

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P
(Incorporated in Malaysia)

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

CONDENSED CONSOLIDATED INCOME STATEMENT **For the Period Ended 31 Aug 2010**

	2010	2009	2010	2009
	Current	Comparative	12 months	12 months
	Quarter	Quarter	Cumulative	Cumulative
	Ended	Ended	to date	to date
	31/08/10	31/08/09	31/08/10	31/08/09
	<u>(RM '000)</u>	<u>(RM '000)</u>	<u>(RM '000)</u>	<u>(RM '000)</u>
Revenue	24,275	49,872	121,345	240,193
Operating expenses excluding depreciation, diminution and amortization	(23,908)	(46,043)	(114,652)	(206,998)
Other operating income	1,615	129	2,221	571
Profit/(loss) before finance cost, depreciation and amortization, exceptional items, income tax, minority interests and extraordinary items	1,982	3,958	8,914	33,766
Depreciation and amortization	(951)	(1,124)	(3,150)	(3,179)
Reversal/(Provision) for diminution in quoted investment	6,054	1,651	11,557	1,101
Provision for increase in fair value of investment properties	479	0	479	0
Profit/ (loss) from operation before income tax, minority interests and extraordinary items.	7,564	4,485	17,800	31,688
Finance cost	(688)	(520)	(2,528)	(2,739)
Profit/(loss) before taxation	6,876	3,965	15,272	28,949
Taxation	1,608	(1,577)	753	(8,198)
Profit/(Loss) after taxation	8,484	2,388	16,025	20,751
Net Profit/(loss) attributable to:				
Equity holders of the Company	8,484	2,388	16,025	20,751
Minority interest	0	0	0	0
Profit for the period	8,484	2,388	16,025	20,751
Earnings/(loss) per RM1.00 share				
Basic (based on ordinary shares-sen)	18.95	5.33	35.79	46.35
Fully diluted (based on ordinary shares-sen)				
	AS AT END OF CURRENT	AS AT PRECEDING		
	QUARTER	FINANCIAL YEAR END		
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.92	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 AUG 2010

	AS AT 31 AUG 2010 RM '000	AS AT 31 Aug 2009 (Audited) RM '000
ASSETS		
Non-current assets		
Property, Plant and Equipment	26,910	23,909
Investment properties	8,480	8,001
Prepaid lease payments	14,585	11,424
Deferred Tax Assets	350	0
Other investment	31,919	20,362
	82,244	63,696
Current Assets		
Stocks	29,854	29,665
Trade receivables	32,242	58,896
Other receivables, Deposit and Prepayments	1,051	631
Tax recoverable	2,651	0
Deposit with licensed banks	8,285	7,202
Cash and bank balances	357	157
	74,440	96,551
TOTAL ASSETS	156,684	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	6,874	(9,151)
Total Equity	86,136	70,111
Non-current liabilities		
Bank borrowings – Long Term	14,947	10,717
Deferred taxation	0	1,299
	14,947	12,016
Current Liabilities		
Trade Payables	17,654	36,140
Other Payables	2,406	3,006
Bank borrowings – short term	32,038	34,464
Bank overdraft	3,503	2,163
Tax Payable	0	2,347
	55,601	78,120
Total Liabilities	70,548	90,136
TOTAL EQUITY AND LIABILITIES	156,684	160,247
Net Assets per share (RM)	1.92	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 Twelve Months Period Ended 31 Aug 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>4th quarter ended 31 Aug 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	-	-	-	16,025,308	16,025,308
Balance at 31 Aug 2010	44,775,000	3,917,092	30,569,833	6,873 908	86,135 833
<u>4th quarter ended 31 Aug 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	-	-	-	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

(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 Twelve Months Period Ended 31 Aug 2010

	12 months ended	
	31/08/10	31/08/09
	<u>RM'000s</u>	<u>RM'000s</u>
Net cash generated from operating activities	5,759	3,165
Net cash used in investing activities	(7,621)	(2,285)
Net cash generated from financing activities	1,805	3,336
Net increase/ (decrease) in cash and cash equivalents	<u>(57)</u>	<u>4,216</u>
Cash and cash equivalents at the beginning of financial period	5,196	6,900
Cash and cash equivalents at end of financial period	<u><u>5,139</u></u>	<u><u>11,116</u></u>

Cash and cash equivalent comprise the following:-

	12 months ended	
	31/08/10	31/08/09
	<u>RM'000s</u>	<u>RM'000s</u>
Bank and cash balances	8,642	12,864
Bank Overdraft	(3,503)	(1,748)
	<u><u>5,139</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 year ended 31 Aug 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 a reversal of provision of diminution in the value of quoted investments totaling RM6,053,564 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

No dividend was paid during the period under review. Please refer to note 25 for the interim dividend declared for the current financial year.

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 24.3 million for the quarter ended 31 Aug 2010 reflected a decrease of 51.3 % over the RM 49.9 million registered in the preceding year's corresponding quarter. This quarter, the Group recorded a profit after taxation of RM 8.484 million as compared to preceding year's corresponding quarter profit after taxation of RM 2.388 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 24.3 million for the quarter ended 31 Aug 2010 was 19.3% lower than registered in the preceding quarter. The Group recorded a profit after taxation of RM 8.484 million compared to preceding quarter loss of RM 0.197 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 31/08/2010 RM'000	As at Preceding Financial Year End 31/08/2009 RM'000
<u>Malaysian Taxation</u>		
Income tax		
- Current year	(1,410)	(7,977)
- Prior year under provision	513	(177)
- Deferred tax	1,650	(44)
	<u>753</u>	<u>(8,198)</u>

The effective tax rate on the Group's profit is lower than the statutory tax rate substantially due to the non-taxability of gains in quoted investments which are capital in nature.

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 2010.

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

	RM'000
(i) At cost	61,954
(ii) At market value	31,919
(iii) Carrying value	31,919

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. The transaction has been fully completed on 24th August 2010 following the satisfaction of all the conditions precedent stated in the sale and purchase agreement.

22. Group Borrowings and Debts Securities

a)	As at end of Current Quarter	As at Preceding Financial Year End
	31/08/2010	31/08/2009
	<u>RM'000</u>	<u>RM'000</u>
<u>Long Term Borrowings:-</u>		
Term loan – secured	14,196	9,780
Hire Purchase – secured	751	937
	<u>14,947</u>	<u>10,717</u>
<u>Short Term Borrowings:-</u>		
Term loan – secured	3,604	2,454
Revolving credit – secured	13,000	14,000
Revolving credit – unsecured	0	1,500
Hire Purchase – secured	750	521
Bankers' Acceptance – unsecured	3,858	15,989
Bankers' Acceptance – secured	10,826	0
Bank overdrafts – secured	2,000	0
Bank overdrafts – unsecured	1,503	2,163
	<u>35,541</u>	<u>36,627</u>
TOTAL BORROWINGS	<u>50,488</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 had on 4th Oct 2010 declared an interim dividend of 3% less 25% tax for the 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 RM8,484,000 (preceding year corresponding period: profit of RM 2,388,000) and profit for the current cumulative quarter of RM16,025,000 (preceding year corresponding quarter: profit of RM 28,751,000) 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 Aug 2010.