



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021**

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 TO DATE ENDED 28 FEBRUARY 2021**

	← Unaudited →			
	Individual Quarter		Cumulative Quarter	
	28/02/2021	29/02/2020 ⁽²⁾	28/02/2021	29/02/2020 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	11,861	N/A	23,431	N/A
Cost of sales	(7,739)	N/A	(15,337)	N/A
Gross profit	4,122	N/A	8,094	N/A
Other income	99	N/A	138	N/A
Administrative expenses ⁽³⁾	(1,553)	N/A	(2,932)	N/A
Distribution expenses	(277)	N/A	(565)	N/A
Operating profit	2,391	N/A	4,735	N/A
Finance costs	(8)	N/A	(17)	N/A
Profit before tax	2,383	N/A	4,718	N/A
Income tax expense	(697)	N/A	(1,396)	N/A
Profit for the financial period	1,686	N/A	3,322	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income for the financial period	1,686	N/A	3,322	N/A
Profit for the financial period attributable to:				
- Owners of the Company	1,686	N/A	3,322	N/A
Total comprehensive income for the financial period attributable to:				
- Owners of the Company	1,686	N/A	3,322	N/A
Earnings per share attributable to owners of the Company:				
- Basic (sen) ⁽⁴⁾	0.52	N/A	1.09	N/A
- Diluted (sen) ⁽⁵⁾	0.52	N/A	1.09	N/A

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 2020 (“AFS 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 period-to-date as this is the fourth interim financial report on the consolidated results announced by the Group in compliance with the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).
- 3) Includes listing expenses of RM0.27 million and RM0.58 million expensed out in the individual quarter and cumulative quarter ended 28 February 2021, respectively.
- 4) Basic earnings per share is calculated based on the weighted average number of ordinary shares in issuance for the individual quarter and cumulative quarter ended 28 February 2021.
- 5) Diluted earnings per share for the individual quarter and cumulative quarter ended 28 February 2021 are equivalent to the basic earnings per share for the individual quarter and cumulative quarter ended 28 February 2021 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 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021**

	Unaudited As at 28/02/2021 RM'000	Audited As at 31/08/2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	9,561	9,633
Investment properties	300	300
	9,861	9,933
Current Assets		
Inventories	6,361	3,638
Trade receivables	14,634	12,927
Other receivables, deposits and prepayments	1,682	1,024
Short-term deposits	2,992	2,930
Cash and bank balances	22,176	5,780
	47,845	26,299
Total assets	57,706	36,232
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Issued capital	43,330	26,000
Revaluation reserve	4,218	4,218
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	30,279	26,957
Total equity	52,002	31,350
Non-current Liabilities		
Loans and borrowings	368	511
Deferred taxation	1,440	1,430
	1,808	1,941
Current Liabilities		
Trade payables	1,800	1,456
Other payables and accruals	1,043	1,045
Loans and borrowings	302	283
Tax payable	751	157
	3,896	2,941
Total liabilities	5,704	4,882
Total equity and liabilities	57,706	36,232
Net assets per share attributable to owners of the Company (sen)	16.00 ⁽²⁾	12.05 ⁽³⁾

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 AFS 2020 and the accompanying explanatory notes attached to this interim financial report.
- 2) Net assets per share is calculated based on the enlarged number of ordinary shares of 325,000,000 shares following the completion of the initial public offering ("IPO").
- 3) Net assets per share is calculated based on the ordinary shares in issuance of 260,000,000 shares before the public issue of 65,000,000 new ordinary shares under the IPO exercise.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

	Share capital RM'000	Non-Distributable reserve		Distributable reserve	Total RM'000
		Revaluation reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	
Balance as at 1 September 2020	26,000	4,218	(25,825)	26,957	31,350
Total comprehensive income for the financial period	-	-	-	3,322	3,322
Transactions with the owners:					
New shares issued for the IPO ⁽³⁾	18,200	-	-	-	18,200
New shares issuance expense for the IPO ⁽⁴⁾	(870)	-	-	-	(870)
Total transactions with the owners:	17,330	-	-	-	17,330
Balance as at 28 February 2021	43,330	4,218	(25,825)	30,279	52,002

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 AFS 2020 and the accompanying explanatory notes attached to this interim financial report.
- 2) As this is the fourth 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.
- 3) Issuance of new shares pursuant to the IPO (as defined and further explained in Note A6 below).
- 4) Listing expenses incurred pursuant to the IPO (as defined and further explained in Note A6 below) that has been set-off against share capital.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

	Unaudited Cumulative Quarter	
	28/02/2021	29/02/2020 ⁽²⁾
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,718	N/A
Adjustments for:		
Depreciation of property, plant & equipment	209	N/A
Interest expense	17	N/A
Interest income	(90)	N/A
Operating profit before changes in working capital	4,854	N/A
Changes in Working Capital:		
Inventories	(2,723)	N/A
Trade and other receivables	(2,290)	N/A
Trade and other payables	342	N/A
Net cash generated from operations	183	N/A
Income tax paid	(792)	N/A
Net cash used in operating activities	(609)	N/A
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(137)	N/A
Change in pledged deposits	(62)	N/A
Interest income	90	N/A
Net cash used in investing activities	(109)	N/A
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	17,255	N/A
Repayment of term loans	(116)	N/A
Repayment of lease liabilities	(25)	N/A
Net cash from financing activities	17,114	N/A
NET INCREASE IN CASH AND CASH EQUIVALENT	16,396	N/A
CASH AND CASH EQUIVALENT AT BEGINNING OF FINANCIAL PERIOD	5,780	N/A
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	22,176	N/A

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 AFS 2020 and the accompanying explanatory notes attached to this interim financial report.
- 2) As this is the fourth 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.
- 3) N/A denotes not applicable.

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 Securities.

This is the fourth interim financial report announced on the Group’s unaudited condensed consolidated financial results 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 report should be read in conjunction with the AFS 2020 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 2020 except for the adoption of standard and amendments to standards that are mandatory for the Group for the financial year beginning 1 September 2020:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 3	Reference to the Conceptual Framework	1 January 2022
MFRS 101	Classification of liabilities as current or non-current	1 January 2022
MFRS 116	Proceeds before Intended Use	1 January 2022
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs 2018 – 2022		1 January 2022

The adoption of these standard and 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 2020 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 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

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

The Company was listed on the ACE Market of Bursa Securities on 27 October 2020 at an issue price of RM0.28 per share (“IPO Price”) which comprised the following:

- (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.

A7 Dividends paid

There were no dividends paid during the current financial period under review.

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A8 Segment information

The unaudited segment information for the individual quarter and cumulative quarter ended 28 February 2021 are as follows:

	← Unaudited →			
	Individual Quarter		Cumulative Quarter	
	28/02/2021	29/02/2020 ⁽¹⁾	28/02/2021	29/02/2020 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing	9,933	N/A	19,165	N/A
Inter-segment revenue	(186)	N/A	(269)	N/A
	9,747	N/A	18,896	N/A
Trading	2,114	N/A	4,535	N/A
	11,861	N/A	23,431	N/A
Segment profit				
Manufacturing	3,626	N/A	6,852	N/A
Trading	496	N/A	1,242	N/A
	4,122	N/A	8,094	N/A
Other income	99	N/A	138	N/A
Unallocated expenses	(1,830)	N/A	(3,497)	N/A
Finance costs	(8)	N/A	(17)	N/A
Income tax expense	(697)	N/A	(1,396)	N/A
Profit for the financial period	1,686	N/A	3,322	N/A

Note:

- 1) As this is the fourth 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.

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 quarter

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

On 28 December 2020, the Company incorporated a wholly-owned subsidiary, namely Eframe Technology Sdn Bhd (“ETSB”), with a total issued share capital of RM100 comprising of 100 ordinary shares. The principal activity of ETSB is trading in electronic and electrical systems and accessories.

Other than the above, 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	980
Not contracted	11,620
	<u>12,600</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 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

	Individual Quarter				Cumulative Quarter			
	28/02/2021	29/02/2020	Variance		28/02/2021	29/02/2020	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	11,861	N/A	N/A	N/A	23,431	N/A	N/A	N/A
Profit before tax	2,383	N/A	N/A	N/A	4,718	N/A	N/A	N/A
Profit after tax	1,686	N/A	N/A	N/A	3,322	N/A	N/A	N/A

Individual quarter (3 months)

The Group recorded revenue of RM11.86 million for the individual quarter ended 28 February 2021. The Group's revenue was principally derived from the manufacturing segment accounted for approximately 82.2% of total revenue of the Group, which was mainly driven by the sales of metal door frames and fire resistant door sets. Both metal door frames and fire resistant door sets accounted for approximately 96.6% of the total revenue of manufacturing segment and contributed approximately 83.8% of the total gross profit of the Group.

Accordingly, the Group recorded a profit before tax of RM2.38 million for the individual quarter ended 28 February 2021 which was mainly attributed to the gross profit contribution from metal door frames and fire resistant door sets.

Cumulative quarter to date (6 months)

The Group recorded revenue of RM23.43 million for the cumulative 6 months ended 28 February 2021. The Group's revenue was principally derived from the manufacturing segment accounted for approximately 80.6% of total revenue of the Group, which was mainly driven by the sales of metal door frames and fire resistant door sets. Both metal door frames and fire resistant door sets accounted for approximately 98.2% of the total revenue of manufacturing segment and contributed approximately 83.5% of the total gross profit of the Group.

Accordingly, the Group recorded a profit before tax of RM4.72 million for the cumulative 6 months ended 28 February 2021 which was mainly attributed to the gross profit contribution from metal door frames and fire resistant door sets.

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B2 Comparison with immediate preceding quarter's results

	Individual Quarter 28/02/2021 RM'000	Preceding Quarter 30/11/2020 RM'000	Variance	
			RM'000	%
Revenue	11,861	11,570	291	2.5
Profit before tax ⁽¹⁾	2,383	2,335	48	2.1
Profit after tax	1,686	1,636	50	3.1

Note:

- 1) Including the listing expenses of RM0.27 million and RM0.31 million expensed out in current individual quarter ended 28 February 2021 and preceding quarter ended 30 November 2020, respectively.

The Group recorded an increase in revenue of RM0.29 million or 2.5% to RM11.86 million in the current quarter ended 28 February 2021 as compared to RM11.57 million in the preceding quarter ended 30 November 2020. The increase in revenue was mainly contributed by the manufacturing segment which was due to higher volume of customers' orders fulfilled during the current quarter ended 28 February 2021.

The Group recorded an increase in profit before tax and profit after tax of RM0.05 million respectively for the current quarter ended 28 February 2021. The increase was mainly due to higher billings and improvement in gross profit margins contributed by the manufacturing segment.

B3 Prospects

The Board believes that the ongoing National COVID-19 Immunisation Programme and the recently announced RM20 billion Strategic Programme to Empower the People and Economy ("PEMERKASA") will instill more confidence among homebuyers and is expected to positively impact the Malaysian economy and property sector of which the Group is dependent on. The Group shall continue to closely monitor the market situation whilst focusing on delivering and completing all unfulfilled orders in hand within the agreed timeline with its customers.

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 →			
	Individual Quarter		Cumulative Quarter	
	28/02/2021	29/02/2020 ⁽¹⁾	28/02/2021	29/02/2020 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Current tax charge	692	N/A	1,386	N/A
Deferred tax charge	5	N/A	10	N/A
Total tax expense	<u>697</u>	<u>N/A</u>	<u>1,396</u>	<u>N/A</u>
Effective tax rate ⁽²⁾	29.2%	N/A	29.6%	N/A

Notes:

- 1) As this is the fourth 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.
- 2) The Group's effective tax rates for the individual quarter and cumulative quarter were higher than the statutory income tax rate mainly due to higher non-tax deductible expenses.
- 3) N/A denotes not applicable.

B6 Status of corporate proposals and utilisation of proceeds

As at 28 February 2021, 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	(294)	3,706	Within 24 months
Working capital	6,200	(3,213)	2,987	Within 18 months ⁽¹⁾
Estimated listing expenses	3,000	(3,000)	-	Within 1 month
	<u>18,200</u>	<u>(6,507)</u>	<u>11,693</u>	

Note:

- 1) On 13 April 2021, the Company announced the extension of timeframe for the utilisation of proceeds allocated for working capital from within 6 months to within 18 months.

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B7 Loans and borrowings

The Group's borrowings were as follows:

	Unaudited As at 28/02/2021 RM'000	Audited As at 31/08/2020 RM'000
Secured:		
Current Liabilities		
Term loan	256	237
Lease liabilities	46	46
	302	283
Non-Current Liabilities		
Term loan	330	450
Lease liabilities	38	61
	368	511
 Total Bank Borrowings	 670	 794

B8 Material litigation

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

B9 Dividends

The Directors have not recommended or declared any dividend for the current financial quarter ended 28 February 2021.

B10 Earnings per share

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

	Unaudited			
	Individual Quarter		Cumulative Quarter	
	28/02/2021	29/02/2020 ⁽¹⁾	28/02/2021	29/02/2020 ⁽¹⁾
Profit attributable to owners of the Company (RM'000)	1,686	N/A	3,322	N/A
Weighted average number of ordinary shares in issue ('000)	325,000	N/A	304,530	N/A
Basic earnings per share (sen)	0.52	N/A	1.09	N/A
Diluted earnings per share (sen) ⁽²⁾	0.52	N/A	1.09	N/A

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B10 Earnings per share (Cont'd)

Notes:

- (1) As this is the fourth 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.
- (2) Diluted earnings per share for the individual quarter and cumulative quarter ended 28 February 2021 are equivalent to the basic earnings per share for the individual quarter and cumulative quarter ended 28 February 2021 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 —————→			
	Individual Quarter		Cumulative Quarter	
	28/02/2021	29/02/2020 ⁽¹⁾	28/02/2021	29/02/2020 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditor's remuneration - current period	25	N/A	65	N/A
Depreciation	106	N/A	209	N/A
Interest expense	8	N/A	17	N/A
Interest income	(89)	N/A	(90)	N/A
Realised loss on foreign exchange	42	N/A	72	N/A
Rental expense	6	N/A	10	N/A

Notes:

- (1) As this is the fourth 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.
- (2) N/A denotes not applicable.

By Order of the Board

CHENG CHIA PING (MAICSA 1032514)
Company Secretary
Kuala Lumpur
26 APRIL 2021