



ECONFRAME BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MAY 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 31 MAY 2022**

	← Unaudited →			
	Current Quarter ended 31 May		Cumulative Quarter ended 31 May	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	15,093	12,571	43,072	36,002
Cost of sales	(9,579)	(8,761)	(27,871)	(24,098)
Gross profit	5,514	3,810	15,201	11,904
Other income	80	79	300	217
Administrative expenses ⁽²⁾	(1,300)	(1,399)	(3,713)	(4,331)
Distribution expenses	(272)	(230)	(705)	(795)
Operating profit	4,022	2,260	11,083	6,995
Finance costs	(5)	(7)	(16)	(24)
Profit before tax	4,017	2,253	11,067	6,971
Income tax expense	(994)	(527)	(2,790)	(1,923)
Profit for the financial period	3,023	1,726	8,277	5,048
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period	3,023	1,726	8,277	5,048
Profit/(loss) for the financial period attributable to:				
- Owners of the Company	3,030	1,738	8,276	5,060
- Non-controlling interests	(7)	(12)	1	(12)
	3,023	1,726	8,277	5,048
Total comprehensive income/(loss) for the financial period attributable to:				
- Owners of the Company	3,030	1,738	8,276	5,060
- Non-controlling interests	(7)	(12)	1	(12)
	3,023	1,726	8,277	5,048
Earnings per share ⁽³⁾ attributable to owners of the Company:				
- Basic (sen)	0.93	0.53	2.55	1.62
- Diluted (sen)	0.93	0.53	2.55	1.62

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 RM0.30 million and RM0.88 million expensed out in the quarter ended 31 May 2021 and cumulative quarter ended 31 May 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 31 MAY 2022**

	Unaudited As at 31/05/2022 RM'000	Audited As at 31/08/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,452	9,492
Investment property	300	300
	9,752	9,792
Current assets		
Inventories	14,641	8,509
Trade receivables	19,213	12,682
Other receivables, deposits and prepayments	2,992	3,631
Contract asset	25	-
Short-term deposits	16,459	18,175
Cash and bank balances	5,243	6,246
	58,573	49,243
Total assets	68,325	59,035
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Issued capital	43,330	43,330
Revaluation reserve	4,369	4,411
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	38,700	32,007
	60,574	53,923
Non-controlling interests	(24)	(25)
Total equity	60,550	53,898
Non-current liabilities		
Loans and borrowings	179	333
Deferred taxation	1,285	1,292
	1,464	1,625
Current liabilities		
Loans and borrowings	238	277
Trade payables	3,481	1,778
Other payables and accruals	1,646	1,150
Contract liability	-	131
Tax payable	946	176
	6,311	3,512
Total liabilities	7,775	5,137
Total equity and liabilities	68,325	59,035
Net assets per share attributable to owners of the Company (sen)	18.64	16.59

Note:

- 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 31 MAY 2022**

	Non-Distributable reserve			Distributable reserve		Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Reorganisation reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 September 2020	26,000	4,217	(25,825)	26,956	31,348	-	31,348
Total comprehensive income/(loss) for the financial period	-	-	-	5,060	5,060	(12)	5,048
Transactions with the owners:							
New shares issued for the initial public offering ("IPO")	18,200	-	-	-	18,200	-	18,200
New shares issuance expense for the IPO	(870)	-	-	-	(870)	-	(870)
Non-controlling interests arising from incorporation of a subsidiary	-	-	-	-	-	4	4
Total transactions with the owners:	17,330	-	-	-	17,330	4	17,334
Balance as at 31 May 2021	43,330	4,217	(25,825)	32,016	53,738	(8)	53,730

	Non-Distributable reserve			Distributable reserve		Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Reorganisation reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	8,276	8,276	1	8,277
Realisation of revaluation reserve	-	(42)	-	42	-	-	-
Transaction with the owners:							
Interim single-tier dividend of 0.50 sen per ordinary share for the financial year ending 31 August 2022	-	-	-	(1,625)	(1,625)	-	(1,625)
Balance as at 31 May 2022	43,330	4,369	(25,825)	38,700	60,574	(24)	60,550

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 31 MAY 2022**

	Unaudited Cumulative Quarter ended 31 May	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,067	6,971
Adjustments for:		
Depreciation of property, plant & equipment	331	321
Bad debts written off	46	-
Interest expense	16	24
Interest income	(208)	(159)
Operating profit before changes in working capital	11,252	7,157
 Changes in Working Capital:		
Inventories	(6,132)	(4,064)
Trade and other receivables	(5,938)	(4,829)
Trade and other payables	2,199	1,692
Contract asset	(25)	-
Contract liability	(131)	-
Net cash used in operations	1,225	(44)
 Income tax paid	(2,027)	(1,407)
Net cash flows used in operating activities	(802)	(1,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(246)	(147)
Change in pledged deposits	(90)	(92)
Interest income	208	159
Net cash flows used in investing activities	(128)	(80)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	18,200
Proceeds from non-controlling interests arising from incorporation of a subsidiary	-	4
Dividend paid	(1,625)	-
Repayment of term loans	(194)	(184)
Repayment of lease liabilities	(60)	(42)
Net cash flows (used in)/from financing activities	(1,879)	17,978
 NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,809)	16,447
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	21,573	5,780
 CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	18,764	22,227

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

Dividend paid during the current financial period under review is as follow:

	RM'000
Interim single-tier dividend of 0.50 sen per ordinary share for the financial year ending 31 August 2022, paid on 27 May 2022	1,625

A8 Segment information

The unaudited segment information for the current quarter and cumulative quarter ended 31 May 2022 are as follows:

	← Unaudited →			
	Current Quarter ended 31 May		Cumulative Quarter ended 31 May	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue				
Manufacturing	12,930	10,374	36,797	29,539
Inter-segment revenue	(150)	(136)	(536)	(405)
	12,780	10,238	36,261	29,134
Trading	2,313	2,333	6,811	6,868
	15,093	12,571	43,072	36,002
Segment profit				
Manufacturing	5,106	3,240	13,618	10,092
Trading	408	570	1,583	1,812
	5,514	3,810	15,201	11,904
Other income	80	79	300	217
Unallocated expenses	(1,572)	(1,629)	(4,418)	(5,126)
Finance costs	(5)	(7)	(16)	(24)
Income tax expense	(994)	(527)	(2,790)	(1,923)
Profit for the financial period	3,023	1,726	8,277	5,048

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.

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A11 Changes in the composition of the group

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

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
	<u>11,825</u>

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 31 May				Cumulative Quarter ended 31 May			
	2022	2021	Variance		2022	2021	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	15,093	12,571	2,522	20	43,072	36,002	7,070	20
Profit before tax	4,017	2,253	1,764	78	11,067	6,971	4,096	59
Profit after tax	3,023	1,726	1,297	75	8,277	5,048	3,229	64

Current quarter ended 31 May 2022 (“3Q 2022”) compared with preceding year corresponding quarter ended 31 May 2021 (“3Q 2021”)

The Group recorded revenue of RM15.09 million in 3Q 2022 as compared to RM12.57 million in 3Q 2021, an increase of RM2.52 million. The higher revenue in 3Q 2022 by RM2.54 million was mainly contributed from the manufacturing segment, 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 3Q 2022 was RM4.02 million as compared to RM2.25 million in 3Q 2021, an increase of RM1.76 million. The higher profit before tax in 3Q 2022 was mainly due to higher revenue recorded and improvement in gross profit margin contributed by the manufacturing segment.

Cumulative nine months ended 31 May 2022 (“YTD 3Q 2022”) compared with cumulative nine months ended 31 May 2021 (“YTD 3Q 2021”)

The Group recorded revenue of RM43.07 million for YTD 3Q 2022 as compared to RM36.0 million for YTD 3Q 2021, an increase of RM7.07 million. The higher revenue by RM7.13 million was mainly contributed from the manufacturing segment, 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 3Q 2022 was RM11.07 million as compared to RM6.97 million for YTD 3Q 2021, an increase of RM4.1 million. The higher profit before tax was in line with the higher revenue recorded and lower administrative expenses. The administrative expenses for YTD 3Q 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 31 May 2022 RM'000	Preceding Quarter ended 28 February 2022 RM'000	Variance	
			RM'000	%
Revenue	15,093	14,678	415	3
Profit before tax	4,017	3,514	503	14
Profit after tax	3,023	2,617	406	16

Current quarter ended 31 May 2022 ("3Q 2022") compared with immediate preceding quarter ended 28 February 2022 ("2Q 2022")

The Group recorded an increase in revenue of RM0.41 million to RM15.09 million in 3Q 2022 as compared to RM14.68 million in 2Q 2022. The increase in revenue was mainly contributed by the manufacturing segment, driven by higher billings and higher selling prices due to adjustment made following the increase in raw material cost

The Group recorded profit before tax of RM4.02 million, an increase of RM0.5 million in 3Q 2022. The increase was in line with the higher revenue recorded and improvement in gross profit margin contributed by the manufacturing segment.

B3 Prospects

As the Malaysian economy continues to recover, the business outlook remains challenging for the financial year ending 2022 due to inflation pressures and rising cost of building materials.

Despite the challenging outlook, the Group remains committed to complete its unfulfilled orders to ensure it contributes positively to the Group's revenue and earnings for the financial year ending 2022.

The Board is cautiously optimistic of the Group's performance and 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 31 May		Cumulative Quarter ended 31 May	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Current income tax charge	1,014	622	2,812	2,008
Overprovision in respect of prior years	(15)	(117)	(15)	(117)
Deferred tax				
(Reversal)/origination of temporary differences	(5)	22	(10)	32
Underprovision in respect of prior years	-	-	3	-
Total tax expense	994	527	2,790	1,923

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 31 May 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	(775)	3,225	Within 24 months
Working capital	6,200	(6,200)	-	Within 18 months
Estimated listing expenses	3,000	(3,000)	-	Within 1 month
	18,200	(9,975)	8,225	

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B7 Loans and borrowings

The Group's borrowings were as follows:

	Unaudited As at 31/05/2022 RM'000	Audited As at 31/08/2021 RM'000
Secured:		
Current Liabilities		
Term loans	164	210
Lease liabilities	74	67
	238	277
Non-Current Liabilities		
Term loans	113	249
Lease liabilities	66	84
	179	333
Total Group's borrowings	417	610

B8 Material litigation

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

B9 Dividends

- a) No dividend has been proposed or declared for the current quarter ended 31 May 2022.
- b) An interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ending 31 August 2022 was paid on 27 May 2022.

B10 Earnings per share

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

	← Unaudited →			
	Current Quarter		Cumulative Quarter	
	ended 31 May	ended 31 May	ended 31 May	ended 31 May
	2022	2021	2022	2021
Profit attributable to owners of the Company (RM'000)	3,030	1,738	8,276	5,060
Weighted average number of ordinary shares in issue ('000)	325,000	325,000	325,000	311,429
Basic earnings per share (sen)	0.93	0.53	2.55	1.62
Diluted earnings per share (sen) ⁽¹⁾	0.93	0.53	2.55	1.62

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.

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

	← Unaudited →			
	Current Quarter ended 31 May		Cumulative Quarter ended 31 May	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditor's remuneration				
- current period	32	32	96	97
Depreciation	111	112	331	321
Interest expense	5	7	16	24
Interest income	(67)	(69)	(208)	(159)
Net realised loss on foreign exchange	52	36	88	108
Rental expense	6	6	18	16

By Order of the Board

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