

# CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 30 Nov 2013.  
The figures have not been audited.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the First Financial Quarter Ended 30 Nov 2013

|   | 2014<br>Current<br>Quarter<br>Ended<br><br>30/11/13<br>(RM '000) | 2013<br>Comparative<br>Quarter<br>Ended<br><br>30/11/12<br>(RM '000) | 2014<br>3 months<br>Cumulative<br>to date<br><br>30/11/13<br>(RM '000) | 2013<br>Comparative<br>3 months<br>Cumulative<br>to date<br><br>30/11/12<br>(RM '000) |
|---|--|--|--|---|
| <u>Continuing operations</u>  |  |  |  |   |
| Revenue   | 41,015   | 63,135   | 41,015   | 63,135  |
| Cost of sales   | (29,637)   | (47,730)   | (29,637)   | (47,730)  |
| Gross profit  | 11,378   | 15,405   | 11,378   | 15,405  |
| Other income  | 268  | 197  | 268  | 197   |
| (Decrease)/Increase in fair value of quoted investment through profit and loss  | (581)  | 12,560   | (581)  | 12,560  |
| Administrative and other expenses   | (10,905)   | (10,445)   | (10,905)   | (10,445)  |
| Finance cost  | (835)  | (842)  | (835)  | (842)   |
| Profit/(loss) before taxation   | (675)  | 16,875   | (675)  | 16,875  |
| Taxation  | 0  | (1,250)  | 0  | (1,250)   |
| Profit/(loss) for the period  | (675)  | 15,625   | (675)  | 15,625  |
| <b>Other comprehensive income for the period</b>                                |  |  |  |   |
| Dividend paid   | 0  | 0  | 0  | 0   |
| Total comprehensive income for the period                                       | (675)  | 15,625   | (675)  | 15,625  |
| Profit/(loss) for the period attributable to:                                   |  |  |  |   |
| Owners of the Company   | (675)  | 15,625   | (675)  | 15,625  |
| Minority interest   | 0  | 0  | 0  | 0   |
| Total comprehensive income attributable to:                                     | (675)  | 15,625   | (675)  | 15,625  |
| Owners of the Company   |  |  |  |   |
| Owners of the Company   | (675)  | 15,625   | (675)  | 15,625  |
| Minority interest   | 0  | 0  | 0  | 0   |
| Earnings per RM1.00 share   |  |  |  |   |
| Basic (based on ordinary shares-sen)  | (1.51)   | 34.90  | (1.51)   | 34.90   |
| Fully diluted (based on ordinary shares-sen)                                    |  |  |  |   |
|   | AS AT END OF CURRENT<br>QUARTER                                  |  | AS AT PRECEDING<br>FINANCIAL YEAR END                                  |   |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 2.42   |  | 2.43   |   |

(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 2013)

**CONDENSED STATEMENT OF FINANCIAL POSITION****As at 30 Nov 2013**

|  | <b>AS AT 30 Nov<br/>2013<br/>RM '000</b> | <b>AS AT 31 Aug<br/>2013<br/>RM '000</b> |
|--|--|--|
| <b>ASSETS</b>                                      |  |  |
| <b>Non-current assets</b>                          |  |  |
| Property, Plant and Equipment                      | 39,036                                   | 39,675                                   |
| Investment properties                              | 9,242                                    | 9,242                                    |
| Other investment                                   | 51,117                                   | 51,698                                   |
|  | <u>99,395</u>                            | <u>100,615</u>                           |
| <b>Current Assets</b>                              |  |  |
| Stocks   | 36,492                                   | 34,760                                   |
| Trade receivables                                  | 47,469                                   | 50,767                                   |
| Other receivables, Deposit and Prepayments         | 150                                      | 320                                      |
| Tax recoverable                                    | 679                                      | 197                                      |
| Deposit with licensed banks                        | 7,927                                    | 8,843                                    |
| Cash and bank balances                             | 5,775                                    | 2,326                                    |
|  | <u>98,492</u>                            | <u>97,213</u>                            |
| <b>TOTAL ASSETS</b>                                | <u>197,887</u>                           | <u>197,828</u>                           |
| <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                                   |
| Retained Profits                                   | 32,985                                   | 33,659                                   |
| Total Equity                                       | <u>108,330</u>                           | <u>109,004</u>                           |
| <b>Non-current liabilities</b>                     |  |  |
| Bank borrowings – Long Term                        | 11,040                                   | 11,868                                   |
| Deferred taxation                                  | 433                                      | 433                                      |
|  | <u>11,473</u>                            | <u>12,301</u>                            |
| <b>Current Liabilities</b>                         |  |  |
| Trade Payables                                     | 30,954                                   | 37,415                                   |
| Other Payables                                     | 2,232                                    | 2,382                                    |
| Bank borrowings – short term                       | 41,924                                   | 33,931                                   |
| Bank overdraft                                     | 2,974                                    | 2,795                                    |
| Tax Payable  | 0  | 0  |
|  | <u>78,084</u>                            | <u>76,523</u>                            |
| <b>Total Liabilities</b>                           | <u>89,557</u>                            | <u>88,824</u>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <u>197,887</u>                           | <u>197,828</u>                           |
| <b>Net Assets per share (RM)</b>                   | 2.42                                     | 2.43                                     |

(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 2013)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended 30 Nov 2013**

|  | ← Attributable to equity holders of the Company → |                      |                            |                       |                     |
|--|---|----------------------|----------------------------|-----------------------|---------------------|
|  | <u>Non-distributable</u>                          | <u>Distributable</u> |                            |                       |                     |
|  | <u>Share capital</u>                              | <u>Share premium</u> | <u>Accumulated profits</u> | <u>Total reserves</u> | <u>Total equity</u> |
|  | RM  | RM                   | RM                         | RM                    | RM                  |
| 1 <sup>st</sup> quarter ended<br>30 Nov 2013 |   |                      |                            |                       |                     |
| Balance at 1 Sep 2013                        | 44,775,000  | 30,569,833           | 33,659,317                 | 64,229,150            | 109,004,150         |
| (Loss) for the period                        | -   | -                    | (674,704)                  | (674,704)             | (674,704)           |
| <b>Balance at 30 Nov 2013</b>                | 44,775,000  | 30,569,833           | 32,984,613                 | 63,554,446            | 108,329,446         |

|  | ← Attributable to equity holders of the Company → |                      |                            |                       |                     |
|--|---|----------------------|----------------------------|-----------------------|---------------------|
|  | <u>Non-distributable</u>                          | <u>Distributable</u> |                            |                       |                     |
|  | <u>Share capital</u>                              | <u>Share premium</u> | <u>Accumulated profits</u> | <u>Total reserves</u> | <u>Total equity</u> |
|  | RM  | RM                   | RM                         | RM                    | RM                  |
| 1 <sup>st</sup> quarter ended<br>30 Nov 2012 |   |                      |                            |                       |                     |
| Balance at 1 Sep 2012                        | 44,775,000  | 30,569,833           | 8,495,340                  | 39,065,173            | 83,840,173          |
| Profit for the period                        | -   | -                    | 15,625,320                 | 15,625,320            | 15,625,320          |
| <b>Balance at 30 Nov 2012</b>                | 44,775,000  | 30,569,833           | 24,120,660                 | 54,690,493            | 99,465,493          |

(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 2013)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Financial Period Ended 30 Nov 2013**

|  | <b>3 months ended</b> |                       |
|--|-----------------------|-----------------------|
|  | <b>30/11/13</b>       | <b>30/11/12</b>       |
|  | <b><u>RM'000s</u></b> | <b><u>RM'000s</u></b> |
| <b>Cash Flows from operating activities</b>                    |                       |                       |
| (Loss)/Profit before taxation                                  | (675)                 | 16,875                |
| Adjustments for:-  |                       |                       |
| Depreciation and amortisation                                  | 927                   | 945                   |
| Reversal of diminution in value of quoted investments          | 581                   | (12,560)              |
| Interest income and expenses                                   | 568                   | 729                   |
| Dividend income  | 0                     | 0                     |
| Other non-cash items   | (589)                 | (80)                  |
| Operating profit before changes in working capital             | <u>812</u>            | <u>5,909</u>          |
| Changes in working capital:                                    |                       |                       |
| Net change in inventories                                      | (1,732)               | 12,980                |
| Net change in receivables                                      | 4,058                 | (20,531)              |
| Net change in payables   | (6,611)               | 4,184                 |
| Cash (used in) /generated from operating activities            | <u>(3,473)</u>        | <u>2,542</u>          |
| Finance costs  | (835)                 | (842)                 |
| Net Income tax refunded  | (482)                 | (146)                 |
| Net cash flows (ued in)/generated from operating activities    | <u>(4,790)</u>        | <u>(1,554)</u>        |
| <b>Cash flows from investing activities</b>                    |                       |                       |
| Purchase of property, plant and equipment                      | (289)                 | (1,215)               |
| Purchase of quoted investment                                  | 0                     | (927)                 |
| Interest income  | 268                   | 112                   |
| Dividend received  | 0                     | 0                     |
| Net cash flows used in investing activities                    | <u>(21)</u>           | <u>(2,030)</u>        |
| <b>Cash flows from financing activities</b>                    |                       |                       |
| Drawdown of term loan  | 0                     | 0                     |
| Repayment of term loan   | (898)                 | (885)                 |
| Drawdown/(repayment) of short term borrowings                  | 8,063                 | 1,906                 |
| Net cash flows generated/(used in) from financing activities   | <u>7,165</u>          | <u>1,021</u>          |
| Net increase/(decrease) in cash and cash equivalents           | 2,354                 | 545                   |
| Cash and cash equivalents at the beginning of financial period | 7,356                 | 9,300                 |
| Cash and cash equivalents at end of financial period           | <u>9,710</u>          | <u>9,845</u>          |
| Cash and cash equivalent comprise the following:-              |                       |                       |
| Bank and cash balances   | 13,702                | 14,746                |
| Bank Overdraft   | (2,974)               | (3,883)               |
|  | <u>10,728</u>         | <u>10,863</u>         |
| Deposit pledged with licensed bank                             | (1,018)               | (1,018)               |
|  | <u>9,710</u>          | <u>9,845</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 2013)

## **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 Standards, the requirements of the Companies Act, 1965 in Malaysia 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 2013.

### **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 31<sup>st</sup> August 2013 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 RM580,880 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<br>Financial Quarter<br>30/11/2013<br>RM'000 | As at Preceding<br>Corresponding<br>Financial Quarter<br>30/11/2012<br>RM'000 |
|----------|--|---|
| Malaysia | 22,090   | 51,784  |
| Others   | 18,925   | 11,351  |
|          | <u>41,015</u>  | <u>63,135</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 31<sup>st</sup> August 2013.

**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 decreased by 35.04% compared to the preceding year's corresponding quarter. The decreased sales volume is due to a comparative decrease in actual deliveries in the corresponding quarters.

Whilst the effect of the decreased fair value of quoted investment of RM0.581 million, as compared to increase in fair value of RM12.560 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 RM11.378 million as compared to RM15.405 million, in the preceding year's corresponding quarter, attributable to the lower levels of deliveries for the period and decreased levels of production.

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

The revenue of RM 41.0 million for the quarter ended 30 Nov 2013 was 17.0% 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<br>Current Financial<br>Period<br>30/11/2013 | As at Preceding<br>Financial Year<br>End<br>31/08/2013 |
|----------------------------------|---|--|
| <b><u>Malaysian Taxation</u></b> | RM'000  | RM'000   |
| Income tax                       |   |  |
| - Current year                   | 0   | (1,573)  |
| - Prior year over provision      | 0   | 42   |
| - Deferred tax                   | 0   | (454)  |
|                                  | 0   | (1,985)  |
|                                  | 0   | (1,985)  |

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<br>Current Quarter<br>30/11/2013<br><u>RM'000</u> | As at Preceding<br>Financial Year End<br>31/08/2013<br><u>RM'000</u> |
|---------------------------------|--|--|
| <u>Long Term Borrowings:-</u>   |  |  |
| Term loan – secured             | 10,298   | 10,954   |
| Hire Purchase – secured         | 742  | 914  |
|                                 | 11,040   | 11,868   |
| <u>Short Term Borrowings:-</u>  |  |  |
| Term loan – secured             | 3,242  | 3,484  |
| Revolving credit – secured      | 7,400  | 8,200  |
| Hire Purchase – secured         | 729  | 752  |
| Bankers' Acceptance – secured   | 15,814   | 14,801   |
| Bankers' Acceptance – unsecured | 5,000  | 5,000  |
| Bank overdrafts – secured       | 2,974  | 2,795  |
| Bank overdrafts – unsecured     | 0  | 0  |
| LC discounting - unsecured      | 9,739  | 1,694  |
|                                 | 44,898   | 36,726   |
| <b>TOTAL BORROWINGS</b>         | <b>55,938</b>  | <b>48,594</b>  |

**21. Material Litigation**

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

**22. Proposed 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<br>Quarter<br>30/11/2013 | Preceding Year<br>Corresponding<br>Quarter<br>30/11/2012 | Current<br>Year To<br>Date<br>30/11/2013 | Preceding Year<br>Corresponding<br>Quarter To Date<br>30/11/2012 |
|--|---------------------------------------|--|--|--|
| Profit/(loss) attributable to equity holders of the Company (RM'000) | (675)                                 | 15,625   | (675)                                    | 15,625   |
| Weighted average number of ordinary shares in issue ('000)           | 44,775                                | 44,775   | 44,775                                   | 44,775   |
| Basic Earnings per share (sen)                                       | (1.51)                                | 34.90  | (1.51)                                   | 34.90  |

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 30 Nov 2013 and 31 Aug 2013 are analysed as follows:-

|  | As at end of<br>Current<br>Quarter<br><br>30/11/2013<br>RM'000 | As at<br>Preceding<br>Financial Year<br>End<br>31/08/2013<br>RM'000 |
|--|--|---|
| The retained profits of the Company and the subsidiaries:- |  |   |
| - Realised   | 40,306   | 40,399  |
| - Unrealised   | <u>(7,321)</u>   | <u>(6,740)</u>  |
| Total group retained profits as per consolidated accounts  | <u>32,985</u>  | <u>33,659</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<br><br>30/11/2013<br>RM'000 | Current year-<br>to-date<br>30/11/2013<br>RM'000 |
|--|---|--|
| a) Interest income   | 84  | 84   |
| b) Other income including investment income                                      | 184   | 184  |
| c) Interest expense  | (835)                                       | (835)  |
| d) Depreciation and amortization   | (20)  | (20)   |
| 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<br>investments or properties    | 0   | 0  |
| h) Impairment of assets  | 0   | 0  |
| i) Foreign exchange gain   | 181   | 181  |
| j) Gain/(loss) on derivatives  | 0   | 0  |
| k) Exceptional items – Increase/(decrease) in fair value<br>of quoted investment | (581)                                       | (581)  |

**By Order of the Board**