

CONCRETE ENGINEERING PRODUCTS BERHAD

**Company No 88143-P
(Incorporated in Malaysia)**

Quarterly report on consolidated results for the first financial quarter ended 30 Nov 2009.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT For the Period Ended 30 Nov 2009

	2009	2008	2009	2008
	Current Quarter Ended	Comparative Quarter Ended	3 months Cumulative to date	3 months Cumulative to date
	30/11/09 (RM '000)	30/11/08 (RM '000)	30/11/09 (RM '000)	30/11/08 (RM '000)
Revenue	37,568	72,115	37,568	72,115
Operating expenses excluding depreciation, diminution and amortization	(33,904)	(61,055)	(33,904)	(61,055)
Other operating income	240	214	240	214
Profit/(loss) before finance cost, depreciation and amortization, exceptional items, income tax, minority interests and extraordinary items	3,904	11,274	3,904	11,274
Depreciation and amortization	(711)	(537)	(711)	(537)
Reversal/(Provision) for diminution in quoted investment	3,852	(5,279)	3,852	(5,279)
Provision for impairment in investment properties	0	0	0	0
Profit/ (loss) from operation before income tax, minority interests and extraordinary items.	7,045	5,458	7,045	5,458
Finance cost	(618)	(833)	(618)	(833)
Profit/(loss) before taxation	6,427	4,625	6,427	4,625
Taxation	(645)	(2,600)	(645)	(2,600)
Profit/(Loss) after taxation	5,782	2,025	5,782	2,025
Net Profit/(loss) attributable to:				
Equity holders of the Company	5,782	2,025	5,782	2,025
Minority interest	0	0	0	0
Profit for the period	5,782	2,025	5,782	2,025
Earnings/(loss) per RM1.00 share				
Basic (based on ordinary shares-sen)	12.91	4.52	12.91	4.52
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)	1.69		1.57	

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31st August 2009)

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 NOV 2009

	AS AT 30 Nov 2009 RM '000	AS AT 31 Aug 2009 (Audited) RM '000
ASSETS		
Non-current assets		
Property, Plant and Equipment	23,339	23,909
Investment properties	8,001	8,001
Prepaid lease payments	11,349	11,424
Other investment	24,214	20,362
	<u>66,903</u>	<u>63,696</u>
Current Assets		
Stocks	32,827	29,665
Trade receivables	50,731	58,896
Other receivables, Deposit and Prepayments	611	631
Deposit with licensed banks	9,232	7,202
Cash and bank balances	796	157
	<u>94,197</u>	<u>96,551</u>
	<u>161,100</u>	<u>160,247</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	44,775	44,775
Share Premium	30,570	30,570
Revaluation Reserves	3,917	3,917
Retained earnings – Loss	(3,369)	(9,151)
Total Equity	<u>75,893</u>	<u>70,111</u>
Non-current liabilities		
Bank borrowings – Long Term	13,089	10,717
Deferred taxation	1,299	1,299
	<u>14,388</u>	<u>12,016</u>
Current Liabilities		
Trade Payables	29,697	36,140
Other Payables	3,220	3,006
Bank borrowings – short term	36,959	34,464
Bank overdraft	1,357	2,163
Tax Payable	(414)	2,347
	<u>70,819</u>	<u>78,120</u>
Total Liabilities	<u>85,207</u>	<u>90,136</u>
TOTAL EQUITY AND LIABILITIES	<u>161,100</u>	<u>160,247</u>
Net Assets per share (RM)	1.69	1.57

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31st August 2009)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For Three Months Period Ended 30 Nov 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>1st quarter ended 30 Nov 2009</u>					
Balance at 31 Aug 2008	44,775,000	3,917,092	30,569,833	(29,902,583)	49,359,342
Profit for the year	-	-	-	20,751,183	20,751,183
Balance at 31 Aug 2008	44,775,000	3,917,092	30,569,833	(9,151,400)	70,110,525
Profit for the period	-	-	-	5,782,419	5,782,419
Balance at 30 Nov 2009	44,775,000	3,917,092	30,569,833	(3,368,981)	75,892,944
<u>1st quarter ended 30 Nov 2008</u>					
Balance at 31 Aug 2008	44,775,000	3,917,092	30,569,833	(24,835,097)	54,426,828
Loss for the year				(5,067,486)	(5,067,486)
Balance at 31 Aug 2009	44,775,000	3,917,092	30,569,833	(29,902,583)	49,359,342
Profit for the period	-	-	-	(5,067,486)	(5,067,486)
Balance at 30 Nov 2008	44,775,000	3,917,092	30,569,833	(27,877,946)	51,383,979

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st August 2009)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For Three Months Period Ended 30 Nov 2009

	3 months ended	
	30/11/09	30/11/08
	<u>RM'000s</u>	<u>RM'000s</u>
Net cash generated from operating activities	(1,360)	(1,722)
Net cash used in investing activities	(32)	(595)
Net cash generated from financing activities	4,867	2,155
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Net increase/ (decrease) in cash and cash equivalents	3,475	(162)
Cash and cash equivalents at the beginning of financial period	5,196	6,900
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Cash and cash equivalents at end of financial period	<u>8,671</u>	<u>6,738</u>

Cash and cash equivalent comprise the following:-

	3 months ended	
	30/11/09	30/11/08
	<u>RM'000s</u>	<u>RM'000s</u>
Bank and cash balances	10,028	10,066
Bank Overdraft	(1,357)	(3,328)
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	<u>8,671</u>	<u>6,738</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st August 2009)

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 30 Nov 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 2009.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report in respect of the annual financial statement for the financial year ended 31st August 2009 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 3,852,268 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 2009.

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 31st August 2009.

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 37.6 million for the quarter ended 30 Nov 2009 reflected a decrease of 47.9 % over the RM 72.1 million registered in the preceding year's corresponding quarter. This quarter, the Group recorded a profit after taxation of RM 5.782 million as compared to preceding year's corresponding quarter profit after taxation of RM 2.025 million. The current quarter profit has taken into account exceptional items totaling RM3,852,268 as disclosed in Note 5.

15. Comparisons with Preceding Quarter's Results

The turnover of RM 37.6 million for the quarter ended 30 Nov 2009 was 0.2% lower than registered in the preceding quarter. The Group recorded a profit after taxation of RM 5.782 million compared to preceding quarter profit of RM 2.388 million. The results of the current quarter were substantially affected by exceptional items totaling RM3,852,268.

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 30/11/2009 RM'000	As at Preceding Financial Year End 31/08/2008 RM'000
<u>Malaysian Taxation</u>		
Income tax		
- Current year	(645)	(7,977)
- Prior year under provision	0	(177)
- Deferred tax	0	(44)
	<u>(645)</u>	<u>(8,198)</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 30 Nov 2009.

(b) Investment in quoted shares during the quarter ended 30 Nov 2009 was as follows:

	RM'000
(i) At cost	61,954
(ii) At market value	24,214
(iii) Carrying value	24,214

21. Corporate Proposals

The Company had on 14th Dec 2009 announced the proposed acquisition of a piece of land in Batang Kali, Selangor together with buildings erected thereon and all related machinery and equipment for a total purchase consideration of RM6,500,000.

As at the date of this announcement, the completion of this proposal is pending the:-

- (i) procurement by the Vendor, the State consent to transfer the land
- (ii) procurement by the Purchaser, the State consent to charge the land
- (iii) procurement by the Vendor, the redemption statement of the property
- (iv) balance sum of RM5,850,000 payable by the purchaser upon the fulfillment of (i), (ii) and (iii) above.

22. Group Borrowings and Debts Securities

a)	As at end of Current Quarter 30/11/2009 RM'000	As at Preceding Financial Year End 31/08/2009 RM'000
<u>Long Term Borrowings:-</u>		
Term loan – secured	12,363	9,780
Hire Purchase – secured	725	937
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	13,088	10,717
<u>Short Term Borrowings:-</u>		
Term loan – secured	2,839	2,454
Revolving credit – secured	14,000	14,000
Revolving credit – unsecured	1,500	1,500
Hire Purchase – secured	570	521
Bankers' Acceptance – unsecured	14,050	15,989
Bankers' Acceptance – secured	4,000	0
Bank overdrafts – unsecured	1,357	2,163
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	38,316	36,627
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TOTAL BORROWINGS	51,404	47,344

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 14th of August 2008 and date of hearing has been fixed by the Court of Appeal on 13th April 2010.

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 RM5,782,000 (preceding year corresponding period: profit of RM2,025,000) and profit for the current cumulative quarter of RM5,782,000 (preceding year corresponding quarter: profit of RM 2,025,000) 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.

There are no related party transactions of the Group for the current quarter ended 30 Nov 2009.