

# CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the fourth quarter ended 31 Aug 2012.  
The figures have not been audited.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Fourth Financial Quarter Ended 31 Aug 2012

	2012 Current Quarter Ended 31/08/12 (RM '000)	2011 Comparative Quarter Ended 31/08/11 (RM '000)	2012 12 months Cumulative to date 31/08/12 (RM '000)	2011 12 months Cumulative to date 31/08/11 (RM '000)
<u>Continuing operations</u>				
Revenue	32,121	43,433	137,885	140,019
Cost of sales	(27,044)	(32,671)	(113,706)	(112,718)
Gross profit	5,077	10,762	24,179	27,301
Other income	215	391	1,027	1,011
(Decrease)/increase in fair value of quoted investment through profit and loss	(3,368)	(7,430)	(2,534)	825
Provision for increase in fair value of investment properties through profit and loss.	100	552	100	552
Administrative and other expenses	(6,886)	(7,891)	(21,864)	(25,016)
Finance cost	(794)	(664)	(3,333)	(2,919)
(Loss)/Profit before taxation	(5,656)	(4,280)	(2,425)	1,754
Taxation	233	(435)	(335)	(435)
(Loss)/Profit for the period	(5,423)	(4,715)	(2,760)	1,319
<b>Other comprehensive income for the period</b>				
Dividend paid	0	0	0	0
Total comprehensive income for the period	(5,423)	(4,715)	(2,760)	1,319
(Loss)/Profit for the period attributable to:				
Owners of the Company	(5,423)	(4,715)	(2,760)	1,319
Minority interest	0	0	0	0
Total comprehensive income attributable to:	(5,423)	(4,715)	(2,760)	1,319
Owners of the Company	(5,423)	(4,715)	(2,760)	1,319
Minority interest	0	0	0	0
Earnings per RM1.00 share				
Basic (based on ordinary shares-sen)	(12.11)	(10.53)	(6.16)	2.95
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)	1.87		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 31 Aug 2012**

	<b>AS AT 31 Aug 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	40,533	41,617
Investment properties	9,132	9,032
Other investment	31,240	32,744
	<b>80,905</b>	<b>83,393</b>
<b>Current Assets</b>		
Stocks	41,283	22,398
Trade receivables	31,737	38,372
Other receivables, Deposit and Prepayments	1,233	1,128
Tax recoverable	1,431	4,141
Deposit with licensed banks	14,865	14,992
Cash and bank balances	281	2,841
	<b>90,830</b>	<b>83,872</b>
<b>TOTAL ASSETS</b>	<b>171,735</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	4,424	7,185
Total Equity	<b>83,686</b>	<b>86,447</b>
<b>Non-current liabilities</b>		
Bank borrowings – Long Term	14,666	12,918
Deferred taxation	133	77
	<b>14,799</b>	<b>12,995</b>
<b>Current Liabilities</b>		
Trade Payables	34,702	29,272
Other Payables	2,236	1,711
Bank borrowings – short term	31,485	35,849
Bank overdraft	4,827	991
	<b>73,250</b>	<b>67,823</b>
<b>Total Liabilities</b>	<b>88,049</b>	<b>80,818</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>171,735</b>	<b>167,265</b>
<b>Net Assets per share (RM)</b>	<b>1.87</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 31 Aug 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
4 <sup>th</sup> quarter ended <u>31 Aug 2012</u>					
Balance at 1 Sep 2011	44,775,000	3,917,092	30,569,833	7,184,821	86,446,746
Loss for the period	-	-	-	(2,760,582)	(2,760,582)
<b>Balance at 31 Aug 2012</b>	44,775,000	3,917,092	30,569,833	4,424,239	83,686,164

	← 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
4 <sup>th</sup> quarter ended <u>31 Aug 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	-	-	-	1,318,651	1,318,651
Dividend on ordinary shares in respect of previous year				(1,007,738)	(1,007,738)
<b>Balance at 31 Aug 2011</b>	44,775,000	3,917,092	30,569,833	7,184,821	86,446,746

(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 31 Aug 2012**

	12 months ended	
	31/08/12	31/08/11
	<u>RM'000s</u>	<u>RM'000s</u>
<b>Cash Flows from operating activities</b>		
(Loss)/Profit before taxation	(2,425)	1,754
Adjustments for:-		
Depreciation and amortisation	3,849	4,292
Provision for diminution in value of quoted investments	2,534	(825)
Interest income and expenses	2,755	2,733
Other non-cash items	462	(585)
Operating profit/(loss) before changes in working capital	<u>7,175</u>	<u>7,367</u>
Changes in working capital:		
Net change in inventories	(18,886)	7,456
Net change in receivables	5,968	(6,170)
Net change in payables	5,956	10,941
Cash generated from operating activities	<u>213</u>	<u>19,596</u>
Finance costs	(3,333)	(2,919)
Net Income tax refunded/(paid)	<u>2,431</u>	<u>(1,498)</u>
Net cash flows (used in)/generated from operating activities	<u>(689)</u>	<u>15,179</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,765)	(3,842)
Purchase of quoted investment	(1,030)	0
Proceeds from disposal of property, plant and equipment	0	25
Interest income	578	187
Net cash flows used in investing activities	<u>(3,217)</u>	<u>(3,630)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	0	(1,008)
Drawdown of term loan	9,000	2,450
Repayment of term loan	(7,487)	(3,857)
Repayment of short term borrowings	(4,131)	2,569
Net cash flows (used in)/generated from financing activities	<u>(2,618)</u>	<u>154</u>
Net (decrease)/increase in cash and cash equivalents	(6,524)	11,703
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>9,300</u></u>	<u><u>15,824</u></u>
Cash and cash equivalent comprise the following:-		
Bank and cash balances	15,145	17,833
Bank Overdraft	(4,827)	(991)
	<u>10,318</u>	<u>16,842</u>
Deposit pledged with licensed bank	(1,018)	(1,018)
	<u>9,300</u>	<u>15,824</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 31 Aug 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 31 Aug 2012.

On 1 September 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2011.

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

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

Improvements to FRS issued in 2010

IC Interpretation 4	Determining whether and Arrangement contains a lease
IC Interpretation 18	Transfers of Assets from Customers

*Effective for financial periods beginning on or after 1 July 2011:*

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
----------------------	---

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company, except for those disclosed below:

#### **Amendments to FRS 7: Improving Disclosures about Financial Instruments**

The amended standard requires enhance disclosure about fair value measurement and liquidity risk. Fair value measurement related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognized at fair value. Reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the transactions and assets used for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity managements.

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 a decrease in fair value of quoted investments totaling RM3,368,456 has been made for the current quarter. The provision represents a decrease 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 31/08/2012 RM'000	As at Preceding Corresponding Financial Quarter 31/08/2011 RM'000
Malaysia	23,741	37,494
Others	8,380	5,939
	32,121	43,433

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 reduced by 26.04% compared to the preceding year's corresponding quarter. The reduced sales volume is due to a comparative decrease in actual deliveries between the two corresponding quarters.

Whilst the effect of the reduced fair value of quoted investment of RM3.368 million, as compared to decrease in fair value of RM7.429 million in the preceding year's corresponding quarter, represents the change in the market price of the quoted investment.

The Group recorded a decrease in gross profit of RM5.077 million as compared to RM10.762 million, in the preceding year's corresponding quarter, attributable to the lower levels of deliveries for the period.

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

The revenue of RM 32.1 million for the quarter ended 31 Aug 2012 was 10.4% 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 31/08/2012 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
<b><u>Malaysian Taxation</u></b>		
Income tax		
- Current year	(265)	(103)
- Prior year over provision	(15)	95
- Deferred tax	(55)	(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. Corporate Proposals

The Company had on 21 June 2012 entered into a Memorandum of Agreement ("MOA") with Sunway Spun Pile (Zhuhai) Co. Ltd to discuss a potential collaboration for the production, marketing and sale of the parties' respective products by leveraging on each other's experience, expertise and production know-how. As at the date of this announcement, the MOA is on-going, and there is no further change as to its current status.

## 20. Group Borrowings and Debts Securities

a)	As at end of Current Quarter 31/08/2012 <u>RM'000</u>	As at Preceding Financial Year End 31/08/2011 <u>RM'000</u>
<u>Long Term Borrowings:-</u>		
Term loan – secured	14,439	12,403
Hire Purchase – secured	227	515
	<u>14,666</u>	<u>12,918</u>
<u>Short Term Borrowings:-</u>		
Term loan – secured	3,484	4,005
Revolving credit – secured	8,680	13,000
Hire Purchase – secured	478	712
Bankers' Acceptance – unsecured	5,000	9,682
Bankers' Acceptance – secured	13,843	8,450
Bank overdrafts – secured	3,827	0
Bank overdrafts – unsecured	1,000	991
	<u>36,312</u>	<u>36,840</u>
<b>TOTAL BORROWINGS</b>	<u><u>50,978</u></u>	<u><u>49,758</u></u>

b) No borrowings in foreign currency.

## 21. Material Litigation

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

## 22. Dividend

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

## 23. Earnings/(Losses) per share

The basic earnings per share is calculated by dividing the Group's profit/(loss) 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 31/08/2012	Preceding Year Corresponding Quarter 31/08/2011	Current Year To Date 31/08/2012	Preceding Year Corresponding Quarter To Date 31/08/2011
Profit/(loss) attributable to equity holders of the Company (RM'000)	(5,423)	(4,715)	(2,760)	1,319
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	(12.11)	(10.53)	(6.16)	2.95

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.



**24. Realised and unrealised profits disclosure**

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

	As at end of Current Quarter 31/08/2012 RM'000	As at Preceding Financial Year End 31/08/2011 RM'000
The retained profits of the Company and the subsidiaries:-		
- Realised	35,287	35,558
- Unrealised	(30,863)	(28,373)
Total group retained profits as per consolidated accounts	4,424	7,185

**25. 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 31/08/2012 RM'000	Current year- to-date 31/08/2012 RM'000
a) Interest income	110	578
b) Other income including investment income	105	450
c) Interest expense	(794)	(3,334)
d) Depreciation and amortization	(1,365)	(3,849)
e) Provision for and write off of receivables	(648)	(648)
f) Provision for and write off of inventories	0	0
g) Gain/(loss) on disposal of quoted or unquoted investments or properties	0	0
h) Impairment of assets	0	0
i) Foreign exchange gain	125	544
j) Gain/(loss) on derivatives	0	0
k) Exceptional items – Increase/(decrease) in fair value of quoted investment	(3,368)	(2,534)

**By Order of the Board**