

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

Quarterly report on consolidated results for the second quarter ended 28 February 2021.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Second Financial Quarter Ended 28 February 2021

	2021 Current Quarter Ended 28/2/2021 (RM'000)	2020 Comparative Quarter Ended 29/2/2020 (RM'000)	2021 6 months Cumulative to date 28/2/2021 (RM'000)	2020 6 months Cumulative to date 29/2/2020 (RM'000)
<u>Continuing Operations</u>				
Revenue	17,457	24,728	36,620	56,074
Cost of sales	(16,077)	(24,011)	(33,806)	(48,005)
Gross profit	1,380	717	2,814	8,069
Other income	(981)	273	152	487
Increase/(Decrease) in fair value of quoted investment through profit and loss	(2,614)	-	(2,033)	(1,452)
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	-	-
Administrative and other expenses	(5,306)	(5,845)	(10,621)	(12,838)
Finance cost	(364)	(482)	(780)	(1,020)
Profit/(Loss) before taxation	(7,885)	(5,337)	(10,468)	(6,754)
Taxation	-	-	-	-
Profit/(Loss) after taxation	(7,885)	(5,337)	(10,468)	(6,754)
Other comprehensive income for the period				
Dividend paid	-	-	-	-
Total comprehensive income/(loss) for the period	(7,885)	(5,337)	(10,468)	(6,754)
Profit/(Loss) for the period attributable to:				
Owners of the Company	(7,885)	(5,337)	(10,468)	(6,754)
Minority interest	-	-	-	-
Total comprehensive income attributable to:	(7,885)	(5,337)	(10,468)	(6,754)
Owners of the Company	(7,885)	(5,337)	(10,468)	(6,754)
Minority interest	-	-	-	-
Earnings per share				
Basic (based on ordinary shares - sen)	(10.57)	(7.15)	(14.03)	(9.05)
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)	0.91		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 2020.)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Second Financial Quarter Ended 28 February 2021

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

	Notes	2021			2020		
		Current Quarter Ended	Comparative Quarter Ended	changes (%)	6 months Cumulative to date	Comparative Cumulative to date	changes (%)
		28/2/2021	29/2/2020		28/2/2021	29/2/2020	
		(RM'000)	(RM'000)		(RM'000)	(RM'000)	
Continuing Operations							
Revenue		17,457	24,728	(29.40)	36,620	56,074	(34.69)
Cost of sales		(16,077)	(24,011)	(33.04)	(33,806)	(48,005)	(29.58)
Gross profit		1,380	717	92.47	2,814	8,069	(65.13)
Other income		(981)	273	(459.34)	152	487	(68.79)
Increase/(Decrease) in fair value of quoted investment through profit and loss		(2,614)	-	-	(2,033)	(1,452)	40.01
Provision for increase/(decrease) in fair value of investment properties through profit and loss		-	-	-	-	-	-
Administrative and other expenses		(5,306)	(5,845)	(9.22)	(10,621)	(12,838)	(17.27)
Finance cost		(364)	(482)	(24.48)	(780)	(1,020)	(23.53)
Profit/(Loss) before taxation		(7,885)	(5,337)	47.74	(10,468)	(6,754)	54.99
Taxation		-	-	-	-	-	-
Profit/(Loss) after taxation		(7,885)	(5,337)	47.74	(10,468)	(6,754)	54.99
Other comprehensive income/(loss) for the period							
Dividend paid		-	-	-	-	-	-
Total comprehensive income/(loss) for the period		(7,885)	(5,337)		(10,468)	(6,754)	
Profit/(Loss) for the period attributable to:							
Owners of the Company		(7,885)	(5,337)		(10,468)	(6,754)	
Minority interest		-	-		-	-	
Total comprehensive income/(loss) attributable to:		(7,885)	(5,337)		(10,468)	(6,754)	
Owners of the Company		(7,885)	(5,337)		(10,468)	(6,754)	
Minority interest		-	-		-	-	
Earnings per share							
Basic (based on ordinary shares - sen)	A9	(10.57)	(7.15)		(14.03)	(9.05)	
AS AT END OF CURRENT QUARTER							
Net assets per share attributable to ordinary equity holders of the parent (RM)	A10		0.91			1.05	
AS AT PRECEDING FINANCIAL YEAR END							

(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 (%)
	28/2/2021	30/11/2020	
	(RM'000)	(RM'000)	
<u>Continuing Operations</u>			
Revenue	17,457	19,163	-9%
Cost of sales	(16,077)	(17,729)	-9%
Gross profit	1,380	1,434	-4%
Other income	(981)	1,133	-187%
Increase/(Decrease) in fair value of quoted investment through profit and loss	(2,614)	581	-550%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	0%
Administrative and other expenses	(5,306)	(5,315)	0%
Finance cost	(364)	(416)	-13%
Profit/(Loss) before taxation	(7,885)	(2,583)	205%
Taxation	-	-	0%
Profit/(Loss) after taxation	(7,885)	(2,583)	205%

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

CONCRETE ENGINEERING PRODUCTS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2021

	Notes	AS AT 28/2/2021 RM '000	AS AT 31/8/2020 RM '000
ASSETS			
Non-current assets			
Property, plant and equipment		23,263	23,829
Right of use assets		14,910	15,572
Investment properties		13,713	13,276
Other investment		27,882	29,915
		<u>79,768</u>	<u>82,592</u>
Current Assets			
Inventories		37,522	39,573
Trade receivables	B8	20,606	20,523
Other receivables, deposit and prepayments		2,674	2,756
Tax recoverable	B6	1,343	1,913
Fixed deposit with licensed banks		1,876	4,075
Cash and bank balances		630	231
		<u>64,651</u>	<u>69,071</u>
TOTAL ASSETS		<u><u>144,419</u></u>	<u><u>151,663</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75,345	75,345
Retained profit/(loss)		(7,445)	3,023
Total equity		<u>67,900</u>	<u>78,368</u>
Non-current Liabilities			
Lease liabilities		994	1,461
Long term borrowings	B7	663	643
		<u>1,657</u>	<u>2,104</u>
Current Liabilities			
Trade payables		18,725	19,845
Other payables		20,979	19,942
Lease liabilities		866	866
Short term borrowings	B7	29,140	27,360
Bank overdraft	B7	5,152	3,178
		<u>74,862</u>	<u>71,191</u>
Total Liabilities		<u>76,519</u>	<u>73,295</u>
TOTAL EQUITY AND LIABILITIES		<u><u>144,419</u></u>	<u><u>151,663</u></u>
Net Assets Per Share (RM)	A10	0.91	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 28 February 2021

	Attributable to equity holders of the Company		
	<u>Non-distributable</u>	<u>Distributable</u>	Total RM'000
	Share capital RM'000	Accumulated profit/(loss) RM'000	
<u>2nd quarter ended 28 February 2021</u>			
Balance at 1 September 2020	75,345	3,023	78,368
Total comprehensive income/(loss)	-	(10,468)	(10,468)
Balance at 28 February 2021	75,345	(7,445)	67,900
<u>2nd quarter ended 29 February 2020</u>			
Balance at 1 September 2019	75,345	21,084	96,429
Total comprehensive income/(loss)	-	(6,754)	(6,754)
Balance at 29 February 2020	75,345	14,330	89,675

(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 28 February 2021

	6 months ended	
	28/2/2021	29/2/2020
	<u>RM'000s</u>	<u>RM'000s</u>
Cash flows from operating activities		
Profit/(Loss) before taxation	(10,468)	(6,754)
Adjustments for:		
Fair value through profit and loss on other investments	2,033	1,452
Depreciation of property, plant and equipment	1,098	942
Depreciation of right of use assets	342	517
Allowance/(Reversal) for impairment - trade receivables	257	(403)
Interest expenses	780	1,020
Interest income	(15)	(91)
Unrealised foreign exchange (gain)/loss	98	-
Operating profit before changes in working capital	<u>(5,875)</u>	<u>(3,317)</u>
Changes in working capital:		
Net change in inventories	2,051	6,673
Net change in receivables	(356)	7,556
Net change in payables	(83)	(5,742)
Cash generated from operating activities	<u>(4,263)</u>	<u>5,170</u>
Net income tax paid	570	(166)
Interest paid	(780)	(1,020)
Net cash generated from/(used in) operating activities	<u>(4,473)</u>	<u>3,984</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(532)	(1,014)
Interest received	15	91
Uplift/(Placement) of deposit with a licensed bank	(4,338)	(517)
Net cash generated from/(used in) investing activities	<u>(4,855)</u>	<u>(1,440)</u>
Cash flows from financing activities		
Net drawdown/(repayment) of trade credit facilities	6,897	1,967
Net drawdown/(repayment) of hire purchase	(1,343)	(411)
Net drawdown/(repayment) of term loan	-	(1,470)
Net cash generated from/(used in) financing activities	<u>5,554</u>	<u>86</u>
Net changes in cash and cash equivalents	(3,774)	2,630
Cash and cash equivalents at the beginning of financial period	1,128	(1,885)
Cash and cash equivalents at end of financial period	<u>(2,646)</u>	<u>745</u>
Cash and cash equivalent comprise the following:		
Bank and cash balances	630	703
Deposits with licensed banks	1,876	6,293
Bank overdraft	(5,152)	(6,251)
	<u>(2,646)</u>	<u>745</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:

Description	period beginning on or
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 RM10,468,229 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 28 February 2021 of RM67,899,672 (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 28/2/2021 RM'000	As at Preceding Corresponding Financial Quarter Ended 29/2/2020 RM'000
Malaysia	12,541	22,461
Other countries	4,916	2,267
	<u>17,457</u>	<u>24,728</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

The Company is undertaking a private placement of new ordinary shares of up to 20% of the total number of it issued shares. Approval from shareholders of the Company on the 20% General Mandate has been obtained at its 36th Annual General Meeting convened on 13 January 2021, whereby the Board had been authorised to allot and issue new shares not exceeding 20% of the issued share capital of the Company. The said approval shall continue to be in force, unless revoked or varied by the Company at a general meeting or until the conclusion of the next AGM of the Company. Approval from Bursa Malaysia Securities Berhad also have been obtained on 10 March 2021.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

1. Review of Performance

FYE 2Q2021 compared with FYE 2Q2020

The Group's revenue for the current quarter reduce 29.40% as compared to the preceding year quarter due to the slow pick up at the COVID-19 Recovery Movement Control Order (RMCO) and Movement Control Order 2.0 (MCO 2.0) phases. The overall gross profit margin was increase by 92.40% as compared to the preceding year quarter due to increase in export sales with better profit margin.

There is a decrease in fair value of quoted investments totalling RM2.61 million for the current quarter due to the decrease in market value of the quoted securities held during the current quarter and this loss have further impacted the loss before taxation to RM7.86 million.

2. Comparisons with preceding quarter's results

Sales were lower in the current quarter compared with the preceding quarter in FY 1Q2021 mainly due to slow pick up at the COVID-19 RMCO and MCO 2.0 phases.

3. Financial position and liquidity

Total assets of the Group stood at RM144.42 million at 2Q2021, a decrease of RM3.70 million from 1Q2021 mainly due to decrease in quoted investment.

Total liabilities of the Group increase RM4.18 million to RM74.86 million at 2Q2021 as compare to 1Q2021, mainly due to increase in other creditors and utilisation of the bank overdraft.

Equity attributable to equity holders of the Group was RM67.90 million as at 2Q2021 with net assets per share at RM0.91.

The Group's cash and cash equivalents has decrease by RM0.98 million in 2Q2021 as compare to 1Q2021, this was mainly due to the increase in 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 28/2/2021 RM'000	As at Preceding Financial Year Ended 31/08/2020 RM'000
Malaysian taxation		
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 28/2/2021 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	63	43
<u>Short term borrowings:</u>		
Term loan - secured	4,785	6,128
Hire purchase - secured	154	177
Trade credit facilities - secured	23,520	16,600
- unsecured	681	4,455
Bank overdraft	5,152	3,178
	<u>34,292</u>	<u>30,538</u>
Total borrowings	<u>34,955</u>	<u>31,181</u>

b) There were no borrowings in foreign currency.

8. Trade receivables

	As at end of Current Quarter 28/2/2021 RM'000	As at Preceding Financial Year Ended 31/08/2020 RM'000
Trade receivable	32,563	32,178
Less: Accumulated impairment losses	(11,655)	(10,987)
Add/(Less): Reversal/(Allowance) for impairment	(302)	(668)
	<u>20,606</u>	<u>20,523</u>

The Group's normal trade credit terms range from 60 to 120 (2020: 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 28/2/2021	Preceding Year Corresponding Quarter 29/2/2020	Current Year To Date 28/2/2021	Preceding Year Corresponding Quarter To Date 29/2/2020
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(7,885)	(5,337)	(10,468)	(6,754)
Weighted average number of ordinary shares in issue ('000)	74,625	74,625	74,625	74,625
Basic Earnings per share (sen)	(10.57)	(7.15)	(14.03)	(9.05)

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 28/2/2021 RM'000	Current year-to-date 28/2/2021 RM'000
a) Interest income	(6)	(15)
b) Interest expense	364	780
c) Depreciation & amortisation of property, plant and equipment	514	1,098
d) Depreciation of right of use assets	200	342
e) Unrealised foreign exchange gain/(loss)	16	98
f) Rental income	(89)	(178)
g) Allowance/(Reversal) for impairment - trade receivables	110	367

By Order of the Board.