

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

Quarterly report on consolidated results for the fourth quarter ended 31 August 2019.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Fourth Financial Quarter Ended 31 August 2019

	Notes	Individual Quarter		Cumulative Quarter	
		Current Quarter	Corresponding	Current Year	Preceding Year
		Ended	Quarter Ended	To Date Ended	To Date Ended
		31 Aug 2019	31 Aug 2018	31 Aug 2019	31 Aug 2018
		(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue		20,974	35,888	101,865	161,952
Cost of sales		(17,610)	(28,235)	(79,666)	(125,157)
Gross profit		3,364	7,653	22,199	36,795
Add: Other income		1,087	1,089	2,714	2,383
Increase/(Decrease) in fair value of quoted investment through profit and loss		581	(871)	(2,904)	(1,162)
Provision for increase/(decrease) in fair value of investment properties through profit and loss		433	125	201	125
Administrative and other expenses		(9,089)	(8,986)	(31,336)	(41,044)
Finance cost		(456)	(938)	(2,437)	(3,618)
Profit/(Loss) before taxation		(4,080)	(1,928)	(11,563)	(6,521)
Taxation		-	950	-	950
Profit/(Loss) after taxation		(4,080)	(978)	(11,563)	(5,571)
Other comprehensive income for the period					
Dividend paid		-	-	-	-
Total comprehensive income/(loss) for the period		(4,080)	(978)	(11,563)	(5,571)
Profit/(Loss) for the period attributable to:					
Owners of the Company		(4,080)	(978)	(11,563)	(5,571)
Non controlling interests		-	-	-	-
		(4,080)	(978)	(11,563)	(5,571)
Total comprehensive income attributable to:					
Owners of the Company		(4,080)	(978)	(11,563)	(5,571)
Non controlling interests		-	-	-	-
		(4,080)	(978)	(11,563)	(5,571)
Earning/(Loss) per share attributable to the equity holders of the Company (sen)	A9	(5.41)	(1.30)	(15.35)	(7.39)
			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		1.28		1.43

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

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Company No.: 88143-P

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Fourth Financial Quarter Ended 31 August 2019

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

	Note	Individual Quarter		Changes (%)	Cumulative Quarter		Changes (%)
		Current Quarter Ended 31 Aug 2019 (RM'000)	Corresponding Quarter Ended 31 Aug 2018 (RM'000)		Current Year To Date Ended 31 Aug 2019 (RM'000)	Preceding year To Date Ended 31 Aug 2018 (RM'000)	
Continuing Operations							
Revenue		20,974	35,888	-41.56%	101,865	161,952	-37.10%
Cost of sales		(17,610)	(28,235)	-37.63%	(79,666)	(125,157)	-36.35%
Gross profit		3,364	7,653	-56.04%	22,199	36,795	-39.67%
Other income		1,087	1,089	-0.18%	2,714	2,383	13.89%
Increase/(Decrease) in fair value of quoted investment through profit and loss		581	(871)	0.00%	(2,904)	(1,162)	149.91%
Provision for increase/(decrease) in fair value of investment properties through profit and loss		433	125		201	125	
Administrative and other expenses		(9,089)	(8,986)	1.15%	(31,336)	(41,044)	-23.65%
Finance cost		(456)	(938)	-51.39%	(2,437)	(3,618)	-32.64%
Profit/(Loss) before taxation		(4,080)	(1,928)	111.60%	(11,563)	(6,521)	77.31%
Taxation		-	950		-	950	
Profit/(Loss) after taxation		(4,080)	(978)	317.15%	(11,563)	(5,571)	107.55%
Other comprehensive income/(loss) for the period							
Dividend paid		-	-		-	-	
Total comprehensive income/(loss) for the period		(4,080)	(978)		(11,563)	(5,571)	
Profit/(Loss) for the period attributable to:							
Owners of the Company		(4,080)	(978)		(11,563)	(5,571)	
Minority interest		-	-		-	-	
		(4,080)	(978)		(11,563)	(5,571)	
Total comprehensive income/(loss) attributable to:							
Owners of the Company		(4,080)	(978)		(11,563)	(5,571)	
Minority interest		-	-		-	-	
		(4,080)	(978)		(11,563)	(5,571)	
Earnings per RM1.00 share							
Basic (based on ordinary shares - sen)	A9	(5.41)	(1.30)		(15.35)	(7.39)	
		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		1.28			1.43	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

CONCRETE ENGINEERING PRODUCTS BERHAD
Company No.: 88143-P
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Table 2 : Financial review for current quarter compared with preceding quarter

	Current Quarter Ended Ended	Immediate Preceding Quarter Ended	Changes
	31 Aug 2019	31 May 2019	
	(RM'000)	(RM'000)	
<u>Continuing Operations</u>			
Revenue	20,974	25,086	-16.39%
Cost of sales	(17,610)	(20,566)	-14.37%
Gross profit	3,364	4,520	-25.57%
	16.0%	18.0%	
Other income	1,087	1,246	-12.76%
Increase/(Decrease) in fair value of quoted investment through profit and loss	581	(1,452)	0.00%
Provision for increase/(decrease) in fair value of investment properties through profit and loss	433	-	0.00%
Administrative and other expenses	(9,089)	(6,776)	34.14%
Finance cost	(456)	(636)	-28.30%
Profit/(Loss) before taxation	(4,080)	(3,098)	31.69%
Taxation	-	-	-
Profit/(Loss) after taxation	(4,080)	(3,098)	31.68%

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No.: 88143-P
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2019

	Notes	AS AT 31 Aug 2019 RM'000	AS AT 31 Aug 2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		37,329	37,112
Investment properties		13,396	12,526
Other investment		36,014	38,919
		<u>86,739</u>	<u>88,557</u>
Current Assets			
Stocks		45,278	53,313
Trade receivables	B8	32,367	60,601
Other receivables, deposit and prepayments		2,684	2,904
Tax recoverable	B6	1,648	2,448
Deposit with licensed banks		3,837	7,959
Cash and bank balances		276	1,174
		<u>86,090</u>	<u>128,399</u>
TOTAL ASSETS		<u><u>172,829</u></u>	<u><u>216,956</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital		75,345	75,345
Retained profits		21,084	32,690
Total equity		<u>96,429</u>	<u>108,035</u>
Non-current Liabilities			
Bank borrowings	B7	5,813	9,313
Deferred taxation	B6	-	-
		<u>5,813</u>	<u>9,313</u>
Current Liabilities			
Trade payables		38,469	42,470
Other payables		3,732	3,079
Bank borrowings	B7	22,388	49,389
Bank overdraft	B7	5,998	4,670
		<u>70,587</u>	<u>99,608</u>
Total Liabilities		<u>76,400</u>	<u>108,921</u>
TOTAL EQUITY AND LIABILITIES		<u><u>172,829</u></u>	<u><u>216,956</u></u>
Net Assets Per Share (RM)	A10	1.28	1.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No.: 88143-P
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 August 2019

	Attributable to equity holders of the Company		
	<u>Non-distributable</u>	<u>Distributable</u>	Total RM'000
	Share capital RM'000	Accumulated profits RM'000	
Current year to date ended 31 August 2019			
Balance at 1 September 2018	75,345	32,690	108,035
Initial application of MFRS 9	-	(43)	(43)
Total comprehensive income/(loss)	-	(11,563)	(11,563)
Balance at 31 August 2019	<u>75,345</u>	<u>21,084</u>	<u>96,429</u>
Preceding year to date ended 31 May 2018			
Balance at 1 September 2017	75,345	38,261	113,606
Total comprehensive income/(loss)	-	(5,571)	(5,571)
Balance at 31 August 2018	<u>75,345</u>	<u>32,690</u>	<u>108,035</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 2018.)

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No.: 88143-P
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period ended 31 August 2019

	Unaudited Current Year To-date Ended 31 Aug 2019 RM'000	Audited Preceding Year To-date Ended 31 Aug 2018 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	(11,563)	(6,521)
Adjustments for:		
Fair value through profit and loss on other investments	2,905	1,162
Fair value (gain)/loss on investment properties	(201)	(125)
Depreciation of property, plant and equipment	1,797	3,663
Allowance/(Reversal) for impairment - trade receivables	9	(9)
Gain on disposal of property, plant and equipment	(471)	-
Interest expenses	2,437	3,618
Dividend income	(622)	(633)
Interest income	(115)	(275)
Unrealised foreign exchange (gain)/loss	(150)	304
Operating profit before changes in working capital	<u>(5,974)</u>	<u>1,184</u>
Changes in working capital:		
Net change in inventories	8,035	(8,130)
Net change in receivables	27,883	6,299
Net change in payables	<u>(3,348)</u>	<u>(678)</u>
Cash generated from operating activities	<u>26,596</u>	<u>(1,325)</u>
Taxation refund/(paid)	800	(626)
Interest paid	<u>(2,437)</u>	<u>(3,618)</u>
Net cash generated from/(used in) operating activities	<u>24,959</u>	<u>(5,569)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,014)	(1,077)
Dividend received	622	633
Interest received	115	275
Proceeds from sales of property, plant and equipment	471	-
Withdrawal/(Placement) of deposit with a licensed bank	-	1,345
Net cash generated from/(used in) investing activities	<u>(806)</u>	<u>1,176</u>
Cash flows from financing activities		
Net drawdown/(repayment) of trade credit facilities	(26,524)	10,010
Net drawdown/(repayment) of hire purchase	(1,425)	(1,484)
Net drawdown/(repayment) of term loan	<u>(2,552)</u>	<u>(2,584)</u>
Net cash generated from/(used in) financing activities	<u>(30,501)</u>	<u>5,942</u>
Net changes in cash and cash equivalents	(6,348)	1,549
Cash and cash equivalents at the beginning of financial period	4,463	2,914
Cash and cash equivalents at end of financial period	<u>(1,885)</u>	<u>4,463</u>
Cash and cash equivalent comprise the following:		
Bank and cash balances	276	1,174
Deposits with licensed banks	3,837	7,959
Bank overdraft	<u>(5,998)</u>	<u>(4,670)</u>
	<u>(1,885)</u>	<u>4,463</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 August 2018.)

A - NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO MFRS 134

1. Basis of preparation

The consolidated interim financial statements (Condensed Report) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2018.

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 2018, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations:

Description	Effective for annual period beginning on or after
MFRS 2 Share-Based Payments (Classification and Measurement of Share-based Payment Transaction)	1 January 2018
MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2018
MFRS 140 Investment Property: Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Statements	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The application of these amendments has had no material impact on the financial results and disclosures in the Group and Company's financial statements.

Pronouncements yet in effect

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:

MFRS 16 Leases	1 January 2019
MFRS 3 Business Combinations (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
MFRS 9 Financial Instruments (Prepayment Features with Negative Compensation)	1 January 2019
MFRS 11 Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
MFRS 112 Income Taxes (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
MFRS 119 Employee Benefits (Plan Amendment, Curtailment or Settlement)	1 January 2019
MFRS 123 Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Share-based Payment	1 January 2020

2. Summary of significant accounting policies (Continue)

2.1 Changes in accounting policies (Continue)

Pronouncements yet in effect (Continue)

Amendments to MFRS 3 Business Combinations	1 January 2020
A	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies , Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021

Deferred yet to be effective

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates of Joint Venture	Deferred
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The initial applications of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for those discussed below:

(a) MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During 2018, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts MFRS 9. Based on the analysis of the Group's financial assets and liabilities as at 31 December 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

(i) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as hold-and-collect measured at fair value through profit or loss, which will increase volatility in recorded profit or loss. Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

The equity shares in non-listed companies are intended to be held for the foreseeable future. Full impairment losses were recognised in profit or loss during prior periods for these investments. Therefore, the application of MFRS 9 will not have a significant impact.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The recognition and measurement of impairment under MFRS 9 will be more forward-looking and will result in earlier recognition of credit losses as compared to MFRS 139. Hence, the total expected credit losses allowances computed under MFRS 9 is expected to be higher than the total allowance for impairment on trade and other receivables under MFRS 139. Upon the initial adoption of MFRS 9, a negative adjustment will be made to opening retained profits, which will decrease the equity and net assets of the Group. As certain basis and assumptions are still being refined, the quantitative impact to the overall financial statements has not been finalised at this juncture.

(b) MFRS 15 Revenue from Contracts with Customers

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group manufactures and distributes prestressed spun concrete piles and poles to the customers. In assessing the revenue recognition and measurement under MFRS 15, the principles currently applied by the Group are largely consistent with the requirements of MFRS 15. Other than the enhanced disclosures required, the Group does not anticipate significant changes to the recognition and measurement of revenue upon the application of MFRS 15. The Group is developing additional quantitative and qualitative disclosures that will be required upon the adoption of MFRS 15.

(c) MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is in the process of assessing the potential effect of MFRS 16 on its financial statements in year 2019.

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 2018 was not subject to any qualification.

4. Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

5. Exceptional Items

Exceptional items for current year quarter:

There is a decrease in fair value of quoted investments totalling RM1.16 million for the current quarter. This represent 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 effects on the current interim period.

7. Issuance or Repayment of Debt and Equity Securities

There were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period under review.

8. Dividends Paid

There were no dividend paid for the current quarter under review.

9. Earning/(Loss) per share

Basis earnings/(loss) per share is calculated by dividing the loss for the period amounting to RM4.08 million for the Group on the number of ordinary shares in issue of 75,344,833 during the current financial period. There were no movement of issue shares of 75,344,833 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 2019 of RM96.43 million (31 August 2018: RM108.03 million) for the Group on the number of shares in issue during the year of 75,344,833 (31 August 2018: 75,344,833).

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
	31 Aug 2019 RM'000	31 Aug 2018 RM'000
Malaysia	14,512	21,597
Other Countries	6,462	14,291
	<u>20,974</u>	<u>35,888</u>

12. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 August 2018.

13. Subsequent Material Events

There were no material events subsequent to the end of the period under review which require disclosure or adjustments to the quarterly financial statements.

14. Changes in Composition/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 Contingent Assets

There were no contingent liabilities and contingent 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 2018.

17. Status of corporate exercise

There were no any corporate exercise undertake or incomplete as at the date of issue of this report.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

1. Review of Performance

4Q2019 compared with 4Q2018

The Group's revenue for the current quarter was lower by 41.56% compared to the preceding year quarter mainly due to lack of infrastructure projects and slow take-off from secured orders. The cutback in production impacted by the slow take-off from secured orders and also low market demand, have put pressure on the gross profit margin caused it decreased to 16.04% from 21.32% in 4Q2018. The higher raw material prices further impacted the gross profit margin of our products. The increase of raw material prices are not able transfer to customer due to earlier quotation and price competition. As a result, overall gross profit margin was adversely affected.

2. Comparisons with Preceding Quarter's Results

Both sales and gross profit margin reduced in current quarter compared with the preceding quarter in 3Q2019 due to lower revenue and higher raw material prices.

3. Financial position and liquidity

Total assets of the Group stood at RM172.83 million at 4Q2019, a decrease of RM0.95 million from 3Q2019 mainly due to decrease in cash and cash equivalent and offset by increase in stock balances.

Total liabilities of the Group increase by RM3.17 million from RM73.22 million in 3Q2019 to RM76.40 million in 4Q2019 mainly due to increase in trade payables and offset by lower bank borrowing.

Equity attributable to equity holders of the Group was RM96.43 million as at 4Q2019 with net assets per share at RM1.28.

The Group's cash and cash equivalents has decrease by RM3.22 million in 4Q2019 as compared to 3Q2019. This was mainly due to payment delay by customer and partly offset by the repayment to bank credit facilities.

4. Current Year Prospects

The current year prospects remain challenging due to uncertainty of local and global economy. This in turn may affect the demand for the Group's products and correspondingly assert a downward pressure on the Group's revenue and margins. The price fluctuation of our raw material will also have an impact on our selling price and viability of the Company.

Nonetheless, the Group is constantly undertaking continuous enhancements in production efficiencies, overhead and production cost management. In addition, the Group intends to enhance its product offerings to more overseas market, which is expected to generate better sales and profitability.

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	As at Preceding Financial Year Ended
	31 Aug 2019 RM'000	31 Aug 2018 RM'000
<u>Malaysian Taxation</u>		
Income tax		
- Current year overprovision	-	-
- Prior year over provision	-	32
- Deferred tax	-	918
	<u>-</u>	<u>950</u>

The Group did not provide any tax for the current quarter.

7. Group Borrowings and Debts Securities

	As at end of Current Financial Period Ended 31 Aug 2019 RM'000	As at Preceding Financial Year Ended 31 Aug 2018 RM'000
a) <u>Long Term Borrowings:</u>		
Term loan - secured	5,813	8,435
Hire purchase - secured	-	878
	5,813	9,313
<u>Short Term Borrowings:</u>		
Term loan - secured	2,741	2,671
Hire purchase - secured	776	1,323
Trade credit facilities - secured	13,871	41,536
- unsecured	5,000	3,748
Bank overdraft	5,998	4,670
Others	-	111
	28,386	54,059
TOTAL BORROWINGS	34,199	63,372

b) There were no borrowings in foreign currency.

8. Trade receivables

	As at end of Current Financial Period Ended 31 Aug 2019 RM'000	As at Preceding Financial Year Ended 31 Aug 2018 RM'000
Trade receivable	43,122	71,294
Less: Accumulated impairment losses	(10,746)	(10,174)
Less: Allowance for impairment	(9)	(519)
	32,367	60,601

The Group's normal trade credit terms range from 60 to 120 (2018: 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 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 Quarter Ended 31 Aug 2019	Corresponding Quarter Ended 31 Aug 2018	Current Year To Date Ended 31 Aug 2019	Preceding Year To Date Ended 31 Aug 2018
Profit/(Loss) attributable to equity holders of the Company (RM'000)	(4,080)	(978)	(11,563)	(5,571)
Weighted average number of ordinary shares in issue ('000)	75,345	75,345	75,345	75,345
Basic Earnings per share (sen)	(5.41)	(1.30)	(15.35)	(7.39)

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 Ended	Current Year To Date
	31 Aug 2019	Ended
	RM'000	31 Aug 2019
		RM'000
a) Interest income	(22)	(115)
b) Interest expense	579	2,437
c) Depreciation and amortisation	2,841	1,797
d) Gain/(Loss) on disposal of properties	(540)	(471)
e) Realised foreign exchange (gain)/loss	(456)	357
f) Unrealised foreign exchange (gain)/loss	(150)	(150)
g) Rental income	(76)	(297)
h) Allowance/(Reversal) for impairment - trade receivables	(79)	47
i) Dividend Income	(622)	(622)

By Order of the Board.