

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P
(Incorporated in Malaysia)

Quarterly report on consolidated results for the third financial quarter ended 31 May 2010.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT For the Period Ended 31 May 2010

	2010 Current Quarter Ended 31/05/10 (RM '000)	2009 Comparative Quarter Ended 31/05/09 (RM '000)	2010 9 months Cumulative to date 31/05/10 (RM '000)	2009 9 months Cumulative to date 31/05/09 (RM '000)
Revenue	30,119	54,302	97,070	190,321
Operating expenses excluding depreciation, diminution and amortization	(29,227)	(45,552)	(90,744)	(161,013)
Other operating income	161	131	606	442
Profit/(loss) before finance cost, depreciation and amortization, exceptional items, income tax, minority interests and extraordinary items	1,053	8,881	6,932	29,750
Depreciation and amortization	(777)	(733)	(2,199)	(2,055)
Reversal/(Provision) for diminution in quoted investment	0	7,705	5,503	(550)
Provision for impairment in investment properties	0	0	0	0
Profit/ (loss) from operation before income tax, minority interests and extraordinary items.	276	15,853	10,236	27,145
Finance cost	(619)	(618)	(1,840)	(2,161)
Profit/(loss) before taxation	(343)	15,235	8,396	24,984
Taxation	146	(1,916)	(855)	(6,621)
Profit/(Loss) after taxation	(197)	13,319	7,541	18,363
Net Profit/(loss) attributable to:				
Equity holders of the Company	(197)	13,319	7,541	18,363
Minority interest	0	0	0	0
Profit for the period	(197)	13,319	7,541	18,363
Earnings/(loss) per RM1.00 share				
Basic (based on ordinary shares-sen)	(0.44)	29.75	16.84	41.01
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)	1.73		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 31 MAY 2010

	AS AT 31 May 2010 RM '000	AS AT 31 Aug 2009 (Audited) RM '000
ASSETS		
Non-current assets		
Property, Plant and Equipment	22,667	23,909
Investment properties	8,001	8,001
Prepaid lease payments	11,198	11,424
Other investment	25,865	20,362
	67,731	63,696
Current Assets		
Stocks	31,073	29,665
Trade receivables	31,512	58,896
Other receivables, Deposit and Prepayments	2,316	631
Tax recoverable	2,874	0
Deposit with licensed banks	10,321	7,202
Cash and bank balances	1,284	157
	79,380	96,551
TOTAL ASSETS	147,111	160,247
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	(1,610)	(9,151)
Total Equity	77,652	70,111
Non-current liabilities		
Bank borrowings – Long Term	11,357	10,717
Deferred taxation	1,299	1,299
	12,656	12,016
Current Liabilities		
Trade Payables	20,955	36,140
Other Payables	2,454	3,006
Bank borrowings – short term	32,403	34,464
Bank overdraft	991	2,163
Tax Payable	0	2,347
	56,803	78,120
Total Liabilities	69,459	90,136
TOTAL EQUITY AND LIABILITIES	147,111	160,247
Net Assets per share (RM)	1.73	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 Nine Months Period Ended 31 May 2010

	<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>3rd quarter ended 31 May 2010</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 2009	44,775,000	3,917,092	30,569,833	(9,151,400)	70,110,525
Profit for the period	-	-	-	7,541,273	7,541,273
Balance at 31 May 2010	44,775,000	3,917,092	30,569,833	(1,610,127)	77,651,798
<u>3rd quarter ended 31 May 2009</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 2008	44,775,000	3,917,092	30,569,833	(29,902,583)	49,359,342
Profit for the period	-	-	-	18,363,066	18,363,066
Balance at 31 May 2009	44,775,000	3,917,092	30,569,833	(11,539,517)	67,722,408

(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 Nine Months Period Ended 31 May 2010

	9 months ended	
	31/05/10	31/05/09
	<u>RM'000s</u>	<u>RM'000s</u>
Net cash generated from operating activities	7,428	3,165
Net cash used in investing activities	(590)	(2,285)
Net cash generated from financing activities	(1,420)	3,336
Net increase/ (decrease) in cash and cash equivalents	<u>5,418</u>	<u>4,216</u>
Cash and cash equivalents at the beginning of financial period	<u>5,196</u>	<u>6,900</u>
Cash and cash equivalents at end of financial period	<u><u>10,614</u></u>	<u><u>11,116</u></u>

Cash and cash equivalent comprise the following:-

	9 months ended	
	31/05/10	31/05/09
	<u>RM'000s</u>	<u>RM'000s</u>
Bank and cash balances	11,605	12,864
Bank Overdraft	(991)	(1,748)
	<u><u>10,614</u></u>	<u><u>11,116</u></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 period ended 31 May 2010.

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 no movement in the 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 30.1 million for the quarter ended 31 May 2010 reflected a decrease of 44.6 % over the RM 54.3 million registered in the preceding year's corresponding quarter. This quarter, the Group recorded a loss after taxation of RM 0.197 million as compared to preceding year's corresponding quarter profit after taxation of RM 13.319 million.

The reduction in sales during the current period is attributable to the current decreased levels of construction activity in the market.

15. Comparisons with Preceding Quarter's Results

The turnover of RM 30.1 million for the quarter ended 31 May 2010 was 2.4% higher than registered in the preceding quarter. The Group recorded a loss after taxation of RM 0.197 million compared to preceding quarter profit of RM 1.956 million.

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 31/05/2010 RM'000	As at Preceding Financial Year End 31/08/2009 RM'000
<u>Malaysian Taxation</u>		
Income tax		
- Current year	(855)	(7,977)
- Prior year under provision	0	(177)
- Deferred tax	0	(44)
	<u>(855)</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 31 May 2010.

(b) Investment in quoted shares during the quarter ended 31 May 2010 was as follows:

	RM'000
(i) At cost	61,954
(ii) At market value	25,865
(iii) Carrying value	25,865

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 registration of the title in the Company's name. All matters mentioned in the previous announcement has been fulfilled.

22. Group Borrowings and Debts Securities

a)	As at end of Current Quarter	As at Preceding Financial Year End
	31/05/2010	31/08/2009
	<u>RM'000</u>	<u>RM'000</u>
<u>Long Term Borrowings:-</u>		
Term loan – secured	10,898	9,780
Hire Purchase – secured	459	937
	<u>11,357</u>	<u>10,717</u>
<u>Short Term Borrowings:-</u>		
Term loan – secured	2,883	2,454
Revolving credit – secured	14,000	14,000
Revolving credit – unsecured	0	1,500
Hire Purchase – secured	736	521
Bankers' Acceptance – unsecured	8,502	15,989
Bankers' Acceptance – secured	6,282	0
Bank overdrafts – secured	0	0
Bank overdrafts – unsecured	991	2,163
	<u>33,394</u>	<u>36,627</u>
TOTAL BORROWINGS	<u>44,751</u>	<u>47,344</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. On 13th April 2010, the Court of Appeal has allowed the appeal with cost in favor of CEPCO and entered judgment for the sum of RM1,440,795.45. The final payment of the judgment sum of RM1,440,795.45 has been received on 21st June 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 loss of RM197,000 (preceding year corresponding period: profit of RM13,319,000) and profit for the current cumulative quarter of RM7,541,000 (preceding year corresponding quarter: profit of RM 18,363,000) 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 31 May 2010.