



ECONFRAME BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MAY 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 PERIOD ENDED 31 MAY 2024**

	← Unaudited →			
	Current Quarter ended		Cumulative Quarter ended	
	31 May 2024	31 May 2023	31 May 2024	31 May 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	24,939	19,593	79,105	54,891
Cost of sales	(17,445)	(13,249)	(54,191)	(37,369)
Gross profit	7,494	6,344	24,914	17,522
Other income	210	154	550	371
Administrative expenses	(5,931)	(1,649)	(11,606)	(4,947)
Distribution expenses	(260)	(217)	(824)	(690)
Reversal of impairment loss	197	-	571	-
Operating profit	1,710	4,632	13,605	12,256
Finance costs	(97)	(4)	(356)	(14)
Profit before tax	1,613	4,628	13,249	12,242
Income tax expense	(522)	(1,122)	(3,434)	(3,240)
Profit for the financial period	1,091	3,506	9,815	9,002
Other comprehensive (loss)/income, net of tax <i>Item that will not be reclassified subsequently to profit or loss</i>				
Movement of revaluation reserve	-	-	(398)	1,564
Other comprehensive (loss)/income for the financial period	-	-	(398)	1,564
Total comprehensive income for the financial period	1,091	3,506	9,417	10,566
Profit/(Loss) for the financial period attributable to:				
- Owners of the Company	1,473	3,507	9,244	9,001
- Non-controlling interests	(382)	(1)	571	1
	1,091	3,506	9,815	9,002
Total comprehensive income/(loss) for the financial period attributable to:				
- Owners of the Company	1,473	3,507	8,846	10,565
- Non-controlling interests	(382)	(1)	571	1
	1,091	3,506	9,417	10,566
Earnings per share attributable to owners of the Company:				
- Basic (sen)	0.42	1.04	2.73	2.73
- Diluted (sen)	0.42	1.02	2.73	2.72

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 MAY 2024**

	Unaudited As at 31 May 2024 RM'000	Audited As at 31 August 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,899	21,275
Investment properties	1,282	300
Intangible assets	6,303	-
Goodwill on consolidation	10,161	-
	<u>47,645</u>	<u>21,575</u>
Current assets		
Inventories	20,397	12,275
Trade and other receivables	36,481	29,960
Contract assets	5,571	-
Short-term deposits	14,510	17,936
Cash and bank balances	14,849	13,731
	<u>91,808</u>	<u>73,902</u>
Total assets	<u>139,453</u>	<u>95,477</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	64,431	50,624
Revaluation reserve	5,388	5,854
Reorganisation reserve	(25,825)	(25,825)
Retained earnings	64,120	54,808
	<u>108,114</u>	<u>85,461</u>
Non-controlling interests	4,597	(28)
Total equity	<u>112,711</u>	<u>85,433</u>
Non-current liabilities		
Loans and borrowings	1,960	164
Deferred taxation	4,373	1,829
	<u>6,333</u>	<u>1,993</u>
Current liabilities		
Loans and borrowings	5,234	195
Trade and other payables	13,380	6,517
Contract liabilities	1,010	-
Current tax liabilities	785	1,339
	<u>20,409</u>	<u>8,051</u>
Total liabilities	<u>26,742</u>	<u>10,044</u>
Total equity and liabilities	<u>139,453</u>	<u>95,477</u>
Net assets per share attributable to owners of the Company (sen)	<u>29.79</u>	<u>24.96</u>

Notes:

- 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 PERIOD ENDED 31 MAY 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			
Unaudited							
Balance as at 1 September 2022	43,330	4,355	(25,825)	41,679	63,539	(27)	63,512
Profit for the financial period	-	-	-	9,001	9,001	1	9,002
Other comprehensive income for the financial period	-	1,564	-	-	1,564	-	1,564
Total comprehensive income for the financial period	-	1,564	-	9,001	10,565	1	10,566
Realisation of revaluation reserve	-	(44)	-	44	-	-	-
Transactions with the owners:							
Issuance of ordinary shares pursuant to warrant exercised	6,031	-	-	-	6,031	-	6,031
Balance as at 31 May 2023	49,361	5,875	(25,825)	50,724	80,135	(26)	80,109

	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			
Unaudited							
Balance as at 1 September 2023	50,624	5,854	(25,825)	54,808	85,461	(28)	85,433
Profit for the financial period	-	-	-	9,244	9,244	571	9,815
Other comprehensive loss for the financial period	-	(398)	-	-	(398)	-	(398)
Total comprehensive (loss)/income for the financial period	-	(398)	-	9,244	8,846	571	9,417
Realisation of revaluation reserve	-	(68)	-	68	-	-	-
Transactions with the owners:							
Issuance of ordinary shares pursuant to warrant exercised	4,236	-	-	-	4,236	-	4,236
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
	13,807	-	-	-	13,807	4,054	17,861
Balance as at 31 May 2024	64,431	5,388	(25,825)	64,120	108,114	4,597	112,711

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 31 MAY 2024**

	Unaudited	
	Financial period ended	
	31 May 2024	31 May 2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,249	12,242
Adjustments for:		
Depreciation of property, plant & equipment	1,211	459
Depreciation of investment property	18	-
Amortisation of intangible assets	2,988	-
Assets written off	1	-
Bad debts written off	-	134
Reversal of impairment loss on trade receivables	(571)	-
Gain on disposal of property, plant & equipment	(103)	-
Gain on lease modification	(11)	-
Finance costs	356	14
Interest income	(283)	(299)
Net unrealised foreign exchange (gain)/loss	(1)	16
Operating profit before changes in working capital	16,854	12,566
Changes in working capital:		
Inventories	(6,018)	3,183
Trade and other receivables	1,014	(3,448)
Trade and other payables	3,686	(2,848)
Contract assets	(2,159)	25
Contract liabilities	157	-
Net cash generated from operations	13,534	9,478
Income tax paid	(4,192)	(2,734)
Interest paid	(252)	-
Net cash flows from operating activities	9,090	6,744
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,598)	(8,906)
Proceeds from disposal of property, plant and equipment	105	-
Change in pledged deposits	543	(90)
Interest income	283	299
Net cash outflows for the acquisitions of subsidiaries	(11,219)	-
Other investing activity ⁽²⁾⁽³⁾	(5,600)	(1,820)
Net cash flows used in investing activities	(18,486)	(10,517)

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

	Unaudited	
	Financial period ended	
	31 May 2024	31 May 2023
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from warrants conversion	4,236	6,044
Repayment of term loans	(343)	(130)
Repayment of lease liabilities	(114)	(54)
Drawdown of hire purchase	259	-
Repayment of hire purchase	(220)	(44)
Net changes in banker acceptances	1,808	-
Net cash flows from financing activities	5,626	5,816
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,770)	2,043
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	28,483	23,755
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	24,713	25,798

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

	Unaudited	
	As at	As at
	31 May 2024	31 May 2023
	RM'000	RM'000
Short-term deposits	14,510	20,847
Cash and bank balances	14,849	8,047
	29,359	28,894
Less: Pledged deposits	(3,253)	(3,096)
Less: Bank overdrafts	(1,393)	-
Cash and cash equivalents	24,713	25,798

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 period ended 31 May 2024 represents the earnest deposit paid for the proposed acquisition as disclosed in Note B6(b)(ii).
- 3) The other investing activity for financial period ended 31 May 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/Improvements 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 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 31 May 2024, the issued share capital of the Company increased from 342,366,350 to 362,912,920 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 10,086,800 new ordinary shares arising from the exercise of warrants at the exercise price of RM0.42 for cash of RM4,236,456.

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 31 May 2024 are as follows:

	← Unaudited →		
	Financial period ended 31 May 2024		
	Manufacturing RM'000	Trading RM'000	Total RM'000
Revenue			
Total revenue	68,753	13,133	81,886
Inter-segment revenue	(2,781)	-	(2,781)
Revenue from external customers	65,972	13,133	79,105
Segment profit	21,321	3,593	24,914
Other income			550
Reversal of impairment loss on trade receivables			571
Amortisation of intangible assets			(2,988)
Unallocated expenses			(9,442)
Finance costs			(356)
Income tax expense			(3,434)
Profit for the financial period			9,815

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(b), 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 (“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	-	1,000	-	1,000
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	908	72	12,564
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	908	72	8,510
Goodwill on consolidation	10,141	92	(72)	10,161
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.

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 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				Cumulative Quarter ended			
	31 May 2024	31 May 2023	Variance		31 May 2024	31 May 2023	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
Manufacturing	20,605	16,875	3,730	22	65,972	48,013	17,959	37
Trading	4,334	2,718	1,616	59	13,133	6,878	6,255	91
	24,939	19,593	5,346	27	79,105	54,891	24,214	44
Segment profit								
Manufacturing	6,591	5,389	1,202	22	21,321	15,503	5,818	38
Trading	903	955	(52)	(5)	3,593	2,019	1,574	78
	7,494	6,344	1,150	18	24,914	17,522	7,392	42
Other income	210	154	56	36	550	371	179	48
Reversal of impairment loss on trade receivables	197	-	197	NC	571	-	571	NC
Amortisation of intangible assets	(2,988)	-	(2,988)	NC	(2,988)	-	(2,988)	NC
Unallocated expenses	(3,203)	(1,866)	(1,337)	(72)	(9,442)	(5,637)	(3,805)	(68)
Finance costs	(97)	(4)	(93)	(>100)	(356)	(14)	(342)	(>100)
Profit before tax	1,613	4,628	(3,015)	(65)	13,249	12,242	1,007	8

NC: Not comparable

Current quarter ended 31 May 2024 (“3Q 2024”) compared with preceding year corresponding quarter ended 31 May 2023 (“3Q 2023”)

The Group recorded a revenue of RM24.94 million in 3Q 2024, representing an increase of RM5.35 million or 27% compared to RM19.59 million in 3Q 2023. The increase was mainly contributed by the manufacturing segment of RM3.73 million.

The Group recorded a profit before tax of RM1.61 million in 3Q 2024, reflecting a decrease of RM3.02 million or 65% compared to RM4.63 million in 3Q 2023. The decrease was mainly due to the amortisation of intangible assets amounting to RM2.99 million, arising from the purchase price allocation exercise in accordance with MFRS 3: Business Combinations, in relation to the acquisition of LYASB.

Excluding the impact of the amortisation of intangible assets, the Group would have registered a profit before tax of RM4.60 million in 3Q 2024, which is comparable to 3Q 2023, despite the higher revenue recorded. This equilibrium was due to the lower of overall gross profit margins contribution in 3Q 2024, which offset the increased profit before tax.

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B1 Review of performance (Cont'd)

Cumulative nine months ended 31 May 2024 (“YTD 3Q 2024”) compared with preceding year corresponding cumulative nine months ended 31 May 2023 (“YTD 3Q 2023”)

The Group recorded a revenue of RM79.10 million for YTD 3Q 2024, representing an increase of RM24.21 million or 44% compared to RM54.89 million for YTD 3Q 2023. The increase was mainly contributed by the manufacturing segment of RM17.96 million.

The Group recorded a profit before tax of RM13.25 million for YTD 3Q 2024, an increase of RM1.01 million or 8% compared to RM12.24 million for YTD 3Q 2023. Excluding the impact of the amortisation of intangible assets of RM2.99 million, the Group would have registered a profit before tax of RM16.24 million for YTD 3Q 2024, representing an increase of RM4.0 million or 33% compared to YTD 3Q 2023, aligning with the higher revenue recorded.

B2 Comparison with immediate preceding quarter’s results

	Current Quarter ended 31 May 2024 RM'000	Preceding Quarter ended 29 February 2024 RM'000	Variance RM'000	%
Revenue				
Manufacturing	20,605	22,644	(2,039)	(9)
Trading	4,334	4,337	(3)	(<1)
	24,939	26,981	(2,042)	(8)
Segment profit				
Manufacturing	6,591	7,334	(743)	(10)
Trading	903	1,185	(282)	(24)
	7,494	8,519	(1,025)	(12)
Other income	210	189	21	11
Reversal of impairment loss on trade receivables	197	141	56	40
Amortisation of intangible assets	(2,988)	-	(2,988)	NC
Unallocated expenses	(3,203)	(3,499)	296	8
Finance costs	(97)	(86)	(11)	(13)
Profit before tax	1,613	5,264	(3,651)	(69)

NC: Not comparable

Current quarter ended 31 May 2024 (“3Q 2024”) compared with immediate preceding quarter ended 29 February 2024 (“2Q 2024”)

The Group recorded a revenue of RM24.94 million in 3Q 2024, a decrease of RM2.04 million or 8% compared to RM26.98 million in 2Q 2024. The decrease was due to lower revenue contributed by the manufacturing segment, which was mainly driven by the lower sales orders for metal doors frames in 3Q 2024.

Excluding the impact of the amortisation of intangible assets of RM2.99 million, the Group would have registered a profit before tax of RM4.60 million, representing a decrease of RM0.66 million or 13% in 3Q 2024, which was in line with the lower revenue recorded.

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B3 Prospects

The Group's focus in the manufacturing segment will be on ensuring the timely completion of unfulfilled orders in hand while continuing to replenish its order books in both the doors and aluminum sectors to ensure they remain at healthy levels. The outlook for the manufacturing segment remains positive, underpinned by the enlarged order book following newly secured projects that can be expected going forward. The Group remains optimistic that the manufacturing segment will continue to contribute positively to the Group's performance for the financial year ending 31 August 2024.

Additionally, the Group will continue to pursue its long-term objectives by exploring new business opportunities for expansion, including acquiring businesses that complement its core operations and diversify its revenue stream.

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

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		Cumulative Quarter ended	
	31 May 2024	31 May 2023	31 May 2024	31 May 2023
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Current income tax charge	1,315	1,107	4,225	3,175
Overprovision in respect of prior years	(81)	(49)	(81)	(49)
Deferred tax				
(Reversal)/Origination of temporary differences	(644)	66	(642)	116
Overprovision in respect of prior years	(68)	(2)	(68)	(2)
Total tax expense	522	1,122	3,434	3,240

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

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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
	<u>18,200</u>	<u>(18,200)</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).

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.

B6 Status of utilisation of proceeds and corporate proposals (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 (“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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B7 Loans and borrowings

The Group's borrowings were as follows:

	Unaudited As at 31 May 2024 RM'000	Audited As at 31 August 2023 RM'000
Current:		
Term loans	224	80
Lease liabilities	262	66
Hire purchase payables	279	49
Bank overdrafts	1,393	-
Banker acceptances	3,076	-
	5,234	195
Non-current:		
Term loans	1,104	-
Lease liabilities	239	41
Hire purchase payables	617	123
	1,960	164
Total Group's borrowings	7,194	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 31 May 2024.

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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 31 May 2024 are calculated as follows:

	← Unaudited →			
	Current Quarter ended 31 May 2024	31 May 2023	Cumulative Quarter ended 31 May 2024	31 May 2023
Profit attributable to owners of the Company (RM'000)	1,473	3,507	9,244	9,001
Weighted average number of ordinary shares ('000)	349,126	338,686	338,015	329,609
Basic EPS (sen)	0.42	1.04	2.73	2.73

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 31 May 2024 are calculated as follows:

	← Unaudited →			
	Current Quarter ended 31 May 2024	31 May 2023	Cumulative Quarter ended 31 May 2024	31 May 2023
Profit attributable to owners of the Company (RM'000)	1,473	3,507	9,244	9,001
Weighted average number of ordinary shares ('000)	349,126	338,686	338,015	329,609
Adjustment for dilutive effect of warrants ('000)	1,346	5,404	452	1,821
Weighted average number of ordinary shares for diluted EPS ('000)	350,472	344,090	338,467	331,430
Diluted EPS (sen)	0.42	1.02	2.73	2.72

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

	← Unaudited →			
	Current Quarter ended		Cumulative Quarter ended	
	31 May 2024	31 May 2023	31 May 2024	31 May 2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- current period	61	36	184	105
- prior period	-	-	15	12
Depreciation of				
- property, plant and equipment	454	182	1,211	459
- investment property	6	-	18	-
Amortisation of intangible assets	2,988	-	2,988	-
Finance costs	97	4	356	14
Interest income	(132)	(140)	(283)	(299)
Reversal of impairment loss on trade receivables	(197)	-	(571)	-
Net realised (gain)/loss on foreign exchange	(8)	49	141	33
Rental expense	51	6	142	100

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary
Kuala Lumpur
30 July 2024