

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P
(Incorporated in Malaysia)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Fourth Financial Quarter Ended 31 Aug 2013

	2013 Current Quarter Ended 31/08/13 (RM '000)	2012 Comparative Quarter Ended (Restated) 31/08/12 (RM '000)	2013 12 months Cumulative to date 31/08/13 (RM '000)	2012 Comparative 12 months Cumulative to date (Restated) 31/08/12 (RM '000)
<u>Continuing operations</u>				
Revenue	49,399	32,122	209,192	137,886
Cost of sales	(38,240)	(27,044)	(161,033)	(113,706)
Gross profit	11,159	5,078	48,159	24,180
Other income	1,854	753	3,346	1,565
(Decrease)/Increase in fair value of quoted investment through profit and loss	(3,485)	(3,368)	19,531	(2,534)
Provision for increase in fair value of investment properties through profit and loss	110	100	110	100
Administrative and other expenses	(12,336)	(7,569)	(40,920)	(22,548)
Finance cost	(743)	(650)	(3,078)	(3,189)
Profit/(loss) before taxation	(3,441)	(5,656)	27,148	(2,426)
Taxation	(303)	248	(1,985)	(320)
Profit/(loss) for the period	(3,744)	(5,408)	25,163	(2,746)
Other comprehensive income for the period				
Dividend paid	0	0	0	0
Total comprehensive income for the period	(3,744)	(5,408)	25,163	(2,746)
Profit/(loss) for the period attributable to:				
Owners of the Company	(3,744)	(5,408)	25,163	(2,746)
Minority interest	0	0	0	0
Total comprehensive income attributable to:	(3,744)	(5,408)	25,163	(2,746)
Owners of the Company				
Owners of the Company	(3,744)	(5,408)	25,163	(2,746)
Minority interest	0	0	0	0
	(3,744)	(5,408)	25,163	(2,746)
Earnings per RM1.00 share				
Basic (based on ordinary shares-sen)	(8.36)	(12.08)	56.20	(6.13)
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)	2.43		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 Aug 2013**

	AS AT 31 Aug 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	39,675	40,532	41,617
Investment properties	9,242	9,132	9,032
Other investment	51,698	31,240	32,744
	100,615	80,904	83,393
Current Assets			
Stocks	34,760	41,284	22,398
Trade receivables	50,767	31,737	38,372
Other receivables, Deposit and Prepayments	320	1,233	1,129
Tax recoverable	197	1,431	4,141
Deposit with licensed banks	8,843	14,865	14,992
Cash and bank balances	2,326	281	2,841
	97,213	90,831	83,873
TOTAL ASSETS	197,828	171,735	167,266
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	33,659	8,495	11,241
Total Equity	109,004	83,840	86,586
Non-current liabilities			
Bank borrowings – Long Term	11,868	14,666	12,919
Deferred taxation	433	(21)	(62)
	12,301	14,645	12,857
Current Liabilities			
Trade Payables	37,415	34,702	29,272
Other Payables	2,382	2,236	1,710
Bank borrowings – short term	33,931	31,485	35,849
Bank overdraft	2,795	4,827	992
Tax Payable	0	0	0
	76,523	73,250	67,823
Total Liabilities	88,824	87,895	80,680
TOTAL EQUITY AND LIABILITIES	197,828	171,735	167,266
Net Assets per share (RM)	2.43	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 Aug 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
4 th quarter ended <u>31 Aug 2013</u>					
Restated balance at 1 Sep 2012	44,775,000	-	30,569,833	8,341,331	83,686,164
Effect on adopting MFRS 112 amendment	-	-	-	154,009	154,009
Profit for the period	-	-	-	25,163,974	25,163,974
Balance at 31 Aug 2013	44,775,000	-	30,569,833	33,659,314	109,004,147

	← 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
4 th quarter ended <u>31 Aug 2012</u>					
Balance at 1 Sep 2011	44,775,000	3,917,092	30,569,833	7,323,830	86,585,755
Effect of adopting MFRS 1 amendment		(3,917,092)		3,917,092	-
Restated balance at 1 Sep 2011	44,775,000	-	30,569,833	11,240,922	86,585,755
Loss for the period	-	-	-	(2,746,000)	(2,746,000)
Balance at 31 Aug 2012	44,775,000	-	30,569,833	8,494,922	83,839,755

(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 Aug 2013

	12 months ended	
	31/08/13	31/08/12
	<u>RM'000s</u>	<u>RM'000s</u>
Cash Flows from operating activities		
Profit/(loss) before taxation	27,148	(2,425)
Adjustments for:-		
Depreciation and amortisation	4,498	3,849
Reversal of diminution in value of quoted investments	(19,531)	2,534
Fair value adjustment of investment properties	(110)	(100)
Allowance for impairment receivables	2,342	641
Interest income and expenses	2,757	2,611
Dividend income	(845)	0
Other non-cash items	(729)	(86)
Operating profit before changes in working capital	<u>15,531</u>	<u>7,024</u>
Changes in working capital:		
Net change in inventories	6,523	(18,886)
Net change in receivables	(19,729)	5,973
Net change in payables	2,858	5,936
Cash generated from/(used in) operating activities	<u>5,183</u>	<u>47</u>
Finance costs	(3,272)	(3,169)
Net Income tax refunded	(296)	2,431
Net cash flows generated from/(used in) operating activities	<u>1,615</u>	<u>(691)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,641)	(2,403)
Purchase of quoted investment	(927)	(1,030)
Interest income	515	580
Dividend received	845	0
Net cash flows used in investing activities	<u>(3,208)</u>	<u>(2,853)</u>
Cash flows from financing activities		
Drawdown of term loan	0	9,000
Repayment of term loan	(3,485)	(7,487)
Drawdown/(repayment) of short term borrowings	3,133	(4,493)
Net cash flows generated/(used in) from financing activities	<u>(351)</u>	<u>(2,980)</u>
Net increase/(decrease) in cash and cash equivalents	(1,944)	(6,524)
Cash and cash equivalents at the beginning of financial period	9,300	15,824
Cash and cash equivalents at end of financial period	<u>7,356</u>	<u>9,300</u>
Cash and cash equivalent comprise the following:-		
Bank and cash balances	11,169	15,145
Bank Overdraft	(2,795)	(4,827)
	8,374	10,318
Deposit pledged with licensed bank	(1,018)	(1,018)
	<u>7,356</u>	<u>9,300</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 a decrease in fair value of quoted investments totaling RM3,485,280 for the current quarter. This 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 is as follows:

	As at Current Financial Quarter 31/8/2013 RM'000	As at Preceding Corresponding Financial Quarter 31/8/2012 RM'000
Malaysia	37,429	23,741
Others	11,970	8,380
	<u>49,399</u>	<u>32,121</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 53.79% 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 decreased fair value of quoted investment of RM3.485 million, as compared to decrease in fair value of RM3.368 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 RM11.159 million as compared to RM5.077 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 49.4 million for the quarter ended 31 Aug 2013 was 10.5% lower than registered in the preceding quarter.

The decrease 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 31/08/2013	As at Preceding Financial Year End 31/08/2012
<u>Malaysian Taxation</u>	RM'000	RM'000
Income tax		
- Current year	(1,573)	(264)
- Prior year over provision	42	(15)
- Deferred tax	(454)	(56)
	<u>(1,985)</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 31/08/2013 RM'000	As at Preceding Financial Year End 31/08/2012 RM'000
<u>Long Term Borrowings:-</u>		
Term loan – secured	10,954	14,439
Hire Purchase – secured	914	227
	<u>11,868</u>	<u>14,666</u>
<u>Short Term Borrowings:-</u>		
Term loan – secured	3,484	3,484
Revolving credit – secured	8,200	8,680
Hire Purchase – secured	752	478
Bankers' Acceptance – secured	14,801	13,843
Bankers' Acceptance – unsecured	5,000	5,000
Bank overdrafts – secured	2,795	3,827
Bank overdrafts – unsecured	0	1,000
LC discounting - unsecured	1,694	0
	<u>36,726</u>	<u>36,312</u>
TOTAL BORROWINGS	<u>48,594</u>	<u>50,978</u>

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 approved an interim dividend of 11% less 25% tax per ordinary share, for the financial year ended 31 August 2013.

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 31/08/2013	Preceding Year Corresponding Quarter 31/08/2012	Current Year To Date 31/08/2013	Preceding Year Corresponding Quarter To Date 31/08/2012
Profit/(loss) attributable to equity holders of the Company (RM'000)	(3,744)	(5,408)	25,163	(2,746)
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	(8.36)	(12.08)	56.20	(6.13)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

24. Realised and unrealised profits disclosure

The retained profits as at 31 Aug 2013 and 31 Aug 2012 are analysed as follows:-

	As at end of Current Quarter 31/08/2013 RM'000	As at Preceding Financial Year End 31/08/2012 RM'000
The retained profits of the Company and the subsidiaries:-		
- Realised	40,399	35,288
- Unrealised	(6,740)	(26,793)
Total group retained profits as per consolidated accounts	33,659	8,495

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 31/08/2013 RM'000	Current year- to-date 31/08/2013 RM'000
a) Interest income	171	515
b) Other income including investment income	178	1,326
c) Interest expense	(743)	(3,078)
d) Depreciation and amortization	(102)	(276)
e) Provision for and write off of receivables	(2,342)	(2,342)
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	883	1,505
j) Gain/(loss) on derivatives	0	0
k) Exceptional items – Increase/(decrease) in fair value of quoted investment	(3,485)	19,531

By Order of the Board