



**ECONFRAME BERHAD**

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2023**

**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 2023**

	Current Quarter ended 30 November		Cumulative Quarter ended 30 November	
	← Unaudited →		Unaudited	Audited
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	27,185	16,866	27,185	16,866
Cost of sales	(18,284)	(12,173)	(18,284)	(12,173)
Gross profit	<u>8,901</u>	<u>4,693</u>	<u>8,901</u>	<u>4,693</u>
Other income	151	131	151	131
Administrative expenses	(2,487)	(1,384)	(2,487)	(1,384)
Distribution expenses	(253)	(278)	(253)	(278)
Reversal of impairment loss	233	-	233	-
Operating profit	<u>6,545</u>	<u>3,162</u>	<u>6,545</u>	<u>3,162</u>
Finance costs	(173)	(5)	(173)	(5)
Profit before tax	<u>6,372</u>	<u>3,157</u>	<u>6,372</u>	<u>3,157</u>
Income tax expense	(1,592)	(824)	(1,592)	(824)
Profit for the financial period	<u>4,780</u>	<u>2,333</u>	<u>4,780</u>	<u>2,333</u>
Other comprehensive loss, net of tax				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Movement of revaluation reserve	<u>(398)</u>	<u>-</u>	<u>(398)</u>	<u>-</u>
Other comprehensive loss for the financial period	<u>(398)</u>	<u>-</u>	<u>(398)</u>	<u>-</u>
Total comprehensive income for the financial period	<u><u>4,382</u></u>	<u><u>2,333</u></u>	<u><u>4,382</u></u>	<u><u>2,333</u></u>
<b>Profit/(loss) for the financial period attributable to:</b>				
- Owners of the Company	4,402	2,334	4,402	2,334
- Non-controlling interests	<u>378</u>	<u>(1)</u>	<u>378</u>	<u>(1)</u>
	<u>4,780</u>	<u>2,333</u>	<u>4,780</u>	<u>2,333</u>
<b>Total comprehensive income/(loss) for the financial period attributable to:</b>				
- Owners of the Company	4,004	2,334	4,004	2,334
- Non-controlling interests	<u>378</u>	<u>(1)</u>	<u>378</u>	<u>(1)</u>
	<u>4,382</u>	<u>2,333</u>	<u>4,382</u>	<u>2,333</u>
<b>Earnings per share attributable to owners of the Company:</b>				
- Basic (sen)	<u>1.32</u>	<u>0.72</u>	<u>1.32</u>	<u>0.72</u>
- Diluted (sen)	<u>1.28</u>	<u>0.72</u>	<u>1.28</u>	<u>0.72</u>

**Note:**

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 2023 (“AFS 2023”) and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2023**

	Unaudited As at 30/11/2023 RM'000	Audited As at 31/08/2023 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,244	21,275
Investment property	1,294	300
Goodwill on consolidation <sup>(2)</sup>	14,280	-
	43,818	21,575
<b>Current assets</b>		
Inventories	18,651	12,275
Trade receivables	30,936	25,978
Other receivables, deposits and prepayments	4,681	3,982
Contract assets	2,930	-
Current tax asset	338	-
Short-term deposits	14,080	17,936
Cash and bank balances	14,531	13,731
	86,147	73,902
<b>Total assets</b>	129,965	95,477
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	60,725	50,624
Revaluation reserve	5,428	5,854
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	59,238	54,808
	99,566	85,461
<b>Non-controlling interests</b>	1,933	(28)
<b>Total equity</b>	101,499	85,433
<b>Non-current liabilities</b>		
Loans and borrowings	1,763	164
Deferred taxation	2,862	1,829
	4,625	1,993
<b>Current liabilities</b>		
Loans and borrowings	6,395	195
Trade payables	9,434	3,600
Other payables and accruals	5,124	2,917
Contract liabilities	1,246	-
Current tax liabilities	1,642	1,339
	23,841	8,051
<b>Total liabilities</b>	28,466	10,044
<b>Total equity and liabilities</b>	129,965	95,477
<b>Net assets per share attributable to owners of the Company (sen)</b>	28.03	24.96

**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 2023 and the accompanying explanatory notes attached to this interim financial report.
- 2) The goodwill on consolidation is provisional and is subject to adjustments upon the finalisation of the detailed Purchase Price Allocation exercise.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023**

	Non-Distributable reserve			Distributable reserve		Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Reorganisation reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Unaudited</b>							
Balance as at 1 September 2022	43,330	4,355	(25,825)	41,679	63,539	(27)	63,512
Total comprehensive income/(loss) for the financial period	-	-	-	2,334	2,350	(1)	2,333
Realisation of revaluation reserve	-	(14)	-	14	-	-	-
Balance as at 30 November 2022	43,330	4,341	(25,825)	44,027	65,873	(28)	65,845

	Non-Distributable reserve			Distributable reserve		Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Reorganisation reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Unaudited</b>							
Balance as at 1 September 2023	50,624	5,854	(25,825)	54,808	85,461	(28)	85,433
Profit for the financial period	-	-	-	4,402	4,402	378	4,780
Other comprehensive loss for the financial period	-	(398)	-	-	(398)	-	(398)
Total comprehensive (loss)/income for the financial period	-	(398)	-	4,402	4,004	378	4,382
Realisation of revaluation reserve	-	(28)	-	28	-	-	-
Transactions with the owners:							
Issuance of ordinary shares pursuant to warrant exercised	1,001	-	-	-	1,001	-	1,001
Consideration shares issued for the acquisition of a subsidiary	9,100	-	-	-	9,100	-	9,100
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	1,583	1,583
	10,101	-	-	-	10,101	1,583	11,684
Balance as at 30 November 2023	60,725	5,428	(25,825)	59,238	99,566	1,933	101,499

**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 2023 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 2023**

	Unaudited	
	Financial period ended 30 November 2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,372	3,157
Adjustments for:		
Depreciation of property, plant & equipment	375	119
Depreciation of investment property	6	-
Reversal of impairment loss on trade receivables	(233)	-
Finance costs	173	5
Interest income	(118)	(99)
Net unrealised foreign exchange loss/(gain)	(1)	16
Operating profit before changes in working capital	6,574	3,198
Changes in working capital:		
Inventories	(4,272)	(1,025)
Trade and other receivables	(3,134)	186
Trade and other payables	4,938	(796)
Contract assets	482	-
Contract liabilities	394	-
Net cash generated from operations	4,982	1,563
Income tax paid	(1,113)	(779)
Interest paid	(139)	-
Net cash flows from operating activities	3,730	784
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(596)	(958)
Change in pledged deposits	(30)	(30)
Interest income	118	99
Net cash outflows for the acquisitions of subsidiaries	(11,219)	-
Other investing activity <sup>(2)</sup>	(1,000)	-
Net cash flows used in investing activities	(12,727)	(889)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from warrants conversion	1,001	-
Repayment of term loans	(156)	(45)
Repayment of lease liabilities	(28)	(18)
Repayment of hire purchase	(71)	(14)
Net changes in banker acceptances	242	-
Net cash flows from/(used in) financing activities	988	(77)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(8,009)	(182)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	28,483	23,755
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	20,474	23,573

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023 (CONT'D)**

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<b>Unaudited</b>	
	<b>As at 30/11/2023</b>	<b>As at 30/11/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term deposits	14,080	16,284
Cash and bank balances	14,531	10,325
	<hr/>	<hr/>
	28,611	26,609
Less: Pledged deposits	(3,826)	(3,036)
Less: Bank overdrafts	(4,311)	-
	<hr/>	<hr/>
Cash and cash equivalents	20,474	23,573
	<hr/>	<hr/>

**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 2023 and the accompanying explanatory notes attached to this interim financial report.
- 2) The other investing activity represents the earnest deposit paid for the proposed acquisition as disclosed in Note B6 (a)(ii).

**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 2023 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 2023 except for the adoption of standard and amendments to standards that are mandatory for the Group for the financial year beginning 1 September 2023:

Amendments/Improvements to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

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 2023 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.

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**A6 Debt and equity securities**

During the financial period ended 30 November 2023, the issued share capital of the Company increased from 342,366,350 to 355,209,20 pursuant to:

- i. the issuance of 10,459,770 new ordinary shares as consideration shares for the acquisition of Lee & Yong Aluminium Sdn Bhd at an issue price of RM0.87 per share; and
- ii. the issuance of 2,383,400 new ordinary shares arising from the exercise of warrants at the exercise price of RM0.42 for cash of RM1,001,028.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial period under review.

**A7 Dividend paid**

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

**A8 Segment information**

The unaudited segment information for the financial period ended 30 November 2023 are as follows:

	← Unaudited →		
	Financial period ended 30 November 2023		
	Manufacturing	Trading	Total
	RM'000	RM'000	RM'000
<b>Revenue</b>			
Total revenue	23,254	4,462	27,185
Inter-segment revenue	(531)	-	(531)
Revenue from external customers	22,723	4,462	27,185
<b>Segment profit</b>	7,396	1,505	8,901
Other income			151
Reversal of impairment loss on trade receivables			233
Unallocated expenses			(2,740)
Finance costs			(173)
Income tax expense			(1,592)
Profit for the financial period			4,780

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

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

**A10 Material events subsequent to the end of the financial period**

Save as disclosed in Note B6(a), 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 8 September 2023, the Company completed the acquisitions of:

- a) 487,500 ordinary shares in Lee & Yong Aluminium Sdn Bhd (“LYASB”), representing 65% equity interest in LYASB for a purchase consideration on RM17,200,000 of which RM8,100,000 was satisfied by cash and the remaining RM9,100,000 was satisfied via the issuance and allotment of 10,459,770 new ordinary shares of the Company at an issue price of RM0.87 per share; and
- b) 29,184 ordinary shares in Trans United Sdn Bhd (“TUSB”), representing 100% equity interest in TUSB for a purchase consideration on RM1,000,000 which was satisfied by cash.

LYASB and TUSB become a 65%-owned subsidiary and a wholly-owned subsidiary of the Company following the completion of the acquisitions, respectively.

The details of the net identifiable assets acquired and net cash outflows on acquisitions of LYASB and TUSB are analysed as follows:

	<b>As at date of acquisition</b>			
	<b>LYASB RM'000</b>	<b>TUSB RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Property, plant and equipment	7,090	-	-	7,090
Investment property	-	1,000	-	1,000
Inventories	2,104	-	-	2,104
Trade and other receivables	3,111	-	72	3,183
Current tax asset	506	-	-	506
Contract assets	3,412	-	-	3,412
Short-term deposits	613	-	-	613
Cash and cash equivalents	(3,951) <sup>(1)</sup>	12	-	(3,939)
Deferred tax liabilities	(962)	-	-	(962)
Loans and borrowings	(3,473)	-	-	(3,473)
Trade and other payables	(3,074)	(104)	-	(3,178)
Contract liabilities	(853)	-	-	(853)
Current tax liability	-	*	-	*
Total net identifiable assets assumed	4,523	908	72	5,503
Less: Non-controlling interests, measured at the proportionate share of the fair values of the net identifiable assets assumed	(1,583)	-	-	(1,583)
Total net identifiable assets acquired	2,940	908	72	3,920
Goodwill on consolidation	14,260	92	(72)	14,280
Total purchase consideration	17,200	1,000	-	18,200
Less: cash deposits paid <sup>(2)</sup>	(1,720)	(100)	-	(1,820)
consideration shares	(9,100)	-	-	(9,100)
cash and cash equivalents acquired	3,951 <sup>(1)</sup>	(12)	-	3,939
Net cash outflows on acquisitions	10,331	888	-	11,219

\* less than RM0.1 million.

<sup>(1)</sup> including bank overdrafts of RM4.294 million.

<sup>(2)</sup> 10% of the total purchase consideration was paid on 17 January 2023.

**A11 Changes in the composition of the Group (cont'd)**

The fair values of the assets and liabilities ensuing from the acquisitions had been determined based on provisional fair values assigned to identifiable assets and liabilities on acquisition date. Any adjustments to these provisional fair values upon finalisation of the detailed Purchase Price Allocation exercise will be recognised in intangible assets within 12 months of the acquisition date as permitted by MFRS 3 “Business Combinations.

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

**A12 Capital commitments**

There were no approved capital commitments not provided for at the end of reporting period.

**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			
	2023	2022	Variance		2023	2022	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<b>Revenue</b>								
Manufacturing	22,723	14,909	7,814	52	22,723	14,909	7,814	52
Trading	4,462	1,957	2,505	>100	4,462	1,957	2,505	>100
	<b>27,185</b>	<b>16,866</b>	10,319	61	<b>27,185</b>	<b>16,866</b>	10,319	61
<b>Segment profit</b>								
Manufacturing	7,396	4,182	3,214	77	7,396	4,182	3,214	77
Trading	1,505	511	994	>100	1,505	511	994	>100
	<b>8,901</b>	<b>4,693</b>	4,208	90	<b>8,901</b>	<b>4,693</b>	4,208	90
Other income	151	131	20	15	151	131	20	15
Reversal of impairment loss on trade receivables	233	-	233	NC	233	-	233	NC
Unallocated expenses	(2,740)	(1,662)	(1,078)	(65)	(2,740)	(1,662)	(1,078)	(65)
Finance costs	(173)	(5)	(168)	(>100)	(173)	(5)	(168)	(>100)
<b>Profit before tax</b>	<b>6,372</b>	<b>3,157</b>	3,215	>100	<b>6,372</b>	<b>3,157</b>	3,215	>100

NC: Not comparable

**Current and cumulative quarter ended 30 November 2023 (“1Q 2024”) compared with preceding year corresponding quarter ended 30 November 2022 (“1Q 2023”)**

The Group recorded a revenue of RM27.19 million in 1Q 2024, representing an increase of RM10.32 million or 61% compared to RM16.87 million in 1Q 2023. The manufacturing segment witnessed higher revenue by RM7.81 million or 52%, mainly attributed to the revenue contribution from its recently acquired 65%-owned subsidiary, Lee & Yong Aluminium Sdn Bhd (“LYASB”). Excluding the revenue contribution from LYASB, the Group’s revenue would have increased by RM4.02 million or 24%.

The Group recorded a profit before tax of RM6.38 million in 1Q 2024, almost doubled as compared to RM3.16 million in 1Q 2023. The increase in profit before tax was mainly attributed to the higher revenue recorded and improvement in the overall gross profit margins contribution. Excluding the contribution from LYASB, the Group’s profit before tax would have increased by RM1.83 million or 58%.

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

	Current Quarter ended 30 November 2023 RM'000	Preceding Quarter ended 31 August 2023 RM'000	Variance RM'000	%
<b>Revenue</b>				
Manufacturing	22,723	17,311	5,412	31
Trading	4,462	3,707	755	20
	<b>27,185</b>	<b>21,018</b>	6,167	29
<b>Segment profit</b>				
Manufacturing	7,396	6,653	743	11
Trading	1,505	786	719	91
	<b>8,901</b>	<b>7,439</b>	1,462	20
Other income	151	277	(126)	(45)
Reversal of impairment loss on trade receivables	233	-	233	NC
Impairment loss on trade receivables	-	(66)	66	100
Unallocated expenses	(2,740)	(2,114)	(626)	(30)
Finance costs	(173)	(3)	(170)	(>100)
<b>Profit before tax</b>	<b>6,372</b>	<b>5,533</b>	839	15

NC: Not comparable

**Current quarter ended 30 November 2023 ("1Q 2024") compared with immediate preceding quarter ended 31 August 2023 ("4Q 2023")**

The Group recorded an increase in revenue of RM6.17 million or 29% to RM27.19 million in 1Q 2024 as compared to RM21.02 million in 4Q 2023, mainly attributed to higher revenue from the manufacturing segment, driven by the contribution from LYASB.

The Group recorded an increase in profit before tax of RM0.84 million or 15% in 1Q 2023, mainly attributed to the higher revenue recorded.

**B3 Prospects**

The Group is actively engaged in fortifying its current strengths while simultaneously pursuing strategic initiatives for business expansion and revenue diversification. The order flow for the Group's existing business continues to remain at healthy level, underlining the resilience and stability of the core operations. Additionally, the recent acquisition of Lee & Yong Aluminium Sdn Bhd is expected to generate synergies that have positive impact on the Group's earnings for the financial year ending 2024. As part of the Group's efforts for business expansion and revenue diversification, the Group has recently announced that it had entered into a conditional share sale agreement with ETA Industries Sdn Bhd ("the Vendor") for the proposed acquisition of 70% equity interest of ETA World Sdn Bhd, a company involved in the industrial property development and construction activities. The investment risk for the proposed acquisition is mitigated with 3 years' profit guarantee provided by the Vendor.

Premised on the above, the Board is of the view that the future prospects of enlarged Group is favourable.

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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**

	← Unaudited →			
	Current Quarter ended 30 November 2023      2022 RM'000      RM'000		Cumulative Quarter ended 30 November 2023      2022 RM'000      RM'000	
<b>Current income tax</b>				
Current income tax charge	1,583	824	1,583	824
<b>Deferred tax</b>				
Origination of temporary differences	9	-	9	-
<b>Total tax expense</b>	1,592	824	1,592	824

The Group's effective tax rates for the current quarter and cumulative quarter ended 30 November 2023 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**

a) Status of corporate proposals

- i. On 17 January 2023, the Company announced that it had entered into the following agreements with Yong Kuen Hwan ("the Vendor"):
  - a. conditional share sale agreement for the proposed acquisition of 162,500 ordinary shares in the share capital of Lee & Yong Aluminium Sdn Bhd ("LYASB") ("LYASB Sale Shares"), representing 65% equity interest in LYASB for a purchase consideration of RM17,200,000 ("SSA 1") of which RM8,100,000 is to be satisfied by cash and the remaining RM9,100,000 shall be satisfied via the issuance and allotment of 10,459,770 new ordinary shares in the Company at an issue price of RM0.87 per share ("Acquisition 1"); and
  - b. conditional share sale agreement for the acquisition of 29,184 ordinary shares in the share capital of Trans United Sdn Bhd ("TUSB"), representing 100% equity interest in TUSB for a cash purchase consideration of RM1,000,000 ("SSA 2") ("Acquisition 2").

On 12 May 2023, the Company entered into a supplemental share sale agreement with the Vendor to vary the number of ordinary shares of LYASB to be acquired pursuant to SSA 1 from 162,500 LYASB Sale Shares to 487,500 LYASB Sale Shares. There was no change to the equity interest in LYASB acquired (i.e. 65% equity interest in LYASB).

The Acquisition 1 and Acquisition 2 were approved by the shareholders on 14 July 2023 and were completed on 8 September 2023.

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**B6 Status of corporate proposals and utilisation of proceeds (Cont'd)**

a) Status of corporate proposals (cont'd)

- ii. On 15 January 2024, the Company announced that it had entered into a conditional share sale agreement with ETA Industries Sdn Bhd (“the Vendor”) for the proposed acquisition of 1,743,000 ordinary shares in the share capital of ETA World Sdn Bhd (“ETAW”), representing 70% equity interest in ETAW for a purchase consideration of RM56,000,000, of which RM28,100,000 is to be satisfied by cash and the remaining RM27,900,000 shall be satisfied via the issuance and allotment of 30,000,000 new ordinary shares in the Company at an issue price of RM0.93 per share (“Proposed Acquisition”).

In conjunction with the Proposed Acquisition, the Company intends to undertake the diversification of the business into construction services and property development, which includes design, build and sale of industrial properties.

On the same date, the Company had also entered into a Shareholders’ Agreement with the Vendor for the purpose of regulating their relationship with one another and to record the terms agreed between them to govern the management and operations in relation to ETAW.

b) Utilisation of proceeds – Public issue

As at 27 October 2023, 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 <sup>(1)</sup>	5,000	(5,000)	-	Within 36 months <sup>(2)</sup>
Automation of manufacturing process	4,000	(4,000)	-	Within 36 months <sup>(2)</sup>
Working capital	6,200	(6,200)	-	Within 18 months
Estimated listing expenses	3,000	(3,000)	-	Within 1 month
	<u>18,200</u>	<u>(18,200)</u>	<u>-</u>	

**Notes:**

- 1) The Acquisition of Property was completed on 17 January 2023.
- 2) On 21 October 2022, the Company announced the extension of timeframe for the utilisation of proceeds from within 24 months to within 36 months (i.e. by 27 October 2023).

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**B7 Loans and borrowings**

The Group's borrowings were as follows:

	<b>Unaudited</b> <b>As at 30/11/2023</b> <b>RM'000</b>	<b>Audited</b> <b>As at 31/08/2023</b> <b>RM'000</b>
<b>Current:</b>		
Term loans	283	80
Lease liabilities	69	66
Hire purchase payables	222	49
Bank overdrafts	4,311	-
Banker acceptances	1,510	-
	6,395	195
<b>Non-current:</b>		
Term loans	1,203	-
Lease liabilities	32	41
Hire purchase payables	528	123
	1,763	164
<b>Total Group's borrowings</b>	8,158	359

**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 2023.

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**B10 Earnings per share (“EPS”)**

a) Basic EPS

Basic EPS are based on the profit for the financial period attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period.

The basic EPS for the current quarter and financial period ended 30 November 2023 are calculated as follows:

	← Unaudited →			
	Current Quarter ended 30 November 2023		Cumulative Quarter ended 30 November 2023	
	2023	2022	2023	2022
Profit attributable to owners of the Company (RM'000)	4,402	2,334	4,402	2,334
Weighted average number of ordinary shares (‘000)	333,733	325,000	333,733	325,000
Basic EPS (sen)	1.32	0.72	1.32	0.72

b) Diluted EPS

Diluted EPS are based on the profit for the financial period attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on conversion of all the diluted potential ordinary shares into ordinary shares.

The diluted EPS for the current quarter and financial period ended 30 November 2023 are calculated as follows:

	← Unaudited →			
	Current Quarter ended 30 November 2023		Cumulative Quarter ended 30 November 2023	
	2023	2022	2023	2022
Profit attributable to owners of the Company (RM'000)	4,402	2,334	4,402	2,334
Weighted average number of ordinary shares (‘000)	333,733	325,000	333,733	325,000
Adjustment for dilutive effect of warrants (‘000)	9,292	-	9,292	-
Weighted average number of ordinary shares for diluted EPS (‘000)	343,025	325,000	343,025	325,000
Diluted EPS (sen)	1.28	0.72	1.28	0.72



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

	← Unaudited →			
	Current Quarter		Cumulative Quarter	
	ended 30 November		ended 30 November	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- current period	60	35	60	35
- prior period	-	12	-	12
Depreciation of				
- property, plant and equipment	375	119	375	119
- investment property	6	-	6	-
Finance costs	173	5	173	5
Interest income	(118)	(99)	(118)	(99)
Reversal of impairment loss on trade receivables	(233)	-	(233)	-
Net realised loss/(gain) on foreign exchange	32	(13)	32	(13)
Rental expense	46	60	46	60

**By Order of the Board**

**CHUA SIEW CHUAN (MAICSA 0777689)**  
**Company Secretary**  
**Kuala Lumpur**  
**29 January 2024**