

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P
(Incorporated in Malaysia)

Quarterly report on consolidated results for the first financial quarter ended 30 Nov 2011.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the First Financial Quarter Ended 30 Nov 2011

	2012 Current Quarter Ended 30/11/11 (RM '000)	2011 Comparative Quarter Ended 30/11/10 (RM '000)	2012 3 months Cumulative to date 30/11/11 (RM '000)	2011 3 months Cumulative to date 30/11/10 (RM '000)
<u>Continuing operations</u>				
Revenue	37,127	20,566	37,127	20,566
Cost of sales	(30,100)	(19,581)	(30,100)	(19,581)
Gross profit	7,027	985	7,027	985
Other income	249	78	249	78
Increase/(decrease) in fair value of quoted investment through profit and loss	1,376	9,356	1,376	9,356
Provision for increase in fair value of investment properties through profit and loss.	0	0	0	0
Administrative and other expenses	(5,077)	(3,936)	(5,077)	(3,936)
Finance cost	(785)	(729)	(785)	(729)
Profit before taxation	2,790	5,754	2,790	5,754
Taxation	(335)	0	(335)	0
Profit for the period	2,455	5,754	2,455	5,754
Other comprehensive income for the period				
Dividend paid	0	(1,008)	0	(1,008)
Total comprehensive income for the period	2,455	4,746	2,455	4,746
Profit for the period attributable to:				
Owners of the Company	2,455	5,754	2,455	5,754
Minority interest	0	0	0	0
Total comprehensive income attributable to:	2,455	5,754	2,455	5,754
Total comprehensive income attributable to:				
Owners of the Company	2,455	4,746	2,455	4,746
Minority interest	0	0	0	0
Earnings per RM1.00 share				
Basic (based on ordinary shares-sen)	5.48	12.85	5.48	12.85
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)	1.99		1.93	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st August 2011)

CONDENSED STATEMENT OF FINANCIAL POSITION**As at 30 Nov 2011**

	AS AT 30 Nov 2011 RM '000	AS AT 31 Aug 2011 (Audited) RM '000
ASSETS		
Non-current assets		
Property, Plant and Equipment	41,300	41,617
Investment properties	9,032	9,032
Other investment	34,120	32,744
	84,452	83,393
Current Assets		
Stocks	24,487	22,398
Trade receivables	35,538	38,372
Other receivables, Deposit and Prepayments	461	1,128
Tax recoverable	751	4,141
Deposit with licensed banks	23,157	14,992
Cash and bank balances	1,495	2,841
	85,889	83,872
TOTAL ASSETS	170,341	167,265
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	44,775	44,775
Share Premium	30,570	30,570
Revaluation Reserves	3,917	3,917
Retained Profits	9,639	7,185
Total Equity	88,901	86,447
Non-current liabilities		
Bank borrowings – Long Term	17,414	12,918
Deferred taxation	77	77
	17,491	12,995
Current Liabilities		
Trade Payables	30,062	29,272
Other Payables	2,639	1,711
Bank borrowings – short term	29,240	35,849
Bank overdraft	2,008	991
	63,949	67,823
Total Liabilities	81,440	80,818
TOTAL EQUITY AND LIABILITIES	170,341	167,265
Net Assets per share (RM)	1.99	1.93

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st August 2011)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 Nov 2011

	← Attributable to equity holders of the Company →				<u>Total</u>
	<u>Non-distributable</u>		<u>Distributable</u>		<u>equity</u>
	<u>Share capital</u>	<u>Asset revaluation reserve</u>	<u>Share premium</u>	<u>Accumulated profits</u>	
	RM	RM	RM	RM	RM
1 st quarter ended 30 Nov 2011					
Balance at 1 Sep 2011	44,775,000	3,917,092	30,569,833	7,184,821	86,446,746
Profit for the period	-	-	-	2,454,289	2,454,289
Balance at 30 Nov 2011	44,775,000	3,917,092	30,569,833	9,639,110	88,901,035

	← Attributable to equity holders of the Company →				<u>Total</u>
	<u>Non-distributable</u>		<u>Distributable</u>		<u>equity</u>
	<u>Share capital</u>	<u>Asset revaluation reserve</u>	<u>Share premium</u>	<u>Accumulated losses</u>	
	RM	RM	RM	RM	RM
1 st quarter ended 30 Nov 2010					
Balance at 1 Sep 2010	44,775,000	3,917,092	30,569,833	6,873,908	86,135,833
Profit for the period	-	-	-	5,754,519	5,754,519
Dividend on ordinary shares in respect of previous year				(1,007,772)	(1,007,772)
Balance at 30 Nov 2010	44,775,000	3,917,092	30,569,833	11,620,655	90,882,580

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st August 2011)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Period Ended 30 Nov 2011

	3 months ended	
	30/11/11	30/11/10
	<u>RM'000s</u>	<u>RM'000s</u>
Cash Flows from operating activities		
Profit before taxation	2,790	4,747
Adjustments for:-		
Depreciation and amortisation	828	741
Provision for diminution in value of quoted investments	(1,376)	(9,355)
Interest income and expenses	630	682
Other non-cash items	83	(51)
Operating profit/(loss) before changes in working capital	<u>2,955</u>	<u>(3,236)</u>
Changes in working capital:		
Net change in inventories	(2,089)	(1,554)
Net change in receivables	3,418	4,840
Net change in payables	1,718	427
Cash generated from operating activities	<u>6,002</u>	<u>477</u>
Finance costs	(785)	(730)
Income tax refunded/(paid)	<u>3,055</u>	<u>(599)</u>
Net cash flows generated from /(used in) operating activities	<u>8,272</u>	<u>(852)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(511)	(2,400)
Interest income	<u>155</u>	<u>48</u>
Net cash flows used in investing activities	<u>(356)</u>	<u>(2,352)</u>
Cash flows from financing activities		
Drawdown of term loan	9,000	1,956
Repayment of term loan	(4,933)	(805)
Repayment of short term borrowings	<u>(6,181)</u>	<u>(1,065)</u>
Net cash flows (used in)/generated from financing activities	<u>(2,114)</u>	<u>86</u>
Net increase/(decrease) in cash and cash equivalents	5,802	(3,118)
Cash and cash equivalents at the beginning of financial period	<u>15,824</u>	<u>4,121</u>
Cash and cash equivalents at end of financial period	<u><u>21,626</u></u>	<u><u>1,003</u></u>
Cash and cash equivalent comprise the following:-		
Bank and cash balances	24,652	4,422
Bank Overdraft	<u>(2,008)</u>	<u>(2,401)</u>
	22,644	2,021
Deposit pledged with licensed bank	<u>(1,018)</u>	<u>(1,018)</u>
	<u><u>21,626</u></u>	<u><u>1,003</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st August 2011)

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 2011. 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 position and performance of the Group for the period ended 30 Nov 2011.

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 2011 except for the adoption of the following new and amended Financial Reporting Standards (FRS) and IC interpretations issued by MASB that is effective for the Group’s financial period ended 30 Nov 2011:

Effective for financial periods beginning on or after 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Improvement to FRS issued in 2009	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The FRSs which are effective and have significant impact on the financial statements of the Group are:

a) FRS 7 Financial Instruments: Disclosure

Prior to 1 September 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout this report.

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 2011 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 an increase in fair value of quoted investments totaling RM1,375,810 has been made for the current quarter. The provision represents an 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 were no dividends paid for the current quarter under review.
9. **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 Period 30/11/2011 RM'000	As at Preceding Corresponding Financial Period 30/11/2010 RM'000
Malaysia	27,432	17,817
Others	9,695	2,749
	37,127	20,566

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 2011.
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 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations.
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

The Group's revenue improved by 80.53% compared to the preceding year's corresponding quarter. The improved sales volume is due to improved market demand.

Whilst the effect of the increase in fair value of quoted investment of RM1.376 million as compared to RM9.356 million in the preceding year's corresponding quarter represents the change in market price of the quoted investment.

Higher level of production has also improved average costs, resulting in a better Gross Profit of RM7.027 million as compared to RM0.985 million.

15. Comparisons with Preceding Quarter's Results

The revenue of RM 37.1 million for the quarter ended 30 Nov 2011 was 14.5% lower than registered in the preceding quarter.

The reduction in revenue has been due to the lower levels of deliveries due to the customer's current site requirements.

16. Current Year Prospects

The current year prospects are backed against our current order book and potential orders from new projects in Malaysia and regionally. The effects of major raw material prices would also have a direct effect on the prospects of the Group as selling prices are based on current prices of raw materials. The Group's major raw materials include cement, steel bars, sand and aggregates.

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 30/11/2011 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
<u>Malaysian Taxation</u>		
Income tax		
- Current year	(335)	(103)
- Prior year over provision	0	95
- Deferred tax	0	(427)
	<u>(335)</u>	<u>(435)</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 were no sales 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 2011.

(b) Investment in quoted shares during the quarter ended 30 Nov 2011 was as follows:

	RM'000
(i) At cost	61,954
(ii) At market value	34,120
(iii) Carrying value	34,120

21. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

22. Group Borrowings and Debts Securities

a)	As at end of Current Quarter 30/11/2011 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
<u>Long Term Borrowings:-</u>		
Term loan – secured	17,081	12,403
Hire Purchase – secured	333	515
	<u>17,414</u>	<u>12,918</u>
<u>Short Term Borrowings:-</u>		
Term loan – secured	3,394	4,005
Revolving credit – secured	8,680	13,000
Hire Purchase – secured	680	712
Bankers' Acceptance – unsecured	11,486	9,682
Bankers' Acceptance – secured	5,000	8,450
Bank overdrafts – secured	0	0
Bank overdrafts – unsecured	2,008	991
	<u>31,248</u>	<u>36,840</u>
TOTAL BORROWINGS	<u>48,662</u>	<u>49,758</u>

b) No borrowings in foreign currency.

23. Off Balance Sheet Risk 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

There is no material litigation as at the date of issuance of this quarterly report against the Group.

25. Dividend

The Board of Directors has not recommended any dividend for the financial quarter under review.

26. Earnings/(Losses) per share

The basic earnings per share is calculated by dividing the Group's profit 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 Year Quarter 30/11/2011	Preceding Year Corresponding Quarter 30/11/2010	Current Year To Date 30/10/2011	Preceding Year Corresponding Quarter To Date 30/10/2010
Profit attributable to equity holders of the Company (RM'000)	2,455	5,754	2,455	5,754
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	5.48	12.85	5.48	12.85

The diluted earnings per share equal the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial period.

27. Related Party Transaction.

There are no related party transactions of the Group for the current quarter ended 30 Nov 2011.

28. Realised and unrealised profits disclosure

The retained profits as at 30 Nov 2011 and 31 Aug 2011 are analysed as follows:-

	As at end of Current Quarter 30/11/2011 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
The retained profits of the Company and the subsidiaries:-		
- Realised	36,636	35,558
- Unrealised	(26,997)	(28,373)
Total group retained profits as per consolidated accounts	<u>9,639</u>	<u>7,185</u>

29. Notes to the statement of comprehensive income

Included in the statement of comprehensive income for the current quarter and financial year-to-date, are the following:-

	As at end of Current Quarter and current year-to-date 30/11/2011 RM'000
a) Interest income	155
b) Other income including investment income	94
c) Interest expense	(785)
d) Depreciation and amortization	(828)
e) Provision for and write off of receivables	0
f) Provision for and write off of inventories	0
g) Gain or loss on disposal of quoted or unquoted investments or properties	0
h) Impairment of assets	0
i) Foreign exchange gain or loss	(83)
j) Gain or loss on derivatives	0
k) Exceptional items - Increase in fair value of quoted investment	1,376