



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 AUGUST 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 YEAR ENDED 31 AUGUST 2021**

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →		Unaudited	Audited
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	4,983	10,641	40,985	40,618
Cost of sales	(3,508)	(7,356)	(27,606)	(27,705)
Gross profit	<u>1,475</u>	<u>3,285</u>	<u>13,379</u>	<u>12,913</u>
Other income	191	124	408	286
Administrative expenses ⁽²⁾	(1,406)	(1,383)	(5,737)	(4,659)
Distribution expenses	(40)	(287)	(835)	(1,238)
Operating profit	<u>220</u>	<u>1,739</u>	<u>7,215</u>	<u>7,302</u>
Finance costs	(7)	(9)	(31)	(60)
Profit before tax	<u>213</u>	<u>1,730</u>	<u>7,184</u>	<u>7,242</u>
Income tax expense	(180)	(602)	(2,103)	(1,903)
Profit for the financial year	<u>33</u>	<u>1,128</u>	<u>5,081</u>	<u>5,339</u>
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	<u>33</u>	<u>1,128</u>	<u>5,081</u>	<u>5,339</u>
Profit/(loss) for the financial year attributable to:				
- Owners of the Company	50	1,128	5,110	5,339
- Non-controlling interests	(17)	-	(29)	-
	<u>33</u>	<u>1,128</u>	<u>5,081</u>	<u>5,339</u>
Total comprehensive income/(loss) for the financial year attributable to:				
- Owners of the Company	50	1,128	5,110	5,339
- Non-controlling interests	(17)	-	(29)	-
	<u>33</u>	<u>1,128</u>	<u>5,081</u>	<u>5,339</u>
Earnings per share ⁽³⁾ attributable to owners of the Company:				
- Basic (sen)	<u>0.02</u>	<u>0.43</u>	<u>1.62</u>	<u>2.05</u>
- Diluted (sen)	<u>0.02</u>	<u>0.43</u>	<u>1.62</u>	<u>2.05</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 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) Includes listing expenses of RM1.17 million and RM0.80 million expensed out in the cumulative quarter ended 31 August 2021 and 31 August 2020, respectively.
- 3) Earnings per share is calculated based on the weighted average number of ordinary shares as disclosed in Note B10.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021**

	Unaudited As at 31/08/2021 RM'000	Audited As at 31/08/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,492	9,633
Investment properties	300	300
	9,792	9,933
Current assets		
Inventories	8,509	3,638
Trade receivables	12,682	12,927
Other receivables, deposits and prepayments	3,631	1,024
Short-term deposits	18,175	2,930
Cash and bank balances	6,246	5,780
	49,243	26,299
Total assets	59,035	36,232
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Issued capital	43,330	26,000
Revaluation reserve	4,411	4,217
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	32,007	26,956
	53,923	31,348
Non-controlling interests	(25)	-
Total equity	53,898	31,348
Non-current liabilities		
Loans and borrowings	333	511
Deferred taxation	1,292	1,430
	1,625	1,941
Current liabilities		
Trade payables	1,773	1,456
Other payables and accruals	1,155	1,047
Contract liabilities	131	-
Loans and borrowings	277	283
Tax payable	176	157
	3,512	2,943
Total liabilities	5,137	4,884
Total equity and liabilities	59,035	36,232
Net assets per share attributable to owners of the Company (sen)	16.59 ⁽²⁾	12.06 ⁽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.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

	Share capital RM'000	Non-Distributable reserve Revaluation reserve RM'000	Reorganisation reserve RM'000	Distributable reserve Retained earnings RM'000	Total RM'000
<u>Audited</u>					
Balance as at 1 September 2019	1,100	4,227	-	20,682	26,009
Profit for the financial year	-	-	-	5,339	5,339
Movement of revaluation reserve	-	(10)	-	10	-
Total comprehensive (loss)/income for the financial year	-	(10)	-	5,349	5,339
Transactions with the owners:					
Acquisition of subsidiaries in business combination under common control	26,000	-	(25,825)	925	1,100
Adjustment on the acquisition of subsidiaries	(1,100)	-	-	-	(1,100)
	24,900	-	(25,825)	925	-
Balance as at 31 August 2020	26,000	4,217	(25,825)	26,956	31,348

	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
<u>Unaudited</u>							
Balance as at 1 September 2020	26,000	4,217	(25,825)	26,956	31,348	-	31,348
Profit for the financial year	-	-	-	5,110	5,110	(29)	5,081
Movement of revaluation reserve	-	194	-	(59)	135	-	135
Total comprehensive income/(loss) for the financial year	-	194	-	5,051	5,245	(29)	5,216
Transactions with the owners:							
New shares issued for the IPO ⁽²⁾	18,200	-	-	-	18,200	-	18,200
New shares issuance expense for the IPO ⁽³⁾	(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 August 2021	43,330	4,411	(25,825)	32,007	53,923	(25)	53,898

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) Issuance of new shares pursuant to the IPO (as further explained in Note A6 below).
- 3) Listing expenses incurred pursuant to the IPO that has been set-off against share capital (as further explained in Note A6 below).

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

	Financial year ended 31 August	
	Unaudited 2021 RM'000	Audited 2020 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	7,184	7,242
Adjustments for:		
Depreciation of property, plant & equipment	437	539
Fair value loss on investment property	-	24
Interest expense	31	60
Interest income	(265)	(72)
Reversal of impairment loss on property, plant and equipment	-	(10)
Impairment loss/(reversal of impairment loss) on trade receivables	33	(31)
Operating profit before changes in working capital	7,420	7,752
Changes in Working Capital:		
Inventories	(4,871)	(729)
Trade and other receivables	(2,320)	1,443
Trade and other payables	393	(64)
Contract liabilities	131	-
Net cash generated from operations	753	8,402
Income tax paid	(2,150)	(2,696)
Income tax refund	64	-
Net cash (used in)/from operating activities	(1,333)	5,706
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(167)	(381)
Proceeds from disposal of property, plant and equipment	-	10
Change in pledged deposits	(153)	(990)
Interest income	265	72
Net cash used in investing activities	(55)	(1,289)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	17,255	*
Proceeds from non-controlling interests arising from incorporation of a subsidiary	4	-
Interest paid	-	(17)
Repayment of term loans	(253)	(160)
Repayment of lease liabilities	(60)	(137)
Repayment of bankers' acceptance	-	(1,265)
Net cash from/(used in) financing activities	16,946	(1,579)
NET INCREASE IN CASH AND CASH EQUIVALENT	15,558	2,838
CASH AND CASH EQUIVALENT AT BEGINNING OF FINANCIAL YEAR	6,015	3,177
CASH AND CASH EQUIVALENT AT END OF FINANCIAL YEAR	21,573	6,015

* RM100

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 2020 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 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:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
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 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 material unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year 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 year 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 year 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 year under review.

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

A8 Segment information

The unaudited segment information for the individual quarter and cumulative quarter ended 31 August 2021 are as follows:

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →		Unaudited	Audited
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing	4,362	8,040	33,901	32,406
Inter-segment revenue	(25)	-	(430)	(2)
	4,337	8,040	33,471	32,404
Trading	646	2,618	7,514	8,249
Inter-segment revenue	-	(17)	-	(35)
	646	2,601	7,514	8,214
	<u>4,983</u>	<u>10,641</u>	<u>40,985</u>	<u>40,618</u>
Segment profit				
Manufacturing	1,333	2,336	11,425	9,867
Trading	142	949	1,954	3,046
	<u>1,475</u>	<u>3,285</u>	<u>13,379</u>	<u>12,913</u>
Other income	191	124	408	286
Unallocated expenses	(1,446)	(1,670)	(6,572)	(5,897)
Finance costs	(7)	(9)	(31)	(60)
Income tax expense	(180)	(602)	(2,103)	(1,903)
Profit for the financial year	<u>33</u>	<u>1,128</u>	<u>5,081</u>	<u>5,339</u>

A9 Valuation of property, plant and equipment and investment property

The Group has carried out valuations on its property, plant and equipment and investment property during the current financial year under review. There were no adjustments on fair value for the property, plant and equipment and investment property in the current financial year under review.

A10 Material events subsequent to the end of the year

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

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

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.

On 17 March 2021, the Company incorporated a 60%-owned subsidiary, namely Eframe Solartech Sdn Bhd (“**Solartech**”). Simultaneous with the incorporation of Solartech, the Company had entered into a shareholders’ agreement with Mr. Chew Cheng Kiat, the holder of the remaining 40% equity interest in Solartech to regulate their relationship as shareholders. Solartech has an issued capital of RM10,000 comprising of 10,000 ordinary shares. The principal activity of Solartech is trading and provision of installation services of solar energy products and system.

Other than the above, there were no changes to the composition of the Group for the financial year under review.

A12 Capital commitments

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

	RM’000
Property, plant and equipment	
Contracted	1,621
Not contracted	10,979
	<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 Significant related party transactions

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

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

B1 Review of performance

	Individual Quarter ended 31 August				Cumulative Quarter ended 31 August			
	2021	2020	Variance		2021	2020	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	4,983	10,641	(5,658)	-53	40,985	40,618	367	1
Profit before tax	213	1,730	(1,517)	-88	7,184	7,242	(58)	-1
Profit after tax	33	1,128	(1,095)	-97	5,081	5,339	(258)	-5

Individual quarter ended 31 August 2021 (“4Q 2021”) compared with individual quarter ended 31 August 2020 (“4Q 2020”)

The Group recorded revenue of RM4.98 million in 4Q 2021 as compared to RM10.64 million in 4Q 2020, a decrease of RM5.66 million. The lower revenue in 4Q 2021 was mainly due to the Government’s imposition of the full movement control order nationwide from 1 June 2021 to 28 June 2021 (“FMCO”) and enhanced movement control order from 3 July 2021 to 16 July 2021 in most of Selangor and various areas in Kuala Lumpur (“EMCO”), which resulted in the suspension of operations of most of the Group’s customers as they are located within the Klang Valley. As a result, this had caused delays in revenue recognition of scheduled deliveries for unfulfilled purchase orders.

The Group’s profit before tax in 4Q 2021 was RM0.21 million as compared to RM1.73 million in 4Q 2020, a decrease of RM1.52 million. The lower profit before tax in 4Q 2021 was in line with the lower revenue recorded.

Financial year ended 31 August 2021 (“FY 2021”) compared with financial year ended 31 August 2020 (“FY 2020”)

The Group recorded revenue of RM40.99 million in FY 2021 as compared to RM40.62 million in FY 2020, an increase of RM0.37 million. The increase was mainly attributed to higher revenue from the manufacturing segment of RM1.07 million, driven by higher sales orders for metal door frames.

The Group’s profit before tax in FY 2021 was RM7.18 million as compared to RM7.24 million in FY 2020, a decrease of RM0.06 million. Excluding the listing expenses of RM1.17 million (FY 2020: RM0.80 million) expensed out in FY 2021, the Group would have registered a profit before tax of RM8.35 million in FY 2021 (FY 2020: RM8.04 million), representing an increase of RM0.31 million as compared to FY 2020, which is in line with the higher revenue recorded.

B2 Comparison with immediate preceding quarter's results

	Individual Quarter ended 31 August 2021 RM'000	Preceding Quarter ended 31 May 2021 RM'000	Variance	
			RM'000	%
Revenue	4,983	12,571	(7,588)	-60
Profit before tax	213	2,253	(2,040)	-91
Profit after tax	33	1,726	(1,693)	-98

Individual quarter ended 31 August 2021 ("4Q 2021") compared with immediate preceding individual quarter ended 31 May 2021 ("3Q 2021")

The Group recorded a decrease in revenue of RM7.59 million (60%) to RM4.98 million in 4Q 2021 as compared to RM12.57 million in 3Q 2021. The decrease in revenue was mainly due to work stoppages arising from the FMCO and EMCO as most of the Group's customers are located within the Klang Valley. As a result, this had caused delays in revenue recognition of scheduled deliveries for unfulfilled purchase orders.

In line with lower revenue, the Group recorded profit before tax of RM0.21 million, a decrease of RM2.04 million in 4Q 2021.

B3 Prospects

While Covid-19 remains a threat to the economic and business environment, the opening of the economy in phases as more states transition to Phase 3 & Phase 4 of the National Recovery Plan ("NRP"), made possible in part by the accelerated vaccination progress across the country, bodes well for the Group's business. Malaysia is expected to open all economic sectors by the end of 2021 and it is anticipated that the economy will gradually recover. The Group's revenue has already seen a gradual rebound as Klang Valley progresses to Phase 4 of the NRP.

Despite the challenges, the Board is cautiously optimistic that the outlook for the mid-term continues to remain positive upon stabilisation and containment of Covid-19.

B4 Profit forecast / Profit guarantee

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

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

B5 Taxation

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →		Unaudited	Audited
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Income tax charge	214	607	2,222	2,030
Deferred tax (credit)/charge	(34)	(4)	(2)	9
Real property gain tax	-	-	-	(73)
Prior year taxation				
Income tax (over)/under provided	-	(1)	(117)	12
Deferred tax under provided	-	-	-	(75)
Total tax expense	<u>180</u>	<u>602</u>	<u>2,103</u>	<u>1,903</u>

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.

B6 Status of corporate proposals and utilisation of proceeds

As at 31 August 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	(4,101)	2,099	Within 18 months ⁽¹⁾
Estimated listing expenses	3,000	(3,000)	-	Within 1 month
	<u>18,200</u>	<u>(7,395)</u>	<u>10,805</u>	

Note:

- 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.

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

B7 Loans and borrowings

The Group's borrowings were as follows:

	Unaudited As at 31/08/2021 RM'000	Audited As at 31/08/2020 RM'000
Secured:		
Current Liabilities		
Term loan	210	237
Lease liabilities	67	46
	277	283
Non-Current Liabilities		
Term loan	249	450
Lease liabilities	84	61
	333	511
 Total Group's borrowings	 610	 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 year ended 31 August 2021.

B10 Earnings per share

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

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →		Unaudited	Audited
	2021	2020	2021	2020
Profit attributable to owners of the Company (RM'000)	50	1,128	5,110	5,339
Weighted average number of ordinary shares in issue ('000)	325,000	260,000 ⁽¹⁾	314,849	260,000 ⁽¹⁾
Basic earnings per share (sen)	0.02	0.43	1.62	2.05
Diluted earnings per share (sen) ⁽²⁾	0.02	0.43	1.62	2.05

Notes:

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

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

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

	Individual Quarter ended 31 August		Cumulative Quarter ended 31 August	
	← Unaudited →		Unaudited	Audited
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditor's remuneration				
- current year	31	100	128	134
Depreciation	116	143	437	539
Interest expense	7	9	31	60
Interest income	(106)	(23)	(265)	(72)
Realised loss on foreign exchange	6	25	114	116
Rental expense	11	5	27	42

By Order of the Board

CHENG CHIA PING (MAICSA 1032514)
Company Secretary
Kuala Lumpur
25 OCTOBER 2021