



ECONFRAME BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2024**

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 2024**

	Unaudited Current Quarter ended 31 August 2024 RM'000	Unaudited Current Quarter ended 31 August 2023 RM'000	Unaudited Financial Year ended 31 August 2024 RM'000	Audited Financial Year ended 31 August 2023 RM'000
Revenue	24,435	21,018	103,540	75,909
Cost of sales	(17,704)	(13,579)	(71,895)	(50,948)
Gross profit	6,731	7,439	31,645	24,961
Other income	47	277	791	648
Administrative expenses	(3,483)	(1,825)	(15,089)	(6,772)
Distribution expenses	(226)	(289)	(1,050)	(979)
Impairment loss	(345)	(66)	(345)	(66)
Reversal of impairment loss	8	-	385	-
Operating profit	2,732	5,536	16,337	17,792
Finance costs	(97)	(3)	(453)	(17)
Profit before tax	2,635	5,533	15,884	17,775
Income tax expense	(771)	(1,472)	(4,205)	(4,712)
Profit for the financial year	1,864	4,061	11,679	13,063
Other comprehensive income, net of tax <i>Item that will not be reclassified subsequently to profit or loss</i>				
Movement of revaluation reserve	3,755	-	3,357	1,564
Other comprehensive income for the financial year	3,755	-	3,357	1,564
Total comprehensive income for the financial year	5,619	4,061	15,036	14,627
Profit/(Loss) for the financial year attributable to:				
- Owners of the Company	1,718	4,063	10,962	13,064
- Non-controlling interests	146	(2)	717	(1)
	1,864	4,061	11,679	13,063
Total comprehensive income/(loss) for the financial year attributable to:				
- Owners of the Company	5,473	4,063	14,319	14,628
- Non-controlling interests	146	(2)	717	(1)
	5,619	4,061	15,036	13,063
Earnings per share attributable to owners of the Company:				
- Basic (sen)	0.48	1.15	3.23	3.93
- Diluted (sen)	0.48	1.13	3.23	3.91

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 31 AUGUST 2024**

	Unaudited As at 31 August 2024 RM'000	Audited As at 31 August 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,202	21,275
Investment property	270	300
Intangible assets	5,626	-
Goodwill on consolidation	10,069	-
	<u>53,167</u>	<u>21,575</u>
Current assets		
Inventories	17,295	12,275
Trade and other receivables	32,184	29,960
Contract assets	5,790	-
Current tax assets	4	-
Short-term deposits	23,584	17,936
Cash and bank balances	16,122	13,731
	<u>94,979</u>	<u>73,902</u>
Total assets	<u>148,146</u>	<u>95,477</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	65,127	50,624
Revaluation reserve	9,123	5,854
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	65,858	54,808
	<u>114,283</u>	<u>85,461</u>
Non-controlling interests	4,743	(28)
Total equity	<u>119,026</u>	<u>85,433</u>
Non-current liabilities		
Loans and borrowings	1,863	164
Deferred taxation	5,142	1,829
	<u>7,005</u>	<u>1,993</u>
Current liabilities		
Loans and borrowings	7,287	195
Trade and other payables	11,556	6,517
Contract liabilities	3,038	-
Current tax liabilities	234	1,339
	<u>22,115</u>	<u>8,051</u>
Total liabilities	<u>29,120</u>	<u>10,044</u>
Total equity and liabilities	<u>148,146</u>	<u>95,477</u>
Net assets per share attributable to owners of the Company (sen)	<u>31.35</u>	<u>24.96</u>

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

	Non-Distributable reserve			Distributable reserve	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000			
<u>Audited</u>							
Balance as at 1 September 2022	43,330	4,355	(25,825)	41,679	63,539	(27)	63,512
Profit/(loss) for the financial year	-	-	-	13,064	13,064	(1)	13,063
Other comprehensive income for the financial year	-	1,564	-	-	1,564	-	1,564
Total comprehensive income/(loss) for the financial year	-	1,564	-	13,064	14,628	(1)	14,627
Realisation of revaluation reserve	-	(65)	-	65	-	-	-
Transactions with the owners:							
Issuance of ordinary shares pursuant to warrant exercised	7,294	-	-	-	7,294	-	7,294
Balance as at 31 August 2023	50,624	5,854	(25,825)	54,808	85,461	(28)	85,433

	Non-Distributable reserve			Distributable reserve	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000			
<u>Unaudited</u>							
Balance as at 1 September 2023	50,624	5,854	(25,825)	54,808	85,461	(28)	85,433
Profit for the financial year	-	-	-	10,962	10,962	717	11,679
Other comprehensive income for the financial year	-	3,357	-	-	3,357	-	3,357
Total comprehensive income for the financial year	-	3,357	-	10,962	14,319	717	15,036
Realisation of revaluation reserve	-	(88)	-	88	-	-	-
Transactions with the owners:							
Issuance of ordinary shares pursuant to warrant exercised	4,932	-	-	-	4,932	-	4,932
Consideration shares issued for the acquisition of a subsidiary	9,571	-	-	-	9,571	-	9,571
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	4,054	4,054
	14,503	-	-	-	14,503	4,054	18,557
Balance as at 31 August 2024	65,127	9,123	(25,825)	65,858	114,283	4,743	119,026

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 YEAR ENDED 31 AUGUST 2024**

	Unaudited Financial year ended 31 August 2024 RM'000	Audited Financial year ended 31 August 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	15,884	17,775
Adjustments for:		
Depreciation of property, plant & equipment	1,662	659
Amortisation of intangible assets	3,665	-
Fair value loss on investment property	30	-
Assets written off	1	-
Bad debts written off	15	266
Inventories written off	54	-
Inventories written down	79	-
Impairment loss	345	66
Reversal of impairment loss	(385)	-
Gain on disposal of property, plant & equipment	(108)	-
Gain on lease modification	(11)	-
Finance costs	453	17
Interest income	(503)	(545)
Net unrealised foreign exchange (gain)/loss	(15)	1
Operating profit before changes in working capital	21,166	18,239
Changes in working capital:		
Inventories	(3,050)	2,420
Trade and other receivables	(834)	(5,459)
Trade and other payables	1,117	(1,789)
Contract assets	(2,378)	25
Contract liabilities	2,185	-
Net cash generated from operations	18,206	13,436
Income tax paid	(5,749)	(4,060)
Interest paid	(320)	-
Net cash flows from operating activities	12,137	9,376
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,807)	(10,278)
Proceeds from disposal of property, plant and equipment	110	-
Change in pledged deposits	543	(120)
Interest income	431	488
Net cash outflows for the acquisitions of subsidiaries	(11,219)	-
Other investing activity ⁽²⁾	-	(1,820)
Net cash flows used in investing activities	(13,942)	(11,730)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)**

	Unaudited	Audited
	Financial year ended	
	31 August 2024	31 August 2023
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from warrants conversion	4,932	7,294
Net repayment of term loans	(409)	(161)
Repayment of lease liabilities	(167)	(76)
Drawdown of hire purchase	376	80
Repayment of hire purchase	(305)	(54)
Net changes in banker acceptances	3,507	-
Net cash flows from financing activities	7,934	7,083
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,129	4,729
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	28,483	23,755
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	34,612	28,484

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

	Unaudited	Audited
	As at	
	31 August 2024	31 August 2023
	RM'000	RM'000
Short-term deposits	23,584	17,936
Cash and bank balances	16,122	13,731
	39,706	31,667
Less: Pledged deposits	(3,325)	(3,183)
Less: Bank overdrafts	(1,769)	-
Cash and cash equivalents	34,612	28,484

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 for financial year ended 31 August 2023 represents the 10% of the purchase consideration paid for the proposed acquisitions as disclosed in Note B6(b)(i).

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 to MFRSs

MFRS 101	Presentation of Financial Statements
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 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.

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A6 Debt and equity securities

During the financial year ended 31 August 2024, the issued share capital of the Company increased from 342,366,350 to 364,568,420 pursuant to:

- i. the issuance of 10,459,770 new ordinary shares as consideration shares for the acquisition of Lee & Yong Aluminium Sdn Bhd (“Acquisition”) at an issue price of RM0.87 per share, and subsequently valued at fair value of RM0.915 per consideration share upon completion of the Acquisition; and
- ii. the issuance of 11,742,300 new ordinary shares arising from the exercise of warrants at the exercise price of RM0.42 for cash of RM4,931,766.

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

A7 Dividend paid

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

A8 Segment information

The unaudited segment information for the financial year ended 31 August 2024 are as follows:

	← Unaudited →		
	Financial year ended 31 August 2024		
	Manufacturing	Trading	Total
	RM'000	RM'000	RM'000
Revenue			
Total revenue	90,035	17,111	107,146
Inter-segment revenue	(3,606)	-	(3,606)
Revenue from external customers	86,429	17,111	103,540
Segment profit	26,729	4,916	31,645
Other income			791
Reversal of impairment loss			385
Impairment loss			(345)
Amortisation of intangible assets			(3,665)
Unallocated expenses			(12,474)
Finance costs			(453)
Income tax expense			(4,205)
Profit for the financial year			11,679

A9 Valuation of property, plant and equipment

The Group has carried out valuations on its property, plant and equipment during the current financial year under review. A revaluation surplus, net of deferred tax, of RM3.36 million has been recognised in other comprehensive income and credited to the revaluation reserve during the current financial year under review.

A10 Material events subsequent to the end of the financial year

Save as disclosed in Note B6(b), there was no material event subsequent to the end of the financial year under review.

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A11 Changes in the composition of the Group

On 8 September 2023 (“Acquisition Date”), 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 identifiable net assets acquired and net cash outflows on acquisitions of LYASB and TUSB are analysed as follows:

	As at Acquisition Date			Total RM'000
	LYASB RM'000	TUSB RM'000	Elimination RM'000	
Property, plant and equipment	7,090	-	-	7,090
Investment property	-	1,092	-	1,092
Intangible assets	9,291	-	-	9,291
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
Cash and short-term deposits	956	12	-	968
Deferred tax liabilities	(3,192)	-	-	(3,192)
Loans and borrowings	(7,767) ⁽¹⁾	-	-	(7,767) ⁽¹⁾
Trade and other payables	(3,074)	(104)	-	(3,178)
Contract liabilities	(853)	-	-	(853)
Current tax liability	-	*	-	*
Total fair values of the identifiable net assets	11,584	1,000	72	12,656
Less: Non-controlling interests, measured at the proportionate share of the fair values of the identifiable net assets	(4,054)	-	-	(4,054)
Total identifiable net assets acquired	7,530	1,000	72	8,602
Goodwill on consolidation	10,141	-	(72)	10,069
Total fair value of purchase consideration	17,671	1,000	-	18,671
Less: cash deposits paid ⁽²⁾	(1,720)	(100)	-	(1,820)
fair value of consideration shares ⁽³⁾	(9,571)	-	-	(9,571)
cash and cash equivalents acquired	(343)	(12)	-	(355)
Add: bank overdrafts	4,294	-	-	4,294
Net cash outflows on acquisitions	10,331	888	-	11,219

* less than RM0.1 million.

⁽¹⁾ including bank overdrafts of RM4,294 million.

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

⁽³⁾ 10,459,770 ordinary shares at closing market share price of RM0.915 per share as at Acquisition Date extracted from Bursa Securities.

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

The Group assessed the fair values of the identified assets acquired and liabilities assumed on the Acquisition Date, including the identification and measurement of intangible assets via a purchase price allocation exercise. Accordingly, the Group has recognised intangible assets relating to secured contracts of RM9,290,557 with corresponding deferred tax liabilities of RM2,229,734.

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	<u>2,310</u>

A13 Significant related party transactions

There were no material related party transactions during the current financial year 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				Financial Year ended			
	31 August		Variance		31 August		Variance	
	2024	2023	RM'000	%	2024	2023	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
Manufacturing	20,457	17,311	3,146	18	86,429	65,324	21,105	32
Trading	3,978	3,707	271	7	17,111	10,585	6,526	62
	24,435	21,018	3,417	16	103,540	75,909	27,631	36
Segment profit								
Manufacturing	5,408	6,882	(1,474)	(21)	26,729	22,385	4,344	19
Trading	1,323	557	766	>100	4,916	2,576	2,340	91
	6,731	7,439	(708)	(10)	31,645	24,961	6,684	27
Other income	47	277	(230)	(83)	791	648	143	22
Reversal of impairment loss	8	-	8	NC	385	-	385	NC
Impairment loss	(345)	(66)	(279)	(>100)	(345)	(66)	(279)	(>100)
Amortisation of intangible assets	(677)	-	(677)	NC	(3,665)	-	(3,665)	NC
Unallocated expenses	(3,032)	(2,114)	(918)	(43)	(12,474)	(7,751)	(4,723)	(61)
Finance costs	(97)	(3)	(94)	(>100)	(453)	(17)	(436)	(>100)
Profit before tax	2,635	5,533	(2,898)	(52)	15,884	17,775	(1,891)	(11)

NC: Not comparable

Current quarter ended 31 August 2024 (“4Q 2024”) compared with preceding year corresponding quarter ended 31 August 2023 (“4Q 2023”)

The Group recorded a revenue of RM24.44 million in 4Q 2024, representing an increase of RM3.42 million or 16% compared to RM21.02 million in 4Q 2023. The increase was mainly contributed by the manufacturing segment of RM3.15 million.

Despite of higher revenue recorded, the Group recorded a lower profit before tax of RM2.64 million in 4Q 2024, reflecting a decrease of RM2.90 million or 52% compared to RM5.53 million in 4Q 2023. The decrease was mainly due to the lower of gross profit margin contribution from the manufacturing segment and the amortisation of intangible assets arising from the purchase price allocation exercise in accordance with MFRS 3: Business Combinations, in relation to the acquisition of LYASB.

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B1 Review of performance (Cont'd)

Financial year ended 31 August 2024 (“FYE 2024”) compared with preceding year corresponding financial year ended 31 August 2023 (“FYE 2023”)

The Group recorded a revenue of RM103.54 million for the FYE 2024, representing an increase of RM27.63 million or 36% compared to RM75.91 million for the FYE 2023. The increase was mainly contributed by the manufacturing segment of RM21.11 million.

The Group recorded a lower profit before tax of RM15.88 million for the FYE 2024, a decrease of RM1.89 million or 11% compared to RM17.78 million for the FYE 2023. The decrease was mainly due the amortisation of intangible assets amounting to RM3.67 million. Excluding the impact of the amortisation of intangible assets, the Group would have registered a profit before tax of RM19.55 million for the FYE 2024, representing an increase of RM1.77 million or 10% compared to the FYE 2023, aligning with the higher revenue recorded.

B2 Comparison with immediate preceding quarter’s results

	Current Quarter ended 31 August 2024 RM'000	Preceding Quarter ended 31 May 2024 RM'000	Variance	
			RM'000	%
Revenue				
Manufacturing	20,457	20,605	(148)	(1)
Trading	3,978	4,334	(356)	(8)
	24,435	24,939	(504)	(2)
Segment profit				
Manufacturing	5,408	6,591	(1,183)	(18)
Trading	1,323	903	420	47
	6,731	7,494	(763)	(10)
Other income	47	378	(331)	(88)
Reversal of impairment loss	8	29	(21)	(72)
Impairment loss	(345)	-	(345)	NC
Amortisation of intangible assets	(677)	(2,988)	2,311	77
Unallocated expenses	(3,032)	(3,203)	171	5
Finance costs	(97)	(97)	0	0
Profit before tax	2,635	1,613	1,022	63

NC: Not comparable

B2 Comparison with immediate preceding quarter's results (Cont'd)

Current quarter ended 31 August 2024 ("4Q 2024") compared with immediate preceding quarter ended 31 May 2024 ("3Q 2024")

The Group recorded a revenue of RM24.44 million in 4Q 2024, representing a slight decrease of RM0.50 million or 2% compared to RM24.94 million in 3Q 2024.

Excluding the impact of the amortisation of intangible assets, which amounted to RM0.68 million in 4Q 2024 and RM2.99 million in 3Q 2024, the Group would have registered a profit before tax of RM3.31 million for 4Q 2024 and RM4.60 million for 3Q 2024, representing a decrease of RM1.29 million or 28% in 4Q 2024, which was in line with the lower revenue recorded.

B3 Prospects

The Group is well-positioned for growth in the coming financial year, supported by a combination of strategic initiatives and operational expansion. The outlook for the manufacturing segment remains positive, backed by a strong order book in both the doors and aluminium sectors, which ensures healthy business continuity.

The Group's recent investment in the glass processing segment represents a pivotal move, as it complementing LYASB's core business and enhances the overall cost control and operational efficiency within the Group. Furthermore, the recent Malaysia Budget 2025 places a strong emphasis on infrastructure development, which is expected to drive demand for materials like aluminum and glass. This trend is likely to benefit the Group by increasing potential orders and revenue, allowing it to capitalise on market opportunities.

Looking ahead, the Group's strategic focus on vertical integration and business diversification will likely result in improved profitability and financial stability. Additionally, the Group is on the lookout for new opportunities, including potential acquisitions, which will enable it to leverage market demand and grow its revenue.

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 Current Quarter ended 31 August 2024 RM'000	Unaudited Current Quarter ended 31 August 2023 RM'000	Unaudited Financial Year ended 31 August 2024 RM'000	Audited Financial Year ended 31 August 2023 RM'000
Current income tax				
Current income tax charge	1,002	1,357	5,227	4,532
Overprovision in respect of prior years	-	-	(81)	(49)
Deferred tax				
(Reversal)/Origination of temporary differences	(143)	77	(785)	193
(Over)/Under provision in respect of prior years	(88)	38	(156)	36
Total tax expense	771	1,472	4,205	4,712

The Group's effective tax rates for the current quarter and financial year ended 31 August 2024 were higher than the statutory income tax rate mainly due to higher non-tax deductible expenses.

B6 Status of utilisation of proceeds and corporate proposals

a) 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 ⁽¹⁾	5,000	(5,000)	-	Within 36 months ⁽²⁾
Automation of manufacturing process	4,000	(4,000)	-	Within 36 months ⁽²⁾
Working capital	6,200	(6,200)	-	Within 18 months
Estimated listing expenses	3,000	(3,000)	-	Within 1 month
	18,200	(18,200)	-	

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).

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

b) 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.

- 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 (“SSA”) (“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.

On 15 July 2024, the Company announced that pursuant to the notice of mutual termination dated 15 July 2024, in consideration that the conditions precedent of the SSA have not been fulfilled within the stipulated time period, the Company and the Vendor have mutually agreed not to extend the period for the fulfilment of the conditions precedent of the SSA in relation to the Proposed Acquisition.

In view that the SSA has not been extended, the parties have agreed to terminate the SSA. The SSA shall be revoked, rescinded and be of no further force or effect whatsoever as at the date of notice of mutual termination and neither party shall have any further claim against the other pursuant to the SSA.

Consequential to the termination of the SSA, the Shareholders’ Agreement shall likewise be terminated and no longer have any effect as at the date of notice of mutual termination and neither party shall have any further claim against the other pursuant to or under the Shareholders’ Agreement.

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

b) Status of corporate proposals (Cont'd)

- iii. On 3 September 2024, the Company announced that it had incorporated a wholly-owned subsidiary, namely Duroe Glass Sdn. Bhd. (“Duroe Glass”). Simultaneous with the incorporation of Duroe Glass, the Company had through Duroe Glass entered into an Assets Purchase Agreement (“APA”) with Suria Kaca Sdn. Bhd. (“Suria Kaca” or the “Vendor”), for the acquisition of machineries and motor vehicles (“Assets”) for a purchase consideration of RM3,000,000.00, of which RM2,996,500.00 is to be satisfied in cash and the remaining RM3,500.00 shall be via the issuance and allotment of 3,500 new ordinary shares in the share capital of Duroe Glass (“Consideration Shares”) at an issue price of RM1.00 per Consideration Share to the Vendor’s appointed nominee, i.e. Mr. Sim Han Kai (“Proposed Acquisition of Assets”).

In conjunction with the Proposed Acquisition of Assets, the Company had, on the same date, entered into a Shareholders’ Agreement with Mr. Sim, who is also the director and major shareholder of Suria Kaca, 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 Duroe Glass.

The Proposed Acquisition of Assets has been completed on 20 September 2024.

B7 Loans and borrowings

The Group’s borrowings were as follows:

	Unaudited As at 31 August 2024 RM’000	Audited As at 31 August 2023 RM’000
Current:		
Term loans	225	80
Lease liabilities	226	66
Hire purchase payables	292	49
Bank overdrafts	1,769	-
Banker acceptances	4,775	-
	7,287	195
Non-current:		
Term loans	1,047	-
Lease liabilities	167	41
Hire purchase payables	649	123
	1,863	164
Total Group’s borrowings	9,150	359

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B8 Material litigation

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

B9 Dividends

The Board of Directors has declared an interim single-tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 August 2024. The interim single-tier dividend shall be payable on 11 December 2024 to shareholders of the Company whose name appear in the Record of Depositors at the close of business on 22 November 2024. The interim financial report does not reflect this dividend. Such dividend will be accounted for in the equity as an appropriation of retained earnings in the financial period ending 30 November 2024.

The total net dividend declared-to-date for the current financial year ended 31 August 2024 would amount to 2.0 sen per ordinary share.

B10 Earnings per share (“EPS”)

a) Basic EPS

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

The basic EPS for the current quarter and financial year ended 31 August 2024 are calculated as follows:

	Unaudited Current Quarter ended 31 August 2024	Unaudited Current Quarter ended 31 August 2023	Unaudited Financial Year ended 31 August 2024	Audited Financial Year ended 31 August 2023
Profit attributable to owners of the Company (RM'000)	<u>1,718</u>	<u>4,063</u>	<u>10,962</u>	<u>13,064</u>
Weighted average number of ordinary shares ('000)	<u>359,472</u>	<u>354,353</u>	<u>339,204</u>	<u>332,399</u>
Basic EPS (sen)	<u>0.48</u>	<u>1.15</u>	<u>3.23</u>	<u>3.93</u>

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B10 Earnings per share (“EPS”) (Cont’d)

b) Diluted EPS

Diluted EPS are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year 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 year ended 31 August 2024 are calculated as follows:

	Unaudited Current Quarter ended 31 August 2024	Unaudited Current Quarter ended 31 August 2023	Unaudited Financial Year ended 31 August 2024	Audited Financial Year ended 31 August 2023
Profit attributable to owners of the Company (RM'000)	<u>1,718</u>	<u>4,063</u>	<u>10,962</u>	<u>13,064</u>
Weighted average number of ordinary shares ('000)	359,472	354,353	339,204	332,399
Adjustment for dilutive effect of warrants ('000)	<u>2,075</u>	<u>6,019</u>	<u>522</u>	<u>1,517</u>
Weighted average number of ordinary shares for diluted EPS ('000)	<u>361,547</u>	<u>360,372</u>	<u>339,726</u>	<u>333,916</u>
Diluted EPS (sen)	<u>0.48</u>	<u>1.13</u>	<u>3.23</u>	<u>3.91</u>

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

	Unaudited Current Quarter ended 31 August 2024 RM'000	Unaudited Current Quarter ended 31 August 2023 RM'000	Unaudited Financial Year ended 31 August 2024 RM'000	Audited Financial Year ended 31 August 2023 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- current year	58	35	242	140
- prior year	-	-	15	12
Depreciation of property, plant and equipment	433	200	1,662	659
Amortisation of intangible assets	677	-	3,665	-
Impairment loss	345	66	345	66
Reversal of impairment loss	(8)	-	(385)	-
Finance costs	97	3	453	17
Interest income	(220)	(246)	(503)	(545)
Net realised (gain)/loss on foreign exchange	(10)	3	131	36
Rental expense	73	7	215	107

By Order of the Board

YEOW SZE MIN (MAICSA7065735)
TAN LOO EE (MAICSA 7063694)
Company Secretary
Kuala Lumpur
30 October 2024