



ECONFRAME BERHAD

Registration No. 201901042935 (1352265-T)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2022**

ECONFRAME BERHAD
Registration No. 201901042935 (1352265-T)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE
CURRENT QUARTER AND FINANCIAL PERIOD ENDED 28 FEBRUARY 2022**

	← Unaudited →			
	Current Quarter ended 28 February 2022		Cumulative Quarter ended 28 February 2022	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	14,678	11,861	27,979	23,431
Cost of sales	(9,692)	(7,739)	(18,292)	(15,337)
Gross profit	4,986	4,122	9,687	8,094
Other income	105	99	220	138
Administrative expenses ⁽²⁾	(1,346)	(1,553)	(2,413)	(2,932)
Distribution expenses	(226)	(277)	(433)	(565)
Operating profit	3,519	2,391	7,061	4,735
Finance costs	(5)	(8)	(11)	(17)
Profit before tax	3,514	2,383	7,050	4,718
Income tax expense	(897)	(697)	(1,796)	(1,396)
Profit for the financial period	2,617	1,686	5,254	3,322
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period	2,617	1,686	5,254	3,322
Profit for the financial period attributable to:				
- Owners of the Company	2,584	1,686	5,246	3,322
- Non-controlling interests	33	-	8	-
	2,617	1,686	5,254	3,322
Total comprehensive income for the financial period attributable to:				
- Owners of the Company	2,584	1,686	5,246	3,322
- Non-controlling interests	33	-	8	-
	2,617	1,686	5,254	3,322
Earnings per share ⁽³⁾ attributable to owners of the Company:				
- Basic (sen)	0.80	0.52	1.61	1.09
- Diluted (sen)	0.80	0.52	1.61	1.09

Notes:

- 1) The basis of preparation of the unaudited condensed consolidated statements of profit or loss and other comprehensive income is disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 August 2021 ("AFS 2021") and the accompanying explanatory notes attached to this interim financial report.
- 2) Includes listing expenses of RM0.27 million and RM0.58 million expensed out in the current quarter and cumulative quarter ended 28 February 2021, respectively.
- 3) Earnings per share is calculated based on the weighted average number of ordinary shares as disclosed in Note B10.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2022**

	Unaudited As at 28/02/2022 RM'000	Audited As at 31/08/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,465	9,492
Investment property	300	300
	<u>9,765</u>	<u>9,792</u>
Current assets		
Inventories	14,001	8,509
Trade receivables	18,619	12,682
Other receivables, deposits and prepayments	2,874	3,631
Contract asset	25	-
Short-term deposits	16,367	18,175
Cash and bank balances	6,014	6,246
	<u>57,900</u>	<u>49,243</u>
Total assets	<u><u>67,665</u></u>	<u><u>59,035</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Issued capital	43,330	43,330
Revaluation reserve	4,383	4,411
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	37,281	32,007
	<u>59,169</u>	<u>53,923</u>
Non-controlling interests	(17)	(25)
Total equity	<u>59,152</u>	<u>53,898</u>
Non-current liabilities		
Loans and borrowings	215	333
Deferred taxation	1,290	1,292
	<u>1,505</u>	<u>1,625</u>
Current liabilities		
Loans and borrowings	251	277
Trade payables	4,282	1,778
Other payables and accruals	1,544	1,150
Contract liability	-	131
Tax payable	931	176
	<u>7,008</u>	<u>3,512</u>
Total liabilities	<u>8,513</u>	<u>5,137</u>
Total equity and liabilities	<u><u>67,665</u></u>	<u><u>59,035</u></u>
Net assets per share attributable to owners of the Company (sen)	<u><u>18.21</u></u>	<u><u>16.59</u></u>

Note:

- 1) The basis of preparation of the unaudited condensed consolidated statement of financial position is disclosed in Note A1 and should be read in conjunction with the AFS 2021 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022**

	Share capital RM'000	Non-Distributable reserve Revaluation reserve RM'000	Reorganisation reserve RM'000	Distributable reserve Retained earnings RM'000	Total RM'000
Balance as at 1 September 2020	26,000	4,217	(25,825)	26,956	31,348
Total comprehensive income for the financial period	-	-	-	3,322	3,322
Transactions with the owners:					
New shares issued for the initial public offering ("IPO")	18,200	-	-	-	18,200
New shares issuance expense for the IPO	(870)	-	-	-	(870)
Total transactions with the owners:	17,330	-	-	-	17,330
Balance as at 28 February 2021	43,330	4,217	(25,825)	30,278	52,000

	Share capital RM'000	Non-Distributable reserve Revaluation reserve RM'000	Reorganisation reserve RM'000	Distributable reserve Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 September 2021	43,330	4,411	(25,825)	32,007	53,923	(25)	53,898
Total comprehensive income for the financial period	-	-	-	5,246	5,246	8	5,254
Realisation of revaluation reserve	-	(28)	-	28	-	-	-
Balance as at 28 February 2022	43,330	4,383	(25,825)	37,281	59,169	(17)	59,152

Note:

- 1) The basis of preparation of the unaudited condensed consolidated statement of changes in equity is disclosed in Note A1 and should be read in conjunction with the AFS 2021 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022**

	Unaudited Cumulative Quarter ended 28 February 2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,050	4,718
Adjustments for:		
Depreciation of property, plant & equipment	220	209
Bad debts written off	31	-
Interest expense	11	17
Interest income	(141)	(90)
Operating profit before changes in working capital	<u>7,171</u>	<u>4,854</u>
Changes in Working Capital:		
Inventories	(5,492)	(2,723)
Trade and other receivables	(5,211)	(3,235)
Trade and other payables	2,898	342
Contract asset	(25)	-
Contract liability	(131)	-
Net cash used in operations	<u>(790)</u>	<u>(762)</u>
Income tax paid	<u>(1,043)</u>	<u>(792)</u>
Net cash flows used in operating activities	<u>(1,833)</u>	<u>(1,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(171)	(137)
Change in pledged deposits	(60)	(62)
Interest income	141	90
Net cash flows used in investing activities	<u>(90)</u>	<u>(109)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	18,200
Repayment of term loans	(138)	(116)
Repayment of lease liabilities	(39)	(25)
Net cash flows (used in)/from financing activities	<u>(177)</u>	<u>18,059</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,100)</u>	<u>16,396</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>21,573</u>	<u>5,780</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>19,473</u></u>	<u><u>22,176</u></u>

Note:

- 1) The basis of preparation of the above unaudited condensed consolidated statement of cash flows is disclosed in Note A1 and should be read in conjunction with the AFS 2021 and the accompanying explanatory notes attached to this interim financial report.

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial report should be read in conjunction with the AFS 2021 and the accompanying explanatory notes are attached to this interim financial report.

The accounting policies adopted for the interim financial report are consistent with those adopted for the AFS 2021 except for the adoption of standard and amendments to standards that are mandatory for the Group for the financial year beginning 1 September 2021:

Amendments/Improvements to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of these amendments to standard did not have any material impact on the interim financial report of the Group.

A2 Auditors’ report

The audit report of the Group’s AFS 2021 was not qualified.

A3 Seasonal or cyclical factors

The Group's operations were not subjected to any significant seasonal or cyclical factors.

A4 Material unusual items

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review.

A5 Changes in estimates

There were no changes in the nature and estimates of amounts reported which have a material effect on the results for the current financial period under review.

A6 Debt and equity securities

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

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A7 Dividend paid

Save as disclosed in Note B9, there was no dividend paid during the current financial period under review.

A8 Segment information

The unaudited segment information for the current quarter and cumulative quarter ended 28 February 2022 are as follows:

	← Unaudited →			
	Current Quarter ended 28 February		Cumulative Quarter ended 28 February	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing	12,375	9,933	23,867	19,165
Inter-segment revenue	(175)	(186)	(386)	(269)
	12,200	9,747	23,481	18,896
Trading	2,478	2,114	4,498	4,535
	14,678	11,861	27,979	23,431
Segment profit				
Manufacturing	4,280	3,626	8,512	6,852
Trading	706	496	1,175	1,242
	4,986	4,122	9,687	8,094
Other income	105	99	220	138
Unallocated expenses	(1,572)	(1,830)	(2,846)	(3,497)
Finance costs	(5)	(8)	(11)	(17)
Income tax expense	(897)	(697)	(1,796)	(1,396)
Profit for the financial period	2,617	1,686	5,254	3,322

A9 Valuation of property, plant and equipment and investment property

The Group has not carried out any valuation on its property, plant and equipment in the current financial period under review.

A10 Material events subsequent to the end of the financial period

There was no material event subsequent to the end of the financial period under review.

A11 Changes in the composition of the group

There were no changes to the composition of the Group for the financial period under review.

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A12 Capital commitments

Approved capital commitments not provided for at the end of reporting period are as follows:

	RM'000
Property, plant and equipment	
Contracted	846
Not contracted	10,979
	11,825

The approved capital commitments are related to land acquisition and construction of a new manufacturing facility of RM8.6 million and machinery for automation of manufacturing process of RM4.0 million as disclosed in Note B6.

A13 Significant related party transactions

There were no material related party transactions during the current financial period under review.

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B ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1 Review of performance

	Current Quarter ended 28 February 2022				Cumulative Quarter ended 28 February 2022			
	2022	2021	Variance		2022	2021	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	14,678	11,861	2,817	24	27,979	23,431	4,548	19
Profit before tax	3,514	2,383	1,131	47	7,050	4,718	2,332	49
Profit after tax	2,617	1,686	931	55	5,254	3,322	1,932	58

Current quarter ended 28 February 2022 (“2Q 2022”) compared with preceding year corresponding quarter ended 28 February 2021 (“2Q 2021”)

The Group recorded revenue of RM14.68 million in 2Q 2022 as compared to RM11.86 million in 2Q 2021, an increase of RM2.82 million. The higher revenue in 2Q 2022 was mainly contributed from the manufacturing segment of RM2.45 million, driven by higher billings and higher selling prices for metal door frames. The higher selling price was mainly due to adjustment made following the increase in raw material cost.

The Group's profit before tax in 2Q 2022 was RM3.51 million as compared to RM2.38 million in 2Q 2021, an increase of RM1.13 million. The higher profit before tax in 2Q 2022 was in line with higher revenue recorded and lower administrative expenses. The administrative expenses in 2Q 2022 was lower due mainly to listing expenses having been fully expensed off in the previous financial year.

Cumulative six months ended 28 February 2022 (“YTD 2Q 2022”) compared with cumulative six months ended 28 February 2021 (“YTD 2Q 2021”)

The Group recorded revenue of RM27.98 million for YTD 2Q 2022 as compared to RM23.43 million for YTD 2Q 2021, an increase of RM4.55 million. The higher revenue was mainly contributed from the manufacturing segment of RM4.59 million, driven by higher billings and higher selling prices for metal door frames. The higher selling price was mainly due to adjustment made following the increase in raw material cost.

The Group's profit before tax for YTD 2Q 2022 was RM7.05 million as compared to RM4.72 million for YTD 2Q 2021, an increase of RM2.33 million. The higher profit before tax was in line with higher revenue recorded and lower administrative expenses. The administrative expenses for YTD 2Q 2022 was lower due mainly to listing expenses having been fully expensed off in the previous financial year.

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B2 Comparison with immediate preceding quarter's results

	Current Quarter ended 28 February 2022 RM'000	Preceding Quarter ended 30 November 2021 RM'000	Variance	
			RM'000	%
Revenue	14,678	13,301	1,377	10
Profit before tax	3,514	3,536	(22)	-1
Profit after tax	2,617	2,637	(20)	-1

Current quarter ended 28 February 2022 ("2Q 2022") compared with immediate preceding quarter ended 30 November 2021 ("1Q 2022")

The Group recorded an increase in revenue of RM1.38 million to RM14.68 million in 2Q 2022 as compared to RM13.3 million in 1Q 2022. The increase in revenue was mainly due to higher billings for metal door frames.

Despite higher revenue recorded, the Group recorded a decrease in profit before tax of RM0.02 million in 2Q 2022 mainly due to higher administrative expenses. The higher administrative expenses in 2Q 2022 was mainly due to higher payroll related expenses incurred.

B3 Prospects

The Malaysian economy is expected to have a positive growth following the re-opening of economy and international borders and improving foreign labour market conditions. However, the fluctuating construction and building material costs poses a risk to the financial performance of the Group.

Nevertheless, the Group remains committed on completing its unfulfilled orders in hand to ensure it contributes positively to the Group's revenue and earnings for the financial year ending 2022. The Board will monitor the market development closely to ensure the sustainability of the business operations and financial position.

B4 Profit forecast / Profit guarantee

The Group did not issue any profit forecast or profit guarantee in any public documents.

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B5 Taxation

	← Unaudited →			
	Current Quarter ended 28 February		Cumulative Quarter ended 28 February	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Current income tax charge	898	692	1,798	1,386
Deferred tax				
(Reversal)/origination of temporary differences	(1)	5	(5)	10
Underprovision in respect of prior years	-	-	3	-
Total tax expense	897	697	1,796	1,396

The Group's effective tax rates for the current quarter and cumulative quarter were higher than the statutory income tax rate mainly due to higher non-tax deductible expenses.

B6 Status of corporate proposals and utilisation of proceeds

As at 28 February 2022, the IPO proceeds from the public issue amounting to RM18.20 million was utilised in the following manner:

Purpose	Proposed Utilisation RM'000	Actual Utilised RM'000	Unutilised Amount RM'000	Estimated timeframe for utilisation from Listing
Land acquisition and construction of new manufacturing facility	5,000	-	5,000	Within 24 months
Automation of manufacturing process	4,000	(530)	3,470	Within 24 months
Working capital	6,200	(6,200)	-	Within 18 months
Estimated listing expenses	3,000	(3,000)	-	Within 1 month
	18,200	(9,730)	8,470	

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B7 Loans and borrowings

The Group's borrowings were as follows:

	Unaudited As at 28/02/2022 RM'000	Audited As at 31/08/2021 RM'000
Secured:		
Current Liabilities		
Term loans	182	210
Lease liabilities	69	67
	251	277
Non-Current Liabilities		
Term loans	147	249
Lease liabilities	68	84
	215	333
Total Group's borrowings	466	610

B8 Material litigation

The Group has no outstanding material litigation as at the date of this interim financial report.

B9 Dividends

The Board of Directors has declared an interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ending 31 August 2022. The interim single-tier dividend shall be payable on 27 May 2022 to shareholders of the Company whose name appear in the Record of Depositors at the close of business on 13 May 2022. The interim financial report does not reflect this dividend. Such dividend will be accounted for in the equity as an appropriation of retained earnings in the financial period ending 31 May 2022.

The total net dividend declared-to-date for the current financial year ending 31 August 2022 would amount to 0.50 sen per ordinary share.

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B10 Earnings per share

The basic and diluted earnings per share for the current and cumulative quarter are calculated as follows:

	← Unaudited →			
	Current Quarter ended 28 February 2022 2021		Cumulative Quarter ended 28 February 2022 2021	
Profit attributable to owners of the Company (RM'000)	2,584	1,686	5,246	3,322
Weighted average number of ordinary shares in issue ('000)	325,000	325,000	325,000	304,530
Basic earnings per share (sen)	<u>0.80</u>	<u>0.52</u>	<u>1.61</u>	<u>1.09</u>
Diluted earnings per share (sen) ⁽¹⁾	<u>0.80</u>	<u>0.52</u>	<u>1.61</u>	<u>1.09</u>

Note:

- (1) Diluted earnings per share for the current quarter and cumulative quarter are equivalent to the basic earnings per share for the current quarter and cumulative quarter as the Company does not have any convertible securities as at the end of the reporting period.

B11 Disclosure on selected expense/(income) items as required by the Listing Requirements

	← Unaudited →			
	Current Quarter ended 28 February 2022 2021 RM'000 RM'000		Cumulative Quarter ended 28 February 2022 2021 RM'000 RM'000	
Profit before tax is arrived at after charging/(crediting):				
Auditor's remuneration				
- current period	32	25	64	65
Depreciation	112	106	220	209
Interest expense	5	8	11	17
Interest income	(69)	(89)	(141)	(90)
Net realised loss on foreign exchange	34	42	36	72
Rental expense	6	6	12	10

By Order of the Board

CHENG CHIA PING (MAICSA 1032514)
Company Secretary
Kuala Lumpur
22 April 2022