

# CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the second quarter ended 29 Feb 2012.  
The figures have not been audited.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Second Financial Quarter Ended 29 Feb 2012

	2012 Current Quarter Ended 29/02/12 (RM '000)	2011 Comparative Quarter Ended 28/02/11 (RM '000)	2012 6 months Cumulative to date 29/02/12 (RM '000)	2011 6 months Cumulative to date 28/02/11 (RM '000)
<u>Continuing operations</u>				
Revenue	32,777	24,695	69,904	45,261
Cost of sales	(27,817)	(20,943)	(57,917)	(40,524)
Gross profit	4,960	3,752	11,987	4,737
Other income	317	185	566	263
Increase/(decrease) in fair value of quoted investment through profit and loss	2,751	(3,852)	4,127	5,504
Provision for increase in fair value of investment properties through profit and loss.	0	0	0	0
Administrative and other expenses	(5,196)	(5,261)	(10,273)	(9,197)
Finance cost	(927)	(783)	(1,712)	(1,512)
Profit before taxation	1,905	(5,959)	4,695	(205)
Taxation	(25)	0	(360)	0
Profit for the period	1,880	(5,959)	4,335	(205)
<b>Other comprehensive income for the period</b>				
Dividend paid	0	0	0	(1,008)
Total comprehensive income for the period	1,880	(5,959)	4,335	(1,213)
Profit for the period attributable to:				
Owners of the Company	1,880	(5,959)	4,335	(205)
Minority interest	0	0	0	0
Total comprehensive income attributable to:	1,880	(5,959)	4,335	(205)
Total comprehensive income attributable to:				
Owners of the Company	1,880	(5,959)	4,335	(1,213)
Minority interest	0	0	0	0
Earnings per RM1.00 share				
Basic (based on ordinary shares-sen)	4.20	(13.31)	9.68	(0.46)
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)	2.03		1.93	

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

**CONDENSED STATEMENT OF FINANCIAL POSITION****As at 29 Feb 2012**

	<b>AS AT 29 Feb 2012 RM '000</b>	<b>AS AT 31 Aug 2011 (Audited) RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	41,678	41,617
Investment properties	9,032	9,032
Other investment	36,872	32,744
	<b>87,582</b>	<b>83,393</b>
<b>Current Assets</b>		
Stocks	29,538	22,398
Trade receivables	33,992	38,372
Other receivables, Deposit and Prepayments	640	1,128
Tax recoverable	1,101	4,141
Deposit with licensed banks	22,291	14,992
Cash and bank balances	379	2,841
	<b>87,941</b>	<b>83,872</b>
<b>TOTAL ASSETS</b>	<b>175,523</b>	<b>167,265</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share Capital	44,775	44,775
Share Premium	30,570	30,570
Revaluation Reserves	3,917	3,917
Retained Profits	11,520	7,185
Total Equity	<b>90,782</b>	<b>86,447</b>
<b>Non-current liabilities</b>		
Bank borrowings – Long Term	16,624	12,918
Deferred taxation	77	77
	<b>16,701</b>	<b>12,995</b>
<b>Current Liabilities</b>		
Trade Payables	31,459	29,272
Other Payables	1,791	1,711
Bank borrowings – short term	31,320	35,849
Bank overdraft	3,470	991
	<b>68,040</b>	<b>67,823</b>
<b>Total Liabilities</b>	<b>84,741</b>	<b>80,818</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>175,523</b>	<b>167,265</b>
<b>Net Assets per share (RM)</b>	<b>2.03</b>	<b>1.93</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended 29 Feb 2012**

	← 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
2 <sup>nd</sup> quarter ended <u>29 Feb 2012</u>					
Balance at 1 Sep 2011	44,775,000	3,917,092	30,569,833	7,184,821	86,446,746
Profit for the period	-	-	-	4,334,867	4,334,867
<b>Balance at 29 Feb 2012</b>	44,775,000	3,917,092	30,569,833	11,519,688	90,781,613

	← 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
2 <sup>nd</sup> quarter ended <u>28 Feb 2011</u>					
Balance at 1 Sep 2010	44,775,000	3,917,092	30,569,833	6,873,908	86,135,833
Profit for the period	-	-	-	(204,648)	(204,648)
Dividend on ordinary shares in respect of previous year				(1,007,738)	(1,007,738)
<b>Balance at 28 Feb 2011</b>	44,775,000	3,917,092	30,569,833	5,661,522	84,923,447

(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 2011)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Financial Period Ended 29 Feb 2012**

	<b>6 months ended</b>	
	<b>29/02/12</b>	<b>28/02/11</b>
	<b><u>RM'000s</u></b>	<b><u>RM'000s</u></b>
<b>Cash Flows from operating activities</b>		
Profit before taxation	4,360	(1,212)
Adjustments for:-		
Depreciation and amortisation	1,656	1,481
Provision for diminution in value of quoted investments	(4,127)	(5,503)
Interest income and expenses	1,388	729
Other non-cash items	(336)	(51)
Operating profit/(loss) before changes in working capital	<u>2,941</u>	<u>(4,556)</u>
Changes in working capital:		
Net change in inventories	(7,141)	(3,978)
Net change in receivables	5,205	3,510
Net change in payables	2,267	5,411
Cash generated from operating activities	<u>3,272</u>	<u>387</u>
Finance costs	(1,712)	(790)
Income tax refunded/(paid)	<u>3,015</u>	<u>(1,498)</u>
Net cash flows generated from /(used in) operating activities	<u>4,575</u>	<u>(1,901)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,717)	(3,282)
Interest income	<u>324</u>	<u>61</u>
Net cash flows used in investing activities	<u>(1,393)</u>	<u>(3,221)</u>
<b>Cash flows from financing activities</b>		
Drawdown of term loan	9,000	1,956
Repayment of term loan	(5,750)	(1,314)
Repayment of short term borrowings	<u>(4,074)</u>	<u>(149)</u>
Net cash flows (used in)/generated from financing activities	<u>(824)</u>	<u>493</u>
Net increase/(decrease) in cash and cash equivalents	2,358	(4,629)
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>18,182</u></u>	<u><u>(508)</u></u>
Cash and cash equivalent comprise the following:-		
Bank and cash balances	22,670	4,502
Bank Overdraft	<u>(3,470)</u>	<u>(3,992)</u>
	19,200	510
Deposit pledged with licensed bank	<u>(1,018)</u>	<u>(1,018)</u>
	<u><u>18,182</u></u>	<u><u>(508)</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 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 29 Feb 2012.

### **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 29 Feb 2012:

*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 31<sup>st</sup> 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 RM2,751,620 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 Quarter  29/02/2012 RM'000	As at Preceding Corresponding Financial Quarter 28/02/2011 RM'000
Malaysia	22,472	16,747
Others	10,305	7,948
	32,777	24,695

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 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 32.73% 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 RM2.752 million, as compared to decrease in fair value of RM3.852 million in the preceding year's corresponding quarter, represents the change in the market price of the quoted investment.

Higher level of deliveries has also improved in comparison to the preceding year's corresponding quarter. The Group recorded an increase in gross profit of RM4.960 million as compared to RM3.752 million, in the preceding year's corresponding quarter.

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

The revenue of RM 32.8 million for the quarter ended 29 Feb 2012 was 11.8% 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 and the long festive seasons.

**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 29/02/2012 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
<b><u>Malaysian Taxation</u></b>		
Income tax		
- Current year	(360)	(103)
- Prior year over provision	0	95
- Deferred tax	0	(427)
	<u>(360)</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 29 Feb 2012.

(b) Investment in quoted shares during the quarter ended 29 Feb 2012 was as follows:

	RM'000
(i) At cost	45,566
(ii) At market value	36,872
(iii) Carrying value	36,872

## 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 29/02/2012 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
<u>Long Term Borrowings:-</u>		
Term loan – secured	16,265	12,403
Hire Purchase – secured	359	515
	<u>16,624</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	723	712
Bankers' Acceptance – unsecured	5,000	9,682
Bankers' Acceptance – secured	13,523	8,450
Bank overdrafts – secured	1,000	0
Bank overdrafts – unsecured	2,470	991
	<u>34,790</u>	<u>36,840</u>
TOTAL BORROWINGS	<u>51,414</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 29/02/2012	Preceding Year Corresponding Quarter 28/02/2011	Current Year To Date 29/02/2012	Preceding Year Corresponding Quarter To Date 28/02/2011
Profit/(loss) attributable to equity holders of the Company (RM'000)	1,880	(5,959)	4,335	(205)
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	4.20	(13.31)	9.68	(0.46)

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 were no related party transactions of the Group for the current quarter ended 29 Feb 2012.

**28. Realised and unrealised profits disclosure**

The retained profits as at 29 Feb 2012 and 31 Aug 2011 are analysed as follows:-

	As at end of Current Quarter 29/02/2012 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
The retained profits of the Company and the subsidiaries:-		
- Realised	35,766	35,558
- Unrealised	(24,246)	(28,373)
Total group retained profits as per consolidated accounts	<u>11,520</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 as follows:-

	Current Quarter 29/02/2012 RM'000	Current year- to-date 29/02/2012 RM'000
a) Interest income	169	324
b) Other income including investment income	149	243
c) Interest expense	(927)	(1,712)
d) Depreciation and amortization	(828)	(1,656)
e) Provision for and write off of receivables	0	0
f) Provision for and write off of inventories	0	0
g) Gain or loss on disposal of quoted or unquoted investments or properties	0	0
h) Impairment of assets	0	0
i) Foreign exchange gain or loss	253	170
j) Gain or loss on derivatives	0	0
k) Exceptional items - Increase in fair value of quoted investment	2,751	4,127

**By Order of the Board**