off	-	(10,386)	(173,573)	-	-	(183,959)
At 28 February 2019	4,200,000	379,340	399,484	355,380	426,060	5,760,264
Accumulated depreciation						
At 1 March 2018	151,990	336,860	523,321	403,995	129,158	1,545,324
Charge for the financial year	58,474	19,333	13,390	33,048	45,443	169,688
Disposals	-	-	-	(147,758)	-	(147,758)
Write-off	-	(10,386)	(173,573)	-	-	(183,959)
At 28 February 2019	210,464	345,807	363,138	289,285	174,601	1,383,295
Carrying amount						
At 28 February 2019	3,989,536	33,533	36,346	66,095	251,459	4,376,969

	Leasehold land and buildings RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Motor vehicles RM	Building improvement RM	Total RM
Cost						
At 1 March 2017	2,600,000	345,979	519,943	503,138	231,100	4,200,160
Additions	1,600,000	30,183	13,965	-	-	1,644,148
At 28 February 2018	4,200,000	376,162	533,908	503,138	231,100	5,844,308
Accumulated depreciation						
At 1 March 2017	106,850	315,526	495,322	370,946	102,713	1,391,357
Charge for the financial year	45,140	21,334	27,999	33,049	26,445	153,967
At 28 February 2018	151,990	336,860	523,321	403,995	129,158	1,545,324
Carrying amount						
At 28 February 2018	4,048,010	39,302	10,587	99,143	101,942	4,298,984

As at 28 February 2018, leasehold land and buildings with carrying amount of RM1,228,767 have been charged to a licensed bank for banking facilities granted to the Group as disclosed in note 11.

6. DEFERRED TAX (LIABILITY)/ASSET

	2019 RM	2018 RM
At the beginning of the financial year	42,474	31,429
Recognised in profit or loss	(142,964)	11,045
At the end of the financial year	(100,490)	42,474

The deferred tax (liability)/asset arose from:

	2019 RM	2018 RM
Taxable temporary differences between carrying amount and tax written down value of property, plant and equipment	(161,924)	(2,438)
Other temporary differences	61,434	44,912
	(100,490)	42,474

7. INVENTORIES

	2019 RM	2018 RM
Raw materials	1,257,284	1,065,755
Packaging materials	34,535	32,737
Finished goods	109,430	54,793
Trading goods	372,368	172,236
Goods-in-transit	148,531	408,170
	1,922,148	1,733,691

8. TRADE AND OTHER RECEIVABLES

	2019 RM	2018 RM
Receivables from contracts with customers (a)	3,043,505	2,357,114
Other receivables	-	1,405
Prepayments	23,690	-
Sundry deposits	14,880	14,880
Goods and Services Tax ("GST") recoverable	42,665	59,115
Amount owing by a related party (b)	-	222,500
Amount owing by a director (c)	-	98,800
	81,235	396,700
	3,124,740	2,753,814

(a) Customers are granted credit periods ranged from 30 to 90 days. For major established customers, the credit periods may be extended based on the discretion of the management.

(b) The amount owing by a related party in which a director of the Company has substantial interest is unsecured, interest-free and receivable on demand.

(c) The amount owing by a director is unsecured, interest-free and receivable on demand.

Management applies simplified approach (i.e. lifetime expected credit losses) in measuring the loss allowance for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the trade receivables and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables, general economic conditions of the industry in which the trade receivables operate and an assessment of both the current as well as the forecast direction of conditions as at the reporting date.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the trade receivable has been placed under liquidation or has entered into bankruptcy proceedings.

There has been no change in the estimation techniques or significant assumptions made during the reporting periods.

The risk profile and aging analysis of trade receivables are as follows:

2019	RM
Not past due	2,575,600
1 to 30 days past due	242,870
31 and 60 days past due	96,785
More than 60 days past due	128,250
	3,043,505

2018	
Not past due	1,918,214
1 to 30 days past due	279,968
31 and 60 days past due	75,325
More than 60 days past due	83,607
	2,357,114

The management does not expect any material credit losses based on the then assessment as at the reporting dates.

9. SHORT TERM INVESTMENTS

	2019 RM	2018 RM
Unit trust funds	14,934,869	16,356,927
Quoted shares	2,250	2,320
	14,937,119	16,359,247

10. SHARE CAPITAL

Issued and fully paid ordinary shares:

	Number of shares	RM
2018		
At the beginning/end of the financial year		
- Astramina	2,000,000	2,000,000
- Seasonings	1,000,000	1,000,000
		3,000,000
2019		
At the beginning of the financial year		
- Astramina	2,000,000	2,000,000
- Seasonings	1,000,000	1,000,000
		3,000,000
Issuance during the financial year		
- the Company	1,000	100
At the end of the financial year		
- Astramina	2,000,000	2,000,000
- Seasonings	1,000,000	1,000,000
- the Company	1,000	100
		3,000,100

11. BANK BORROWINGS

	2019 RM	2018 RM
Non-current		
Term loans	1,233,644	2,728
Current		
Term loans	44,528	2,049
	1,278,172	4,777

As at 28 February 2018, the term loan is secured by the leasehold land and buildings as disclosed in note 5. The term loan bears effective interest rate at 4.70% per annum.

As at 28 February 2019, the term loan is guaranteed by the directors of the Company. The term loan bears effective interest rate at 4.00% per annum.

Changes in bank borrowings arising from financing activities pertain to drawdowns and repayments presented in the combined statements of cash flows.

12. CONTRACT LIABILITIES

	2019 RM	2018 RM
Consideration received in advance	96,919	-

13. TRADE AND OTHER PAYABLES

	2019 RM	2018 RM
Trade payables (a)	1,223,345	1,202,734
Other payables	192,548	218,383
Accruals	308,471	275,223
GST payables	-	5,241
	1,724,364	1,701,581

(a) The credit terms granted to the Group ranged from 30 to 90 days.

14. REVENUE

Revenue from contracts with customers represents sales of goods which were recognised when the customers obtained control of those goods (i.e. at a point in time).

15. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	2019 RM	2018 RM
Cost of inventories recognised as an expense	8,117,173	7,366,945
Depreciation of property, plant and equipment	169,688	153,967
Dividend income	(89,760)	(22,379)
Gain on disposal of property, plant and equipment	(50,000)	-
Government grant	-	(15,880)
Interest expense on bank borrowings	39,029	495
Interest expense on hire purchase	-	1,013
Interest income on fixed deposits	(902)	(1,036)
Net gain on financial assets at fair value through profit or loss mandatorily	(44,711)	(332,674)
Net realised gain on foreign exchange	(28,625)	(30,428)
Net unrealised (gain)/loss on foreign exchange	(48,763)	2,621
Rental of premises	-	35,200

16. TAX EXPENSE

	2019 RM	2018 RM
Current tax		
- current year	1,108,631	1,090,486
- prior year	(59,406)	(77,066)
	1,049,225	1,013,420
Deferred tax		
- current year	16,899	(11,045)
- prior year	126,065	-
	142,964	(11,045)
	1,192,189	1,002,375

The difference between tax expense and the amount of tax determined by multiplying the profit before tax to the applicable tax rate, is analysed as follows:

	2019 RM	2018 RM
Profit before tax	5,192,328	4,812,847
Taxation at statutory rate		
- of 17%	85,000	-
- of 18%	-	90,000
- of 24%	1,126,159	1,035,083
Non-deductible expenses	12,457	25,494
Non-taxable income	(98,086)	(71,136)
Adjustment for prior year	66,659	(77,066)
	1,192,189	1,002,375

17. EMPLOYEE BENEFITS EXPENSES

	2019 RM	2018 RM
Salaries, wages and other benefits	1,518,011	1,378,970
EPF	182,679	151,342
	1,700,690	1,530,312

18. RELATED PARTY DISCLOSURES

In addition to the related party disclosed elsewhere in the combined financial statements, the significant related party transactions during the financial year were as follows:

(a) *Guarantee*

Banking facility of Seasonings is secured by the guarantees provided by the directors.

(b) *Key Management Personnel Compensation*

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel comprise the directors (whether executive or otherwise) of the Group.

	2019 RM	2018 RM
Directors		
Short term benefit	372,800	471,400
EPF	66,500	57,000
	439,300	528,400

(c) *Transaction with Related Companies*

	2019 RM	2018 RM
Advisor fee	50,000	-
Purchases	-	5,000
Purchase of property, plant and equipment	128,068	-

19. DIVIDENDS

	2019 RM	2018 RM
In respect of the financial year ended 28 February 2019:		
Astramina		
First interim single tier dividend of approximately RM1.50 per share	3,000,000	-
Seasonings		
First interim single tier dividend of approximately RM3.00 per share	3,000,000	-
	6,000,000	-

The Company

No dividend is declared or paid by the Company since its incorporation.

20. EARNINGS PER SHARE

Earnings per share ("EPS") is calculated by dividing profit for the financial years by weighted average number of ordinary shares issued.

For the purpose of the combined financial statements, the number of ordinary shares for the financial years ended 28 February 2018 and 2019 respectively represents the weighted average aggregate ordinary shares issued of the Group.

	2019	2018
Earnings used in the calculation of basic EPS (RM)	4,000,139	3,810,472
Number of ordinary shares for the purpose of basic EPS	3,001,000	3,000,000
Basic EPS (RM)	1.33	1.27

The basic and diluted EPS are equal as the Group has no potential dilutive ordinary shares at the end of each financial year.

For illustrative purpose, assuming the ordinary shares of the Company as at 15 May 2019 have been in issue throughout the financial years presented below:

	2019	2018
Earnings used in the calculation of basic EPS (RM)	4,000,139	3,810,472
Number of ordinary shares for the purpose of basic EPS	244,163,310	244,163,310
Basic EPS (RM)	0.02	0.02

21. FINANCIAL INSTRUMENTS

(a) Classifications of financial instruments

	2019 RM	2018 RM
Financial assets		
Amortised cost:		
Trade and other receivables	3,058,385	2,694,699
Fixed deposits	-	53,196
Cash and bank balances	1,235,665	1,008,480
	4,294,050	3,756,375
Fair value through profit or loss:		
Short term investments	14,937,119	16,359,247

	2019 RM	2018 RM
Financial liabilities		
Amortised cost:		
Trade and other payables	1,724,364	1,696,340
Bank borrowings	1,278,172	4,777
	3,002,536	1,701,117

(b) Fair value of financial instruments

Financial assets measured at fair value on recurring basis

Fair value of short term investments are determined by reference to their quoted closing prices at the reporting date.

The fair value of short term investments is categorised as Level 1 of the fair value hierarchy.

Financial assets and financial liabilities that are not measured at fair value on a recurring basis

Fair value of non-derivatives is determined using discounted cash flow method.

The carrying amounts of these financial instruments as at the end of the reporting period approximate or are at their fair value due to the short term or interest-bearing nature of these financial instruments.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks.

The Group monitors its financial position closely with an objective to minimise potential adverse effects on its financial performance. There is no significant change to the Group's exposure to financial risks or the manner in which these risks are managed. The Group's policies for managing each of these risks are summarised below:

(a) Credit risk

Credit risk is the risk of loss that may arise from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position.

The management has a credit policy in place to ensure that transactions are conducted with creditworthy counterparties.

Exposure to credit risk arising from sales made on credit terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collaterals from counterparties as a means of mitigating losses in the event of default.

The Group seeks to invest its cash safely by depositing them or investing with licensed financial institutions.

As at the reporting date, the Group did not have any significant exposure to any individual customer or counterparty or any major concentration of credit risk related to any financial assets.

As at the reporting date, the maximum exposure to credit risk arising from financial assets is represented by the carrying amounts in the combined statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on contractual undiscounted repayment obligations:

2019	One demand or within one year RM	One to five years RM	More than five years RM	Total RM
Trade and other payables	1,724,364	-	-	1,724,364
Bank borrowings	95,656	382,625	1,387,017	1,865,298
	1,820,020	382,625	1,387,017	3,589,662

2018	One demand or within one year RM	One to five years RM	More than five years RM	Total RM
Trade and other payables	1,696,340	-	-	1,696,340
Bank borrowings	2,538	3,195	-	5,733
	1,698,878	3,195	-	1,702,073

(c) Foreign currency risk

The Group is exposed to foreign currency risk on cash and bank balances, sales and purchases that are denominated in a currency other than RM. The currencies giving rise to this risk are Swiss France ("CHF") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date, is as follows:

In RM	Denominated in CHF	USD
2019		
Trade receivables	-	49,275
Cash and bank balances	-	257,062
Contract liabilities	-	(23,810)
Trade payables	(272,276)	(604,672)
Net exposure	(272,276)	(322,145)
2018		
Trade receivables	-	168,517
Cash and bank balances	-	303,160
Trade payables	(74,293)	(899,407)
Net exposure	(74,293)	(427,730)

<u>Sensitivity analysis for foreign currency risk</u>

A 10% strengthening or weakening of RM against the foreign currencies as at 28 February 2019 and 2018 would inc rease or decrease profit before tax by RM59,000 and RM50,000 respectively, with all other variables remaining constant.

The sensitivity analysis is unrepresentative of the inherent foreign currency risk as the financial year end exposure does not reflect the exposure during the financial years.

(d) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's fair value or future cash flows will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk is primarily related to the Group's interest-bearing borrowings.

The Group's exposure to interest rate risk is not significant.

23. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern while maximising shareholders' returns.

The management actively and regularly reviews and manages its capital structure and when necessary, obtains borrowings to ensure optimal capital structure and shareholders' returns. The overall strategy of the Group remains unchanged throughout the financial years.

The capital structure of the Group comprises equity, i.e. issued capital and retained earnings and bank borrowings.

The Group is not subject to any externally imposed capital requirement.

24. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The board of directors is the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

Segment revenue represents revenue derived from (i) manufacturing and selling of food ingredients ("Manufacturing") and (ii) trading of food ingredients ("Trading").

Segment results include items directly attributable to each segment, and those items that can be allocated to each segment on a reasonable basis.

No analysis of Group's assets and liabilities by operating segments is presented as it is not regularly provided to the chief operating decision-maker.

2019	Manufacturing RM	Trading RM	Total RM
Revenue	9,524,363	6,704,536	16,228,899
Segment results	6,510,411	1,334,863	7,845,274
Unallocated income and expenses			(2,652,946)
Profit before tax			5,192,328
Tax expense			(1,192,189)
Profit for the financial year			4,000,139

2018			
Revenue	8,784,862	6,181,478	14,966,340
Segment results	5,997,737	862,418	6,860,155
Unallocated income and expenses			(2,047,308)
Profit before tax			4,812,847
Tax expense			(1,002,375)
Profit for the financial year			3,810,472

Geographical segments

Revenue from external customers attributed to Malaysia and other geographical areas, i.e. the location of the customers from which the Group derived revenue:

	2019 RM	2018 RM
Malaysia	13,984,544	13,138,934
Others	2,244,355	1,827,406
	16,228,899	14,966,340

No geographical information for non-current assets is disclosed, as the Group operates predominantly in Malaysia.

25. SUBSEQUENT EVENTS

(i) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Astramina for the acquisition of the entire issued share capital of Astramina for a consideration of RM12,915,001 satisfied by way of issuance of 129,150,010 new ordinary shares in the Company at an issue price of RM0.10 per share. The acquisition of this subsidiary was completed on 15 May 2019. Thereafter, Astramina becomes a wholly-owned subsidiary of the Company.

(ii) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Seasonings for the acquisition of the entire issued share capital of Seasonings for a consideration of RM11,501,230 satisfied by way of issuance of 115,012,300 new ordinary shares in the Company at an issue price of RM0.10 per share. The acquisition of this subsidiary was completed on 15 May 2019. Thereafter, Seasonings becomes a wholly-owned subsidiary of the Company.

(iii) Sale and purchase agreement dated 3 May 2019 between Menteri Besar Negeri Sembilan (PEMERBADANAN) (as landowner) and BSS Development Sdn Bhd (as vendor) and Seasonings (as purchaser) for the sale and purchase of 2 pieces of freehold industrial lots in Sendayan TechValley held under HS(D) 215219 PT 11655 and HS(D) 215220 PT 11656 both in Bandar Sri Sendayan, District of Seremban, State of Negeri Sembilan measuring a total area of approximately 14,165 square metres for a total cash consideration of RM6,251,302.

(iv) On 2 July 2019, the Company issued and allotted 28,000,000 ordinary shares in the capital of the Company ranking pari passu in all respects with the existing ordinary shares of the Company, for cash consideration at an issue price of RM0.23 each.

26. APPROVAL OF THE COMBINED FINANCIAL STATEMENTS

The combined financial statements are approved by the board of directors of the Company on 21 October 2019.

APPENDIX II

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ASTRAMINA GROUP BERHAD FOR THE 6 MONTHS FPE 31 AUGUST 2019

ASTRAMINA GROUP BERHAD
Company No.: 201901002673 (1311999-P)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 31 AUGUST 2019

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2019

	31.8.2019 RM	28.2.2019 RM
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	4,306,677	4,376,969
CURRENT ASSETS		
Inventories	1,924,788	1,922,148
Trade and other receivables	3,904,286	3,124,740
Short term investments	23,807,105	14,937,119
Cash and bank balances	281,727	1,235,665
	29,917,906	21,219,672
TOTAL ASSETS	34,224,583	25,596,641
EQUITY AND LIABILITIES		
EQUITY		
Share capital	30,856,331	3,000,100
Merger reserve	(21,416,231)	-
Retained earnings	21,504,631	19,274,150
	30,944,731	22,274,250
NON-CURRENT LIABILITIES		
Bank borrowings	1,181,577	1,233,644
Deferred tax liability	96,848	100,490
	1,278,425	1,334,134

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2019

	31.8.2019 RM	28.2.2019 RM
CURRENT LIABILITIES		
Contract liabilities	-	96,919
Trade and other payables	1,603,674	1,724,364
Current tax liability	375,052	122,446
Bank borrowings	22,701	44,528
	2,001,427	1,988,257
TOTAL LIABILITIES	3,279,852	3,322,391
TOTAL EQUITY AND LIABILITIES	34,224,583	25,596,641

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019

	31.8.2019 RM	31.8.2018 RM
Revenue	8,365,046	8,961,896
Cost of sales	(4,384,939)	(4,532,977)
Gross profit	3,980,107	4,428,919
Other income and gains	412,751	192,338
Administrative and general expenses	(1,431,982)	(1,362,918)
Finance cost	(26,033)	(26,033)
Profit before tax	2,934,843	3,232,306
Tax expense	(704,362)	(533,025)
Profit for the financial period and total comprehensive income for the financial period	2,230,481	2,699,281
Earnings per share - basic and diluted (RM)	0.07	0.90

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019

	Share capital RM	Merger reserve RM	Retained earnings RM	Total equity RM
At 22 January 2019 (date of incorporation)	100	-	-	100
Profit for the financial period and total comprehensive income for the financial period	-	-	25,274,150	25,274,150
Dividends	-	-	(6,000,000)	(6,000,000)
At 28 February 2019	100	-	19,274,150	19,274,250
Issuance of shares pursuant to the acquisition of subsidiaries	24,416,231	-	-	24,416,231
Effect on merger of subsidiaries	-	(21,416,231)	-	(21,416,231)
Issuance of shares	6,440,000	-	-	6,440,000
Profit for the financial period and total comprehensive income for the financial period	-	-	2,230,481	2,230,481
At 31 August 2019	30,856,331	(21,416,231)	21,504,631	30,944,731

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019

	31.8.2019 RM	31.8.2018 RM
OPERATING ACTIVITIES		
Profit before tax	2,934,843	3,232,306
Adjustments for:		
Depreciation of property, plant and equipment	85,160	93,546
Dividend income	(81,507)	(41,970)
Interest expense	26,033	26,033
Net gain on financial assets at fair value through profit or loss mandatorily	(304,509)	(85,571)
Operating profit before working capital changes	2,660,020	3,224,344
Changes in inventories	(2,640)	(269,682)
Changes in receivables	(779,546)	(946,850)
Changes in payables	(217,609)	(105,108)
Cash generated from operations	1,660,225	1,902,704
Tax paid	(455,398)	(450,046)
Net cash generated from operating activities	1,204,827	1,452,658
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(14,868)	(238,675)
Dividend received	81,507	41,970
Proceeds from disposal of short term investments	5,793,148	-
Subscription of short term investments	(14,358,625)	(2,801,770)
Net cash used in investing activities	(8,498,838)	(2,998,475)

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019

	31.8.2019	31.8.2018
	RM	RM
FINANCING ACTIVITIES		
Interest paid	(26,033)	(26,033)
Proceeds from issuance of shares	6,440,000	-
(Repayment of)/Drawdown from bank borrowings	(73,894)	1,295,223
Net cash generated from financing activities	6,340,073	1,269,190
NET CHANGES IN CASH AND CASH EQUIVALENTS	(953,938)	(276,627)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,235,665	1,061,676
CASH AND CASH EQUIVALENTS CARRIED FORWARD	281,727	785,049
Represented by:		
FIXED DEPOSITS	-	53,965
CASH AND BANK BALANCES	281,727	731,084
	281,727	785,049

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 31 AUGUST 2019

A1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited combined financial statements for the financial year ended 28 February 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The Group has not applied the following new standards, Issues Committee ("IC") interpretation and amendments that have been issued by the MASB but are not yet effective:

		Effective Date
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019

		Effective Date
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above new standards, IC interpretation and amendments is not expected to have significant impact on the unaudited condensed consolidated financial statements.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease,* IC Interpretation 115 *Operating Leases - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the impact on the financial statements upon adopting MFRS 16.

A3. SEASONALITY OR CYCLICALITY OF OPERATION

Our business is subject to seasonal demand. The demand for our seasoning products and food ingredients are generally higher during festive seasons such as Hari Raya, Christmas, New Year and Chinese New Year.

A4. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the 6-month financial period ended 31 August 2019.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts that have a material impact on the unaudited condensed consolidated financial statements for the 6-month financial period ended 31 August 2019.

A6. DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the 6-month financial period ended 31 August 2019 except for the following:

	No. of Ordinary Shares	**Amount (RM)**
At 1 March 2019	1,000	100
Issuance of shares pursuant to the acquisition of subsidiaries		
- *Astramina Sdn Bhd*	129,150,010	12,915,001
- *Seasoning Specialities Sdn Bhd*	115,012,300	11,501,230
Issuance of shares for cash	28,000,000	6,440,000
At 31 August 2019	272,163,310	30,856,331

A7. DIVIDEND

The board of directors did not recommend any payment of dividend during the 6-month financial period ended 31 August 2019.

A8. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no significant events subsequent to the end of the financial period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

Please refer to Section 1.2 of the Information Memorandum for the changes in the composition of the Group.

A10. CHANGES IN MATERIAL LITIGATION AND CONTINGENT LIABILITIES

There is no litigation or arbitration, which has a material impact on the unaudited condensed consolidated financial statements for the 6-month financial period ended 31 August 2019, and the board of directors is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

A11. CAPITAL COMMITMENTS

There were no contractual capital commitments subsequent to the end of the financial period ended 31 August 2019.

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Please refer to Section 8.2 of the Information Memorandum for the significant related party transactions.

A13. SEGMENT INFORMATION

Astramina Group Berhad is an investment holding company. The principal activities of the subsidiaries are as follows:

(i) Seasonings Specialities Sdn Bhd is principally involved in the manufacturing and selling of food ingredients; and

(ii) Astramina Sdn Bhd is principally involved in the trading of food ingredients.

Please refer to Section 5.2 of the Information Memorandum for details of the Group's segmental information during the 6-month financial period ended 31 August 2019.

A14. ANALYSIS OF PERFORMANCE

Please refer to Section 5.2 of the Information Memorandum for management discussion and analysis on our Group's financial conditions and results of operations in respect of the 6-month financial period ended 31 August 2019.

A15. PROSPECTS

The board of directors is optimistic about our Group's future prospects, backed by the future plans and supported by our final performance as set out in Section 2.21 of the Information Memorandum.

Please refer to Section 6 of the Information Memorandum for further details on industry overview and outlook.

A16. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	6-month financial period ended	
	2019	2018
	RM	RM
Depreciation of property, plant and equipment	85,160	93,546
Dividend income	(81,507)	(41,970)
Interest expense	26,033	26,033
Net gain on financial assets at fair value through profit or loss mandatorily	(304,509)	(85,571)