



ECONFRAME BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 ENDED 30 NOVEMBER 2021**

	← Unaudited →			
	Current Quarter ended 30 November 2021		Cumulative Quarter ended 30 November 2021	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	13,301	11,570	13,301	11,570
Cost of sales	(8,600)	(7,598)	(8,600)	(7,598)
Gross profit	4,701	3,972	4,701	3,972
Other income	115	39	115	39
Administrative expenses ⁽²⁾	(1,067)	(1,379)	(1,067)	(1,379)
Distribution expenses	(207)	(288)	(207)	(288)
Operating profit	3,542	2,344	3,542	2,344
Finance costs	(6)	(9)	(6)	(9)
Profit before tax	3,536	2,335	3,536	2,335
Income tax expense	(899)	(699)	(899)	(699)
Profit for the financial period	2,637	1,636	2,637	1,636
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period	2,637	1,636	2,637	1,636
Profit/(loss) for the financial period attributable to:				
- Owners of the Company	2,662	1,636	2,662	1,636
- Non-controlling interests	(25)	-	(25)	-
	2,637	1,636	2,637	1,636
Total comprehensive income/(loss) for the financial period attributable to:				
- Owners of the Company	2,662	1,636	2,662	1,636
- Non-controlling interests	(25)	-	(25)	-
	2,637	1,636	2,637	1,636
Earnings per share ⁽³⁾ attributable to owners of the Company:				
- Basic (sen)	0.82	0.58	0.82	0.58
- Diluted (sen)	0.82	0.58	0.82	0.58

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 RM0.31 million expensed out in the preceding year corresponding quarter ended 30 November 2020.
- 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 30 NOVEMBER 2021**

	Unaudited As at 30/11/2021 RM'000	Audited As at 31/08/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,484	9,492
Investment properties	300	300
	9,784	9,792
Current assets		
Inventories	8,922	8,509
Trade receivables	15,769	12,682
Other receivables, deposits and prepayments	4,380	3,631
Short-term deposits	18,274	18,175
Cash and bank balances	6,206	6,246
	53,551	49,243
Total assets	63,335	59,035
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Issued capital	43,330	43,330
Revaluation reserve	4,397	4,411
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	34,683	32,007
	56,585	53,923
Non-controlling interests	(50)	(25)
Total equity	56,535	53,898
Non-current liabilities		
Loans and borrowings	275	333
Deferred taxation	1,291	1,292
	1,566	1,625
Current liabilities		
Loans and borrowings	275	277
Trade payables	2,901	1,773
Other payables and accruals	1,215	1,155
Contract liability	323	131
Tax payable	520	176
	5,234	3,512
Total liabilities	6,800	5,137
Total equity and liabilities	63,335	59,035
Net assets per share attributable to owners of the Company (sen)		
	17.41	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 30 NOVEMBER 2021**

	Share capital RM'000	Non-Distributable reserve		Distributable reserve Retained earnings RM'000	Total RM'000
		Revaluation reserve RM'000	Reorganisation reserve RM'000		
Balance as at 1 September 2020	26,000	4,217	(25,825)	26,956	31,348
Total comprehensive income for the financial period	-	-	-	1,636	1,636
Transactions with the owners:					
New shares issued for the initial public offering ("IPO")	18,200	-	-	-	18,200
New shares issuance expense for the IPO	(903)	-	-	-	(903)
Total transactions with the owners:	17,297	-	-	-	17,297
Balance as at 30 November 2020	43,297	4,217	(25,825)	28,592	50,281

	Non-Distributable reserve			Distributable reserve		Non- controlling interests	Total equity
	Share capital RM'000	Revaluation reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total 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/(loss) for the financial period	-	-	-	2,662	2,662	(25)	2,637
Realisation of revaluation reserve	-	(14)	-	14	-	-	-
Balance as at 30 November 2021	43,330	4,397	(25,825)	34,683	56,585	(50)	56,535

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 30 NOVEMBER 2021**

	Unaudited Cumulative Quarter ended 31 November	
	2021	2020
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,536	2,335
Adjustments for:		
Depreciation of property, plant & equipment	108	103
Bad debts written off	15	-
Interest expense	6	9
Interest income	(72)	(1)
Operating profit before changes in working capital	3,593	2,446
Changes in Working Capital:		
Inventories	(413)	(414)
Trade and other receivables	(3,851)	(2,860)
Trade and other payables	1,188	1,144
Contract liability	192	-
Net cash generated from operations	709	316
Income tax paid	(556)	(373)
Net cash from/(used in) operating activities	153	(57)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(78)	(13)
Change in pledged deposits	(30)	(20)
Interest income	72	1
Net cash used in investing activities	(36)	(32)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	18,200
Interest paid	-	(8)
Repayment of term loans	(69)	(39)
Repayment of lease liabilities	(19)	(13)
Net cash (used in)/from financing activities	(88)	18,140
NET INCREASE IN CASH AND CASH EQUIVALENT	29	18,051
CASH AND CASH EQUIVALENT AT BEGINNING OF FINANCIAL PERIOD	21,573	5,780
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	21,602	23,831

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 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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 Dividends paid

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

A8 Segment information

The unaudited segment information for the current quarter and cumulative quarter ended 30 November 2021 are as follows:

	← Unaudited →			
	Current Quarter ended 30 November 2021		Cumulative Quarter ended 30 November 2021	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing	11,492	9,232	11,492	9,232
Inter-segment revenue	(211)	(83)	(211)	(83)
	11,281	9,149	11,281	9,149
Trading	2,020	2,421	2,020	2,421
	13,301	11,570	13,301	11,570
Segment profit				
Manufacturing	4,232	3,226	4,232	3,226
Trading	469	746	469	746
	4,701	3,972	4,701	3,972
Other income	115	39	115	39
Unallocated expenses	(1,274)	(1,667)	(1,274)	(1,667)
Finance costs	(6)	(9)	(6)	(9)
Income tax expense	(899)	(699)	(899)	(699)
Profit for the financial period	2,637	1,636	2,637	1,636

A9 Valuation of property, plant and equipment and investment property

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

A10 Material events subsequent to the end of the financial period

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

A11 Changes in the composition of the group

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

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A12 Capital commitments

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

	RM'000
Property, plant and equipment	
Contracted	1,091
Not contracted	10,979
	<u>12,070</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 30 November				Cumulative Quarter ended 30 November			
	2021	2020	Variance		2021	2020	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	13,301	11,570	1,731	15	13,301	11,570	1,731	15
Profit before tax	3,536	2,335	1,201	51	3,536	2,335	1,201	51
Profit after tax	2,637	1,636	1,001	61	2,637	1,636	1,001	61

Current and cumulative quarter ended 30 November 2021 (“1Q 2022”) compared with preceding year corresponding quarter ended 30 November 2020 (“1Q 2021”)

The Group recorded revenue of RM13.3 million in 1Q 2022 as compared to RM11.57 million in 1Q 2020, an increase of RM1.73 million. The higher revenue in 1Q 2022 was mainly attributed to higher revenue from the manufacturing segment of RM2.13 million, driven by higher billings and higher selling prices for metal door frames. The higher selling price was mainly due to adjustment made following the increase in raw material cost.

The Group’s profit before tax in 1Q 2022 was RM3.54 million as compared to RM2.34 million in 1Q 2021, an increase of RM1.2 million. The higher profit before tax in 1Q 2022 were mainly due to the higher revenue recorded and lower administrative expenses. The lower administrative expenses in 1Q 2022 was mainly due to listing expense has been fully expensed out during the last financial year.

B2 Comparison with immediate preceding quarter’s results

	Current Quarter ended	Preceding Quarter ended	Variance	
	30 November 2021	31 August 2021	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	13,301	4,983	8,318	>100
Profit before tax	3,536	213	3,323	>100
Profit after tax	2,637	33	2,604	>100

Current quarter ended 30 November 2021 (“1Q 2022”) compared with immediate preceding quarter ended 31 August 2021 (“4Q 2021”)

The Group recorded an increase in revenue of RM8.32 million to RM13.3 million in 1Q 2022 as compared to RM4.98 million in 4Q 2021. The increase in revenue was mainly due to greater volume of customers’ orders fulfilled during 1Q 2022. The lower revenue in 4Q 2021 was also mainly due to work stoppages arising from the imposition of various movement control orders during 4Q 2021 which resulted in delays in revenue recognition of scheduled deliveries for unfulfilled purchase orders

The Group recorded profit before tax of RM3.54 million, an increase of RM3.32 million in 1Q 2022. The increase was mainly due to higher revenue recorded and improvement in the gross profit margins contributed by the manufacturing segment.

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B3 Prospects

The market sentiment of the property sector, of which the Group is dependent on, is expected to recover gradually following the expected national economic recovery and positive economic signals including high vaccination rates, implementation of recovery polices by the government and the expected re-opening of international borders.

Barring unforeseen circumstances, the Group is cautiously optimistic to achieve a more sustainable performance as the market demand for the Group's product continues to remain firm. The Group will continue to focus on delivering and completing all unfulfilled orders in hand within the agreed timeline with its customers. Market confidence in 2022 will continue to be heavily influenced by positive or negative developments of containing Covid-19.

B4 Profit forecast / Profit guarantee

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

B5 Taxation

	← Unaudited →			
	Current Quarter		Cumulative Quarter	
	ended 30 November		ended 30 November	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Current income tax charge	900	694	900	694
Deferred tax				
(Reversal)/origination of temporary differences	(4)	5	(4)	5
Underprovision in respect of prior years	3	-	3	-
Total tax expense	899	699	899	699

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.

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B6 Status of corporate proposals and utilisation of proceeds

As at 30 November 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	(4,517)	1,683	Within 18 months ⁽¹⁾
Estimated listing expenses	3,000	(3,000)	-	Within 1 month
	18,200	(7,811)	10,389	

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.

B7 Loans and borrowings

The Group's borrowings were as follows:

	Unaudited As at 30/11/2021 RM'000	Audited As at 31/08/2021 RM'000
Secured:		
Current Liabilities		
Term loan	204	210
Lease liabilities	71	67
	275	277
Non-Current Liabilities		
Term loan	191	249
Lease liabilities	84	84
	275	333
Total Group's borrowings	550	610

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 period ended 30 November 2021.

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B10 Earnings per share

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

	← Unaudited →			
	Current Quarter ended 30 November		Cumulative Quarter ended 30 November	
	2021	2020	2021	2020
Profit attributable to owners of the Company (RM'000)	2,662	1,636	2,662	1,636
Weighted average number of ordinary shares in issue ('000)	325,000	284,286	325,000	284,286
Basic earnings per share (sen)	0.82	0.58	0.82	0.58
Diluted earnings per share (sen) ⁽¹⁾	0.82	0.58	0.82	0.58

Note:

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

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

	← Unaudited →			
	Current Quarter ended 30 November		Cumulative Quarter ended 30 November	
	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 period	32	40	32	40
Depreciation	108	103	108	103
Interest expense	6	9	6	9
Interest income	(72)	(1)	(72)	(1)
Net realised loss on foreign exchange	2	30	2	30
Rental expense	6	4	6	4

By Order of the Board

CHENG CHIA PING (MAICSA 1032514)
Company Secretary
Kuala Lumpur
25 JANUARY 2022