

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P
(Incorporated in Malaysia)

Quarterly report on consolidated results for the third quarter ended 31 May 2013.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Third Financial Quarter Ended 31 May 2013

	2013 Current Quarter Ended 31/05/13 (RM '000)	2012 Comparative Quarter Ended 31/05/12 (RM '000)	2013 9 months Cumulative to date 31/05/13 (RM '000)	2012 Comparative 9 months Cumulative to date 31/05/12 (RM '000)
<u>Continuing operations</u>				
Revenue	55,203	35,860	159,793	105,764
Cost of sales	(42,854)	(28,745)	(122,793)	(86,662)
Gross profit	12,349	7,115	37,000	19,102
Other income	1,085	246	1,492	812
Increase in fair value of quoted investment through profit and loss	2,904	(3,293)	23,016	834
Administrative and other expenses	(10,030)	(4,705)	(28,443)	(14,978)
Finance cost	(846)	(827)	(2,476)	(2,539)
Profit/(loss) before taxation	5,462	(1,464)	30,589	3,231
Taxation	(432)	(208)	(1,682)	(568)
Profit/(loss) for the period	5,030	(1,672)	28,907	2,663
Other comprehensive income for the period				
Dividend paid	0	0	0	0
Total comprehensive income for the period	5,030	(1,672)	28,907	2,663
Profit/(loss) for the period attributable to:				
Owners of the Company	5,030	(1,672)	28,907	2,663
Minority interest	0	0	0	0
Total comprehensive income attributable to:	5,030	(1,672)	28,907	2,663
Owners of the Company	5,030	(1,672)	28,907	2,663
Minority interest	0	0	0	0
Earnings per RM1.00 share				
Basic (based on ordinary shares-sen)	11.23	(3.73)	64.56	5.95
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)	2.51		1.87	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31st August 2012)

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 May 2013

	AS AT 31 May 2013 RM '000	AS AT 31 Aug 2012 (Restated) RM '000	AS AT 1 Sep 2011 (Restated) RM '000
ASSETS			
Non-current assets			
Property, Plant and Equipment	40,237	40,533	41,617
Investment properties	9,132	9,132	9,032
Other investment	55,184	31,240	32,744
	104,553	80,905	83,393
Current Assets			
Stocks	31,731	41,283	22,398
Trade receivables	52,857	31,737	38,372
Other receivables, Deposit and Prepayments	1,796	1,233	1,128
Tax recoverable	0	1,431	4,244
Deposit with licensed banks	13,343	14,865	14,992
Cash and bank balances	2,480	281	2,841
	102,207	90,830	83,975
TOTAL ASSETS	206,760	171,735	167,368
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share Capital	44,775	44,775	44,775
Share Premium	30,570	30,570	30,570
Retained Profits	37,249	8,341	11,102
Total Equity	112,594	83,686	86,447
Non-current liabilities			
Bank borrowings – Long Term	12,472	14,666	12,918
Deferred taxation	133	133	77
	12,605	14,799	12,995
Current Liabilities			
Trade Payables	37,796	34,702	29,272
Other Payables	2,782	2,236	1,711
Bank borrowings – short term	37,528	31,485	35,849
Bank overdraft	2,979	4,827	991
Tax Payable	476	0	103
	81,561	73,250	67,926
Total Liabilities	94,166	88,049	80,921
TOTAL EQUITY AND LIABILITIES	206,760	171,735	167,368
Net Assets per share (RM)	2.51	1.87	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 2012)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 May 2013

	← Attributable to equity holders of the Company →				Total
	<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
3 rd quarter ended 31 May 2013					
Restated balance at 1 Sep 2012	44,775,000	-	30,569,833	8,341,331	83,686,164
Profit for the period	-	-	-	28,907,759	28,907,759
Balance at 31 May 2013	44,775,000	-	30,569,833	37,249,090	112,593,923

	← Attributable to equity holders of the Company →				Total
	<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
3 rd quarter ended 31 May 2012					
Balance at 1 Sep 2011	44,775,000	3,917,092	30,569,833	7,184,821	86,446,746
Effect of adopting MFRS 1 amendment		(3,917,092)		3,917,092	-
Restated balance at 1 Sep 2011	44,775,000	-	30,569,833	11,101,913	86,446,746
Profit for the period	-	-	-	2,662,511	2,662,511
Balance at 31 May 2012	44,775,000	-	30,569,833	13,764,424	89,109,257

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st August 2012)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Period Ended 31 May 2013

	9 months ended	
	31/05/13	31/05/12
	<u>RM'000s</u>	<u>RM'000s</u>
Cash Flows from operating activities		
Profit before taxation	30,589	3,231
Adjustments for:-		
Depreciation and amortisation	2,830	2,484
Reversal of diminution in value of quoted investments	(23,016)	(834)
Interest income and expenses	2,131	2,072
Dividend income	(845)	0
Other non-cash items	(297)	(293)
Operating profit before changes in working capital	<u>11,392</u>	<u>6,660</u>
Changes in working capital:		
Net change in inventories	9,552	(11,212)
Net change in receivables	(21,385)	1,479
Net change in payables	3,640	2,417
Cash generated from/(used in) operating activities	<u>3,199</u>	<u>(656)</u>
Finance costs	(2,475)	(2,540)
Net Income tax refunded	225	2,431
Net cash flows generated from/(used in) operating activities	<u>949</u>	<u>(765)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,534)	(2,287)
Purchase of quoted investment	(927)	(167)
Interest income	344	468
Dividend received	845	0
Net cash flows used in investing activities	<u>(2,272)</u>	<u>(1,986)</u>
Cash flows from financing activities		
Drawdown of term loan	0	9,000
Repayment of term loan	(2,633)	(6,621)
Drawdown/(repayment) of short term borrowings	6,482	(4,563)
Net cash flows generated/(used in) from financing activities	<u>3,849</u>	<u>(2,184)</u>
Net increase/(decrease) in cash and cash equivalents	2,526	(4,935)
Cash and cash equivalents at the beginning of financial period	<u>9,300</u>	<u>15,824</u>
Cash and cash equivalents at end of financial period	<u><u>11,826</u></u>	<u><u>10,889</u></u>
Cash and cash equivalent comprise the following:-		
Bank and cash balances	15,823	17,197
Bank Overdraft	(2,979)	(5,290)
	<u>12,844</u>	<u>11,907</u>
Deposit pledged with licensed bank	(1,018)	(1,018)
	<u><u>11,826</u></u>	<u><u>10,889</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st August 2012)

A – NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO FRS 134

1. First-time Adoption of Malaysian Financial Reporting Standards (MFRS)

The consolidated interim financial statements (Condensed Report) are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2012.

The Group has adopted the MFRS framework issued by Malaysia Accounting Standards Board (“MASB”) with effect from 1 September 2012. The issuance was made in conjunction with the MASB’s plan to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 August 2012 except for the following:

a) Property, plant & equipment

Upon transition to MFRS, the Group has elected to apply the optional exemption and measure all its property, plant & equipment using the cost model under MFRS 116 “Property, Plant and Equipment”. At the date of transition to MFRS, the Group elected to regard the revalued amounts as deemed cost. The revaluation surplus was transferred to retained earnings on the date of transmission to MFRS.

2. Significant Accounting Policies

MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective

At the date of authorization of these interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRS, Amendments to MFRS and IC Interpretation	Effective for annual periods beginning on or after	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items Other Comprehensive Income	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

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 2012 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 RM2,904,400 for the current quarter.

This 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 is as follows:

	As at Current Financial Quarter 31/5/2013 RM'000	As at Preceding Corresponding Financial Quarter 31/5/2012 RM'000
Malaysia	43,351	29,645
Others	11,852	6,215
	<u>55,203</u>	<u>35,860</u>

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 2012.

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 increased by 53.94% compared to the preceding year's corresponding quarter. The increased sales volume is due to a comparative increase in actual deliveries in the corresponding quarters.

Whilst the effect of the increased fair value of quoted investment of RM2.904 million, as compared to decrease in fair value of RM3.293 million in the preceding year's corresponding quarter, represents the change in the market price of the quoted investment.

The Group recorded an increase in gross profit of RM12.349 million as compared to RM7.115 million, in the preceding year's corresponding quarter, attributable to the higher levels of deliveries for the period and increased levels of production.

15. Comparisons with Preceding Quarter's Results

The revenue of RM 55.2 million for the quarter ended 31 May 2013 was 33.2% higher than registered in the preceding quarter.

The increase in revenue has been due to the higher 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 31/05/2013	As at Preceding Financial Year End 31/08/2012
<u>Malaysian Taxation</u>	RM'000	RM'000
Income tax		
- Current year	(1,682)	(264)
- Prior year under provision	0	(15)
- Deferred tax	0	(56)
	<u>(1,682)</u>	<u>(335)</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

There was no corporate proposal being carried out during the period under review.

20. Group Borrowings and Debts Securities

a)	As at end of Current Quarter 31/05/2013 <u>RM'000</u>	As at Preceding Financial Year End 31/08/2012 <u>RM'000</u>
<u>Long Term Borrowings:-</u>		
Term loan – secured	11,806	14,439
Hire Purchase – secured	666	227
	12,472	14,666
<u>Short Term Borrowings:-</u>		
Term loan – secured	3,484	3,484
Revolving credit – secured	8,200	8,680
Hire Purchase – secured	622	478
Bankers' Acceptance – secured	17,092	13,843
Bankers' Acceptance – unsecured	5,000	5,000
Bank overdrafts – secured	2,979	3,827
Bank overdrafts – unsecured	0	1,000
LC discounting - unsecured	3,130	0
	40,507	36,312
TOTAL BORROWINGS	52,979	50,978

b) All borrowings in Ringgit Malaysia save for Letter of Credit discounting which is for USD1,034,229.

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 are 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 31/05/2013	Preceding Year Corresponding Quarter 31/05/2012	Current Year To Date 31/05/2013	Preceding Year Corresponding Quarter To Date 31/05/2012
Profit/(loss) attributable to equity holders of the Company (RM'000)	5,030	(1,672)	28,907	2,663
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	11.23	(3.73)	64.56	5.95

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 May 2013 and 31 Aug 2012 are analysed as follows:-

	As at end of Current Quarter 31/05/2013 RM'000	As at Preceding Financial Year End 31/08/2012 RM'000
The retained profits of the Company and the subsidiaries:-		
- Realised	41,180	35,287
- Unrealised	<u>(3,931)</u>	<u>(26,946)</u>
Total group retained profits as per consolidated accounts	<u>37,249</u>	<u>8,341</u>

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 31/05/2013 RM'000	Current year- to-date 31/05/2013 RM'000
a) Interest income	113	344
b) Other income including investment income	972	1,148
c) Interest expense	(790)	(2,335)
d) Depreciation and amortization	(58)	(174)
e) Provision for and write off of receivables	0	0
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	272	622
j) Gain/(loss) on derivatives	0	0
k) Exceptional items – Increase in fair value of quoted investment	2,904	23,016

By Order of the Board