

# CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the fourth financial quarter ended 31 Aug 2009.  
The figures have not been audited.

## CONDENSED CONSOLIDATED INCOME STATEMENT For the Period Ended 31 Aug 2009

	2009 Current Quarter Ended 31/08/09 (RM '000)	2008 Comparative Quarter Ended 31/08/08 (RM '000)	2009 12 months Cumulative to date 31/08/09 (RM '000)	2008 12 months Cumulative to date 31/08/08 (RM '000)
Revenue	49,872	55,579	240,193	198,425
Operating expenses excluding depreciation, diminution and amortization	(46,043)	(45,864)	(206,998)	(169,692)
Other operating income	129	399	571	904
Profit/(loss) before finance cost, depreciation and amortization, exceptional items, income tax, minority interests and extraordinary items	3,958	10,114	33,766	29,637
Depreciation and amortization	(1,124)	(596)	(3,179)	(2,324)
Reversal/(Provision) for diminution in quoted investment	1,651	(5,503)	1,101	(21,662)
Provision for impairment in investment properties	0	(118)	0	(118)
Profit/ (loss) from operation before income tax, minority interests and extraordinary items.	4,485	3,897	31,688	5,533
Finance cost	(520)	(787)	(2,739)	(3,244)
Profit/(loss) before taxation	3,965	3,110	28,949	2,289
Taxation	(1,577)	(3,385)	(8,198)	(7,355)
Profit/(Loss) after taxation	2,388	(276)	20,751	(5,067)
Net Profit/(loss) attributable to:				
Equity holders of the Company	2,388	(276)	20,751	(5,067)
Minority interest	0	0	0	0
Profit for the period	2,388	(276)	20,751	(5,067)
Earnings/(loss) per RM1.00 share				
Basic (based on ordinary shares-sen)	5.33	(0.62)	46.35	(11.32)
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)	1.57		1.10	

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> August 2008)

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 31 AUG 2009**

	<b>AS AT 31 Aug 2009 RM '000</b>	<b>AS AT 31 Aug 2008 (Audited) RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	23,909	23,021
Investment properties	8,001	1,193
Prepaid lease payments	11,424	14,033
Other investment	20,362	19,261
	<b>63,696</b>	<b>57,508</b>
<b>Current Assets</b>		
Stocks	29,665	35,742
Trade receivables	58,896	40,629
Other receivables, Deposit and Prepayments	631	1,839
Deposit with licensed banks	7,202	8,160
Cash and bank balances	157	503
	<b>96,551</b>	<b>86,873</b>
<b>TOTAL ASSETS</b>	<b>160,247</b>	<b>144,381</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	44,775	44,775
Share Premium	30,570	30,570
Revaluation Reserves	3,917	3,917
Retained earnings – Loss	(9,151)	(29,903)
Total Equity	<b>70,111</b>	<b>49,360</b>
<b>Non-current liabilities</b>		
Bank borrowings – Long Term	10,717	12,318
Deferred taxation	1,299	1,255
	<b>12,016</b>	<b>13,573</b>
<b>Current Liabilities</b>		
Trade Payables	36,140	34,009
Other Payables	3,006	7,371
Bank borrowings – short term	34,464	33,651
Bank overdraft	2,163	1,763
Tax Payable	2,347	4,654
	<b>78,120</b>	<b>81,448</b>
<b>Total Liabilities</b>	<b>90,136</b>	<b>95,021</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>160,247</b>	<b>144,381</b>
<b>Net Assets per share (RM)</b>	<b>1.57</b>	<b>1.10</b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> August 2008)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For Twelve Months Period Ended 31 Aug 2009**

	<u>Share capital</u>	<u>Asset revaluation reserve</u>	<u>Share premium</u>	<u>Accumulated losses</u>	<u>Total</u>
	RM	RM	RM	RM	RM
<u>4<sup>th</sup> quarter ended 31 Aug 2009</u>					
Balance at 31 Aug 2007	44,775,000	3,917,092	30,569,833	(24,835,097)	54,426,828
Profit for the year	-	-	-	(5,067,486)	(5,067,486)
Balance at 31 Aug 2008	44,775,000	3,917,092	30,569,833	(29,902,583)	49,359,342
Profit for the period	-	-	-	20,751,183	20,751 183
<b>Balance at 31 Aug 2009</b>	44,775,000	3,917,092	30,569,833	(9,151,400)	70,110,525
<u>4<sup>th</sup> quarter ended 31 Aug 2008</u>					
Balance at 31 Aug 2006	44,775,000	3,917,092	30,569,833	(39,909,409)	39,352,516
Loss for the year				15,074,312	15,074 312
Balance at 31 Aug 2007	44,775,000	3,917,092	30,569,833	(24,835,097)	54,426,828
Profit for the period	-	-	-	(5,067,486)	(5,067,486)
<b>Balance at 31 Aug 2008</b>	44,775,000	3,917,092	30,569,833	(29,902,583)	49,359,342

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> August 2008)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For Twelve Months Period Ended 31 Aug 2009**

	<b>12 months ended</b>	
	<b>31/08/09</b>	<b>31/08/08</b>
	<b><u>RM'000s</u></b>	<b><u>RM'000s</u></b>
Net cash generated from operating activities	7,030	6,920
Net cash used in investing activities	(6,260)	(196)
Net cash generated from financing activities	(2,474)	(1,433)
Net increase/ (decrease) in cash and cash equivalents	<u>(1,704)</u>	<u>5,291</u>
Cash and cash equivalents at the beginning of financial period	<u>6,900</u>	<u>1,609</u>
Cash and cash equivalents at end of financial period	<u><u>5,196</u></u>	<u><u>6,900</u></u>

Cash and cash equivalent comprise the following:-

	<b>12 months ended</b>	
	<b>31/08/09</b>	<b>31/08/08</b>
	<b><u>RM'000s</u></b>	<b><u>RM'000s</u></b>
Bank and cash balances	7,359	8,662
Bank Overdraft	(2,163)	(1,762)
	<u><u>5,196</u></u>	<u><u>6,900</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> August 2008)

## **A – NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO FRS 134**

### **1. Basis of Preparation**

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with the reporting requirements outlined in Financial Reporting Standards (“FRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa) Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 August 2009. These explanatory notes attached to the interim report provide explanation of events and transactions that are significant to the understanding of the changes in the financial year ended 31 Aug 2009.

### **2. Changes in Accounting Policies**

The significant accounting policies and methods of computation are consistent with those of the audited financial statements for the financial year ended 31 August 2008.

### **3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report in respect of the annual financial statement for the financial year ended 31<sup>st</sup> August 2008 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 reversal of provision of diminution in the value of quoted investments totaling RM 1,650,972 has been made for the current quarter. The reversal represents the 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 was no dividend declared and paid by the Company for the financial year ended 31 Aug 2008.

### **9. Segmental Reporting**

No segmental reporting has been prepared as the Group’s activities are mainly manufacturing of spun concrete piles and poles.

### **10. 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<sup>st</sup> August 2008.

### **11. 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.

### **12. Changes in Composition/Group**

There were no material changes in the composition of the Group for the financial period under review.

### **13. Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets as at the date of issue of this report.

**14. Review of Performance**

Group revenue of RM 49.9 million for the quarter ended 31 Aug 2009 reflected a decrease of 10.3 % over the RM 55.6 million registered in the preceding year's corresponding quarter. This quarter, the Group recorded a profit after taxation of RM 2.388 million as compared to preceding year's corresponding quarter loss after taxation of RM 0.276 million. The current quarter profit has taken into account exceptional items totaling RM1,650,972 as disclosed in Note 5.

**15. Comparisons with Preceding Quarter's Results**

The turnover of RM 49.9 million for the quarter ended 31 Aug 2009 was 8.2% lower than registered in the preceding quarter. The Group recorded a profit after taxation of RM 2.388 million compared to preceding quarter profit of RM 13.319 million. The results of the current quarter were substantially affected by exceptional items totaling RM1,650,972.

**16. Current Year Prospects**

The prospects for the current year are backed by our current outstanding order book.

**17. Variance from Profit Forecast and Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee for the financial period under review.

**18. Taxation**

	As at end of Current Financial Period 31/08/2009 RM'000	As at Preceding Financial Year End 31/08/2008 RM'000
<b><u>Malaysian Taxation</u></b>		
Income tax		
- Current year	(7,977)	(7,639)
- Prior year under provision	(177)	0
- Deferred tax	(44)	284
	<u>(8,198)</u>	<u>(7,355)</u>

The effective tax rate on the Group's profit is higher than the statutory tax rate due to the non-deductibility of certain expenses and provisions.

**19. Profit on sales of Investment and/or Properties**

There was no profit or loss on sale of investment and/or properties for the financial period under review.

**20. Purchases or Disposal of Quoted Securities**

(a) There was no purchase of quoted securities during the quarter ended 31 Aug 2009.

(b) Investment in quoted shares during the quarter ended 31 Aug 2009 was as follows:

	RM'000
(i) At cost	61,954
(ii) At market value	19,812
(iii) Carrying value	19,812

**21. Corporate Proposals**

The Proposed Acquisition of a double storey shop office at No 44 Jalan Telawi 5, Bangsar, has been completed on the 20<sup>th</sup> October 2009 as evident by the presentation of the relevant documents necessary to procure registration of the transfer of the Property to CEPCO at the relevant Land Registry by the Company's solicitors.

## 22. Group Borrowings and Debts Securities

a)	As at end of Current Quarter 31/08/2009 RM'000	As at Preceding Financial Year End 31/08/2008 RM'000
<u>Long Term Borrowings:-</u>		
Term loan – secured	9,780	12,266
Hire Purchase – secured	937	51
	<u>10,717</u>	<u>12,317</u>
<u>Short Term Borrowings:-</u>		
Term loan – secured	2,454	2,413
Revolving credit – secured	14,000	12,000
Revolving credit – unsecured	1,500	4,000
Hire Purchase – secured	521	136
Bankers' Acceptance – unsecured	15,989	15,102
Bankers' Acceptance – secured	0	0
Bank overdrafts – unsecured	2,163	1,763
	<u>36,627</u>	<u>35,414</u>
TOTAL BORROWINGS	<u>47,344</u>	<u>47,731</u>

b) No borrowings in foreign currency.

## 23. Off Balance Sheet Financial Instruments

There were no material instruments with off balance sheet risk that were issued by the Group as at the date of issue of this report.

## 24. Material Litigation

The Court of Appeal had on 30 December 2004 dismissed the High Court suit by Industrial Concrete Products Berhad (“ICP”) against the Company for an alleged breach of contract and specific performance on the purported Management Agreement dated 5 June 1996. The Company had received a sum of RM15.3 million on 3 January 2005 from ICP for goods taken from the Company by ICP as determined by the court order dated 30 December 2004. CEPCO has proceeded to file a suit to enforce the judgment against ICP for the balance of the interest payable of RM1,576,907.97, being the differential in interest computed on the said judgment sum of RM15.3 million. The learned judge had on 31 October 2006 ruled against CEPCO’s claim on this matter. Based on legal advice, the Board of CEPCO had filed an appeal on 6 November 2006. The solicitors of CEPCO have received the Notes of Proceedings and have filed the Record of Appeal on the 14<sup>th</sup> of August 2008 and no date of hearing has yet been fixed by the Court of Appeal.

## 25. Dividend

The Board of Directors has not recommended any dividend for the financial year.

## 26. Earnings/(Losses) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the current individual quarter profit of RM2,388,000 (preceding year corresponding period: loss of RM 239,000) and profit for the current cumulative quarter of RM20,751,000 (preceding year corresponding quarter: loss of RM 5,067,000) and on the number of ordinary shares for the current cumulative quarter of 44,775,000 (Preceding year: 44,775,000) in issue during the year.

(b) Diluted earnings per share

Not applicable

**27. Related Party Transaction.**

Related party transactions of the Group for the year ended 31 Aug 2009 are as follows:-

	RM ('000)
(i) Purchase of raw materials from Urus Kemas Sdn. Bhd., a subsidiary of Inch Kenneth Kajang Rubber Public Limited Company, a corporate shareholder of the Company	<u>8,706</u>

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with related parties.

The total amount due to Urus Kemas Sdn Bhd as at 31 Aug 2009 is NIL.