

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P
(Incorporated in Malaysia)

Quarterly report on consolidated results for the third quarter ended 31 May 2015.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Third Financial Quarter Ended 31 May 2015.

	2015 Current Quarter Ended 31-05-15 (RM'000)	2014 Comparative Quarter Ended 31-05-14 (RM'000)	2015 9 months Cumulative to date 31-05-15 (RM'000)	2014 Comparative 9 months Cumulative to date 31-05-14 (RM'000)
<u>Continuing Operations</u>				
Revenue	70,714	45,237	160,031	118,088
Cost of sales	(53,840)	(35,392)	(125,417)	(90,276)
Gross profit	16,874	9,845	34,614	27,812
Other income	122	733	542	1,102
(Decrease)/Increase in fair value of quoted investment through profit and loss	(291)	(581)	(11,037)	(4,647)
Provision for increase in fair value of investment properties through profit and loss	-	-	-	-
Administrative and other expenses	(9,607)	(9,798)	(20,875)	(27,572)
Finance cost	(690)	(703)	(2,023)	(2,305)
Profit/(loss) before taxation	6,408	(504)	1,221	(5,610)
Taxation	(2,246)	-	(3,300)	-
Profit/(loss) for the period	4,162	(504)	(2,079)	(5,610)
Other comprehensive income for the period				
Dividend paid	-	(3,693)	-	(3,693)
Total comprehensive income for the period	4,162	(4,197)	(2,079)	(9,303)
Profit/(loss) for the period attributable to:				
Owners of the Company	4,162	(504)	(2,079)	(5,610)
Minority interest	-	-	-	-
	4,162	(504)	(2,079)	(5,610)
Total comprehensive income attributable to:				
Owners of the Company	4,162	(4,197)	(2,079)	(9,303)
Minority interest	-	-	-	-
	4,162	(4,197)	(2,079)	(9,303)
Earnings per RM1.00 share				
Basic (based on ordinary shares - sen)	9.30	(1.13)	(4.64)	(12.53)
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)	2.29		2.33	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 Aug 2014)

CONDENSED STATEMENT OF FINANCIAL POSITION**As at 31 May 2015**

	AS AT 31 May 2015 RM '000	AS AT 31 Aug 2014 RM '000
ASSETS		
Non-current assets		
Property, Plant and Equipment	35,045	37,753
Investment properties	10,562	10,562
Other investment	42,114	53,151
	<u>87,721</u>	<u>101,466</u>
Current Assets		
Stocks	32,523	33,390
Trade receivables	77,808	41,262
Other receivables, Deposit and Prepayments	397	943
Tax recoverable	1,361	500
GST Receivables	658	-
Deposit with licensed banks	6,837	5,198
Cash and bank balances	645	537
	<u>120,229</u>	<u>81,830</u>
TOTAL ASSETS	<u>207,950</u>	<u>183,296</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	44,775	44,775
Share premium	30,570	30,570
Retained profits	27,042	29,121
Total equity	<u>102,387</u>	<u>104,466</u>
Non-current Liabilities		
Bank borrowings - Long term	7,069	9,585
Deferred taxation	1,035	1,035
	<u>8,104</u>	<u>10,620</u>
Current Liabilities		
Trade payables	55,594	28,540
Other payables	2,256	2,105
Bank borrowings - short term	31,110	33,815
Bank overdraft	5,199	3,750
Tax payable	3,300	-
	<u>97,459</u>	<u>68,210</u>
Total Liabilities	<u>105,563</u>	<u>78,830</u>
TOTAL EQUITY AND LIABILITIES	<u>207,950</u>	<u>183,296</u>
Net Assets Per Share (RM)	2.29	2.33

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 Aug 2014)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 May 2015

	← 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
<u>3rd quarter ended 31 May 2015</u>					
Balance at 1 Sep 2014	44,775,000	30,569,833	29,121,499	59,691,332	104,466,332
Total comprehensive income	-	-	(2,079,552)	(2,079,552)	(2,079,552)
Balance at 31 May 2015	44,775,000	30,569,833	27,041,947	57,611,780	102,386,780

	← 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
<u>3rd quarter ended 31 May 2014</u>					
Balance at 1 Sep 2013	44,775,000	30,569,833	33,659,317	64,229,150	109,004,150
Total comprehensive income	-	-	(5,609,824)	(5,609,824)	(5,609,824)
Transactions with owners					
Dividends paid to the shareholders of the company	-	-	(3,693,525)	(3,693,525)	(3,693,525)
Balance at 31 May 2014	44,775,000	30,569,833	24,355,968	54,925,801	99,700,801

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 Aug 2014)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Period Ended 31 May 2015

	9 months ended	
	31-05-15 <u>RM'000s</u>	31-05-14 <u>RM'000s</u>
Cash flows from operating activities		
Profit/(Loss) before taxation	1,221	(5,610)
Adjustments for:-		
Depreciation and amortisation	2,972	2,782
Reversal of diminution in value of quoted investments	11,037	4,647
Fair value adjustment of investment properties	-	-
Interest income net expenses	1,933	670
Dividend income	-	-
Other non-cash items	872	(168)
Operating profit before changes in working capital	<u>18,035</u>	<u>2,321</u>
Changes in working capital:		
Net change in inventories	867	818
Net change in receivables	(37,530)	6,235
Net change in payables	27,206	(9,991)
Cash generated from/(used in) operating activities	<u>8,578</u>	<u>(617)</u>
Finance costs	(2,023)	(703)
Net income tax paid	(861)	(476)
Net cash flows generated from/(used in) operating activities	<u>5,694</u>	<u>(1,796)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(264)	(1,509)
Purchase of quoted investment	-	-
Interest income	90	32
Dividend received	-	-
Net cash flows used in investing activities	<u>(174)</u>	<u>(1,477)</u>
Cash flows from financing activities		
Dividend paid	-	(3,693)
Repayment of term loan	(1,938)	(2,677)
Drawdown/(repayment) of short term borrowings	(3,284)	(2,111)
Net cash flows generated from/(used in) financing activities	<u>(5,222)</u>	<u>(8,481)</u>
Net (decrease)/increase in cash and cash equivalents	298	(11,754)
Cash and cash equivalents at the beginning of financial period	836	7,356
Cash and cash equivalents at end of financial period	<u>1,134</u>	<u>(4,398)</u>
Cash and cash equivalent comprise the following:-		
Bank and cash balances	7,482	2,736
Bank overdraft	(5,199)	(6,116)
	<u>2,283</u>	<u>(3,380)</u>
Deposit pledged with licensed bank	(1,149)	(1,018)
	<u>1,134</u>	<u>(4,398)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 Aug 2014)

A - NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO MFRS 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 accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 Aug 2014.

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 yet in effect.

Effective for annual periods beginning on or after 1 January 2013

MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 5	Annual improvements to MFRSs 2012-2014 cycle
Amendments to MFRS 7	Annual improvements to MFRSs 2012-2014 cycle
Amendments to MFRS 116 and MFRS 138	Financial Instruments: Disclosures - Mandatory Effective Date of Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements

Effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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Effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
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3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report in respect of the annual financial statement for the financial year ended 31 Aug 2014 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 RM0.291 million 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 effects 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 dividend 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	As at Preceding Corresponding Financial Quarter
	31-05-15	31-05-14
	RM'000	RM'000
Malaysia	31,737	39,797
Others	<u>38,977</u>	<u>5,440</u>
	<u>70,714</u>	<u>45,237</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 August 2014.

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 56.32% compared to the preceding year's corresponding quarter. The increased in sales volume is due to more deliveries to overseas projects in this quarter.

The effect of a decrease in the fair value of quoted investment of RM0.291 million as in the preceding year's corresponding quarter, represents the change in the market price of the quoted investments.

The Group recorded an increase in gross profit of RM16.874 million as compared to RM9.845 million, in the preceding year's corresponding quarter. This difference has been attributed to more deliveries to overseas projects during the current quarter.

15. Comparisons with Preceding Quarter's Results

The revenue of RM70.7 million for the quarter ended 31 May 2015 was 74.68% higher than registered in the preceding quarter.

The increase in revenue has been due to the higher levels of deliveries due.

16. Current Year Prospects

The current year prospects is dependent on our on going order book and potential orders from new projects in Malaysia and regionally. Our raw materials which comprises cement, steel bars, sand and aggregate will have an impact on our selling price and viability of the Company.

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 31-05-15 RM'000	As at Preceding Financial Year End 31-08-14 RM'000
<u>Malaysian Taxation</u>		
Income tax		
- Current year	(3,300)	(80)
- Prior year over provision	-	238
- Deferred tax	-	(603)
	<u>(3,300)</u>	<u>(445)</u>

The effective tax rate on the Group's profit is higher than the statutory tax rate due to certain expenses which are not tax deductible.

19. Corporate Proposals

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

20. Group Borrowings and Debts Securities

	As at end of Current Quarter 31-05-15 RM'000	As at Preceding Financial Year End 31-08-14 RM'000
a) <u>Long Term Borrowings:-</u>		
Term loan - secured	6,533	8,467
Hire purchase - secured	536	1,118
	<u>7,069</u>	<u>9,585</u>
<u>Short Term Borrowings:-</u>		
Term loan - secured	2,484	2,487
Revolving credit - secured	6,600	7,400
Hire purchase - secured	841	1,029
Bankers' Acceptance - secured	16,185	13,527
Bankers' Acceptance - unsecured	5,000	5,000
Bank overdrafts - secured	4,199	2,976
Bank overdrafts - unsecured	1,000	773
LC discounting - unsecured	-	4,373
	<u>36,309</u>	<u>37,565</u>
TOTAL BORROWINGS	<u>43,378</u>	<u>47,150</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. 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 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 31-05-15	Preceding Year Corresponding Quarter 31-05-14	Current Year To Date 31-05-15	Preceding Year Corresponding Quarter To Date 31-05-14
Profit/(loss) attributable to equity holders of the Company (RM'000)	4,162	(504)	(2,079)	(5,610)
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	9.30	(1.13)	(4.64)	(12.53)

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 May 2015 and 31 Aug 2014 are analysed as follows:-

	As at end of Current Quarter 31-05-15 RM'000	As at Preceding Financial Year End 31-08-14 RM'000
The retained profits of the Company and the subsidiaries:-		
- Realised	31,421	33,500
- Unrealised	<u>(4,379)</u>	<u>(4,379)</u>
Total group retained profits as per consolidated accounts	<u>27,042</u>	<u>29,121</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 31-05-15 RM'000	Current year-to- date 31-05-15 RM'000
a) Interest income	41	90
b) Other income including investment income	81	452
c) Interest expense	(690)	(2,023)
d) Depreciation and amortization	(1,014)	(2,972)
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 investments or properties	0	0
h) Impairment of assets	0	0
i) Foreign exchange gain/(loss)	575	2,091
j) Gain/(Loss) on derivatives	0	0
k) Exceptional items - Increase/(Decrease) in fair value of quoted investment	(291)	(11,037)

By Order of the Board