

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

Quarterly report on consolidated results for the Fourth quarter ended 31 August 2024.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Fourth Financial Quarter Ended 31 August 2024

	2024 Current Quarter Ended 31/8/2024 (RM'000)	2023 Comparative Quarter Ended 31/8/2023 (RM'000)	2024 12 months Cumulative to date 31/8/2024 (RM'000)	2023 12 months Cumulative to date 31/8/2023 (RM'000)
<u>Continuing Operations</u>				
Revenue	17,298	36,453	103,973	132,680
Less: Cost of sales	(13,021)	(32,950)	(79,887)	(101,906)
Gross profit	4,277	3,503	24,086	30,774
Add: Other income	303	919	1,291	2,202
Less: Administrative and other expenses	(4,595)	(1,399)	(28,899)	(28,528)
Less: Finance cost	(174)	(213)	(508)	(939)
Operating Profit/(Loss)	(189)	2,810	(4,030)	3,509
Add/(Less): Exceptional Item				
Increase/(Decrease) in fair value of quoted investment through profit and loss	1,162	2,324	(581)	(2,614)
Provision for increase/(decrease) in fair value of investment properties through profit and loss	739	-	739	260
Profit/(Loss) before taxation	1,712	5,134	(3,872)	1,155
Taxation	66	(5)	(4)	(77)
Profit/(Loss) after taxation	1,778	5,129	(3,876)	1,078
<u>Other comprehensive income for the period</u>				
Dividend paid	-	-	-	-
Total comprehensive income/(loss) for the period	1,778	5,129	(3,876)	1,078
Profit/(Loss) for the period attributable to:				
Owners of the Company	1,778	5,129	(3,876)	1,078
Minority interest	-	-	-	-
	1,778	5,129	(3,876)	1,078
Total comprehensive income attributable to:				
Owners of the Company	1,778	5,129	(3,876)	1,078
Minority interest	-	-	-	-
	1,778	5,129	(3,876)	1,078
Earnings per share				
Basic (based on ordinary shares - sen)	2.38	6.87	(5.19)	1.44
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)	0.80		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.)

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

Quarterly report on consolidated results for the Fourth quarter ended 31 August 2024.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Fourth Financial Quarter Ended 31 August 2024

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

	Note:					
	2024	2023	2024	2023		
	Current Quarter Ended 31/8/2024 (RM'000)	Comparative Quarter Ended 31/8/2023 (RM'000)	changes (%)	12 months Cumulative to date 31/8/2024 (RM'000)	Comparative Cumulative to date 31/8/2023 (RM'000)	Changes (%)
Continuing Operations						
Revenue	17,298	36,453	(52.55)	103,973	132,680	(21.64)
Less: Cost of sales	(13,021)	(32,950)	(60.48)	(79,887)	(101,906)	(21.61)
Gross profit	4,277	3,503	22.10	24,086	30,774	(21.73)
Add: Other income	303	919	(67.03)	1,291	2,202	(41.37)
Less: Administrative and other expenses	(4,595)	(1,399)	228.45	(28,899)	(28,528)	1.30
Less: Finance cost	(174)	(213)	(18.31)	(508)	(939)	(45.90)
Operating Profit/(Loss)	(189)	2,810	(106.73)	(4,030)	3,509	(214.85)
Add/(Less): Exceptional Item						
Increase/(Decrease) in fair value of quoted investment through profit and loss	1,162	2,324	(50.00)	(581)	(2,614)	-
Provision for increase/(decrease) in fair value of investment properties through profit and loss	739	-	-	739	260	260
Profit/(Loss) before taxation	1,712	5,134	(66.65)	(3,872)	1,155	(435.24)
Taxation	66	(5)	-	(4)	(77)	(77)
Profit/(Loss) after taxation	1,778	5,129	(65.33)	(3,876)	1,078	(459.55)
Other comprehensive income/(loss) for the period						
Dividend paid	-	-		-	-	
Total comprehensive income/(loss) for the period	1,778	5,129		(3,876)	1,078	
Profit/(Loss) for the period attributable to:						
Owners of the Company	1,778	5,129		(3,876)	1,078	
Minority interest	-	-		-	-	
Total comprehensive income/(loss) attributable to:	1,778	5,129		(3,876)	1,078	
Owners of the Company	1,778	5,129		(3,876)	1,078	
Minority interest	-	-		-	-	
Total comprehensive income/(loss) attributable to:	1,778	5,129		(3,876)	1,078	
Earnings per share						
Basic (based on ordinary shares - sen)	A9	2.38	6.87	(5.19)	1.44	
AS AT END OF CURRENT QUARTER						
AS AT PRECEDING FINANCIAL YEAR END						
Net assets per share attributable to ordinary equity holders of the parent (RM)	A10	0.80		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.)

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

	Current Quarter Ended 31/8/2024 (RM'000)	Immediate Preceding Quarter Ended 31/5/2024 (RM'000)	Changes (%)
<u>Continuing Operations</u>			
Revenue	17,298	16,588	4.28%
Less: Cost of sales	(13,021)	(14,005)	-7.03%
Gross profit	4,277	2,583	65.58%
Add: Other income	303	587	48.38%
Less: Administrative and other expenses	(4,595)	(7,182)	-36.02%
Less: Finance cost	(174)	(138)	26.09%
Operating Profit/(Loss)	(189)	(4,150)	-95.45%
Add/(Less): Exceptional Item			
Increase/(Decrease) in fair value of quoted investment through profit and loss	1,162	290	300.69%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	739	-	0.00%
Profit/(Loss) before taxation	1,712	(3,860)	-144.35%
Taxation	66	(22)	0.00%
Profit/(Loss) after taxation	1,778	(3,882)	-145.80%

(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

Registration No.: 198201008420 (88143-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2024

	Notes	AS AT 31/8/2024 RM '000	AS AT 31/8/2023 RM '000
ASSETS			
Non-current assets			
Property, plant and equipment		23,540	24,649
Right of use assets		14,540	14,475
Investment properties		15,545	14,575
Other investment		25,558	26,140
		<u>79,183</u>	<u>79,839</u>
Current Assets			
Inventories		35,269	31,695
Trade receivables	B8	7,837	18,984
Other receivables, deposit and prepayments		2,477	3,257
Tax recoverable	B6	1,331	1,335
Cash and bank balances		597	1,647
		<u>47,511</u>	<u>56,918</u>
TOTAL ASSETS		<u>126,694</u>	<u>136,757</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75,345	75,345
Retained profit/(loss)		(16,007)	(12,131)
Total equity		<u>59,338</u>	<u>63,214</u>
Non-current Liabilities			
Lease liabilities		809	57
Long term borrowings	B7	632	331
		<u>1,441</u>	<u>388</u>
Current Liabilities			
Trade payables		28,811	43,961
Other payables		25,632	22,588
Lease liabilities		743	1,728
Short term borrowings	B7	10,729	4,878
		<u>65,915</u>	<u>73,155</u>
Total Liabilities		<u>67,356</u>	<u>73,543</u>
TOTAL EQUITY AND LIABILITIES		<u>126,694</u>	<u>136,757</u>
Net Assets Per Share (RM)	A10	0.80	0.85

(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

Registration No.: 198201008420 (88143-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 August 2024

	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
Fourth quarter ended 31 August 2024			
Balance at 1 September 2023	75,345	(12,131)	63,214
Total comprehensive income/(loss)	-	(3,876)	(3,876)
Balance at 31 August 2024	<u>75,345</u>	<u>(16,007)</u>	<u>59,338</u>
Fourth quarter ended 31 August 2023			
Balance at 1 September 2022	75,345	(13,209)	62,136
Total comprehensive income/(loss)	-	1,078	1,078
Balance at 31 August 2023	<u>75,345</u>	<u>(12,131)</u>	<u>63,214</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 2023.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 31 August 2024**

	12 months ended	
	31/8/2024	31/8/2023
	RM'000s	RM'000s
Cash flows from operating activities		
Profit/(Loss) before taxation	(3,872)	1,155
Adjustments for:		
Fair value through profit and loss on other investments	582	2,614
Fair value through profit and loss on investment properties		(260)
Depreciation of property, plant and equipment	1,893	1,795
Depreciation of right of use assets	1,645	1,246
Allowance/(Reversal) for impairment - trade receivables	8	219
Interest expenses	508	906
Interest income	(8)	-
Unrealised foreign exchange (gain)/loss	46	(37)
Operating profit before changes in working capital	63	7,638
Changes in working capital:		
Net change in inventories	(3,574)	2,929
Net change in receivables	11,873	(2,283)
Net change in payables	(12,106)	8,351
Cash generated from operating activities	(3,744)	16,635
Net income tax paid/(recover)	-	(124)
Interest paid	(508)	(906)
Net cash generated from/(used in) operating activities	(4,252)	15,605
Cash flows from investing activities		
Purchase of property, plant and equipment	(784)	(2,266)
Interest received	8	-
Placement/(Uplift) of deposit with a licensed bank	2	-
Net cash generated from/(used in) investing activities	(774)	(2,266)
Cash flows from financing activities		
Net drawdown/(repayment) of trade credit facilities	5,528	(10,840)
Net drawdown/(repayment) of hire purchase	(11)	(1,706)
Net drawdown/(repayment) of term loan	(185)	(423)
Payment of principal portion of lease liability	(1,355)	(706)
Net cash generated from/(used in) financing activities	3,977	(13,675)
Net changes in cash and cash equivalents	(1,049)	(336)
Cash and cash equivalents at the beginning of financial period	1,646	1,982
Cash and cash equivalents at end of financial period	597	1,646
Cash and cash equivalent comprise the following:		
Bank and cash balances	597	1,646

(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 31 August 2024, the Group's current liabilities exceeded current assets by RM18.41 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 IC 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 floods during monsoon season and as well as roadblock during major festive season.

5. **Exceptional items**

Exceptional items for current year quarter:

- i. There is an increase in fair value of quoted investments totalling RM0.87 million for the current quarter. This represents 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 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 (RM3.88) 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 August 2024 of RM59.33 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 31/8/2024 RM'000	As at Preceding Corresponding Financial Quarter Ended 31/8/2023 RM'000
Malaysia	15,371	25,910
Other countries	1,927	10,543
	<u>17,298</u>	<u>36,453</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 27 August 2024.

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 4Q2024 compared with FYE 4Q2023

The Group's revenue decrease 52.55% as compared to the preceding year quarter mainly due to low revenue attributed with slow take-off by customer that suffer with limited budget, cancellation of purchase order due to construction projects which have been put on-hold and delays in delivery. The gross profit margin increase 22.10% as compared to the preceding year quarter mainly due to product mix.

2. Comparisons with preceding quarter's results

There is an increase of sales of 4.28% and gross profit margin of 65.58% in the current quarter compared with the preceding quarter in 3Q2024 mainly due increase in overseas revenue with better profit margin.

3. Financial position and liquidity

Total assets of the Group stood at RM126.69 million at 4Q2024, an increase of RM0.59 million from 3Q2024 mainly due to the increase in other investment and offset by inventory.

Total liabilities of the Group decrease RM1.17 million from RM68.52 million at 3Q2024 as compare to 4Q2024, mainly due to decrease in short term borrowings and offset by other payables.

Equity attributable to equity holders of the Group was RM59.34 million as at 4Q2024 with net assets per share at RM0.80.

The Group's cash and cash equivalents has decrease by RM1.37 million in 4Q2024 as compare to 3Q2024, this was mainly due to the repayment to short term borrowing.

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 raw material and international inbound charges 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 31/8/2024 RM'000	As at Preceding Financial Year Ended 31/08/2023 RM'000
<u>Malaysian taxation</u>		
Income tax		
- Current year taxation	4	77
	<u>4</u>	<u>77</u>

7. Group borrowings and debts securities

	As at Financial Year Ended 31/8/2024 RM'000	As at Preceding Financial Year Ended 31/08/2023 RM'000
a) <u>Long term borrowings:</u>		
Hire purchase - secured	632	331
<u>Short term borrowings:</u>		
Overdraft - secured	1,108	-
Term loan - secured	233	418
Hire purchase - secured	809	820
Trade credit facilities - secured	8,579	4,460
	10,729	5,698
Total borrowings	11,361	6,029

b) There were no borrowings in foreign currency.

8. Trade receivables

	As at end of Current Quarter 31/8/2024 RM'000	As at Preceding Financial Year Ended 31/08/2023 RM'000
Trade receivable	8,165	16,313
Less: Accumulated impairment losses	(320)	(320)
Add/(Less): Reversal/(Allowance) for impairment	(8)	-
	7,837	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 a material litigation as at the date of issuance of this quarterly report against the Group as follow:

SHAH ALAM HIGH COURT CIVIL SUIT NO. BA-22NCVC-526-12/2023: RELIANCE FOUNDRY (M) SDN BHD ("Plaintiff") V CONCRETE ENGINEERING PRODUCTS BERHAD ("CEPCO")

On 8 January 2024, Reliance Foundry (M) Sdn Bhd ("Plaintiff") served the writ of summons and Statement of Claim both dated 29 December 2023 on CEPCO's solicitors in relation to a civil suit filed in the Shah Alam High Court.

Plaintiff's claim concerns an alleged trespass and/or encroachment by part of CEPCO's factory located in Rawang onto Plaintiff's land. In this respect, Plaintiff is seeking to claim, among others, for the alleged loss of rent, loss of profit and quit rent over the disputed area of land.

CEPCO has appointed solicitors to enter an appearance and will be seeking legal advice in defending the claim by Plaintiff and will make the necessary announcement on further development of this matter in due course.

There is no specific claim sum stated in the Statement of Claim. During the case management on 22 April 2024, the Court has fixed the matter for trial on 19 and 20 February 2025. Meanwhile, the Court has directed parties to refer the matter to the Court's Mediation Centre for mediation and prepare the pre-trial documents. The next case management is before the Judicial Commissioner on 4 February 2025.

Meanwhile, the Court has directed both parties to refer the matter to the Court's Mediation Centre for mediation and prepare the pre-trial documents. The next case management is before the Judicial Commissioner on 4 February 2025.

CEPCO will make further announcements in respect of the above as and when necessary.

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 31/8/2024	Preceding Year Corresponding Quarter 31/8/2023	Current Year To Date 31/8/2024	Preceding Year Corresponding Quarter To Date 31/8/2023
Profit/(Loss) attributable to equity holders of the Company (RM'000)	1,778	5,129	(3,876)	1,078
Weighted average number of ordinary shares in issue ('000)	74,625	74,625	74,625	74,625
Basic Earnings per share (sen)	2.38	6.87	(5.19)	1.44

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 31/8/2024 RM'000	Current year-to-date 31/8/2024 RM'000
a) Interest income	-	(8)
b) Interest expense	174	508
c) Depreciation of property, plant and equipment	371	1,893
d) Depreciation of right of use assets	703	1,645
e) Unrealised foreign exchange (gain)/loss	5	46
f) Rental income	(81)	(330)
g) Allowance/(Reversal) for impairment - trade receivables	309	301

By Order of the Board.