

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

Quarterly report on consolidated results for the third quarter ended 31 May 2023.  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Third Financial Quarter Ended 31 May 2023**

	2023 Current Quarter Ended  31/5/2023 (RM'000)	2022 Comparative Quarter Ended  31/5/2022 (RM'000)	2023 9 months Cumulative to date  31/5/2023 (RM'000)	2022 9 months Cumulative to date  31/5/2022 (RM'000)
<b>Continuing Operations</b>				
Revenue	30,303	36,790	96,227	107,979
Less: Cost of sales	(22,263)	(27,879)	(73,555)	(85,661)
Gross profit	8,040	8,911	22,672	22,318
Add: Other income	845	2,180	1,283	2,747
Less: Administrative and other expenses	(6,405)	(8,630)	(22,530)	(26,035)
Less: Finance cost	(145)	(258)	(726)	(932)
Operating Profit/(Loss)	2,335	2,203	699	(1,902)
Add/(Less): Exceptional Item				
Increase/(Decrease) in fair value of quoted investment through profit and loss	(872)	(3,485)	(4,938)	(3,485)
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	-	-
Profit/(Loss) before taxation	1,463	(1,282)	(4,239)	(5,387)
Taxation	(27)	-	(72)	-
Profit/(Loss) after taxation	1,436	(1,282)	(4,311)	(5,387)
<b>Other comprehensive income for the period</b>				
Dividend paid	-	-	-	-
Total comprehensive income/(loss) for the period	1,436	(1,282)	(4,311)	(5,387)
Profit/(Loss) for the period attributable to:				
Owners of the Company	1,436	(1,282)	(4,311)	(5,387)
Minority interest	-	-	-	-
	1,436	(1,282)	(4,311)	(5,387)
Total comprehensive income attributable to:				
Owners of the Company	1,436	(1,282)	(4,311)	(5,387)
Minority interest	-	-	-	-
	1,436	(1,282)	(4,311)	(5,387)
Earnings per share				
Basic (based on ordinary shares - sen)	1.92	(1.72)	(5.78)	(7.22)
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)	0.77		0.83	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2022.)

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**#VALUE!**  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Third Financial Quarter Ended 31 May 2023**

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

	Note	2023			2022		
		Current Quarter Ended	Comparative Quarter Ended	changes (%)	9 months Cumulative to date	Comparative Cumulative to date	changes (%)
		31/5/2023	31/5/2022		31/5/2023	31/5/2022	
		(RM'000)	(RM'000)		(RM'000)	(RM'000)	
<b>Continuing Operations</b>							
Revenue		30,303	36,790	(17.63)	96,227	107,979	(10.88)
Less: Cost of sales		(22,263)	(27,879)	(20.14)	(73,555)	(85,661)	(14.13)
Gross profit		8,040	8,911	(9.77)	22,672	22,318	1.59
Add: Other income		845	2,180	(61.24)	1,283	2,747	(53.29)
Less: Administrative and other expenses		(6,405)	(8,630)	(25.78)	(22,530)	(26,035)	(13.46)
Less: Finance cost		(145)	(258)	(43.80)	(726)	(932)	(22.10)
Operating Profit/(Loss)		2,335	2,203	5.99	699	(1,902)	(136.75)
Add/(Less): Exceptional Item							
Increase/(Decrease) in fair value of quoted investment through profit and loss		(872)	(3,485)	(74.98)	(4,938)	(3,485)	-
Provision for increase/(decrease) in fair value of investment properties through profit and loss		-	-	-	-	-	-
Profit/(Loss) before taxation		1,463	(1,282)	(214.12)	(4,239)	(5,387)	(21.31)
Taxation		(27)	-	-	(72)	-	-
Profit/(Loss) after taxation		1,436	(1,282)	(212.01)	(4,311)	(5,387)	(19.97)
<b>Other comprehensive income/(loss) for the period</b>							
Dividend paid		-	-	-	-	-	-
Total comprehensive income/(loss) for the period		1,436	(1,282)		(4,311)	(5,387)	
Profit/(Loss) for the period attributable to:							
Owners of the Company		1,436	(1,282)		(4,311)	(5,387)	
Minority interest		-	-		-	-	
		1,436	(1,282)		(4,311)	(5,387)	
Total comprehensive income/(loss) attributable to:							
Owners of the Company		1,436	(1,282)		(4,311)	(5,387)	
Minority interest		-	-		-	-	
		1,436	(1,282)		(4,311)	(5,387)	
Earnings per share							
Basic (based on ordinary shares - sen)	A9	1.92	(1.72)		(5.78)	(7.22)	
AS AT END OF CURRENT QUARTER							
Net assets per share attributable to ordinary equity holders of the parent (RM)	A10		0.77			0.82	
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 2022.)

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

	Current Quarter Ended	Immediate Preceding Quarter Ended	changes (%)
	31/5/2023	28/2/2023	
	(RM'000)	(RM'000)	
<u>Continuing Operations</u>			
Revenue	30,303	26,229	15.53%
Less: Cost of sales	(22,263)	(22,200)	0.28%
Gross profit	8,040	4,029	99.55%
Add: Other income	845	333	-153.75%
Less: Administrative and other expenses	(6,405)	(6,569)	-2.50%
Less: Finance cost	(145)	(310)	-53.23%
Operating Profit/(Loss)	2,335	(2,517)	-192.77%
Add/(Less): Exceptional Item			
Increase/(Decrease) in fair value of quoted investment through profit and loss	(872)	581	-250.09%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	0.00%
Profit/(Loss) before taxation	1,463	(1,936)	-175.57%
Taxation	(27)	(27)	0.00%
Profit/(Loss) after taxation	1,436	(1,963)	-173.15%

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2022.)

CONCRETE ENGINEERING PRODUCTS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 31 May 2023**

	Notes	AS AT 31/5/2023 RM '000	AS AT 31/8/2022 RM '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		25,665	24,178
Right of use assets		12,401	14,841
Investment properties		14,315	14,315
Other investment		23,816	28,754
		<u>76,197</u>	<u>82,088</u>
<b>Current Assets</b>			
Inventories		36,060	34,389
Trade receivables	B8	16,618	17,815
Other receivables, deposit and prepayments		2,424	2,395
Tax recoverable	B6	1,339	1,288
Fixed deposit with licensed banks		-	12
Cash and bank balances		1,919	3,860
		<u>58,360</u>	<u>59,759</u>
<b>TOTAL ASSETS</b>		<u>134,557</u>	<u>141,847</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		75,345	75,345
Retained profit/(loss)		(17,676)	(13,365)
Total equity		<u>57,669</u>	<u>61,980</u>
<b>Non-current Liabilities</b>			
Lease liabilities		-	50
Long term borrowings	B7	323	628
		<u>323</u>	<u>678</u>
<b>Current Liabilities</b>			
Trade payables		37,410	33,237
Other payables		25,409	24,951
Lease liabilities		294	867
Short term borrowings	B7	12,866	17,919
Bank overdraft	B7	586	2,215
		<u>76,565</u>	<u>79,189</u>
Total Liabilities		<u>76,888</u>	<u>79,867</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>134,557</u>	<u>141,847</u>
<b>Net Assets Per Share (RM)</b>	A10	0.77	0.82

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2022.)

CONCRETE ENGINEERING PRODUCTS BERHAD

Registration No.: 198201008420 (88143-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the financial period ended 31 May 2023**

	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	
<b><u>Third quarter ended 31 May 2023</u></b>			
Balance at 1 September 2022	75,345	(13,365)	61,980
Total comprehensive income/(loss)	-	(4,311)	(4,311)
Balance at 31 May 2023	<u>75,345</u>	<u>(17,676)</u>	<u>57,669</u>
<b><u>Third quarter ended 31 May 2022</u></b>			
Balance at 1 September 2021	75,345	(13,744)	61,601
Total comprehensive income/(loss)	-	(5,387)	(5,387)
Balance at 31 May 2022	<u>75,345</u>	<u>(19,131)</u>	<u>56,214</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 2021.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the financial period ended 31 May 2023**

	9 months ended	
	31/5/2023	31/5/2022
	RM'000s	RM'000s
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation	(4,239)	(5,387)
Adjustments for:		
Fair value through profit and loss on other investments	4,938	3,486
Fair value (gain)/loss on investment properties	-	-
Depreciation of property, plant and equipment	1,339	1,427
Depreciation of right of use assets	959	947
Allowance/(Reversal) for impairment - trade receivables	314	(746)
Interest expenses	726	932
Interest income	-	(29)
Unrealised foreign exchange (gain)/loss	(38)	(228)
Operating profit before changes in working capital	<u>3,999</u>	<u>402</u>
Changes in working capital:		
Net change in inventories	(1,671)	(1,458)
Net change in receivables	892	(6,255)
Net change in payables	4,631	11,830
Cash generated from operating activities	<u>7,851</u>	<u>4,519</u>
Net income tax paid/(recover)	(123)	(53)
Interest paid	(726)	(932)
Net cash generated from/(used in) operating activities	<u>7,002</u>	<u>3,534</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,826)	(1,415)
Interest received	-	29
Placement/(Uplift) of deposit with a licensed bank	1,018	(3,311)
Net cash generated from/(used in) investing activities	<u>(1,808)</u>	<u>(4,697)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of trade credit facilities	(3,557)	(4,925)
Net drawdown/(repayment) of hire purchase	(1,344)	(538)
Net drawdown/(repayment) of term loan	(628)	(182)
Net cash generated from/(used in) financing activities	<u>(5,529)</u>	<u>(5,645)</u>
Net changes in cash and cash equivalents	(335)	(6,808)
Cash and cash equivalents at the beginning of financial period	1,982	5,362
Cash and cash equivalents at end of financial period	<u>1,647</u>	<u>(1,446)</u>
<b>Cash and cash equivalent comprise the following:</b>		
Bank and cash balances	1,919	837
Deposits with licensed banks	-	1,353
Bank overdraft	(586)	(3,636)
	<u>1,333</u>	<u>(1,446)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2022.)

## **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 of the Group and the Company have been prepared on a historical cost basis, unless otherwise disclosed in the significant accounting policies below or other notes to the interim financial statements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2022.

As at 31 May 2023, the Group's current liabilities exceeded current assets by RM18.21 million. The Directors are of the view that the Group will have sufficient cash flows for the next twelve months from the reporting date to meet their cash flow requirements. The Directors believe that the Group are able to realise their assets and discharge their liabilities in the normal course of business and that the financial position will be improved through operating profits. Thus, the Directors believe that it is appropriate to prepare the financial statements of the Group on a going concern basis.

### **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 2022, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations:

<b>Description</b>	<b>period beginning on or</b>
Amendments to MFRS 3: Business Combinations (Reference to Conceptual Framework)	1 January 2022
Amendments to MFRS 116: Property, plant and equipment	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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**

Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities from a Single Transaction)	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

### **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 2022 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. But, the delivery of the Group's product will be affected by flood during monsoon season and as well as road block during major festive season.

### **5. Exceptional items**

Exceptional items for current year quarter:

1. There is a decrease in fair value of quoted investments totalling RM0.87 million for the current quarter. This represents a decrease in market value of our quoted securities held during the current quarter.

**5. Exceptional items (Continue)**

2. The pandemic and the weak market sentiment has caused heighten anxiety amongst credit providers due to the uncertainties and serious potential economic impact. The banks went into total risk avoidance mode and were negative bias on all funded credit. The management took necessary steps to connect with all its credit providers to allay concerns and where necessary rescheduled timeline for near-term debt service. The Company is looking into the refinancing of some of the banking lines which has been substantially reduced.

**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 profit/(loss) for the period amounting to (RM4.31 million) 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 31 May 2023 of RM57.67 million (31 August 2022: RM61.98 million) for the Group on the number of shares in issue during the year of 74,625,000 (31 August 2022: 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 31/5/2023 RM'000	As at Preceding Corresponding Financial Quarter Ended 31/5/2022 RM'000
Malaysia	17,930	31,108
Other countries	12,373	5,682
	<u>30,303</u>	<u>36,790</u>

**12. Valuation of property, plant and equipment**

The valuations of property, plant and equipment have been revised according to the recent valuation conducted on 26 July 2022.

**13. Subsequent material events**

There were no material events subsequent to the end of the current quarter under review, which required 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 2022.



## B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

### 1. Review of Performance

#### FYE 3Q2023 compared with FYE 3Q2022

The Group's revenue and gross profit margin for the current quarter decrease 17.63% and 9.77% as compared to the preceding year quarter mainly due to product mix and slow take-off caused by the closure of the construction site and road-block for festive season i.e. Hari Raya Aidilfitri.

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

There is an increase of sales and gross profit margin of 15.53% and 99.55% in the current quarter compared with the preceding quarter in FY 2Q2023 mainly due to the increase in export sales and product mix.

### 3. Financial position and liquidity

Total assets of the Group stood at RM134.56 million at 3Q2023, a decrease of RM7.49 million from 2Q2023 mainly due to decrease in inventories and offset by cash and bank balances.

Total liabilities of the Group decrease RM8.92 million from RM85.81 million at 3Q2023 as compare to 2Q2023, mainly due to decrease in other payables and bank borrowing.

Equity attributable to equity holders of the Group was RM57.67 million as at 3Q2023 with net assets per share at RM0.77.

The Group's cash and cash equivalents has increase by RM3.385 million in 3Q2023 as compare to 2Q2023, this was mainly due to the advance payment from trade debtors.

### 4. Current year prospects

The outlook for the FYE 2023 remains challenging due to uncertainty for both domestic and overseas market. The on-going trade wars between China and the United States and Russia – Ukraine war has dealt a major shock to commodity markets and disrupted the world production and trade. This in turn may affect the demand for the Group's products and increase in the cost of goods sold correspondingly assert a downward pressure on the Group's revenue and margins.

The lack of foreign direct investments into Malaysia especially on mega construction and infrastructure projects and the stableness of the new government also has an impact to our revenue. This coupled with the price rising on cement, steel and international inbound charges, further with the reducing of the weekly working hours will certainly offset our performance and profitability of the Group. To mitigate the impact on price rising, CEPCO practiced price escalation clause in the quotation and contract to enable CEPCO transfer the price increase to customers.

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 31/5/2023 RM'000	As at Preceding Financial Year Ended 31/08/2022 RM'000
<b><u>Malaysian taxation</u></b>		
<b>Income tax</b>		
- Current year taxation	72	112
- Prior year over provision	-	-
- Deferred tax	-	-
<b>Real property gain tax</b>		
- Current year taxation	-	-
- Prior year under provision	-	19
	<u>72</u>	<u>131</u>

## 7. Group borrowings and debts securities

	As at Financial Year Ended 31/5/2023 RM'000	As at Preceding Financial Year Ended 31/08/2022 RM'000
a) <u>Long term borrowings:</u>		
Term loan - secured	-	628
Hire purchase - secured	323	152
<u>Short term borrowings:</u>		
Term loan - secured	575	1,919
Hire purchase - secured	521	360
Trade credit facilities - secured	11,770	15,488
Bank overdraft	586	2,215
	<u>13,452</u>	<u>19,982</u>
Total borrowings	<u>13,775</u>	<u>20,762</u>

b) There were no borrowings in foreign currency.

## 8. Trade receivables

	As at end of Current Quarter 31/5/2023 RM'000	As at Preceding Financial Year Ended 31/08/2022 RM'000
Trade receivable	19,447	20,330
Less: Accumulated impairment losses	(2,515)	(2,515)
Add/(Less): Reversal/(Allowance) for impairment	(314)	-
	<u>16,618</u>	<u>17,815</u>

The Group's normal trade credit terms range from 60 to 120 (2022: 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 31/5/2023	Preceding Year Corresponding Quarter 31/5/2022	Current Year To Date 31/5/2023	Preceding Year Corresponding Quarter To Date 31/5/2022
Profit/(Loss) attributable to equity holders of the Company (RM'000)	1,436	(1,282)	(4,311)	(5,387)
Weighted average number of ordinary shares in issue ('000)	74,625	74,625	74,625	74,625
Basic Earnings per share (sen)	1.92	(1.72)	(5.78)	(7.22)

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 31/5/2023 RM'000	Current year-to-date 31/5/2023 RM'000
a) Interest income	-	-
b) Interest expense	145	726
c) Depreciation of property, plant and equipment	451	1,339
d) Depreciation of right of use assets	314	959
e) Unrealised foreign exchange (gain)/loss	17	(38)
f) Rental income	(80)	(240)
g) Allowance/(Reversal) for impairment - trade receivables	(24)	314

**By Order of the Board.**