



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

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020**

**ECONFRAME BERHAD**

(Registration No. 201901042935)(1352265-T))

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE  
CURRENT QUARTER AND PERIOD TO DATE ENDED 31 AUGUST 2020**

	INDIVIDUAL QUARTER 3 MONTHS		CUMMULATIVE QUARTER 12 MONTHS	
	UNAUDITED 31/08/2020 RM'000	UNAUDITED 31/08/2019 RM'000	UNAUDITED 31/08/2020 RM'000	UNAUDITED 31/08/2019 RM'000
Revenue	10,641	N/A	40,618	N/A
Cost of sales	(7,356)	N/A	(27,705)	N/A
Gross profit	3,285	N/A	12,913	N/A
Other income	124	N/A	286	N/A
Administrative expenses <sup>(3)</sup>	(1,380)	N/A	(4,656)	N/A
Distribution expenses	(287)	N/A	(1,238)	N/A
Operating profit	1,742	N/A	7,305	N/A
Finance costs	(9)	N/A	(60)	N/A
Profit before tax	1,733	N/A	7,245	N/A
Income tax expense	(603)	N/A	(1,904)	N/A
<b>Profit for the period</b>	1,130	N/A	5,341	N/A
<b>Other comprehensive income</b>	-	N/A	-	N/A
<b>Total comprehensive income for the period</b>	1,130	N/A	5,341	N/A
<b>Profit for the period attributable to: owners of the Company</b>	1,130	N/A	5,341	N/A

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	<b>INDIVIDUAL QUARTER 3 MONTHS</b>		<b>CUMMULATIVE QUARTER 12 MONTHS</b>	
	<b>UNAUDITED 31/08/2020 RM'000</b>	<b>UNAUDITED 31/08/2019 RM'000</b>	<b>UNAUDITED 31/08/2020 RM'000</b>	<b>UNAUDITED 31/08/2019 RM'000</b>
<b>Total comprehensive income for the period attributable to:</b>				
<b>Equity holders of the parent</b>	<u>1,130</u>	<u>N/A</u>	<u>5,341</u>	<u>N/A</u>
<b>Basic earnings per share (sen)<sup>(5)</sup></b>	<u>0.43</u>	<u>N/A</u>	<u>2.05</u>	<u>N/A</u>
<b>Diluted earnings per share (sen)<sup>(5)</sup></b>	<u>0.43</u>	<u>N/A</u>	<u>2.05</u>	<u>N/A</u>

**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 Accountants' Report as disclosed in the Prospectus dated 5 October 2020 and the accompanying explanatory notes attached to this interim financial report.
- 2) No comparative figures are available for the preceding year's corresponding quarter and year-to-date as this is the second interim financial report on the consolidated results announced by the Company in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").
- 3) Includes listing expenditure of RM0.31 million and RM0.80 million expensed out in the individual current quarter ended 31 August 2020 and cumulative 12 months ended 31 August 2020, respectively.
- 4) Basic earnings per share is calculated based on the share capital of 260,000,000 as the Acquisitions (as defined herein) referred to in Notes A1 and A6 below were completed on 1 August 2020.
- 5) Diluted earnings per share for the individual quarter ended 31 August 2020 and year-to-date ended 31 August 2020 are equivalent to the basic earnings per share for the individual quarter ended 31 August 2020 and year-to-date ended 31 August 2020 as the Company does not have any convertible securities as at the end of the reporting period.
- 6) N/A denotes not applicable.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2020**

	<b>UNAUDITED AS AT THE END OF CURRENT QUARTER 31/08/2020 RM'000</b>	<b>UNAUDITED AS AT PRECEDING FINANCIAL YEAR 31/08/2019 RM'000</b>
<b>Non-current Assets</b>		
Property, plant and equipment	9,633	N/A
Investment properties	300	N/A
	9,933	N/A
<b>Current Assets</b>		
Inventories	3,638	N/A
Trade receivables	12,927	N/A
Other receivables, deposits and prepayments	1,024	N/A
Short-term deposits	2,930	N/A
Cash and bank balances	5,780	N/A
	26,299	N/A
<b>Total assets</b>	36,232	N/A
<b>Equity and Liabilities</b>		
Issued capital	26,000	N/A
Revaluation reserve	4,218	N/A
Reorganisation reserve	(25,721)	N/A
Retained earnings	26,853	N/A
Total equity	31,350	N/A
<b>Non-current Liabilities</b>		
Loans and borrowings	511	N/A
Deferred taxation	1,430	N/A
	1,941	N/A
<b>Current Liabilities</b>		
Trade payables	1,456	N/A
Other payables and accruals	1,045	N/A
Loans and borrowings	283	N/A
Tax payable	157	N/A
	2,941	N/A
<b>Total liabilities</b>	4,882	N/A
<b>Total equity and liabilities</b>	36,232	N/A
<b>Net assets per share attributable to ordinary equity holders of the parent (sen) <sup>(3)</sup></b>	12.05	N/A

**Notes:**

- 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 Accountants' Report as disclosed in the Prospectus dated 5 October 2020 and the accompanying explanatory notes attached to this interim financial report.
- 2) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.
- 3) Net assets per share is calculated based on the ordinary shares in issuance of 260,000,000 shares before the Public Issue (as defined and further explained in Note A6 below).

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 AUGUST 2020**

	Share capital RM'000	Non-Distributable reserve Revaluation reserve RM'000	Reorganisation reserve	Distributable reserve Retained earnings RM'000	Total RM'000
Balance as at 1 September 2019	1,100	4,228	-	20,681	26,009
Transactions with the owners:					
Acquisition of subsidiaries in business combination under common control	24,900	-	(25,721)	821	-
Total comprehensive income for the financial year:					
Profit for the financial year	-	-	-	5,341	5,341
Realisation of revaluation reserve	-	(10)	-	10	-
Total comprehensive income	-	(10)	-	5,351	5,341
Balance as at 31 August 2020	26,000	4,218	(25,721)	26,853	31,350

**Notes:**

- (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 Accountants' Report as disclosed in the Prospectus dated 5 October 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 AUGUST 2020**

	<b>CURRENT PERIOD TO DATE 31/08/2020 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31/08/2019 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,245	N/A
Adjustments for:		
Depreciation of property, plant & equipment	539	N/A
Reversal of impairment loss	(31)	N/A
Fair value loss on investment property	24	N/A
Interest expense	60	N/A
Interest income	(72)	N/A
Operating profit before changes in working capital	<u>7,765</u>	<u>N/A</u>
Changes In Working Capital:		
Inventories	(730)	N/A
Trade and other receivables	1,442	N/A
Trade and other payables	(64)	N/A
Net cash generated from operations	<u>8,413</u>	<u>N/A</u>
Income tax paid	(2,696)	N/A
Net cash from operating activities	<u>5,717</u>	<u>N/A</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(382)	N/A
Change in pledged deposits	(1,225)	N/A
Interest income	72	N/A
Net cash used in investing activities	<u>(1,535)</u>	<u>N/A</u>

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	<b>CURRENT PERIOD TO DATE 31/08/2020 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31/08/2019 RM'000</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(60)	N/A
Repayment of term loans	(125)	N/A
Repayment of lease liabilities	(129)	N/A
Repayment of bankers' acceptance	(1,265)	N/A
Proceeds from issuance of share capital upon incorporation	*	N/A
Net cash used in financing activities	<u>(1,579)</u>	<u>N/A</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	2,603	N/A
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD</b>	3,177	N/A
<b>CASH AND CASH EQUIVALENT AT END OF PERIOD</b>	<u>5,780</u>	<u>N/A</u>

\* RM100.

**Cash and cash equivalent comprise of:**

	<b>CURRENT PERIOD TO DATE 31/08/2020 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31/08/2019 RM'000</b>
Cash in hand and at banks	<u>5,780</u>	<u>N/A</u>

**Notes:**

- (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 Accountants' Report as disclosed in the Prospectus dated 5 October 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.
- (3) N/A denotes not applicable

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**A EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of preparation**

The interim financial statements are unaudited and had been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRSs”) 134 Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market.

This is the second interim financial statements announced on the Group’s unaudited condensed consolidated financial results for the final quarter ended 31 August 2020 in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The unaudited interim financial statements should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus dated 5 October 2020 and the accompanying explanatory notes are attached to this interim financial report.

The Company completed the acquisitions of Econframe Marketing Sdn Bhd and Econframe Pre-Hung Doors Sdn Bhd (“Acquisitions”) on 1 August 2020 and they are assumed to be under common control with the Group since its incorporation and prior to the Acquisitions. As such, the financial information of the Group for financial year ended 31 August 2020 is presented based on the combined financial statements of the Group.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory (“commonly controlled entities”). 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 commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases. Combining entities acquired which have met the criteria for pooling of interest are accounted for using merger accounting policies.

The accounting policies applied by the Group are consistently applied for the financial periods presented in these unaudited interim financial statements.

**Statement of compliance**

The unaudited interim financial statements of the Group have been prepared in accordance with the MFRSs and International Financial Reporting Standards (“IFRSs”).

**Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)**

The Group has adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial period:

<u>New MFRS</u>	
MFRS 16	Leases

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Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23	Uncertainty Over Income Tax Treatments
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**New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>	<u>Effective for financial periods beginning on or after</u>
MFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 3 Business Combinations	1 January 2020/ 1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 5 Non-current Assets Held for Sale and Discontinued Operation	1 January 2023 <sup>#</sup>
MFRS 7 Financial Instruments: Disclosures	1 January 2020/ 1 January 2023 <sup>#</sup>
MFRS 9 Financial Instruments	1 January 2020/ 1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16 Leases	1 June 2020* 1 January 2022 <sup>^</sup>
MFRS 101 Presentation of Financial Statements	1 January 2020/ 1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107 Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116 Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 119 Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>

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**New MFRS and amendments/improvements to MFRSs have been issued, but yet to be effective (continued)**

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments/Improvements to MFRSs (continued)</u>		
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

<sup>^</sup> *The Annual Improvements to MFRSs 2018-2022*

<sup>\*</sup> *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*

<sup>#</sup> *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective and the adoption of these standards and amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

**A2 Auditors' report**

The preceding year's annual audited financial statements were not available as Econframe Berhad was incorporated on 27 November 2019.

**A3 Seasonal or cyclical factors**

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

**A4 Material unusual items**

Saved as disclosed in note B3, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter 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 quarter under review.

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**A6 Debt and equity securities**

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

On 12 February 2020, the Company had entered into the following share sale agreements:

- (a) Share sale agreement between the Company and the vendors of Econframe Marketing Sdn Bhd for the acquisition of 100% equity interest in Econframe Marketing Sdn Bhd, for a purchase consideration of RM24,230,000 which was wholly satisfied by the issuance of 242,300,000 new ordinary shares in the Company at an issue price of RM0.10 each; and
- (b) Share sale agreement between the Company and the vendors of Econframe Pre-Hung Doors Sdn Bhd for the acquisition of 100% equity interest in Econframe Pre-Hung Doors Sdn Bhd, for a purchase consideration of RM1,769,990 which was wholly satisfied by the issuance of 17,699,900 new ordinary shares in the Company at an issue price of RM0.10 per each.

The acquisitions of Econframe Marketing Sdn Bhd and Econframe Pre-Hung Doors Sdn Bhd were completed on 1 August 2020.

On 5 October 2020, the Company issued its prospectus in conjunction with the Company's listing on the ACE Market of Bursa Securities where it has undertaken an initial public offering ("IPO") comprising:-

- (i) Public issue of 65,000,000 new ordinary shares ("Public Issue") in the Company allocated in the following manner:-
  - 16,250,000 new shares available for application by the Malaysian public;
  - 3,250,000 new shares available for application by the eligible directors and employees of the Group;
  - 13,000,000 new shares by way of private placement to selected investors; and
  - 32,500,000 new shares by way of private placement to identified bumiputera investors approved by the Ministry of International Trade and Industry Malaysia; and
- (ii) Offer for sale of 32,500,000 existing shares by way of private placement to selected investors,

at an issue/offer price of RM0.28 per share ("IPO Price").

The listing exercise is still pending completion as the Company is expected to be listed on 27 October 2020.

**A7 Dividends paid**

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

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**A8 Segment information**

The unaudited segment information for the individual quarter ended 31 August 2020 is as follows:

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>31 August 2020</b>				
Revenue:				
Revenue from external customers	8,042	2,599	-	10,641
Inter-segment revenue	-	17	(17)	-
	<u>8,042</u>	<u>2,616</u>	<u>(17)</u>	<u>10,641</u>
Segment profit	2,336	949		3,285
Other income				124
Unallocated expenses				(1,667)
Finance costs				(9)
Income tax expense				(603)
Profit for the financial period				<u><u>1,130</u></u>

The unaudited segment information for the cumulative quarter ended 31 August 2020 is as follows:

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>31 August 2020</b>				
Revenue:				
Revenue from external customers	32,404	8,214	-	40,618
Inter-segment revenue	2	35	(37)	-
	<u>32,406</u>	<u>8,249</u>	<u>(37)</u>	<u>40,618</u>
Segment profit	9,867	3,046	-	12,913
Other income				286
Unallocated expenses				(5,894)
Finance costs				(60)
Income tax expense				(1,904)
Profit for the financial period				<u><u>5,341</u></u>

**Note:**

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.

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**A9 Valuation of property, plant and equipment and investment property**

The Group carried out a valuation on its property, plant and equipment and investment property during the current financial quarter under review. Save for the impairment of the investment property, there were no other adjustments for the property, plant and equipment in the current financial quarter under review.

**A10 Material events subsequent to the end of the quarter**

Save as disclosed in Note A6, there was no material event subsequent to the end of the financial quarter under review.

**A11 Changes in the composition of the group**

Save as disclosed in Note A6, there were no changes to the composition of the Group for the quarter and financial period under review.

**A12 Capital commitments**

There were no capital commitments in the Group for the quarter under review, save for the capital commitments as disclosed in Note B6 below for the land acquisition and construction of a new manufacturing facility of RM5.0 million and machinery for automation of manufacturing process of RM4.0 million, which was approved but not contracted for.

**A13 Related party transactions**

There were no material related party transactions during the current financial quarter 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**

	Individual Quarter		Changes	Cumulative Quarter		Changes
	(Unaudited) 31 August 2020 RM'000	(Unaudited) 31 August 2019 RM'000	(RM'000) /%)	(Unaudited) 31 August 2020 RM'000	(Unaudited) 31 August 2019 RM'000	(RM'000) /%)
Revenue	10,641	N/A	N/A	40,618	N/A	N/A
Gross profit	3,285	N/A	N/A	12,913	N/A	N/A
Profit before tax	1,733	N/A	N/A	7,245	N/A	N/A
Profit after tax	1,130	N/A	N/A	5,341	N/A	N/A

**Current quarter (3 months)**

The Group recorded revenue of RM10.64 million for the current financial quarter ended 31 August 2020. The Group's revenue was principally derived from the manufacturing segment, accounting for approximately 75.6% of the total revenue, which was mainly driven by the sales of metal door frames and fire resistant door sets.

Overall, the Group registered a profit before tax of RM1.73 million (including listing expenditure of RM0.31 million having been expensed out). Excluding the listing expenses of RM0.31 million, the Group would have registered a profit before tax of RM2.04 million for the current financial quarter under review.

**Cumulative quarter (12 months)**

The Group recorded revenue of RM40.62 million for the cumulative financial quarter ended 31 August 2020. The Group's revenue was principally derived from the manufacturing segment, accounting for approximately 79.8% of the total revenue, which was mainly driven by the sales of metal door frames and fire resistant door sets.

Overall, the Group registered a profit before tax of RM7.24 million (including listing expenditure of RM0.80 million having been expensed out). Excluding the listing expenses of RM0.80 million, the Group would have registered a profit before tax of RM8.04 million for the cumulative financial quarter under review.

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**B2 Comparison with immediate preceding quarter's results**

	<b>Individual Quarter</b>		<b>Variance RM'000</b>	<b>%</b>
	<b>31 August 2020 RM'000</b>	<b>31 May 2020 RM'000</b>		
Revenue	10,641	4,778	5,863	122.7
Profit before tax <sup>(1)</sup>	1,733	173	1,560	901.7
Profit after tax	1,130	131	999	762.6

**Note:**

- 1) Including the listing expenditure of RM0.31 million and RM0.15 million expensed out in the individual current quarter ended 31 August 2020 and preceding quarter ended 31 May 2020, respectively.

The Group recorded an increase in revenue of RM5.86 million or 122.7% to RM10.64 million in the current quarter ended 31 August 2020 as compared to RM4.78 million in the preceding quarter ended 31 May 2020. The increase was mainly contributed by the manufacturing segment when the Group resumed operations at 100% of its workforce under the conditional movement control order (“CMCO”) and recovery movement control order (“RMCO”) during the current quarter ended 31 August 2020.

The Group recorded an increase in profit before tax and profit after tax of RM1.56 million and RM0.99 million, respectively for the current quarter ended 31 August 2020. The increase was mainly due to higher billings and fulfillment of scheduled deliveries to its customers as a result of the resumption of economic activities during the RMCO which commenced on 10 June 2020. The increase was partially offset by the recognition of listing expenses of RM0.31 million during the current quarter under review as compared to the listing expenses of RM0.15 million recognized in the preceding quarter.

**B3 Prospects**

Due to the outbreak of Covid-19, the Government has imposed the movement control order (“MCO”) throughout Malaysia which took effect from 18 March 2020 to 3 May 2020, CMCO from 4 May 2020 to 9 June 2020 and RMCO from 10 June 2020 to 31 December 2020. The MCO had halted most operations and activities of the economic sectors, especially those operating in non-essential services/goods. As the Group is not considered a critical sector for the supply of essential goods/services, the Group was unable to conduct its business operations during the MCO. The Group resumed operations on 20 April 2020 at 50% of its workforce and subsequently to 100% of its workforce under the CMCO on 4 May 2020. However, due to the recent increasing cases of Covid-19 outbreak in certain states, the Government has re-imposed CMCO from 14 October 2020 to 27 October 2020 in Sabah, Selangor, Putrajaya and Kuala Lumpur to further curb the spread of the Covid-19 virus in these areas. The Board is of the view that the current environment remains challenging in the near term. Notwithstanding the above, the Board is cautiously optimistic that the Group is able of withstand the current uncertainties and is well-positioned to capture opportunities as the market recovers.

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**B4 Profit forecast / Profit guarantee**

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

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 31 August 2020 RM'000	(Unaudited) 31 August 2019 RM'000	(Unaudited) 31 August 2020 RM'000	(Unaudited) 31 August 2019 RM'000
<b>Income tax expense:</b>				
Current financial period	607	N/A	2,030	N/A
Under-provision in prior years	-	N/A	13	N/A
Over-provision of RPGT in prior years	-	N/A	(73)	N/A
<b>Movement in deferred tax:</b>				
Originating/(reversal) of temporary difference	(4)	N/A	9	N/A
Over-provision in prior years	-	N/A	(75)	N/A
<b>Total tax expense</b>	603	N/A	1,904	N/A
Effective tax rate	34.9%	N/A	23.6%	N/A

**Notes:**

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.
- (2) The Group's effective tax rate is higher than the statutory income tax rate mainly due to the Group's listing expenses which are non-deductible.

**B6 Status of corporate proposals and utilisation of proceeds**

On 5 October 2020, the Company issued its prospectus in relation to the Public Issue of 65,000,000 new ordinary shares at the IPO Price in conjunction with the IPO. The listing exercise is still pending completion as the Company is expected to be listed on 27 October 2020.

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The gross proceeds of RM18.20 million to be raised from the IPO are intended to be utilized in the following manner:-

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilised RM'000</b>	<b>Estimated timeframe for utilization from Listing</b>
Land acquisition and construction of new manufacturing facility	5,000	-	Within 24 months
Automation of manufacturing process	4,000	-	Within 24 months
Working capital	6,200	-	Within 6 months
Estimated listing expenses	3,000	-	Within 1 month
	<b>18,200</b>	<b>-</b>	

**B7 Bank Borrowings**

The Group's borrowings were as follows:

	<b>Unaudited as at 31/08/2020 RM'000</b>	<b>Unaudited as at 31/08/2019 RM'000</b>
<b>Secured:</b>		
<b>Current Liabilities</b>		
Bankers' acceptance	-	N/A
Term loan	237	N/A
Lease liabilities	46	N/A
	<hr/> 283 <hr/>	<hr/> N/A <hr/>
<b>Non-Current Liabilities</b>		
Lease liabilities	61	N/A
Term loan	450	N/A
	<hr/> 511 <hr/>	<hr/> N/A <hr/>
 Total Bank Borrowings	 <hr/> 794 <hr/>	 <hr/> N/A <hr/>

**Note:**

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.

**B8 Material litigation**

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

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**B9 Dividends**

The Directors have not recommended or declared any dividend for the financial quarter ended 31 August 2020.

**B10 Earnings per share**

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	UNAUDITED 31/08/2020	UNAUDITED 31/08/2019	UNAUDITED 31/08/2020	UNAUDITED 31/08/2019
Profit attributable to owners of the Company (RM'000)	1,130	N/A	5,341	N/A
Number of ordinary shares before IPO ('000)	260,000	N/A	260,000	N/A
Basic earnings per share (sen) <sup>(2)</sup>	<u>0.43</u>	<u>N/A</u>	<u>2.05</u>	<u>N/A</u>
Diluted earnings per share (sen) <sup>(3)</sup>	<u>0.43</u>	<u>N/A</u>	<u>2.05</u>	<u>N/A</u>

**Notes:**

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic earnings per share is calculated based on the ordinary shares in issuance of 260,000,000 shares before the Public Issue.
- (3) Diluted earnings per share for the individual quarter ended 31 August 2020 and year-to-date ended 31 August 2020 is equivalent to the basic earnings per share for the individual quarter ended 31 August 2020 and year-to-date ended 31 August 2020 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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>(Unaudited)</b>	<b>(Unaudited) <sup>(1)</sup></b>	<b>(Unaudited)</b>	<b>(Unaudited) <sup>(1)</sup></b>
	<b>31 August</b>	<b>31 August</b>	<b>31 August</b>	<b>31 August</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before tax is arrived at after charging/(crediting):-				
Auditor's remuneration				
-current year	100	N/A	134	N/A
Depreciation	143	N/A	539	N/A
Interest expense	10	N/A	61	N/A
Interest income	(23)	N/A	(72)	N/A
Realised loss on foreign exchange	25	N/A	116	N/A
Rental expense	8	N/A	42	N/A

**Note:**

- (1) This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no available comparative figures for the preceding year's corresponding quarter as no interim financial report was prepared for the comparative financial period concerned.

**By Order of the Board**

**CHENG CHIA PING (MAICSA 1032514)**  
Company Secretary  
Kuala Lumpur  
26 OCTOBER 2020