

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

Quarterly report on consolidated results for the first quarter ended 30 November 2022.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the First Financial Quarter Ended 30 November 2022

	2023 Current Quarter Ended 30/11/2022 (RM'000)	2022 Comparative Quarter Ended 30/11/2021 (RM'000)	2023 3 months Cumulative to date 30/11/2022 (RM'000)	2022 3 months Cumulative to date 30/11/2021 (RM'000)
<u>Continuing Operations</u>				
Revenue	39,695	33,483	39,695	33,483
Less: Cost of sales	(29,092)	(27,649)	(29,092)	(27,649)
Gross profit	10,603	5,834	10,603	5,834
Add: Other income	105	414	105	414
Less: Administrative and other expenses	(9,556)	(8,258)	(9,556)	(8,258)
Less: Finance cost	(271)	(358)	(271)	(358)
Operating Profit/(Loss)	881	(2,368)	881	(2,368)
Add/(Less): Exceptional Item				
Increase/(Decrease) in fair value of quoted investment through profit and loss	(4,647)	(290)	(4,647)	(290)
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	-	-	-
Profit/(Loss) before taxation	(3,766)	(2,658)	(3,766)	(2,658)
Taxation	(18)	-	(18)	-
Profit/(Loss) after taxation	(3,784)	(2,658)	(3,784)	(2,658)
<u>Other comprehensive income for the period</u>				
Dividend paid	-	-	-	-
Total comprehensive income/(loss) for the period	(3,784)	(2,658)	(3,784)	(2,658)
Profit/(Loss) for the period attributable to:				
Owners of the Company	(3,784)	(2,658)	(3,784)	(2,658)
Minority interest	-	-	-	-
	(3,784)	(2,658)	(3,784)	(2,658)
Total comprehensive income attributable to:				
Owners of the Company	(3,784)	(2,658)	(3,784)	(2,658)
Minority interest	-	-	-	-
	(3,784)	(2,658)	(3,784)	(2,658)
Earnings per share				
Basic (based on ordinary shares - sen)	(5.07)	(3.56)	(5.07)	(3.56)
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)	0.78		0.82	

(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 First Financial Quarter Ended 30 November 2022

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

	Note	2023			2022		
		Current Quarter Ended	Comparative Quarter Ended	changes (%)	3 months Cumulative to date	Comparative Cumulative to date	changes (%)
		30/11/2022	30/11/2021		30/11/2022	30/11/2021	
		(RM'000)	(RM'000)		(RM'000)	(RM'000)	
Continuing Operations							
Revenue		39,695	33,483	18.55	39,695	33,483	18.55
Less: Cost of sales		(29,092)	(27,649)	5.22	(29,092)	(27,649)	5.22
Gross profit		10,603	5,834	81.74	10,603	5,834	81.74
Add: Other income		105	414	(74.64)	105	414	(74.64)
Less: Administrative and other expenses		(9,556)	(8,258)	15.72	(9,556)	(8,258)	15.72
Less: Finance cost		(271)	(358)	(24.30)	(271)	(358)	(24.30)
Operating Profit/(Loss)		881	(2,368)	(137.20)	881	(2,368)	(137.20)
Add/(Less): Exceptional Item							
Increase/(Decrease) in fair value of quoted investment through profit and loss		(4,647)	(290)	1,502.41	(4,647)	(290)	1,502.41
Provision for increase/(decrease) in fair value of investment properties through profit and loss		-	-	-	-	-	-
Profit/(Loss) before taxation		(3,766)	(2,658)	41.69	(3,766)	(2,658)	41.69
Taxation		(18)	-	-	(18)	-	-
Profit/(Loss) after taxation		(3,784)	(2,658)	42.36	(3,784)	(2,658)	42.36
Other comprehensive income/(loss) for the period							
Dividend paid		-	-	-	-	-	-
Total comprehensive income/(loss) for the period		(3,784)	(2,658)		(3,784)	(2,658)	
Profit/(Loss) for the period attributable to:							
Owners of the Company		(3,784)	(2,658)		(3,784)	(2,658)	
Minority interest		-	-		-	-	
		(3,784)	(2,658)		(3,784)	(2,658)	
Total comprehensive income/(loss) attributable to:							
Owners of the Company		(3,784)	(2,658)		(3,784)	(2,658)	
Minority interest		-	-		-	-	
		(3,784)	(2,658)		(3,784)	(2,658)	
Earnings per share							
Basic (based on ordinary shares - sen)	A9	(5.07)	(3.56)		(5.07)	(3.56)	
		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		0.78			0.82	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2021.)

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

	Current Quarter Ended	Immediate Preceding Quarter Ended	changes (%)
	30/11/2022	31/8/2022	
	(RM'000)	(RM'000)	
<u>Continuing Operations</u>			
Revenue	39,695	40,297	-1.49%
Less: Cost of sales	(29,092)	(31,499)	-7.64%
Gross profit	10,603	8,798	20.52%
Add: Other income	105	(60)	275.00%
Less: Administrative and other expenses	(9,556)	(6,296)	51.78%
Less: Finance cost	(271)	(383)	-29.24%
Operating Profit/(Loss)	881	2,059	-57.21%
Add/(Less): Exceptional Item			
Increase/(Decrease) in fair value of quoted investment through profit and loss	(4,647)	3,775	-223.10%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	-	57	0.00%
Profit/(Loss) before taxation	(3,766)	5,891	-163.93%
Taxation	(18)	(130)	0.00%
Profit/(Loss) after taxation	(3,784)	5,761	-165.69%

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2021.)

CONCRETE ENGINEERING PRODUCTS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2022

	Notes	AS AT 30/11/2022 RM '000	AS AT 31/8/2022 RM '000
ASSETS			
Non-current assets			
Property, plant and equipment		25,864	24,178
Right of use assets		13,097	14,841
Investment properties		14,315	14,315
Other investment		24,106	28,754
		<u>77,382</u>	<u>82,088</u>
Current Assets			
Inventories		34,590	34,389
Trade receivables	B8	17,674	17,815
Other receivables, deposit and prepayments		2,362	2,395
Tax recoverable	B6	1,323	1,288
Fixed deposit with licensed banks		12	12
Cash and bank balances		1,914	3,860
		<u>57,875</u>	<u>59,759</u>
TOTAL ASSETS		<u>135,257</u>	<u>141,847</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75,345	75,345
Retained profit/(loss)		(17,149)	(13,365)
Total equity		<u>58,196</u>	<u>61,980</u>
Non-current Liabilities			
Lease liabilities		50	50
Long term borrowings	B7	870	628
		<u>920</u>	<u>678</u>
Current Liabilities			
Trade payables		32,721	33,237
Other payables		25,005	24,951
Lease liabilities		715	867
Short term borrowings	B7	16,006	17,919
Bank overdraft	B7	1,694	2,215
		<u>76,141</u>	<u>79,189</u>
Total Liabilities		<u>77,061</u>	<u>79,867</u>
TOTAL EQUITY AND LIABILITIES		<u>135,257</u>	<u>141,847</u>
Net Assets Per Share (RM)	A10	0.78	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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 November 2022

	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>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>
<u>First quarter ended 30 November 2021</u>			
Balance at 1 September 2021	75,345	3,023	78,368
Total comprehensive income/(loss)	-	(16,841)	(16,841)
Balance at 30 November 2021	<u>75,345</u>	<u>(13,818)</u>	<u>61,527</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 30 November 2022

	3 months ended	
	30/11/2022 RM'000s	30/11/2021 RM'000s
Cash flows from operating activities		
Profit/(Loss) before taxation	(3,766)	(16,811)
Adjustments for:		
Fair value through profit and loss on other investments	4,648	1,452
Fair value (gain)/loss on investment properties	-	341
Depreciation of property, plant and equipment	442	1,911
Depreciation of right of use assets	264	1,203
Allowance/(Reversal) for impairment - trade receivables	328	(9,924)
Interest expenses	271	1,687
Interest income	-	(365)
Unrealised foreign exchange (gain)/loss	(53)	773
Operating profit before changes in working capital	2,134	(19,733)
Changes in working capital:		
Net change in inventories	(201)	7,337
Net change in receivables	(101)	13,497
Net change in payables	(462)	7,825
Cash generated from operating activities	1,370	8,926
Net income tax paid/(recover)	(53)	513
Interest paid	(271)	(1,687)
Net cash generated from/(used in) operating activities	1,046	7,752
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,128)	(1,619)
Interest received	-	365
Placement/(Uplift) of deposit with a licensed bank	(3,518)	(3,732)
Net cash generated from/(used in) investing activities	(5,646)	(4,986)
Cash flows from financing activities		
Net drawdown/(repayment) of trade credit facilities	(1,168)	4,156
Net drawdown/(repayment) of hire purchase	(593)	(2,493)
Net drawdown/(repayment) of term loan	(205)	(195)
Net cash generated from/(used in) financing activities	(1,966)	1,468
Net changes in cash and cash equivalents	(6,566)	4,234
Cash and cash equivalents at the beginning of financial period	5,362	1,128
Cash and cash equivalents at end of financial period	(1,204)	5,362
Cash and cash equivalent comprise the following:		
Bank and cash balances	1,914	2,157
Deposits with licensed banks	12	5,420
Bank overdraft	(1,694)	(2,215)
	232	5,362

(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 30 November 2022, the Group's current liabilities exceeded current assets by RM21.27 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:

Description	period beginning on or
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.

5. Exceptional items

Exceptional items for current year quarter:

1. There is a decrease in fair value of quoted investments totalling RM4.65 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 heightened 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 (RM3.78) 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 30 November 2022 of RM58.20 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	As at Preceding Corresponding Financial Quarter Ended
	30/11/2022	30/11/2021
	RM'000	RM'000
Malaysia	25,908	16,845
Other countries	13,787	3,602
	<u>39,695</u>	<u>33,483</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

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 1Q2023 compared with FYE 1Q2022

The Group's revenue and gross profit margin for the current quarter increase 18.55% and 81.74% as compared to the preceding year quarter due to recovery from several MCO phases.

2. Comparisons with preceding quarter's results

There is a decrease of sales of 1.49% in the current quarter compared with the preceding quarter in FY 4Q2022 mainly due to product mix. The gross profit margin increase of 20.52% in the current quarter compared with the preceding quarter in FY 4Q2022 mainly due to increased in selling price by passing the cost to the end user and product mix.

3. Financial position and liquidity

Total assets of the Group stood at RM135.26 million at 1Q2023, a decrease of RM6.59 million from 4Q2022 mainly due to the decrease in other investment, cash and bank balances and offset by property, plant and equipment.

Total liabilities of the Group decrease RM2.81 million to RM77.06 million at 1Q2023 as compare to 4Q2022, mainly due to decrease in bank borrowing.

Equity attributable to equity holders of the Group was RM58.20 million as at 1Q2023 with net assets per share at RM0.78.

The Group's cash and cash equivalents has decrease by RM5.13 million in 1Q2023 as compare to 4Q2022, this was mainly due to the slow 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 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 30/11/2022 RM'000	As at Preceding Financial Year Ended 31/08/2022 RM'000
<u>Malaysian taxation</u>		
Income tax		
- Current year taxation	18	112
- Prior year over provision	-	-
- Deferred tax	-	-
Real property gain tax		
- Current year taxation	-	-
- Prior year under provision	-	19
	<u>18</u>	<u>131</u>

7. Group borrowings and debts securities

	As at Financial Year Ended 30/11/2022 RM'000	As at Preceding Financial Year Ended 31/08/2022 RM'000
a) <u>Long term borrowings:</u>		
Term loan - secured	423	628
Hire purchase - secured	447	152
<u>Short term borrowings:</u>		
Term loan - secured	1,326	1,919
Hire purchase - secured	375	360
Trade credit facilities - secured	14,305	15,488
- unsecured	-	-
Bank overdraft	1,694	2,215
	<u>17,700</u>	<u>19,982</u>
Total borrowings	<u>18,570</u>	<u>20,762</u>

b) There were no borrowings in foreign currency.

8. Trade receivables

	As at end of Current Quarter 30/11/2022 RM'000	As at Preceding Financial Year Ended 31/08/2022 RM'000
Trade receivable	20,517	20,330
Less: Accumulated impairment losses	(2,515)	(2,515)
Add/(Less): Reversal/(Allowance) for impairment	(328)	-
	<u>17,674</u>	<u>17,815</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 30/11/2022	Preceding Year Corresponding Quarter 30/11/2021	Current Year To Date 30/11/2022	Preceding Year Corresponding Quarter To Date 30/11/2021
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(3,784)	(2,658)	(3,784)	(2,658)
Weighted average number of ordinary shares in issue ('000)	74,625	74,625	74,625	74,625
Basic Earnings per share (sen)	(5.07)	(3.56)	(5.07)	(3.56)

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 30/11/2022 RM'000	Current year-to-date 30/11/2022 RM'000
a) Interest income	-	-
b) Interest expense	271	271
c) Depreciation of property, plant and equipment	442	442
d) Depreciation of right of use assets	264	264
e) Unrealised foreign exchange (gain)/loss	(53)	(53)
f) Rental income	(80)	(80)
g) Allowance/(Reversal) for impairment - trade receivables	328	328

By Order of the Board.