

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

Quarterly report on consolidated results for the First quarter ended 30 November 2023.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the First Financial Quarter Ended 30 November 2023

	2024 Current Quarter Ended 30/11/2023 (RM'000)	2023 Comparative Quarter Ended 30/11/2022 (RM'000)	2024 3 months Cumulative to date 30/11/2023 (RM'000)	2023 3 months Cumulative to date 30/11/2022 (RM'000)
Continuing Operations				
Revenue	40,663	39,695	40,663	39,695
Less: Cost of sales	(31,182)	(29,092)	(31,182)	(29,092)
Gross profit	9,481	10,603	9,481	10,603
Add: Other income	171	105	171	105
Less: Administrative and other expenses	(9,369)	(9,556)	(9,369)	(9,556)
Less: Finance cost	(71)	(271)	(71)	(271)
Operating Profit/(Loss)	212	881	212	881
Add/(Less): Exceptional Item				
Increase/(Decrease) in fair value of quoted investment through profit and loss	(1,162)	(4,647)	(1,162)	(4,647)
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	-	-
Profit/(Loss) before taxation	(950)	(3,766)	(950)	(3,766)
Taxation	(24)	(18)	(24)	(18)
Profit/(Loss) after taxation	(974)	(3,784)	(974)	(3,784)
Other comprehensive income for the period				
Dividend paid	-	-	-	-
Total comprehensive income/(loss) for the period	(974)	(3,784)	(974)	(3,784)
Profit/(Loss) for the period attributable to:				
Owners of the Company	(974)	(3,784)	(974)	(3,784)
Minority interest	-	-	-	-
	(974)	(3,784)	(974)	(3,784)
Total comprehensive income attributable to:				
Owners of the Company	(974)	(3,784)	(974)	(3,784)
Minority interest	-	-	-	-
	(974)	(3,784)	(974)	(3,784)
Earnings per share				
Basic (based on ordinary shares - sen)	(1.31)	(5.07)	(1.31)	(5.07)
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)	0.83		0.85	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2023.)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the First Financial Quarter Ended 30 November 2023

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

	Note:					
	2024	2023	2024	2023		
	Current Quarter Ended 30/11/2023 (RM'000)	Comparative Quarter Ended 30/11/2022 (RM'000)	changes (%)	3 months Cumulative to date 30/11/2023 (RM'000)	Comparative Cumulative to date 30/11/2022 (RM'000)	Changes (%)
Continuing Operations						
Revenue	40,663	39,695	2.44	40,663	39,695	2.44
Less: Cost of sales	(31,182)	(29,092)	7.18	(31,182)	(29,092)	7.18
Gross profit	9,481	10,603	(10.58)	9,481	10,603	(10.58)
Add: Other income	171	105	62.86	171	105	62.86
Less: Administrative and other expenses	(9,369)	(9,556)	(1.96)	(9,369)	(9,556)	(1.96)
Less: Finance cost	(71)	(271)	(73.80)	(71)	(271)	(73.80)
Operating Profit/(Loss)	212	881	(75.94)	212	881	(75.94)
Add/(Less): Exceptional Item						
Increase/(Decrease) in fair value of quoted investment through profit and loss	(1,162)	(4,647)	(74.99)	(1,162)	(4,647)	-
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	-	-	-	-
Profit/(Loss) before taxation	(950)	(3,766)	(74.77)	(950)	(3,766)	(74.77)
Taxation	(24)	(18)	-	(24)	(18)	(18)
Profit/(Loss) after taxation	(974)	(3,784)	(74.26)	(974)	(3,784)	(74.26)
Other comprehensive income/(loss) for the period						
Dividend paid	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	(974)	(3,784)		(974)	(3,784)	
Profit/(Loss) for the period attributable to:						
Owners of the Company	(974)	(3,784)		(974)	(3,784)	
Minority interest	-	-		-	-	
Total comprehensive income/(loss) attributable to:	(974)	(3,784)		(974)	(3,784)	
Owners of the Company	(974)	(3,784)		(974)	(3,784)	
Minority interest	-	-		-	-	
	(974)	(3,784)		(974)	(3,784)	
Earnings per share						
Basic (based on ordinary shares - sen)	A9	(1.31)	(5.07)	(1.31)	(5.07)	
AS AT END OF CURRENT QUARTER						
Net assets per share attributable to ordinary equity holders of the parent (RM)	A10	0.83				
AS AT PRECEDING FINANCIAL YEAR END						
				0.84		

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2023.)

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

	Current Quarter Ended 30/11/2023 (RM'000)	Immediate Preceding Quarter Ended 31/8/2023 (RM'000)	Changes (%)
<u>Continuing Operations</u>			
Revenue	40,663	36,453	11.55%
Less: Cost of sales	(31,182)	(32,950)	-5.37%
Gross profit	9,481	3,503	170.65%
Add: Other income	171	919	81.39%
Less: Administrative and other expenses	(9,369)	(1,399)	569.69%
Less: Finance cost	(71)	(213)	-66.67%
Operating Profit/(Loss)	212	2,810	-92.46%
Add/(Less): Exceptional Item			
Increase/(Decrease) in fair value of quoted investment through profit and loss	(1,162)	2,324	-150.00%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	0.00%
Profit/(Loss) before taxation	(950)	5,134	-118.50%
Taxation	(24)	(5)	0.00%
Profit/(Loss) after taxation	(974)	5,129	-118.99%

(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 30 November 2023

	Notes	AS AT 30/11/2023 RM '000	AS AT 31/8/2023 RM '000
ASSETS			
Non-current assets			
Property, plant and equipment		26,146	24,649
Right of use assets		12,680	14,475
Investment properties		14,575	14,575
Other investment		24,978	26,140
		<u>78,379</u>	<u>79,839</u>
Current Assets			
Inventories		30,284	31,695
Trade receivables	B8	20,404	18,984
Other receivables, deposit and prepayments		3,287	3,258
Tax recoverable	B6	1,310	1,335
Cash and bank balances		1,784	1,646
		<u>57,069</u>	<u>56,918</u>
TOTAL ASSETS		<u>135,448</u>	<u>136,757</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75,345	75,345
Retained profit/(loss)		(13,105)	(12,131)
Total equity		<u>62,240</u>	<u>63,214</u>
Non-current Liabilities			
Lease liabilities		-	57
Long term borrowings	B7	261	331
		<u>261</u>	<u>388</u>
Current Liabilities			
Trade payables		44,443	40,969
Other payables		21,454	25,580
Lease liabilities		763	908
Short term borrowings	B7	6,287	5,698
		<u>72,947</u>	<u>73,155</u>
Total Liabilities		<u>73,208</u>	<u>73,543</u>
TOTAL EQUITY AND LIABILITIES		<u>135,448</u>	<u>136,757</u>
Net Assets Per Share (RM)	A10	0.83	0.84

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2023.)

CONCRETE ENGINEERING PRODUCTS BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the financial period ended 30 November 2023**

	Attributable to equity holders of the Company		
	<u>Non-distributable</u> Share capital RM'000	<u>Distributable</u> Accumulated profit/(loss) RM'000	Total RM'000
<u>First quarter ended 30 November 2023</u>			
Balance at 1 September 2023	75,345	(12,131)	63,214
Total comprehensive income/(loss)	-	(974)	(974)
Balance at 30 November 2023	<u>75,345</u>	<u>(13,105)</u>	<u>62,240</u>
<u>First quarter ended 30 November 2022</u>			
Balance at 1 September 2022	75,345	(13,365)	61,980
Total comprehensive income/(loss)	-	(3,784)	(3,784)
Balance at 30 November 2022	<u>75,345</u>	<u>(17,149)</u>	<u>58,196</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 2023.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 November 2023

	3 months ended	
	30/11/2023	30/11/2022
	<u>RM'000s</u>	<u>RM'000s</u>
Cash flows from operating activities		
Profit/(Loss) before taxation	(950)	(3,766)
Adjustments for:		
Fair value through profit and loss on other investments	1,162	4,647
Depreciation of property, plant and equipment	442	442
Depreciation of right of use assets	314	264
Allowance/(Reversal) for impairment - trade receivables	17	328
Interest expenses	71	271
Interest income	2	-
Unrealised foreign exchange (gain)/loss	(34)	(53)
Operating profit before changes in working capital	<u>1,024</u>	<u>2,133</u>
Changes in working capital:		
Net change in inventories	1,411	(201)
Net change in receivables	(1,432)	(101)
Net change in payables	(652)	(462)
Cash generated from operating activities	<u>351</u>	<u>1,369</u>
Net income tax paid/(recover)	1	(53)
Interest paid	(71)	(271)
Net cash generated from/(used in) operating activities	<u>281</u>	<u>1,045</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,939)	(2,128)
Interest received	(2)	-
Placement/(Uplift) of deposit with a licensed bank	2,482	(2,081)
Net cash generated from/(used in) investing activities	<u>541</u>	<u>(4,209)</u>
Cash flows from financing activities		
Net drawdown/(repayment) of trade credit facilities	619	(1,168)
Net drawdown/(repayment) of hire purchase	(30)	(593)
Net drawdown/(repayment) of term loan	141	(205)
Net cash generated from/(used in) financing activities	<u>730</u>	<u>(1,966)</u>
Net changes in cash and cash equivalents	1,552	(5,130)
Cash and cash equivalents at the beginning of financial period	232	5,362
Cash and cash equivalents at end of financial period	<u>1,784</u>	<u>232</u>
Cash and cash equivalent comprise the following:		
Bank and cash balances	1,784	1,926
Bank overdraft	-	(1,694)
	<u>1,784</u>	<u>232</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2023.)

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 2023.

As at 30 November 2023, the Group's current liabilities exceeded current assets by RM15.88 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 2023, the Group and the Company adopted the following new and amended MFRSs and ICAI Interpretations:

Description	period beginning on or
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 112: Income Taxes (International Tax Reform - Pillar Two Model Rules)	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 4: Insurance Contracts - Extensions of the Temporary Exemption from applying MFRS 9	1 January 2023

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 2024
Amendments to MFRS 101: Presentation of Financial Statements (Non-current liabilities with Covenants)	1 January 2024
Amendments to MFRS 16: Leases - Lease Liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 107: Statement of Cash Flows and MFRS 7 Disclosure of Financial Instruments - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
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 2023 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:

- i. There is a decrease in fair value of quoted investments totalling RM1.16 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 profit/(loss) for the period amounting to RM0.97 million for the Group on the number of ordinary shares in issue of 74,625,000 during the current financial period. There were no movements 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 2023 of RM62.24 million (31 August 2023: RM63.21 million) for the Group on the number of shares in issue during the year of 74,625,000 (31 August 2023: 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 30/11/2023 RM'000	As at Preceding Corresponding Financial Quarter Ended 30/11/2022 RM'000
Malaysia	30,120	36,706
Other countries	10,543	3,592
	<u>40,663</u>	<u>39,695</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 30 August 2023.

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 2023.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

1. Review of Performance

FYE 1Q2024 compared with FYE 1Q2023

The Group's revenue increase 2.44% as compared to the preceding year quarter mainly due to the improve in overseas market. The gross profit margin decrease 10.58% as compared to the preceding year quarter mainly due to the cost of raw materials having increased significantly due to the revise of market price and weak ringgit.

2. Comparisons with preceding quarter's results

There is an increase of sales of 11.55% and gross profit margin of 170.65% in the current quarter compared with the preceding quarter in 4Q2023 mainly due to the increase in overseas sales and product mix.

3. Financial position and liquidity

Total assets of the Group stood at RM135.45 million at 1Q2024, a decrease of RM1.31 million from 4Q2023 mainly due to decrease in right of use assets and inventories, and offset by trade receivables.

Total liabilities of the Group decrease RM0.34 million from RM136.76 million at 4Q2023 as compare to 1Q2024, mainly due to decrease in other payables and offset by trade payables.

Equity attributable to equity holders of the Group was RM62.24 million as at 1Q2024 with net assets per share at RM0.83.

The Group's cash and cash equivalents has increase by RM1.55 million in 1Q2024 as compare to 4Q2023, this was mainly due to the collection from overseas customer via Letter of Credit.

4. Current year prospects

The outlook for the FYE 2024 remains challenging due to uncertainty for both domestic and overseas market. The slowdown of the global recovery further with the on-going trade wars between China and the United States and Russia – Ukraine war 2022 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 current political climate and the continuous of launching the mega construction and infrastructure projects by the government 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 30/11/2023 RM'000	As at Preceding Financial Year Ended 31/08/2023 RM'000
Malaysian taxation		
Income tax		
- Current year taxation	24	77
- Prior year over provision	-	-
- Deferred tax	-	-
	<u>24</u>	<u>77</u>

7. **Group borrowings and debts securities**

	As at Financial Year Ended 30/11/2023 RM'000	As at Preceding Financial Year Ended 31/08/2023 RM'000
a) <u>Long term borrowings:</u>		
Term loan - secured	141	-
Hire purchase - secured	120	331
	261	331
<u>Short term borrowings:</u>		
Term loan - secured	388	418
Hire purchase - secured	820	820
Trade credit facilities - secured	5,079	4,460
	6,287	5,698
Total borrowings	6,548	6,029

b) There were no borrowings in foreign currency.

8. **Trade receivables**

	As at end of Current Quarter 30/11/2023 RM'000	As at Preceding Financial Year Ended 31/08/2023 RM'000
Trade receivable	20,741	16,313
Less: Accumulated impairment losses	(320)	(320)
Add/(Less): Reversal/(Allowance) for impairment	(17)	-
	20,404	15,993

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 30/11/2023	Preceding Year Corresponding Quarter 30/11/2022	Current Year To Date 30/11/2023	Preceding Year Corresponding Quarter To Date 30/11/2022
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(974)	(3,784)	(974)	(3,784)
Weighted average number of ordinary shares in issue ('000)	74,625	74,625	74,625	74,625
Basic Earnings per share (sen)	(1.31)	(5.07)	(1.31)	(5.07)

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 30/11/2023 RM'000	Current year-to-date 30/11/2023 RM'000
a) Interest income	2	2
b) Interest expense	71	71
c) Depreciation of property, plant and equipment	442	442
d) Depreciation of right of use assets	314	314
e) Unrealised foreign exchange (gain)/loss	(34)	(34)
f) Rental income	(81)	(81)
g) Allowance/(Reversal) for impairment - trade receivables	17	17

By Order of the Board.