

**CONCRETE ENGINEERING PRODUCTS BERHAD**  
**Registration No.: 198201008420 (88143-P)**  
**(Incorporated in Malaysia)**

Quarterly report on consolidated results for the first quarter ended 30 November 2020.  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the First Financial Quarter Ended 30 November 2020**

	2021 Current Quarter Ended  30/11/2020 (RM'000)	2020 Comparative Quarter Ended  30/11/2019 (RM'000)	2021 3 months Cumulative to date  30/11/2020 (RM'000)	2020 3 months Cumulative to date  30/11/2019 (RM'000)
<b><u>Continuing Operations</u></b>				
Revenue	19,163	31,346	19,163	31,346
Cost of sales	(17,729)	(23,994)	(17,729)	(23,994)
Gross profit	1,434	7,352	1,434	7,352
Other income	1,133	214	1,133	214
Increase/(Decrease) in fair value of quoted investment through profit and loss	581	(1,452)	581	(1,452)
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	-	-
Administrative and other expenses	(5,315)	(6,993)	(5,315)	(6,993)
Finance cost	(416)	(538)	(416)	(538)
Profit/(Loss) before taxation	(2,583)	(1,417)	(2,583)	(1,417)
Taxation	-	-	-	-
Profit/(Loss) after taxation	(2,583)	(1,417)	(2,583)	(1,417)
<b><u>Other comprehensive income for the period</u></b>				
Dividend paid	-	-	-	-
Total comprehensive income/(loss) for the period	(2,583)	(1,417)	(2,583)	(1,417)
Profit/(Loss) for the period attributable to:				
Owners of the Company	(2,583)	(1,417)	(2,583)	(1,417)
Minority interest	-	-	-	-
	(2,583)	(1,417)	(2,583)	(1,417)
Total comprehensive income attributable to:				
Owners of the Company	(2,583)	(1,417)	(2,583)	(1,417)
Minority interest	-	-	-	-
	(2,583)	(1,417)	(2,583)	(1,417)
Earnings per share				
Basic (based on ordinary shares - sen)	(3.46)	(1.90)	(3.46)	(1.90)
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)	1.02		1.29	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2020.)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the First Financial Quarter Ended 30 November 2020**

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

	Notes	2021			2020		
		Current Quarter Ended	Comparative Quarter Ended	changes (%)	3 months Cumulative to date	Comparative Cumulative to date	changes (%)
		30/11/2020	30/11/2019		30/11/2020	30/11/2019	
		(RM'000)	(RM'000)		(RM'000)	(RM'000)	
<b>Continuing Operations</b>							
Revenue		19,163	31,346	(38.87)	19,163	31,346	(38.87)
Cost of sales		(17,729)	(23,994)	(26.11)	(17,729)	(23,994)	(26.11)
Gross profit		1,434	7,352	(80.50)	1,434	7,352	(80.50)
Other income		1,133	214	429.44	1,133	214	429.44
Increase/(Decrease) in fair value of quoted investment through profit and loss		581	(1,452)	(140.01)	581	(1,452)	(140.01)
Provision for increase/(decrease) in fair value of investment properties through profit and loss		-	-		-	-	
Administrative and other expenses		(5,315)	(6,993)	(24.00)	(5,315)	(6,993)	(24.00)
Finance cost		(416)	(538)	(22.68)	(416)	(538)	(22.68)
Profit/(Loss) before taxation		(2,583)	(1,417)	82.29	(2,583)	(1,417)	82.29
Taxation		-	-		-	-	
Profit/(Loss) after taxation		(2,583)	(1,417)	82.29	(2,583)	(1,417)	82.29
<b>Other comprehensive income/(loss) for the period</b>							
Dividend paid		-	-		-	-	
Total comprehensive income/(loss) for the period		(2,583)	(1,417)		(2,583)	(1,417)	
<b>Profit/(Loss) for the period attributable to:</b>							
Owners of the Company		(2,583)	(1,417)		(2,583)	(1,417)	
Minority interest		-	-		-	-	
Total comprehensive income/(loss) attributable to:		(2,583)	(1,417)		(2,583)	(1,417)	
Owners of the Company		(2,583)	(1,417)		(2,583)	(1,417)	
Minority interest		-	-		-	-	
Earnings per share							
Basic (based on ordinary shares - sen)	A9	(3.46)	(1.90)		(3.46)	(1.90)	
<b>AS AT END OF CURRENT QUARTER</b>							
Net assets per share attributable to ordinary equity holders of the parent (RM)	A10		1.02				
<b>AS AT PRECEDING FINANCIAL YEAR END</b>							
						1.05	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2019.)

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

	Current Quarter Ended	Immediate Preceding Quarter Ended	changes (%)
	30/11/2020	31/08/2020	
	(RM'000)	(RM'000)	
<u>Continuing Operations</u>			
Revenue	19,163	14,726	30%
Cost of sales	(17,729)	(14,366)	23%
Gross profit	1,434	360	298%
Other income	1,133	1,513	-25%
Increase/(Decrease) in fair value of quoted investment through profit and loss	581	(1,452)	-140%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	(120)	-100%
Administrative and other expenses	(5,315)	(7,739)	-31%
Finance cost	(416)	(449)	-7%
Profit/(Loss) before taxation	(2,583)	(7,887)	-67%
Taxation	-	-	0%
Profit/(Loss) after taxation	(2,583)	(7,887)	-67%

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2020.)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 November 2020**

	Notes	AS AT 30/11/2020 RM '000	AS AT 31/08/2020 RM '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		23,577	23,829
Right of use assets		15,247	15,572
Investment properties		13,276	13,276
Other investment		30,496	29,915
		<u>82,596</u>	<u>82,592</u>
<b>Current Assets</b>			
Inventories		37,606	39,573
Trade receivables	B8	21,240	20,523
Other receivables, deposit and prepayments		3,283	2,756
Tax recoverable	B6	1,250	1,913
Fixed deposit with licensed banks		1,837	4,075
Cash and bank balances		311	231
		<u>65,527</u>	<u>69,071</u>
<b>TOTAL ASSETS</b>		<u>148,123</u>	<u>151,663</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		75,345	75,345
Retained profits		439	3,023
Total equity		<u>75,784</u>	<u>78,368</u>
<b>Non-current Liabilities</b>			
Lease liabilities		1,234	1,461
Long term borrowings	B7	600	643
		<u>1,834</u>	<u>2,104</u>
<b>Current Liabilities</b>			
Trade payables		18,917	19,845
Other payables		17,334	19,942
Lease liabilities		866	866
Short term borrowings	B7	29,502	27,360
Bank overdraft	B7	3,886	3,178
		<u>70,505</u>	<u>71,191</u>
Total Liabilities		<u>72,339</u>	<u>73,295</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>148,123</u>	<u>151,663</u>
<b>Net Assets Per Share (RM)</b>	A10	1.02	1.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2020.)

CONCRETE ENGINEERING PRODUCTS BERHAD

Registration No.: 198201008420 (88143-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the financial period ended 30 November 2020**

	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 2020</u></b>			
Balance at 1 September 2020	75,344,833	3,022,850	78,367,683
Total comprehensive income/(loss)	-	(2,583,362)	(2,583,362)
Balance at 30 November 2020	<u>75,344,833</u>	<u>439,488</u>	<u>75,784,321</u>
<b><u>1st quarter ended 30 November 2019</u></b>			
Balance at 1 September 2019	75,344,833	21,083,997	96,428,830
Total comprehensive income/(loss)	-	(1,416,666)	(1,416,666)
Balance at 30 November 2019	<u>75,344,833</u>	<u>19,667,331</u>	<u>95,012,164</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2020.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 30 November 2020**

	3 months ended	
	30/11/2020	30/11/2019
	<u>RM'000s</u>	<u>RM'000s</u>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation	(2,583)	(1,417)
Adjustments for:		
Fair value through profit and loss on other investments	(581)	1,451
Depreciation of property, plant and equipment	584	462
Depreciation of right of use assets	142	261
Allowance/(Reversal) for impairment - trade receivables	257	(303)
Interest expenses	416	516
Interest income	(9)	(28)
Unrealised foreign exchange (gain)/loss	82	(20)
Operating profit before changes in working capital	<u>(1,692)</u>	<u>922</u>
Changes in working capital:		
Net change in inventories	1,967	3,575
Net change in receivables	(1,583)	1,501
Net change in payables	(3,536)	(1,207)
Cash generated from operating activities	<u>(4,844)</u>	<u>4,791</u>
Net income tax paid	663	(66)
Interest paid	(416)	(516)
Net cash generated from/(used in) operating activities	<u>(4,597)</u>	<u>4,209</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(332)	(54)
Interest received	9	28
Uplift/(Placement) of deposit with a licensed bank	(3,091)	(260)
Net cash generated from/(used in) investing activities	<u>(3,414)</u>	<u>(286)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of trade credit facilities	5,145	1,538
Net drawdown/(repayment) of hire purchase	-	(166)
Net drawdown/(repayment) of term loan	-	(731)
Net cash generated from/(used in) financing activities	<u>5,145</u>	<u>641</u>
Net changes in cash and cash equivalents	(2,866)	4,564
Cash and cash equivalents at the beginning of financial period	1,128	(1,885)
Cash and cash equivalents at end of financial period	<u>(1,738)</u>	<u>2,679</u>
<b>Cash and cash equivalent comprise the following:</b>		
Bank and cash balances	311	864
Deposits with licensed banks	1,837	8,251
Bank overdraft	(3,886)	(6,436)
	<u>(1,738)</u>	<u>2,679</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2020.)

## **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 2020.

### **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 2020, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations:

<b>Description</b>	<b>period beginning on or</b>
Amendment to MFRS 3: Definition of a Business	1 January 2020
Amendment to MFRS 9, MFRS 139 AND MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 101: Definition of Material	1 January 2020
Amendment to MFRS 108: Definition of Material	1 January 2020
Amendment to MFRS 16: Covid-19 Related Rent Concessions	1 June 2020

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.

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:

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

MFRS 17: Insurance Contracts	1 January 2021
Amendment to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendment to MFRS 116: Property, Plant and Equipment - Proceed before Intended Use	1 January 2022
Amendment to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS 2018 - 2020	1 January 2022

#### **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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### **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 2020 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 an increase in fair value of quoted investments totalling RM0.58 million for the current quarter. This represent an increase 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 effects 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 dividend 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 RM2,583,362 for the Group on the number of ordinary shares in issue of 74,625,000 during the current financial period. There were no movement of issue shares of 74,625,000 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 2020 of RM75,784,435 (31 August 2020: RM78,367,683) for the Group on the number of shares in issue during the year of 74,625,000 (31 August 2020: 74,625,000).

**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 30/11/2020 RM'000	As at Preceding Corresponding Financial Quarter Ended 30/11/2019 RM'000
Malaysia	14,657	21,975
Other countries	4,506	9,371
	<u>19,163</u>	<u>31,346</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 2020.

**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 of the 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 assets**

There were no contingent liabilities and 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 2020.

**17. Status of corporate exercise**

There were no any corporate exercise undertake or incomplete as at the date of issue of this report.



## B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

### 1. Review of Performance

#### *FYE 1Q2021 compared with FYE 1Q2020*

The Group's revenue for the current quarter reduce 38.87% as compared to the preceding year quarter due to the slow pick up at the COVID-19 Recovery Movement Control Order (RMCO) phases. The new orders from domestic and export markets are low and this have adversely affect the Group's 1Q2021 revenue. Further, with the pressure of downward selling price from competitors and the low volume of production resulted higher production cost and the overall gross profit margin was adversely affected by 80.50% as compared to the preceding year quarter.

There is an increase in fair value of quoted investments totalling RM0.58 million for the current quarter due to the increase in market value of the quoted securities held during the current quarter and this gain have have offset the loss before taxation to RM2.58 million.

### 2. Comparisons with preceding quarter's results

Sales were higher in the current quarter compared with the preceding quarter in FY 4Q2020 mainly due to sales pick up from COVID-19 Conditional Movement Control Order (CMCO) phase.

### 3. Financial position and liquidity

Total assets of the Group stood at RM148.12 million at 1Q2021, an decrease of RM3.54 million from 4Q2020 mainly due to decrease in fixed deposit and inventory and offset by the increase in quoted investment.

Total liabilities of the Group decrease of RM0.96 million to RM72.34 million mainly due to repayment to creditors and offset by the utilisation of the bank credit facilities.

Equity attributable to equity holders of the Group was RM75.78 million as at 1Q2021 with net assets per share at RM1.02.

The Group's cash and cash equivalents has decrease by RM4.42 million in 1Q2020, this was mainly due to the uplifted of fixed deposit and offset by the lower utilisation of overdraft.

### 4. Current year prospects

The COVID-19 pandemic presents a significant challenge to the global economy. The Group has significant sales exposure in international markets. Our traditional export market is similarly affected by the pandemic. As for the local market, due to very strict guidelines and Standard Operating Procedures during CMCO and RMCO phase, some of the project sites are still unable to proceed with the piling activities. The Group expects the current financial year to be challenging due to the weak sentiments arising from the COVID-19 pandemic and on-going trade wars between China and the United States intensifies will affected both 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 current political climate and the lack of foreign direct investments into Malaysia also have an impact to our revenue. This coupled with the rising steel prices and international inbound charges will certainly offset our performance as substantial amount of our contract are fixed price. The price fluctuation of other major raw material will also have an impact on our selling price and profitability of the Group.

The Group will continue to be vigilant on its capital expenditure and cash conservation measures in its business and will focus on securing sales in both local and overseas market. The Board will take the necessary measures to manage and mitigate these uncertainties in order to optimise the Group performance and will continue to implement any necessary action plans to minimise the Group losses and improve the Group cash flows to mitigate the adverse impact on the Group performance.

### 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 30/11/2020 RM'000	As at Preceding Financial Year Ended 31/08/2020 RM'000
<b><u>Malaysian taxation</u></b>		
Income tax	-	-
- Current year overprovision	-	-
- Prior year over provision	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>

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

## 7. Group borrowings and debts securities

	As at Financial Year Ended 30/11/2020 RM'000	As at Preceding Financial Year Ended 31/08/2020 RM'000
a) <u>Long term borrowings:</u>		
Term loan - secured	600	600
Hire purchase - secured	-	43
<u>Short term borrowings:</u>		
Term loan - secured	6,128	6,128
Hire purchase - secured	122	177
Trade credit facilities - secured	21,800	16,600
- unsecured	1,452	4,455
Bank overdraft	3,886	3,178
	<u>33,388</u>	<u>30,538</u>
Total borrowings	<u>33,988</u>	<u>31,181</u>

b) There were no borrowings in foreign currency.

## 8. Trade receivables

	As at end of Current Quarter 30/11/2020 RM'000	As at Preceding Financial Year Ended 31/08/2020 RM'000
Trade receivable	33,152	32,178
Less: Accumulated impairment losses	(11,655)	(10,987)
Add/(Less): Reversal/(Allowance) for impairment	(257)	(668)
	<u>21,240</u>	<u>20,523</u>

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 any 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 30/11/2020	Preceding Year Corresponding Quarter 30/11/2019	Current Year To Date 30/11/2020	Preceding Year Corresponding Quarter To Date 30/11/2019
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(2,583)	(1,417)	(2,583)	(1,417)
Weighted average number of ordinary shares in issue ('000)	74,625	74,625	74,625	74,625
Basic Earnings per share (sen)	(3.46)	(1.90)	(3.46)	(1.90)

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 30/11/2019 RM'000	Current year-to-date 30/11/2019 RM'000
a) Interest income	9	9
b) Interest expense	(416)	(416)
c) Depreciation and amortisation	(584)	(584)
d) Realised foreign exchange gain/(loss)	-	-
e) Unrealised foreign exchange gain/(loss)	82	82
f) Rental income	89	89
g) Allowance/(Reversal) for impairment - trade receivables	257	257

**By Order of the Board.**