

**CONCRETE ENGINEERING PRODUCTS BERHAD**

Company No.: 88143-P

(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 30 November 2018.

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the First Financial Quarter Ended 30 November 2018**

	2019 Current Quarter Ended 30/11/2018 (RM'000)	2018 Comparative Quarter Ended 30/11/2017 (RM'000)	2019 3 months Cumulative to date 30/11/2018 (RM'000)	2018 Comparative 3 months Cumulative to date 30/11/2017 (RM'000)
<b>Continuing Operations</b>				
Revenue	31,212	40,747	31,212	40,747
Cost of sales	(25,480)	(33,598)	(25,480)	(33,598)
Gross profit	5,732	7,149	5,732	7,149
Other income	208	285	208	285
Increase/(Decrease) in fair value of quoted investment through profit and loss	(871)	(291)	(871)	(291)
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	-	-
Administrative and other expenses	(7,097)	(7,779)	(7,097)	(7,779)
Finance cost	(669)	(821)	(669)	(821)
Profit/(Loss) before taxation	(2,697)	(1,457)	(2,697)	(1,457)
Taxation	-	-	-	-
Profit/(Loss) after taxation	(2,697)	(1,457)	(2,697)	(1,457)
<b>Other comprehensive income for the period</b>				
Dividend paid	-	-	-	-
Total comprehensive income/(loss) for the period	(2,697)	(1,457)	(2,697)	(1,457)
Profit/(Loss) for the period attributable to:				
Owners of the Company	(2,697)	(1,457)	(2,697)	(1,457)
Minority interest	-	-	-	-
	(2,697)	(1,457)	(2,697)	(1,457)
Total comprehensive income attributable to:				
Owners of the Company	(2,697)	(1,457)	(2,697)	(1,457)
Minority interest	-	-	-	-
	(2,697)	(1,457)	(2,697)	(1,457)
Earnings per RM1.00 share				
Basic (based on ordinary shares - sen)	(6.02)	(3.25)	(6.02)	(3.25)
Fully diluted (based on ordinary shares - sen)				
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.35		2.41	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the First Financial Quarter Ended 30 November 2018**

**Table 1: Financial review of current quarter and financial year to date**

	Notes		2019		2018	
	Current Quarter Ended	Comparative Quarter Ended	changes (%)	3 months Cumulative to date	Comparative 3 months Cumulative to date	changes (%)
	30/11/2018	30/11/2017		30/11/2018	30/11/2017	
	(RM'000)	(RM'000)		(RM'000)	(RM'000)	
<b>Continuing Operations</b>						
Revenue	31,212	40,747	-23%	31,212	40,747	-23%
Cost of sales	(25,480)	(33,598)	-24%	(25,480)	(33,598)	-24%
Gross profit	5,732	7,149	-20%	5,732	7,149	-20%
Other income	208	285	-27%	208	285	-27%
Increase/(Decrease) in fair value of quoted investment through profit and loss	(871)	(291)	199%	(871)	(291)	199%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-		-	-	
Administrative and other expenses	(7,097)	(7,779)	-9%	(7,097)	(7,779)	-9%
Finance cost	(669)	(821)	-19%	(669)	(821)	-19%
Profit/(Loss) before taxation	(2,697)	(1,457)	85%	(2,697)	(1,457)	85%
Taxation	-	-		-	-	
Profit/(Loss) after taxation	(2,697)	(1,457)	85%	(2,697)	(1,457)	85%
<b>Other comprehensive income/(loss) for the period</b>						
Dividend paid	-	-		-	-	
Total comprehensive income/(loss) for the period	(2,697)	(1,457)		(2,697)	(1,457)	
Profit/(Loss) for the period attributable to:						
Owners of the Company	(2,697)	(1,457)		(2,697)	(1,457)	
Minority interest	-	-		-	-	
Total comprehensive income/(loss) attributable to:	(2,697)	(1,457)		(2,697)	(1,457)	
Owners of the Company	(2,697)	(1,457)		(2,697)	(1,457)	
Minority interest	-	-		-	-	
Earnings per RM1.00 share						
Basic (based on ordinary shares - sen)	A9	(6.02)	(3.25)	(6.02)	(3.25)	
AS AT END OF CURRENT QUARTER						
AS AT PRECEDING FINANCIAL YEAR END						
Net assets per share attributable to ordinary equity holders of the parent (RM)	A10	2.35		2.41		

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

**Table 2 : Financial review for current quarter compared with preceding quarter**

	Current Quarter Ended	Immediate Preceding Quarter Ended	changes (%)
	30/11/2018	31/08/2018	
	(RM'000)	(RM'000)	
<u>Continuing Operations</u>			
Revenue	31,212	35,888	-13%
Cost of sales	(25,480)	(28,235)	-10%
Gross profit	5,732	7,653	-25%
Other income	208	1,089	-81%
Increase/(Decrease) in fair value of quoted investment through profit and loss	(871)	(871)	0%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	125	-100%
Administrative and other expenses	(7,097)	(8,986)	-21%
Finance cost	(669)	(938)	-29%
Profit/(Loss) before taxation	(2,697)	(1,928)	40%
Taxation	-	950	-100%
Profit/(Loss) after taxation	(2,697)	(978)	176%

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

**CONCRETE ENGINEERING PRODUCTS BERHAD**

Company No.: 88143-P

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 November 2018**

	Notes	AS AT 30/11/2018 RM '000	AS AT 31/08/2018 RM '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		36,339	37,112
Capital work-in-progress		584	-
Investment properties		12,526	12,526
Other investment		38,048	38,919
		<u>87,497</u>	<u>88,557</u>
<b>Current Assets</b>			
Stocks		47,986	53,313
Trade receivables	B8	54,128	60,602
Other receivables, deposit and prepayments		2,415	2,903
Tax recoverable	B6	2,448	2,448
Deposit with licensed banks		1,670	7,959
Cash and bank balances		2,251	1,174
		<u>110,898</u>	<u>128,399</u>
<b>TOTAL ASSETS</b>		<u>198,395</u>	<u>216,956</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		75,345	75,345
Retained profits		29,993	32,690
Total equity		<u>105,338</u>	<u>108,035</u>
<b>Non-current Liabilities</b>			
Bank borrowings	B7	8,452	9,313
Deferred taxation	B6	-	-
		<u>8,452</u>	<u>9,313</u>
<b>Current Liabilities</b>			
Trade payables		44,277	42,470
Other payables		2,495	3,079
Bank borrowings	B7	31,174	49,389
Bank overdraft	B7	6,659	4,670
		<u>84,605</u>	<u>99,608</u>
Total Liabilities		<u>93,057</u>	<u>108,921</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>198,395</u>	<u>216,956</u>
<b>Net Assets Per Share (RM)</b>	A10	2.35	2.41

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

**CONCRETE ENGINEERING PRODUCTS BERHAD**

Company No.: 88143-P

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the financial period ended 30 November 2018**

	Attributable to equity holders of the Company		
	<u>Non-distributable</u>	<u>Distributable</u>	Total RM
	Share capital RM	Accumulated profits RM	
<b><u>1st quarter ended 30 November 2018</u></b>			
Balance at 1 September 2018	75,344,833	32,690,101	108,034,934
Total comprehensive income/(loss)	-	(2,697,073)	(2,697,073)
<b>Balance at 30 November 2018</b>	<b>75,344,833</b>	<b>29,993,028</b>	<b>105,337,861</b>
<b><u>1st quarter ended 30 November 2017</u></b>			
Balance at 1 September 2017	75,344,833	38,261,460	113,606,293
Total comprehensive income/(loss)	-	(1,457,077)	(1,457,077)
<b>Balance at 30 November 2017</b>	<b>75,344,833</b>	<b>36,804,383</b>	<b>112,149,216</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 30 November 2018**

	3 months ended	
	30/11/2018	30/11/2017
	<u>RM'000s</u>	<u>RM'000s</u>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation	(2,697)	(1,457)
Adjustments for:		
Fair value through profit and loss on other investments	871	291
Depreciation of property, plant and equipment	817	867
Allowance/(Reversal) for impairment - trade receivables	315	-
Interest expenses	669	821
Interest income	(36)	(54)
Unrealised foreign exchange (gain)/loss	(17)	231
Operating profit before changes in working capital	<u>(78)</u>	<u>699</u>
Changes in working capital:		
Net change in inventories	5,327	(3,292)
Net change in receivables	6,664	(2,812)
Net change in payables	1,223	6,108
Cash generated from from operating activities	<u>13,136</u>	<u>703</u>
Net income tax paid	-	(166)
Interest paid	(669)	(821)
Net cash generated from/(used in) operating activities	<u>12,467</u>	<u>(284)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(44)	(249)
Capital work-in-progress	(584)	-
Interest received	36	54
Uplift/(Placement) of deposit which are pledged with a licensed bank	-	1,345
Net cash generated from/(used in) investing activities	<u>(592)</u>	<u>1,150</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of trade credit facilities	(18,141)	-
Net drawdown/(repayment) of hire purchase	(349)	(615)
Net drawdown/(repayment) of term loan	(586)	(842)
Net cash generated from/(used in) financing activities	<u>(19,076)</u>	<u>(1,457)</u>
Net changes in cash and cash equivalents	(7,201)	(591)
Cash and cash equivalents at the beginning of financial period	4,463	2,914
Cash and cash equivalents at end of financial period	<u>(2,738)</u>	<u>2,323</u>
<b>Cash and cash equivalent comprise the following:</b>		
Bank and cash balances	2,251	840
Deposits with licensed banks	1,670	8,073
Bank overdraft	(6,659)	(6,590)
	<u>(2,738)</u>	<u>2,323</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

## **A - NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO MFRS 134**

### **1. Basis of preparation**

The consolidated interim financial statements (Condensed Report) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2018.

### **2. Summary of significant accounting policies**

#### **2.1 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

As of 1 September 2018, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations:

<b>Description</b>	<b>Effective for annual period beginning on or after</b>
MFRS 2 Share-Based Payments (Classification and Measurement of Share-based Payment Transaction)	1 January 2018
MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2018
MFRS 140 Investment Property: Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Statements	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The application of these amendments has had no material impact on the financial results and disclosures in the Group and Company's financial statements.

#### **Pronouncements yet in effect**

The following pronouncements that have been issued by MASB will become effective in future financial reporting periods and have not been adopted by the Group or Company:

MFRS 16 Leases	1 January 2019
MFRS 3 Business Combinations (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
MFRS 9 Financial Instruments (Prepayment Features with Negative Compensation)	1 January 2019
MFRS 11 Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
MFRS 112 Income Taxes (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
MFRS 119 Employee Benefits (Plan Amendment, Curtailment or Settlement)	1 January 2019
MFRS 123 Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Share-based Payment	1 January 2020

## 2. Summary of significant accounting policies (Continue)

### 2.1 Changes in accounting policies (Continue)

#### Pronouncements yet in effect (Continue)

Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of mineral Resources	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021

#### Deferred yet to be effective

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates of Joint Venture	Deferred
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The initial applications of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for those discussed below:

##### (a) MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During 2018, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts MFRS 9. Based on the analysis of the Group's financial assets and liabilities as at 31 December 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

##### (i) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as hold-and-collect measured at fair value through profit or loss, which will increase volatility in recorded profit or loss. Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

The equity shares in non-listed companies are intended to be held for the foreseeable future. Full impairment losses were recognised in profit or loss during prior periods for these investments. Therefore, the application of MFRS 9 will not have a significant impact.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

##### (ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The recognition and measurement of impairment under MFRS 9 will be more forward-looking and will result in earlier recognition of credit losses as compared to MFRS 139. Hence, the total expected credit losses allowances computed under MFRS 9 is expected to be higher than the total allowance for impairment on trade and other receivables under MFRS 139. Upon the initial adoption of MFRS 9, a negative adjustment will be made to opening retained profits, which will decrease the equity and net assets of the Group. As certain basis and assumptions are still being refined, the quantitative impact to the overall financial statements has not been finalised at this juncture.



#### (b) MFRS 15 Revenue from Contracts with Customers

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group manufactures and distributes prestressed spun concrete piles and poles to the customers. In assessing the revenue recognition and measurement under MFRS 15, the principles currently applied by the Group are largely consistent with the requirements of MFRS 15. Other than the enhanced disclosures required, the Group does not anticipate significant changes to the recognition and measurement of revenue upon the application of MFRS 15. The Group is developing additional quantitative and qualitative disclosures that will be required upon the adoption of MFRS 15.

#### (c) MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is in the process of assessing the potential effect of MFRS 16 on its financial statements in year 2019.

### **3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report in respect of the annual financial statement for the financial year ended 31 August 2018 was not subject to any qualification.

### **4. Seasonal or Cyclical Factors**

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

### **5. Exceptional Items**

Exceptional items for current year quarter:

There is a decrease in fair value of quoted investments totalling RM0.871 million for the current quarter. This represents a decrease in market value of our quoted securities held during the current quarter.

### **6. Changes in Estimates of Amounts Previously Reported**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that may have a material effect on the current interim period.

### **7. Issuance or Repayment of Debt and Equity Securities**

There were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period under review.

### **8. Dividends Paid**

There were no dividends paid for the current quarter under review.

#### 9. Earning/(Loss) per share

Basis earnings/(loss) per share is calculated by dividing the loss for the period amounting to RM2,150,073 for the Group on the number of ordinary shares in issue of 44,775,000 during the current financial period. There were no movement of issue shares of 44,775,000 during and since the previous financial quarter.

Fully diluted earnings/(loss) per share is not presented as there are no potential dilutive shares.

#### 10. Net Assets per share

Net assets per share is calculated by dividing net assets as at 30 November 2018 of RM105,884,561 (30 November 2017: RM112,149,216) for the Group on the number of shares in issue during the year of 44,775,000 (30 November 2017: 44,775,000).

#### 11. Segmental Reporting

The activity of the Group comprises principally the manufacturing and distribution of prestressed spun concrete piles and poles and is conducted predominantly in Malaysia.

Geographical information:

Revenue information based on geographical location of customers' country of incorporation are as follows:

	As at Current Financial Quarter Ended	As at Preceding Corresponding Financial Quarter Ended
	30/11/2018	30/11/2017
	RM'000	RM'000
Malaysia	20,855	29,787
Other Countries	10,357	10,960
	<u>31,212</u>	<u>40,747</u>

#### 12. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 August 2018

#### 13. Subsequent Material Events

There were no material events subsequent to the end of the period under review which require disclosure or adjustments to the quarterly financial statements.

#### 14. Changes in Composition/Group

There were no material changes in the composition of the Group for the financial period under review including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations.

#### 15. Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at the date of issue of this report.

#### 16. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for financial year ended 31 August 2018.

#### 17. Status of corporate exercise

On 1 November 2018, the Group proposed for bonus issue of 29,850,000 ordinary shares on the basis of 2 bonus shares for every 3 existing shares held by entitled shareholders. Pursuant to the Section 618(3) of the Companies Act, 2016; the Group may use its share premium account to fully pay up the bonus shares within 24 months period from 31 January 2017.

As at 23 January 2019, the said bonus issue had been completed issued pursuant to the Bonus Issue on the Main Market of Bursa Securities.

## B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

### 1. Review of Performance

#### FYE 1Q2019 compared with FYE 1Q2018

The Group's revenue for the current quarter was lower by 23% compared to the preceding year quarter mainly due to lack of infrastructure projects and slow take-off from secured orders.

Compared with FYE Q12018, the provision for diminution in quoted investment was higher in the current quarter due to decreased in unit price of the quoted investment and this further causes the increase in loss before taxation. The gross profit margin increased 0.82% due to decreased in manufacturing cost.

### 2. Comparisons with Preceding Quarter's Results

Sales were lower in the current quarter compared with the preceding quarter in FY 4Q2018 mainly due to delayed in shipment scheduling for export in the current quarter.

### 3. Financial position and liquidity

Total assets of the Group stood at RM198.94 million at 1Q2019, a decrease of RM18.02 million from 4Q2018 mainly due to reduction in property, plant and equipment attributed to depreciation charges, lower stocks and trade receivables as a result of the improved in payment term offset by the increase in cash and bank balances.

Total liabilities of the Group also declined by RM15.86 million to RM93.06 million in 4Q2018 mainly due to lower bank borrowing arising from the settlement in trade credit facilities in 1Q2019 partly offset by the increase in trade payables and bank overdraft.

Equity attributable to equity holders of the Group was RM105.89 million as at 1Q2019 with net assets per share at RM2.36.

The Group's cash and cash equivalents has decreased by RM5.06 million for the 1Q2019. This was mainly due to the repayment of trade credit facilities amounting RM18.14 million and partly offset by drawing down of fixed deposit of RM6.40 million.

### 4. Current Year Prospects

The current year prospects remain challenging due to uncertainty of local and global economy. This in turn may affect the demand for the Group's products and correspondingly assert a downward pressure on the Group's revenue and margins. The price fluctuation of our raw material will also have an impact on our selling price and viability of the Company.

Nonetheless, the Group is constantly undertaking continuous enhancements in production efficiencies, overhead and production cost management. In addition, the Group intends to enhance its product offerings to more overseas market, which is expected to generate better sales and profitability.

### 5. Variance from Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee for the financial period under review.

### 6. Taxation

	As at end of Current Financial Period Ended	As at Preceding Financial Year
	30/11/2018	31/08/2018
	RM'000	RM'000
<b><u>Malaysian Taxation</u></b>		
Income tax		
- Current year overprovision	-	32
- Prior year over provision	-	(31)
- Deferred tax	-	949
	<u>-</u>	<u>950</u>

The Group did not provide any tax for the current quarter.

## 7. Group Borrowings and Debts Securities

	As at Financial Year Ended 30/11/2018 RM'000	As at Preceding Financial Year Ended 31/08/2018 RM'000
<b>a) Long Term Borrowings:</b>		
Term loan - secured	7,846	8,434
Hire purchase - secured	605	878
	8,452	9,312
<b>Short Term Borrowings:</b>		
Term loan - secured	2,673	2,671
Hire purchase - secured	1,247	1,323
Trade credit facilities - secured	24,323	41,536
- unsecured	2,931	3,748
Bank overdraft	6,659	4,670
Others	-	111
	37,833	54,059
<b>TOTAL BORROWINGS</b>	<b>46,285</b>	<b>63,371</b>

b) There were no borrowings in foreign currency.

## 8. Trade receivables

	As at end of Current Quarter 30/11/2018 RM'000	As at Preceding Financial Year End 31/08/2018 RM'000
Trade receivable	65,367	71,294
Less: Accumulated impairment losses	(10,692)	(10,174)
Less: Allowance for impairment	(547)	(518)
	54,128	60,602

The Group's normal trade credit terms range from 60 to 120 (2018: 60 to 120) days. Other credit terms are assessed and approved on a case by case basis. Trade receivables are recognised at their original invoice amounts which represents their value on initial recognition.

## 9. Off balance sheet financial instruments

The Group does not have off balance sheet financial instruments as at the date of this report.

## 10. Material Litigation

There is no material litigation as at the date of issuance of this quarterly report against the Group.

## 11. Proposed Dividend

The Board of Directors has not recommended any dividend for the financial quarter under review.

## 12. Earnings/(Losses) per share

The basic earnings per share is calculated by dividing the Group's profit/(loss) for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period as follows:-

	Current Year Quarter 30/11/2018	Preceding Year Corresponding Quarter 30/11/2017	Current Year To Date 30/11/2018	Preceding Year Corresponding Quarter To Date 30/11/2017
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(2,697)	(1,457)	(2,697)	(1,457)
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	(6.02)	(3.25)	(6.02)	(3.25)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

### 13. Notes to the Statement of Comprehensive Income

Included in the statement of comprehensive income for the current quarter and financial year-to-date, are as follows:-

	Current Quarter 30/11/2018 RM'000	Current year-to-date 30/11/2018 RM'000
a) Interest income	36	36
b) Interest expense	(669)	(669)
c) Depreciation and amortisation	(817)	(817)
d) Realised foreign exchange gain/(loss)	(184)	(184)
e) Unrealised foreign exchange gain/(loss)	(17)	(17)
f) Rental income	71	71
g) Allowance/(Reversal) for impairment - trade receivables	(315)	(315)

By Order of the Board.