ECOMATE HOLDINGS BERHAD
(Incorporated in Malaysia)

Registration No.:202001036445 (1392766-X)

ACCOUNTANTS' REPORT

Contents

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
8, Jalan Pesta 1/1
Taman Tun Dr. Ismail 1, Jalan Bakri
84000 Muar, Johor
Malaysia
Main +6 06 9524 328
Fax +6 06 9527 328
info.muar@crowe.my
www.crowe.my

Date: 2 2 JAN 2021

The Board of Directors
Ecomate Holdings Berhad
Lot PTD 7274
Kawasan Perindustrian Bakri Batu 7 ½
Jalan Bakri
84200 Muar
Johor Darul Takzim

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF ECOMATE HOLDINGS BERHAD ("ECOMATE HOLDINGS" OR "THE COMPANY")

OPINION

We have audited the accompanying combined financial statements of the Company and its wholly-owned subsidiary (collectively known as "the Group") which comprises the combined statements of financial position as at 28 February 2018, 28 February 2019, 29 February 2020 and 31 August 2020 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and cubombined statements of cash flows of the Group for each of the financial years ended 28 February 2018, 28 February 2019 and 29 February 2020, and for financial period ended 31 August 2020, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 63.

These historical combined financial statements has been prepared for inclusion in the Prospectus of Ecomate Holdings, in connection with the listing of and quotation for its entire enlarged issued share capital on the ACE Market of Bursa Securities Berhad ("Bursa Securities"). This report is required by the *Prospectus Guidelines - Equity* issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying the Prospectus Guidelines and for no other purpose.

In our opinion, the combined financial statements give a true and fair view of the combined financial position of the Group as at 28 February 2018, 28 February 2019, 29 February 2020 and 31 August 2020 and of their financial performance and their cash flows for each of the financial years/period ended 28 February 2018, 28 February 2019, 29 February 2020 and 31 August 2020 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

DIRECTORS' RESPONSIBILITIES 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 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 ACCOUNTANTS' 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 these 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 skepticism 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 this report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)

- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group 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 MATTERS

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 August 2019 has not been audited.

The significant event during the financial period ended 31 August 2020 have been disclosed in Note 32 to the combined financial statements.

The significant event subsequent to the end of the financial period ended 31 August 2020 are disclosed in Note 33 to the combined financial statements.

RESTRICTION ON DISTRIBUTION AND USE

We understand that this report will be used solely for the purpose of inclusion in the Prospectus of Ecomate Holdings in connection with the listing of and quotation for its entire enlarged issued share capital on the ACE Market of Bursa Securities. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Crowe Malaysia PLT

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Ng Kim Hian
02506/04/2021 J
Chartered Accountant

Muar, Johor Darul Takzim

ECOMATE HOLDINGS BERHAD
Registration No.: 202001036445 (1392766-X)

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	<---- Audited			---->
		28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
		RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	1,346	2,447	4,031	4,959
Prepaid lease payment	5	-	-	5,096	6,037
Right-of-use assets	6	483	2,705	4,009	4,574
		1,829	5,152	13,136	15,570
CURRENT ASSETS					
Inventories	7	2,047	3,729	4,176	5,800
Trade receivables	8	954	1,940	1,392	2,225
Other receivables, deposits and prepayments	9	271	411	881	773
Current tax assets		-	58	-	56
Fixed deposits with licensed banks	10	-	1,300	2,335	1,341
Cash and bank balances		260	2,540	5,795	7,534
		3,532	9,978	14,579	17,729
TOTAL ASSETS		5,361	15,130	27,715	33,299
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	400	700	1,500	3,926
Share application money	12	-	-	2,188	-
(Accumulated losses)/Retained profits		(386)	1,555	4,782	5,396
TOTAL EQUITY		14	2,255	8,470	9,322
NON-CURRENT LIABILITIES					
Bank borrowings	13	-	1,165	4,023	5,269
Lease liabilities	14	347	1,799	2,326	2,579
Deferred tax liabilities	15	-	166	503	707
		347	3,130	6,852	8,555
CURRENT LIABILITIES					
Trade payables	16	1,604	3,134	4,043	5,793
Other payables and accruals	17	811	1,501	2,651	4,441
Amount owing to directors	18	2,443	1,683	2,024	2,004
Bank borrowings	13	-	1,274	2,504	1,807
Dividend payable		-	1,400	-	-
Derivative liabilities	19	-	-	134	88
Lease liabilities	14	142	753	1,027	1,289
Current tax liabilities		-	-	10	-
		5,000	9,745	12,393	15,422
TOTAL LIABILITIES		5,347	12,875	19,245	23,977
TOTAL EQUITY AND LIABILITIES		5,361	15,130	27,715	33,299

ECOMATE HOLDINGS BERHAD
Registration No.: 202001036445 (1392766-X)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<------	Audited	------	------>	Unaudited
		28.02.2018	28.02.2019	29.02.2020	31.08.2020	31.08.2019
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE	20	9,670	24,141	42,398	19,919	19,801
COST OF SALES		(7,363)	(17,379)	(29,544)	(13,240)	(13,312)
GROSS PROFIT		2,307	6,762	12,854	6,679	6,489
OTHER INCOME		1	214	518	192	347
SELLING AND DISTRIBUTION EXPENSES		(548)	(878)	(1,575)	(536)	(785)
ADMINISTRATIVE EXPENSES		(1,284)	(2,369)	(4,474)	(1,758)	(1,944)
OTHER EXPENSES		(34)	(66)	(246)	(101)	(106)
PROFIT FROM OPERATIONS		442	3,663	7,077	4,476	4,001
FINANCE COSTS	22	(25)	(129)	(435)	(163)	(195)
PROFIT BEFORE TAX	23	417	3,534	6,642	4,313	3,806
INCOME TAX EXPENSE	24	(213)	(193)	(815)	(461)	(517)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		204	3,341	5,827	3,852	3,289
EARNINGS PER SHARE (RM)	25					
Basic		0.51	4.77	3.88	1.93	2.19
Diluted		N.A	N.A	N.A	N.A	N.A

Note:
N.A - Not applicable. There are no dilutive potential equity instruments that would give a diluted effect to the basic earnings per share.

COMBINED STATEMENTS OF CHANGES IN EQUITY

			Non-Distributable	Distributable	
	Note	Share capital RM'000	Share application money RM'000	(Accumulated losses)/ Retained profits RM'000	Total equity RM'000
Audited					
Balance at 1 March 2017		400	-	(590)	(190)
Profit after tax and total comprehensive income for the financial year		-	-	204	204
Balance at 28 February 2018		400	-	(386)	14
Audited					
Balance at 1 March 2018		400	-	(386)	14
Issuance of shares		300	-	-	300
Profit after tax and total comprehensive income for the financial year		-	-	3,341	3,341
Contributions by and distributions to owners of the Company:-					
- Dividends	26	-	-	(1,400)	(1,400)
Balance at 28 February 2019		700	-	1,555	2,255
Audited					
Balance at 1 March 2019		700	-	1,555	2,255
Issuance of shares		800	-	-	800
Share application money		-	2,188	-	2,188
Profit after tax and total comprehensive income for the financial year		-	-	5,827	5,827
Contributions by and distributions to owners of the Company:-					
- Dividends	26	-	-	(2,600)	(2,600)
Balance at 29 February 2020		1,500	2,188	4,782	8,470

COMBINED STATEMENTS OF CHANGES IN EQUITY

			Non-Distributable	Distributable	
	Note	Share capital RM'000	Share application money RM'000	(Accumulated losses)/ Retained profits RM'000	Total equity RM'000
Audited					
Balance at 1 March 2020		1,500	2,188	4,782	8,470
Bonus issue		238	-	(238)	-
Issuance of share		2,188	(2,188)	-	-
Profit after tax and total comprehensive income for the financial year		-	-	3,852	3,852
Contributions by and distributions to owners of the Company:-					
- Dividends	26	-	-	(3,000)	(3,000)
Balance at 31 August 2020		3,926	-	5,396	9,322
Unaudited					
Balance at 1 March 2019		700	-	1,555	2,255
Issuance of share		800	-	-	800
Profit after tax and total comprehensive income for the financial year		-	-	3,289	3,289
Balance at 31 August 2019		1,500	-	4,844	6,344

ECOMATE HOLDINGS BERHAD
Registration No.: 202001036445 (1392766-X)

COMBINED STATEMENTS OF CASH FLOWS

	Note	<---------- Audited			---------->	Unaudited
		28.02.2018	28.02.2019	29.02.2020	31.08.2020	31.08.2019
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		417	3,534	6,642	4,313	3,806
Adjustments for:-						
Bad debt written off		-	-	24	-	-
Depreciation of property, plant and equipment		164	217	425	227	173
Depreciation of right-of-use assets		261	372	707	418	434
Fair value loss/(gain) on derivative		-	-	134	(46)	94
Gain on reassessment and modification of leases		-	(1)	-	-	-
Property, plant and equipment written off		-	-	1	-	-
Unrealised loss/(gain) on foreign exchange		18	53	68	92	(60)
Interest on lease liabilities		25	82	179	73	82
Interest expenses		-	47	256	90	113
Interest income		(1)	(7)	(92)	(44)	(31)
Operating profit before working capital changes		884	4,297	8,344	5,123	4,611
Inventories		(1,231)	(1,682)	(447)	(1,624)	(1,706)
Trade receivables		(423)	(986)	524	(833)	1,094
Other receivables, deposits and prepayments		(124)	(140)	(470)	108	(2,143)
Trade payables		1,051	1,530	909	1,750	1,283
Other payables and accruals		565	690	798	1,790	516
Amount due to directors		(158)	(760)	341	(20)	541
CASH FROM OPERATIONS		564	2,949	9,999	6,294	4,196
Interest paid		(25)	(129)	(435)	(163)	(195)
Interest received		1	7	92	44	31
Tax paid		-	(85)	(472)	(323)	(83)
Tax refund		-	-	62	-	-
NET CASH FROM OPERATING ACTIVITIES		540	2,742	9,246	5,852	3,949
CASH FLOWS FOR INVESTING ACTIVITIES						
Addition to right-of-use assets	27(a)	(6)	(127)	(227)	-	(109)
Addition of prepaid lease payments		-	-	(4,744)	(941)	-
Purchase of property, plant and equipment	27(a)	(83)	(1,318)	(2,010)	(1,155)	(1,264)
NET CASH FOR INVESTING ACTIVITIES		(89)	(1,445)	(6,981)	(2,096)	(1,373)
CARRIED FORWARD		451	1,297	2,265	3,756	2,576

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

		<------------------------- Audited		------------------------>	Unaudited
		28 February 2018	28 February 2019	29 February 2020	31 August 2020	31 August 2019
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
BROUGHT FORWARD		451	1,297	2,265	3,756	2,576
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES						
Proceeds from issuance of new ordinary shares		-	300	800	-	800
Proceeds from share application money		-	-	2,188	-	-
Dividends paid	26	-	-	(4,000)	(3,000)	(1,400)
Drawdown of term loans	27(b)	-	1,500	3,163	1,353	-
Net (increase)/decrease in fixed deposit pledged		-	(1,300)	265	-	300
(Placement)/Withdrawal of fixed deposit with tenure of more than 3 months		-	-	(1,300)	994	-
Net movement of bankers' acceptances	27(b)	-	1,012	1,188	(702)	955
Repayment of lease liabilities	27(b)	(248)	(403)	(983)	(468)	(431)
Repayment of term loans	27(b)	-	(73)	(263)	(102)	(127)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(248)	1,036	1,058	(1,925)	97
NET INCREASE IN CASH AND CASH EQUIVALENTS		203	2,333	3,323	1,831	2,673
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(18)	(53)	(68)	(92)	60
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		75	260	2,540	5,795	2,540
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(d)	260	2,540	5,795	7,534	5,273

1. GENERAL INFORMATION

(a) The Company was incorporated in Malaysia as a private limited liability company on 11 November 2020 under the Companies Act 2016. It is an investment holding company. The principal activities of its subsidiary is set out in (d) below.

(b) On 15 December 2020, the Company converted from a private company to a public company limited by shares and assumed its present name of Ecomate Holdings Berhad ("Ecomate Holdings").

(c) For the purpose of listing the Group on the ACE Market of Bursa Securities, the Company entered into a conditional Share Sale Agreement on 9 December 2020 to acquire the entire equity interest in Ecomate Sdn. Bhd..

(d) Details of the subsidiary company, which is incorporated in Malaysia is as follow:-

Name of Company	Date of Incorporation	Equity Interest	Principal Activities
Ecomate Sdn. Bhd.	25 February 2016	100%	Manufacturing of furniture and ready-to-assemble furniture products

(e) The registered office and principal place of business are as follows:-

Registered office	:	7 (1st Floor), Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar Johor Darul Takzim
Principal place of business	:	Lot PTD 7274 Kawasan Perindustrian Bakri Batu 7 ½ Jalan Bakri 84200 Muar Johor Darul Takzim

2. BASIS OF PREPARATION

2.1 As Ecomate Holdings was only incorporated on 11 November 2020, there are no consolidated financial statements of Ecomate Holdings for financial years ended 28 February 2018, 28 February 2019, 29 February 2020 and financial period ended 31 August 2020.

2. BASIS OF PREPARATION (CONT'D)

2.1 The combined financial statements of Ecomate Holdings are the combination or aggregation of all the financial statements of the combining entities in the Group and have been prepared based on the separate financial statements for the relevant reporting periods as follows:-

Company	Relevant Reporting Periods	Accounting Standards Applied	Auditor
Ecomate Sdn. Bhd.	FYE 28 February 2018	MPERS	Crowe Malaysia
	FYE 28 February 2019	MPERS	Crowe Malaysia PLT
	FYE 29 February 2020	MPERS	Crowe Malaysia PLT
	FPE 31 August 2020	MFRSs	Crowe Malaysia PLT

Note:-
FYE = *Financial year ended*
FPE = *Financial period ended*
MPERS = *Malaysian Private Entities Reporting Standard*
MFRSs = *Malaysian Financial Reporting Standards*
Crowe Malaysia PLT = *a limited liability partnership converted on 2 January 2019 from Crowe Malaysia which was a conventional partnership*

As Ecomate Holdings was only incorporated after 31 August 2020 and no audited financial statements were issued up to 31 August 2020, the combined financial statements for the relevant reporting periods are prepared based on the audited financial statements of Ecomate Sdn. Bhd.. The audited financial statements for the relevant reporting periods were not subject to any modification and qualification. The financial statements for FYE 28 February 2018, FYE 28 February 2019 and FYE 29 February 2020 were re-prepared by the directors to comply with Malaysian Financial Reporting Standards and were re-audited by Crowe Malaysia PLT for the purpose of inclusion in the prospectus to be issued by Ecomate Holdings in connection with the Proposed Listing and should not be relied upon for any other purpose.

The combined financial statements were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest period covered by the relevant reporting periods. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant reporting periods.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. All material intra-group transactions and balances are eliminated upon combination, where applicable.

2.2 The combined financial statements of Ecomate Holdings are prepared under the historical cost convention and in compliance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

2. BASIS OF PREPARATION (CONT'D)

2.3 Adoption of new accounting standards

For the purpose of the combined financial statements, the Group assumes early adoption of the following standards with the initial application date of 1 March 2017 to enhance the comparability:-

MFRSs		**Effective Date**
MFRS 9	: Financial Instruments	1 January 2018
MFRS 15	: Revenue from Contracts with Customers	1 January 2018
MFRS 16	: Leases	1 January 2019

2.3 The Group has not applied in advance the following accounting standards and/or interpretations (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 period ended:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
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: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 4 to the financial statements.

b) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 8 to the financial statements.

c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measure either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been affected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

3.4 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial Instruments (Cont'd)

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss

(ii) Other Financial Liabilities

Other 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 and of allocating interest expense over the relevant period. 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 or a shorter period (where appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial Instruments (Cont'd)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment in Subsidiary

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

3.6 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Leased assets are depreciated over the shorter of the lease term and their useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the 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 parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Motor vehicles	20%
Office equipment, furniture and fittings, electrical installation	10%
Plant and machinery, tools and equipments	10% - 20%
Computing hardware and software	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.10 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (Cont'd)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determine the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

3.11 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Income Taxes

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

3.13 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Fair Value Measurements

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3.15 Revenue from Contracts with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue from Contracts with Customers (Cont'd)

Sale of Furniture and Ready-to-Assemble Furniture Products

Revenue from sale of furniture and ready-to-assemble furniture products are recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.16 Revenue from Other Sources and Other Operating Income

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

3.17 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. PROPERTY, PLANT AND EQUIPMENT

Audited **28 February 2018**	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
At cost				
At 1 March 2017	76	1,435	46	1,557
Additions	52	16	15	83
At 28 February 2018	128	1,451	61	1,640
Less: Accumulated depreciation				
At 1 March 2017	6	117	7	130
Charge for the financial year	8	145	11	164
At 28 February 2018	14	262	18	294
Carrying amount				
At 28 February 2018	114	1,189	43	1,346

Audited **28 February 2019**	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
At cost				
At 1 March 2018	128	1,451	61	1,640
Additions	168	1,125	25	1,318
At 28 February 2019	296	2,576	86	2,958
Less: Accumulated depreciation				
At 1 March 2018	14	262	18	294
Charge for the financial year	20	183	14	217
At 28 February 2019	34	445	32	511
Carrying amount				
At 28 February 2019	262	2,131	54	2,447

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Audited **29 February 2020**	Motor vehicles RM'000	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
At cost					
At 1 March 2019	-	296	2,576	86	2,958
Additions	10	151	1,769	80	2,010
Write off	-	-	-	(1)	(1)
At 29 February 2020	10	447	4,345	165	4,967
Less: Accumulated depreciation					
At 1 March 2019	-	34	445	32	511
Charge for the financial year	2	39	359	25	425
Write off	-	-	-	-	-
At 29 February 2020	2	73	804	57	936
Carrying amount					
At 29 February 2020	8	374	3,541	108	4,031

Audited **31 August 2020**	Motor vehicles RM'000	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
At cost					
At 1 March 2020	10	447	4,345	165	4,967
Additions	-	7	1,148	-	1,155
At 31 August 2020	10	454	5,493	165	6,122
Less: Accumulated depreciation					
At 1 March 2020	2	73	804	57	936
Charge for the financial year	-	22	188	17	227
At 31 August 2020	2	95	992	74	1,163
Carrying amount					
At 31 August 2020	8	359	4,501	91	4,959

5. PREPAID LEASE PAYMENTS

These represent cumulative progress claims for 4 pieces of leasehold industrial land. These leasehold land of the Group are pledged as security for bank borrowings granted to the Group as disclosed in Note 13 to the combined financial statements.

6. RIGHT-OF-USE ASSETS

	Motor vehicles RM'000	Plant and machinery RM'000	Hostel RM'000	Factory buildings and warehouse RM'000	Office RM'000	Total RM'000
Audited						
Carrying amount						
At 1 March 2017	-	-	-	-	-	-
Initial application of MFRS 16	151	-	84	220	39	494
As restated	151	-	84	220	39	494
Additions	-	250	-	-	-	250
Depreciation	(36)	(10)	(20)	(176)	(19)	(261)
At 28 February 2018 / 1 March 2018	115	240	64	44	20	483
Additions	1,192	586	-	825	-	2,603
Depreciation	(91)	(63)	(20)	(187)	(11)	(372)
Reassessments and modifications	-	-	-	-	(9)	(9)
At 28 February 2019 / 1 March 2019	1,216	763	44	682	-	2,705
Additions	526	1,392	-	93	-	2,011
Depreciation	(102)	(173)	(20)	(412)	-	(707)
At 29 February 2020 / 1 March 2020	1,640	1,982	24	363	-	4,009
Additions	-	-	306	698	-	1,004
Depreciation	(93)	(87)	(26)	(212)	-	(418)
Reassessments and modifications	-	-	(21)	-	-	(21)
At 31 August 2020	1,547	1,895	283	849	-	4,574

6. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases various motor vehicles, plant and machinery, tools and equipment, hostel, factory buildings and office of which the leasing activities are summarised below:-

(a)	Motor vehicles	The Group has leased certain motor vehicles under hire purchase instalment plans with 5 to 9 (29.02.2020: 5 to 9, 28.02.2019: 5 to 9 and 28.02.2018: 9) years lease terms. At the end of the lease terms, the Group has the option to purchase the assets at an insignificant amount. The leases bear effective annual interest rates at 4.4% - 5.5% (29.02.2020: 4.4% to 5.5%, 28.02.2019: 4.6 to 5.5% and 28.02.2018: 5.3%) and are secured by the leased assets.
(b)	Plant and machinery	The Group has leased certain plant and machinery under hire purchase instalment plans with 3 to 5 (29.02.2020: 3 to 5, 28.02.2019: 5 and 28.02.2018: 5) years lease terms. At the end of the lease terms, the Group has an option to purchase the assets at an insignificant amount. The leases bear effective annual interest rates at 6.1% to 7.3% (29.02.2020: 6.1% to 7.3%, 28.02.2019: 7.3% and 28.02.2018: 7.3%) and are secured by the leased assets.
(c)	Hostels	The Group has leased 3 hostels that run for 5 years from the commencement date of the tenancy agreement with Nil to 2 years option to renew the lease after the date.
(d)	Factory buildings and warehouse	The Group has leased 2 factory buildings and a warehouse that run for 1 to 3 years, with 1 to 2 years option to renew the lease after the date.
(e)	Office	The Group has leased an office that run for 3 years and expired in year 2019.

7. INVENTORIES

	<------------ Audited	------------>		
	28.02.2018 RM'000	**28.02.2019** RM'000	**29.02.2020** RM'000	**31.08.2020** RM'000
Raw materials	781	2,037	1,924	2,250
Work-in-progress	474	558	791	650
Finished goods	792	1,134	1,461	2,900
	2,047	3,729	4,176	5,800
Recognised in profit or loss				
Inventories recognised as cost of sales	7,363	17,379	29,544	13,240

8. TRADE RECEIVABLES

	<------------ Audited	------------>		
	28.02.2018 RM'000	**28.02.2019** RM'000	**29.02.2020** RM'000	**31.08.2020** RM'000
Third parties	954	1,888	1,376	2,220
Related parties	-	52	16	5
	954	1,940	1,392	2,225

(a) The Group's normal trade term granted to customers are as follow:-

	<------------ Audited	------------>		
	28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
Trade terms	cash term - 60 days	cash term - 60 days	cash term - 90 days	cash term - 90 days

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<------------ Audited	------------>		
	28.02.2018 RM'000	**28.02.2019** RM'000	**29.02.2020** RM'000	**31.08.2020** RM'000
Deposits	43	87	114	116
Prepayments	158	240	766	649
Goods and services tax recoverable	67	62	-	-
Sundry receivables	3	22	1	8
	271	411	881	773

10. FIXED DEPOSITS WITH LICENSED BANKS

(a) Included in fixed deposits with licensed banks of the Group at the end of the reporting period is the following amount which has been pledged to licensed bank as security for banking facilities (Note 13) as follows:-

	<---------- Audited			---------->
	28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
	RM'000	RM'000	RM'000	RM'000
Fixed deposit with a licensed bank	-	1,300	1,035	1,035

(b) The effective annual interest rate and maturity period of fixed deposits with a licensed bank of the Group at the end of the reporting period are as follows:-

	<---------- Audited			---------->
	28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
Effective annual interest rates (%)	-	3.4 - 3.5	3.0 - 3.7	3.0 - 3.7
Maturity period (month)	-	12	6 - 12	6 - 12

11. SHARE CAPITAL

	<---------- Audited							---------->
	28.02.2018		**28.02.2019**		**29.02.2020**		**31.08.2020**	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Issued and fully paid-up								
Ordinary shares								
At beginning of financial year	400	400	400	400	700	700	1,500	1,500
Bonus issue	-	-	-	-	-	-	238	238
Issuance of new shares for cash	-	-	300	300	800	800	262	2,188
At end of financial year	400	400	700	700	1,500	1,500	2,000	3,926

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Group, and are entitled to vote one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.

12. SHARE APPLICATION MONEY

This represents money received pending allotment of shares which is subject to prior special dividend payment and bonus issue of shares. The special dividend payment is subject to certain bank consents.

13. BANK BORROWINGS

	<---------- Audited			---------->
	28.02.2018 RM'000	**28.02.2019** RM'000	**29.02.2020** RM'000	**31.08.2020** RM'000
Current				
Secured - Bankers' acceptances	-	1,012	2,200	1,498
- Term loans	-	262	304	309
	-	1,274	2,504	1,807
Non-current				
Secured - Term loans	-	1,165	4,023	5,269
	-	2,439	6,527	7,076
Total bank borrowings				
Secured - Bankers' acceptances	-	1,012	2,200	1,498
- Term loans	-	1,427	4,327	5,578
	-	2,439	6,527	7,076

(a) The bank borrowings are secured by the followings:-

(i) Legal charges over 4 pieces of leasehold industrial land of the Group as disclosed in Note 5 to the combined financial statements;

(ii) Fixed deposit with a licensed bank (Note 10);

(iii) Credit Guarantee Corporation (CGC); and

(iv) Joint and several guarantee by the Directors of the subsidiary.

(b) The bank borrowings of the Group at the end of the reporting period bear effective annual interest rates as follows:-

	<---------- Audited			---------->
	28.02.2018 %	**28.02.2019** %	**29.02.2020** %	**31.08.2020** %
Bankers' acceptances	-	4.9 - 5.3	3.2 - 5.1	2.1 - 3.4
Term loans	-	6.0 - 8.0	6.0 - 7.5	3.5 - 7.5

(c) Details of the term loans are as follows:-

	Number of monthly instalments	**Monthly instalments (RM)**	**Commencement date**
Term loan 1	36	16,389	November 2018
Term loan 2	84	15,562	December 2018
Term loan 3	120	1,750	January 2020
Term loan 4	180	26,326	Yet to commence
Term loan 5	84	42,309	Yet to commence
Term loan 6	60	18,484	Yet to commence

14. LEASE LIABILITIES

	<---- Audited			---->
	28.02.2018 RM'000	**28.02.2019** RM'000	**29.02.2020** RM'000	**31.08.2020** RM'000
At 1 March	-	489	2,552	3,353
- Initial application of MFRS 16	493	-	-	-
- As restated	493	489	2,552	3,353
Acquisition of new leases (Note 27(b))	244	2,476	1,784	1,004
Reassessments and modifications	-	(10)	-	(21)
Interest expense recognised in profit or loss (Note 22)	25	82	179	73
Repayment of principal	(248)	(403)	(983)	(468)
Repayment of interest expenses	(25)	(82)	(179)	(73)
	489	2,552	3,353	3,868
Analysed by:-				
Current liabilities	142	753	1,027	1,289
Non-current liabilities	347	1,799	2,326	2,579
	489	2,552	3,353	3,868

(a) Certain lease liabilities of the Group are secured by the Group's motor vehicles, plant and machinery under the hire purchase arrangements as disclosed in Note 6(a) and (b) to the combined financial statements.

(b) The lease liabilities of the Group at the end of the reporting period bear effective annual interest rates as follows:-

	<---- Audited			---->
	28.02.2018 %	**28.02.2019** %	**29.02.2020** %	**31.08.2020** %
Effective annual interest rates	3.0 - 7.3	3.0 - 7.3	3.0 - 7.3	3.0 - 7.3

15. DEFERRED TAX LIABILITIES

	Audited			
	28.02.2018 RM'000	28.02.2019 RM'000	29.02.2020 RM'000	31.08.2020 RM'000
(a) Movement of deferred tax liabilities				
Balance at beginning of financial year	(213)	-	166	503
Deferred tax expense relating to origination of temporary differences	-	166	253	192
Reversal of deferred tax assets	213	-	-	-
Underprovision in previous financial year	-	-	84	12
Balance at the end of financial year	-	166	503	707
(b) Components of deferred tax liabilities				
Excess of capital allowances over corresponding book depreciation	-	166	503	707

16. TRADE PAYABLES

	Audited			
	28.02.2018 RM'000	28.02.2019 RM'000	29.02.2020 RM'000	31.08.2020 RM'000
Third parties	1,599	3,048	4,031	5,734
Related parties	5	86	12	59
	1,604	3,134	4,043	5,793

(a) The Group's normal trade term granted by suppliers are as follows:-

	Audited			
	28.02.2018	28.02.2019	29.02.2020	31.08.2020
Trade terms	cash term - 60 days	cash term - 30 days	cash term - 60 days	cash term - 60 days

17. OTHER PAYABLES AND ACCRUALS

	<---------- Audited			---------->
	28.02.2018	28.02.2019	29.02.2020	31.08.2020
	RM'000	RM'000	RM'000	RM'000
Other payables:-				
Third parties	166	176	745	1,349
Related parties	69	66	87	93
Customer deposits	374	744	1,032	2,153
Goods and services tax payable	-	59	23	109
	609	1,045	1,887	3,704
Accruals	202	456	764	737
	811	1,501	2,651	4,441

Included in sundry payables are amount of RM 940,896 (29.02.2020: RM 352,836; 28.02.2019: RM NIL; 28.02.2018: RM NIL) payable for progress claims of leasehold industrial land.

18. AMOUNT OWING TO DIRECTORS

The amount owing to directors are unsecured, interest free and repayable on demand.

19. DERIVATIVE LIABILITIES

	<---------- Audited			---------->
	28.02.2018	28.02.2019	29.02.2020	31.08.2020
	RM'000	RM'000	RM'000	RM'000
Derivative Liabilities				
Forward currency contracts	-	-	134	88

The Group uses forward foreign exchange contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The settlement dates on forward foreign exchange contracts range between 1 to 4 (29.02.2020: 1 to 6; 28.02.2019: NIL and 28.02.2018: NIL) months after the end of the reporting period.

The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate (government bonds).

20. REVENUE

Revenue of the Group comprises the followings:-

	<---------- Audited			---------->	Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Revenue from contracts with customers					
Sale of furniture and ready-to-assemble furniture products	9,670	24,141	42,398	19,919	19,801

21. KEY MANAGEMENT PERSONNEL COMPENSATION

	<---------- Audited			---------->	Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Directors of the Group					
Salaries, bonuses and other benefits	386	526	1,322	360	360
Defined contribution plan	50	68	140	63	63
	436	594	1,462	423	423
Estimated monetary value of benefits-in-kind	4	21	56	26	26
Other key management personnel					
Salaries, bonuses and other benefits	-	-	-	35	-
Defined contribution plan	-	-	-	4	-
	-	-	-	39	-
Estimated monetary value of benefits-in-kind	-	-	-	13	-

22. FINANCE COSTS

	<------ Audited		------>		Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Interest on:-					
Bankers' acceptances	-	7	87	32	49
Lease liabilities	25	82	179	73	82
Term loans	-	40	169	58	64
	25	129	435	163	195

23. PROFIT BEFORE TAX

	<------ Audited		------>		Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
This is arrived at after charging:-					
Auditors' remuneration	7	12	20	-	-
Bad debts written off	-	-	24	-	-
Depreciation:-					
- property, plant and equipment	164	217	425	227	173
- right-of-use assets	261	372	707	418	434
Defined contribution plan - staff	95	114	219	116	90
Fair value loss on derivative	-	-	134	-	94
Loss on foreign exchange:-					
- realised	11	-	-	-	-
- unrealised	18	53	68	92	-
Property, plant and equipment written off	-	-	1	-	-
Short-term leases	-	87	15	2	6
Staff costs	1,753	3,772	5,444	2,233	2,873
And crediting:-					
Gain on reassessment and modification of leases	-	(1)	-	-	-
Fair value gain on derivative	-	-	-	(46)	-
Gain on foreign exchange:-					
- realised	(6)	(200)	(370)	-	(223)
- unrealised	-	-	-	-	(60)
Interest income	(1)	(7)	(92)	(44)	(31)

24. INCOME TAX EXPENSE

(a) Income tax expenses recognised in profit or loss

	Audited				Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Current tax expense	-	27	467	273	239
Under/(Over)provision in previous financial years	-	-	11	(16)	11
	-	27	478	257	250
Deferred tax (Note 15):-					
- Origination of temporary differences	-	166	253	192	183
- Reversal of deferred tax assets	213	-	-	-	-
- Underprovision in previous financial years	-	-	84	12	84
	213	166	337	204	267
	213	193	815	461	517

(b) A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to tax expense at the effective tax rate is as follows:-

	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Profit before tax	417	3,534	6,642	4,313	3,806
Tax at the statutory income tax rate	75	601	1,594	1,035	913
Tax effect of non-deductible expense	13	57	185	85	122
Tax effect of non-taxable income	(46)	-	-	-	-
Deferred tax assets not recognised	(42)	-	-	-	-
Utilisation of tax incentive	-	(465)	(1,059)	(655)	(613)
Under/(Over)provision in previous financial year:-					
- current tax expense	-	-	11	(16)	11
- deferred tax expense	-	-	84	12	84
Overprovision of deferred tax income	213	-	-	-	-
	213	193	815	461	517

The income tax rate on the first RM 500,000 of the chargeable income and on the balance of the chargeable income is 18% and 24% respectively for year of assessment 2018.

24. INCOME TAX EXPENSE (CONT'D)

The income tax rate on the first RM 500,000 of the chargeable income is 18%. The tax rate applicable to the balance of the chargeable income is 20% - 24% and will reduce by 1 to 4 percentage points based on prescribed incremental percentage of chargeable income from business as compared to that of the immediate preceding year of assessment 2018.

The income tax rate on the first RM 500,000 and RM 600,000 of the chargeable income and on the balance of the chargeable income is 17% and 24% respectively for years of assessment 2019 and 2020.

25. EARNINGS PER SHARE

	<---------- Audited			---------->	Unaudited
	01.03.2017 to 28.02.2018	01.03.2018 to 28.02.2019	01.03.2019 to 29.02.2020	01.03.2020 to 31.08.2020	01.03.2019 to 31.08.2019
Profit attributable to owners of the Company (RM'000)	204	3,341	5,827	3,852	3,289
Number of ordinary shares in issue (unit'000)	400	700	1,500	2,000	1,500
Basic earnings per ordinary share (RM)	0.51	4.77	3.88	1.93	2.19

The diluted earnings per ordinary share is not applicable as there are no dilutive potential ordinary shares existing throughout the relevant reporting periods.

26. DIVIDENDS

	<---------- Audited			---------->	Unaudited
	01.03.2017 to 28.02.2018	01.03.2018 to 28.02.2019	01.03.2019 to 29.02.2020	01.03.2020 to 31.08.2020	01.03.2019 to 31.08.2019
	RM'000	RM'000	RM'000	RM'000	RM'000
In respect of financial year ended 28 February 2019					
An interim dividend of RM2 per ordinary share	-	1,400	-	-	-
In respect of financial year ended 29 February 2020					
An interim dividend of RM1.73 per ordinary share	-	-	2,600	-	-
Single tier tax-exempt dividend of RM2 per ordinary share	-	-	-	3,000	-
	-	1,400	2,600	3,000	-

27. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	<------------------------- Audited			------------------------->	Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Property, plant and equipment					
Cost of property, plant and equipment purchased (Note 4)	83	1,318	2,010	1,155	1,264
Right-of-use assets					
Cost of right-of-use assets acquired (Note 6)	250	2,603	2,011	1,004	1,556
Less: Addition of new lease liabilities (Note 27(b))	(244)	(2,476)	(1,784)	(1,004)	(1,447)
Cash paid during the financial year	6	127	227	-	109

(b) The reconciliations of liabilities arising from financing activities are as follows:-

<u>Audited</u>	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
28 February 2018				
At 1 March, as previously reported	-	-	-	-
Effect on adoption of MFRS 16	-	-	493	493
At March, as restated	-	-	493	493
<u>Changes in Financing Cash Flows</u>				
Repayment of borrowing principal	-	-	(248)	(248)
Repayment of borrowing interest	-	-	25	25
	-	-	(223)	(223)
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	244	244
Interest expense recognised in profit or loss	-	-	(25)	(25)
	-	-	219	219
At 28 February 2018	-	-	489	489

27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
28 February 2019				
At 1 March 2018	-	-	489	489
Changes in Financing Cash Flows				
Proceed from drawdown	1,500	1,012	-	2,512
Repayment of borrowing principal	(73)	-	(403)	(476)
Repayment of borrowing interest	(40)	(7)	(82)	(129)
	1,387	1,005	(485)	1,907
Non-cash Changes				
Acquisition of new lease	-	-	2,476	2,476
Reassessments and modifications of leases	-	-	(10)	(10)
Interest expense recognised in profit or loss	40	7	82	129
	40	7	2,548	2,595
At 28 February 2019	1,427	1,012	2,552	4,991

Audited	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
29 February 2020				
At 1 March 2019	1,427	1,012	2,552	4,991
Changes in Financing Cash Flows				
Proceed from drawdown	3,163	11,717	-	14,880
Repayment of borrowing principal	(263)	(10,529)	(983)	(11,775)
Repayment of borrowing interest	(169)	(87)	(179)	(435)
	2,731	1,101	(1,162)	2,670
Non-cash Changes				
Acquisition of new lease	-	-	1,784	1,784
Interest expense recognised in profit or loss	169	87	179	435
	169	87	1,963	2,219
At 29 February 2020	4,327	2,200	3,353	9,880

27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
31 August 2020				
At 1 March 2020	4,327	2,200	3,353	9,880
Changes in Financing Cash Flows				
Proceed from drawdown	1,353	6,644	-	7,997
Repayment of borrowing principal	(102)	(7,346)	(468)	(7,916)
Repayment of borrowing interest	58	32	73	163
	1,309	(670)	(395)	244
Non-cash Changes				
Acquisition of new lease	-	-	1,004	1,004
Reassessments and modifications of leases	-	-	(21)	(21)
Interest expense recognised in profit or loss	(58)	(32)	(73)	(163)
	(58)	(32)	910	820
At 31 August 2020	5,578	1,498	3,868	10,944

Unaudited	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
31 August 2019				
At 1 March 2019	1,427	1,012	2,552	4,991
Changes in Financing Cash Flows				
Proceed from drawdown	-	5,557	-	5,557
Repayment of borrowing principal	(127)	(4,602)	(431)	(5,160)
Repayment of borrowing interest	64	49	82	195
	(63)	1,004	(349)	592
Non-cash Changes				
Acquisition of new lease	-	-	1,447	1,447
Reassessments and modifications of leases	-	-	-	-
Interest expense recognised in profit or loss	(64)	(49)	(82)	(195)
	(64)	(49)	1,365	1,252
At 31 August 2019	1,300	1,967	3,568	6,835

27. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflow for leases as a lessee are as follows:-

	<---- Audited			---->	Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Payment of short-term leases	-	87	15	2	6
Payment of lease liabilities	248	403	983	468	431
Interest paid on lease liabilities	25	82	179	73	82
	273	572	1,177	543	519

(d) The cash and cash equivalents comprise the following:-

	<---- Audited			---->	Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Cash and bank balances	260	2,540	5,795	7,534	5,273
Fixed deposits with licensed banks	-	1,300	2,335	1,341	1,000
	260	3,840	8,130	8,875	6,273
Less: Fixed deposit pledged to a licensed bank	-	(1,300)	(1,035)	(1,035)	(1,000)
Fixed deposit with tenure of more than 3 months	-	-	(1,300)	(306)	-
	260	2,540	5,795	7,534	5,273

28. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors and entities with the same group of companies.

28. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties for the relevant reporting periods:

	<---------- Audited			---------->	Unaudited
	01.03.2017 to 28.02.2018 RM'000	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 31.08.2020 RM'000	01.03.2019 to 31.08.2019 RM'000
Companies in which a director has substantial financial interest					
Expenses paid on behalf	8	17	-	-	-
Payment of:-					
- lease liabilities	176	151	325	124	161
- short-term leases	-	83	15	-	6
Foreign worker expenses	-	65	-	-	-
Miscellaneous expenses	2	4	17	1	14
Purchase of property, plant and equipment	-	48	-	-	-
Purchases	165	667	156	134	94
Sales	-	(65)	(728)	(6)	(65)
Sub-contract wages	2	-	-	-	-
Utilities	186	309	512	205	237

The significant outstanding balances of the related parties, if any, together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

No expense was recognised for the relevant reporting periods for bad or doubtful debts in respect of the amounts owed by the related parties.

(c) Compensation of Key Management Personnel

Key management personnel include the Group's and the Company's directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly and indirectly. Details of the compensation for these key management personnel are disclosed in Note 21 to the combined financial statements.

29. CAPITAL COMMITMENTS

	<------- Audited			------->
	28.02.2018	28.02.2019	29.02.2020	31.08.2020
	RM'000	RM'000	RM'000	RM'000
Leasehold industrial land				
Approved and contracted for	-	-	3,528	2,587

30. OPERATING SEGMENTS

(a) Business Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely furniture manufacturing.

(b) Geographical Information

In presenting the information on the basis of geographical segments, segmental information on non-current assets is not presented, as all non-current assets are located in Malaysia.

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

	<------- Audited			------->	Unaudited
	01.03.2017 to 28.02.2018	01.03.2018 to 28.02.2019	01.03.2019 to 29.02.2020	01.03.2020 to 31.08.2020	01.03.2019 to 31.08.2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Asia (excluding Malaysia)	1,121	5,650	19,178	7,422	9,383
Australasia	372	285	1,126	1,744	252
Europe	2,410	10,233	10,302	2,914	4,954
North America	598	1,681	4,692	3,705	1,792
South Africa	132	401	475	728	263
South America	-	271	219	-	-
Malaysia	5,037	5,620	6,406	3,406	3,157
	9,670	24,141	42,398	19,919	19,801

30. OPERATING SEGMENTS (CONT'D)

(c) Major Customers

The following are major customers with revenue equal to or more than 10% of Group revenue for the relevant reporting periods:-

	<---------- Audited			---------->	Unaudited
	01.03.2017 to 28.02.2018	**01.03.2018 to 28.02.2019**	**01.03.2019 to 29.02.2020**	**01.03.2020 to 31.08.2020**	**01.03.2019 to 31.08.2019**
	RM'000	RM'000	RM'000	RM'000	RM'000
Customer A	991	-	-	-	-
Customer B	-	4,996	-	-	2,161
Customer C	-	-	8,965	5,274	3,987
Customer D	-	-	4,387	3,370	-
	991	4,996	13,352	8,644	6,148

31. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

31.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currency giving rise to this risk is primarily 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. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of each reporting period is summarised below:-

Foreign Currency Exposure

Audited	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
28 February 2018			
Financial Assets			
Trade receivables	392	562	954
Cash and bank balances	55	205	260
Net financial assets	447	767	1,214
Less : Net financial assets denominated in the entity's functional currency	-	(767)	(767)
Currency Exposure	447	-	447

Audited	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
28 February 2019			
Financial Assets			
Trade receivables	1,585	355	1,940
Cash and bank balances	1	2,539	2,540
Net financial assets	1,586	2,894	4,480
Less : Net financial assets denominated in the entity's functional currency	-	(2,894)	(2,894)
Currency Exposure	1,586	-	1,586

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Audited	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
29 February 2020			
Financial Assets			
Trade receivables	923	469	1,392
Net financial assets	923	469	1,392
Less : Net financial assets denominated in the entity's functional currency	-	(469)	(469)
Currency Exposure	923	-	923

Audited	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
31 August 2020			
Financial Assets			
Trade receivables	1,300	925	2,225
Cash and bank balances	872	6,662	7,534
Net financial assets	2,172	7,587	9,759
Less : Net financial assets denominated in the entity's functional currency	-	(7,587)	(7,587)
Currency Exposure	2,172	-	2,172

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency at the end of each reporting period, with all other variables held constant:-

	<---------- Audited			---------->
	28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
Effects on profit after tax				
USD/RM				
- strengthened by 5%	18	66	35	83
- weakened by 5%	(18)	(66)	(35)	(83)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 13 to the combined financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of each reporting period does not have material impact on the profit after tax and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk that accounted for 10% or more of total trade receivables at the end of each reporting period is as follows:-

	<---------- Audited			---------->
	28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
Number of customers	3	1	4	2
Percentage of trade receivables	60%	72%	63%	39%

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of each reporting period is as follows:-

	<---------- Audited			---------->
	28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
	RM'000	RM'000	RM'000	RM'000
Asia (excluding Malaysia)	47	23	382	148
Australasia	-	-	-	33
Europe	345	1,534	437	664
North America	-	-	103	541
South America	-	28	-	-
Malaysia	562	355	470	839
	954	1,940	1,392	2,225

(ii) Exposure to Credit Risk

At the end of each reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 90 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The trade receivables are generally collected within the credit terms and therefore, there is minimal exposure to credit risk. Furthermore, outstanding trade receivables are largely collected within credit terms.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

Audited	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
28 February 2018			
Current (Not past due)	643	-	643
1 to 30 days past due	276	-	276
31 to 60 days past due	7	-	7
More than 60 days past due	28	-	28
	954	-	954

Audited	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
28 February 2019			
Current (Not past due)	1,551	-	1,551
1 to 30 days past due	364	-	364
31 to 60 days past due	-	-	-
More than 60 days past due	25	-	25
	1,940	-	1,940

Audited	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
29 February 2020			
Current (Not past due)	800	-	800
1 to 30 days past due	587	-	587
31 to 60 days past due	5	-	5
More than 60 days past due	-	-	-
	1,392	-	1,392

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

Audited	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
31 August 2020			
Current (Not past due)	767	-	767
1 to 30 days past due	1,422	-	1,422
31 to 60 days past due	31	-	31
More than 60 days past due	5	-	5
	2,225	-	2,225

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of each reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of each reporting period):-

Audited	Weighted Average Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
28 February 2018						
Non-derivative Financial Liabilities						
Trade payables	-	1,604	1,604	1,604	-	-
Other payables and accruals	-	437	437	437	-	-
Amount owing to directors	-	2,443	2,443	2,443	-	-
Lease liabilities	3.0 - 7.3	489	560	166	341	53
		4,973	5,044	4,650	341	53

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

Audited	Weighted Average Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
28 February 2019						
Non-derivative Financial Liabilities						
Trade payables	-	3,134	3,134	3,134	-	-
Other payables and accruals	-	698	698	698	-	-
Amount owing to directors	-	1,683	1,683	1,683	-	-
Bank borrowings:-						
- Bankers' acceptances	4.9 - 5.3	1,012	1,012	1,012	-	-
- Term loans	6.0 - 8.0	1,427	1,784	383	1,074	327
Lease liabilities	3.0 - 7.3	2,552	2,841	866	1,829	146
Dividend payable	-	1,400	1,400	1,400	-	-
		11,906	12,552	9,176	2,903	473

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

Audited	Weighted Average Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
29 February 2020						
Non-derivative Financial Liabilities						
Trade payables	-	4,043	4,043	4,043	-	-
Other payables and accruals	-	1,596	1,596	1,596	-	-
Amount owing to directors	-	2,024	2,024	2,024	-	-
Bank borrowings:-						
- Bankers' acceptances	3.2 - 5.1	2,200	2,200	2,200	-	-
- Term loans	6.0 - 7.5	4,327	4,621	404	3,975	242
Lease liabilities	3.0 - 7.3	3,353	3,718	1,187	2,460	71
Derivative Financial Liabilities						
Forward currency contract	-	134	134	134	-	-
		17,677	18,336	11,588	6,435	313

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

Audited	Weighted Average Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31 August 2020						
Non-derivative Financial Liabilities						
Trade payables	-	5,793	5,793	5,793	-	-
Other payables and accruals	-	2,086	2,086	2,086	-	-
Amount owing to directors	-	2,004	2,004	2,004	-	-
Bank borrowings:-						
- Bankers' acceptances	2.1 - 3.4	1,498	1,498	1,498	-	-
- Term loans	3.5 - 7.5	5,578	5,828	397	5,254	177
Lease liabilities	3.0 - 7.3	3,868	4,206	1,450	2,722	34
Derivative Financial Liabilities						
Forward currency contract	-	88	88	88	-	-
		20,915	21,503	13,316	7,976	211

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less deposits, cash and bank balances. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<---------------------------- **Audited**			---------------------------->
	28.02.2018	**28.02.2019**	**29.02.2020**	**31.08.2020**
	RM'000	RM'000	RM'000	RM'000
Bank borrowings	-	2,439	6,527	7,076
Lease liabilities	489	2,552	3,353	3,868
	489	4,991	9,880	10,944
Less: Fixed deposits with licensed banks	-	(1,300)	(2,335)	(1,341)
Less: Cash and bank balances	(260)	(2,540)	(5,795)	(7,534)
Net debt	229	1,151	1,750	2,069
Total equity	14	2,255	8,470	9,322
Debt-to-equity ratio	34.93	2.21	1.17	1.17
Net debt-to-equity ratio	16.36	0.51	0.21	0.22

There is no change in the Group's approach to capital management during the relevant reporting periods.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 Classification of Financial Instruments

	<---------- Audited			---------->
	28.02.2018 RM'000	28.02.2019 RM'000	29.02.2020 RM'000	31.08.2020 RM'000
Financial Assets				
Amortised Costs				
Trade receivables	954	1,940	1,392	2,225
Other receivables	3	22	1	8
Fixed deposits with licensed banks	-	1,300	2,335	1,341
Cash and bank balances	260	2,540	5,795	7,534
	1,217	5,802	9,523	11,108
Financial Liabilities				
Amortised Costs				
Trade payables	1,604	3,134	4,043	5,793
Other payables and accruals	437	698	1,596	2,086
Amount owing to directors	2,443	1,683	2,024	2,004
Bank borrowings	-	2,439	6,527	7,076
Lease liabilities	489	2,552	3,353	3,868
Dividend payable	-	1,400	-	-
	4,973	11,906	17,543	20,827
Mandatorily at Fair Value through Profit or Loss				
Derivative liabilities	-	-	134	88

31.4 Gain or Loss Arising from Financial Instruments

	<---------- Audited			---------->
	28.02.2018 RM'000	28.02.2019 RM'000	29.02.2020 RM'000	31.08.2020 RM'000
Financial Assets				
Amortised Costs				
Net losses recognised in profit or loss	(17)	(46)	-	(48)
Fair Value Through Profit of Loss				
Net (losses)/gains recognised in profit or loss	-	-	(134)	46
Financial Liabilities				
Amortised Costs				
Net losses recognised in profit or loss	(25)	(129)	(435)	(163)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Fair Value Information

At the end of the reporting period, there are no financial instruments carried at fair values in the combined statements of financial position.

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximates their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of term loans that carrying floating interest rate approximates their carrying amounts as they are repriced to market interest rates on or near the reporting date.

32. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the Coronavirus Disease ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the movement control order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown, and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

In addition, the outbreak of Covid-19 may also affect the recoverability of Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, carrying amount of Group's property, plant and equipment and right-of-use assets in the future.

However, the Covid-19 global pandemic has not resulted in any material impairment to the Group's assets (including inventories and receivables) as of 31 August 2020 or affected the Group's ability to continue its business as a going-concern. There was no material impact on the Group's operations and financial performance for the financial period ended 31 August 2020.

The Group will continuously monitor the development of Covid-19 pandemic and the disruption to its business activities caused by the prolonged effect thereof and/or any subsequent MCO or similar measure imposed by Malaysia Government and continually evaluate their impact on the financial position, cash flows and operating results of the Group.

33. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 9 December 2020, Ecomate Holdings entered into a conditional Share Sale Agreement to acquire the entire equity interests in Ecomate Sdn. Bhd. comprising 2,000,000 ordinary shares for a purchase consideration of RM 7,374,500 which was fully satisfied by the issuance of 300,999,998 new shares at an issue price of approximately RM0.0245 per share.

The purchase consideration of Ecomate Sdn. Bhd. of RM 7,374,500 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net assets position of Ecomate Sdn. Bhd. as at 31 August 2020 of RM 9,321,019 and interim dividend of RM 2,000,000 in respect of financial year ending 28 February 2021 paid on 12 October 2020.

34. INITIAL APPLICATION OF MFRS 16

The Group assumes early adoption of MFRS 16 and applies this standard with effect from 1 March 2017. The Group applies MFRS 16 only to contracts entered into or changed on or after 1 March 2017 which are previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'.

(a) Lessee Accounting

At 1 March 2017, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at that date. The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 March 2020;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased assets and lease liabilities immediately before 1 March 2017 as the carrying amount of the right-of-use assets and the lease liabilities as at the date of initial application.

STATEMENTS BY DIRECTORS

We, Koh Cheng Huat and Jason Koh Jian Hui, being the two directors of Ecomate Holdings Berhad , state in the opinion of the directors, the combined financial statements set out on page 4 to 63 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 28 February 2018, 28 February 2019, 29 February 2020 and 31 August 2020 and of the financial performance and cash flows for the relevant reporting periods ended on those dates.

Signed in accordance with a resolution of the directors dated 22 January 2021.

Koh Cheng Huat

Jason Koh Jian Hui