

CONCRETE ENGINEERING PRODUCTS BERHAD

Company No 88143-P
(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 30 November 2015.
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the First Financial Quarter Ended 30 November 2015.

	2016 Current Quarter Ended 30/11/2015 (RM'000)	2015 Comparative Quarter Ended 30/11/2014 (RM'000)	2016 3 months Cumulative to date 30/11/2015 (RM'000)	2015 Comparative 3 months Cumulative to date 30/11/2014 (RM'000)
Continuing Operations				
Revenue	59,087	48,836	59,087	48,836
Cost of sales	(43,473)	(39,860)	(43,473)	(39,860)
Gross profit	15,614	8,976	15,614	8,976
Other income	231	314	231	314
Increase/(Decrease) in fair value of quoted investment through profit and loss	2,904	(7,261)	2,904	(7,261)
Provision for increase in fair value of investment properties through profit and loss	-	-	-	-
Administrative and other expenses	(8,414)	(5,856)	(8,414)	(5,856)
Finance cost	(838)	(674)	(838)	(674)
Profit/(loss) before taxation	9,497	(4,501)	9,497	(4,501)
Taxation	(1,582)	(645)	(1,582)	(645)
Profit/(loss) for the period	7,915	(5,146)	7,915	(5,146)
Other comprehensive income for the period				
Dividend paid	-	-	-	-
Total comprehensive income for the period	7,915	(5,146)	7,915	(5,146)
Profit/(loss) for the period attributable to:				
Owners of the Company	7,915	(5,146)	7,915	(5,146)
Minority interest	-	-	-	-
Total comprehensive income attributable to:	7,915	(5,146)	7,915	(5,146)
Owners of the Company	7,915	(5,146)	7,915	(5,146)
Minority interest	-	-	-	-
Earnings per RM1.00 share				
Basic (based on ordinary shares - sen)	17.68	(11.49)	17.68	(11.49)
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)	2.56		2.39	

(The Condensed Consolidated Statement on Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 Aug 2015)

CONDENSED STATEMENT OF FINANCIAL POSITION**As at 30 November 2015**

	AS AT 30 Nov 2015 RM '000	AS AT 31 Aug 2015 RM '000
ASSETS		
Non-current assets		
Property, Plant and Equipment	34,743	34,643
Investment properties	11,060	11,060
Other investment	40,661	37,757
	<u>86,464</u>	<u>83,460</u>
Current Assets		
Stocks	35,522	32,134
Trade receivables	78,098	78,078
Other receivables, Deposit and Prepayments	4,284	1,169
Tax recoverable	-	1,886
GST Receivables	956	1,282
Deposit with licensed banks	13,047	15,427
Cash and bank balances	710	686
	<u>132,617</u>	<u>130,662</u>
TOTAL ASSETS	<u>219,081</u>	<u>214,122</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	39,403	31,488
Total equity	<u>114,748</u>	<u>106,833</u>
Non-current Liabilities		
Bank borrowings - Long term	5,862	6,402
Deferred taxation	1,654	1,654
	<u>7,516</u>	<u>8,056</u>
Current Liabilities		
Trade payables	49,811	56,654
Other payables	3,157	2,196
Bank borrowings - short term	39,840	36,278
Bank overdraft	3,359	2,687
Tax payable	650	1,418
	<u>96,817</u>	<u>99,233</u>
Total Liabilities	<u>104,333</u>	<u>107,289</u>
TOTAL EQUITY AND LIABILITIES	<u>219,081</u>	<u>214,122</u>
Net Assets Per Share (RM)	2.56	2.39

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 Aug 2015)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 November 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>	
RM	RM	RM	RM	RM	
<u>1st quarter ended 30 Nov 2015</u>					
Balance at 1 Sep 2015	44,775,000	30,569,833	31,488,260	62,058,093	106,833,093
Total comprehensive income	-	-	7,915,147	7,915,147	7,915,147
Balance at 30 Nov 2015	44,775,000	30,569,833	39,403,407	69,973,240	114,748,240

	← 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>	
RM	RM	RM	RM	RM	
<u>1st quarter ended 30 Nov 2014</u>					
Balance at 1 Sep 2014	44,775,000	30,569,833	29,121,499	59,691,332	104,466,332
Total comprehensive income	-	-	(5,146,347)	(5,146,347)	(5,146,347)
Balance at 30 Nov 2014	44,775,000	30,569,833	23,975,152	54,544,985	99,319,985

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 Aug 2015)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Period Ended 30 November 2015

	3 months ended	
	30/11/2015	30/11/2014
	<u>RM'000s</u>	<u>RM'000s</u>
Cash flows from operating activities		
Profit/(Loss) before taxation	9,497	(4,501)
Adjustments for:-		
Depreciation and amortisation	1,034	979
Reversal in diminution quoted investments value	(2,904)	7,261
Fair value adjustment of investment properties	-	-
Interest income net expenses	729	656
Dividend income	-	-
Other non-cash items	(4)	159
Operating profit before changes in working capital	<u>8,352</u>	<u>4,554</u>
Changes in working capital:		
Net change in inventories	(3,388)	888
Net change in receivables	(2,809)	(10,735)
Net change in payables	(5,882)	7,619
Cash (used in)/generated from operating activities	<u>(3,727)</u>	<u>2,326</u>
Finance costs	(838)	(674)
Net income tax paid	(464)	(261)
Net cash flows (used in)/generated from operating activities	<u>(5,029)</u>	<u>1,391</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,134)	(64)
Interest income	109	-
Dividend received	-	18
Upliftment of deposits which are pledged with a licensed bank	-	-
Net cash flows used in investing activities	<u>(1,025)</u>	<u>(46)</u>
Cash flows from financing activities		
Dividend paid	-	-
Repayment of term loan	(540)	(663)
Drawdown/(repayment) of short term borrowings	3,562	(2,956)
Net cash flows generated from/(used in) financing activities	<u>3,022</u>	<u>(3,619)</u>
Net decrease in cash and cash equivalents	(3,032)	(2,274)
Cash and cash equivalents at the beginning of financial period	<u>12,243</u>	<u>836</u>
Cash and cash equivalents at end of financial period	<u>9,211</u>	<u>(1,438)</u>
Cash and cash equivalent comprise the following:-		
Bank and cash balances	710	4,269
Deposits with licensed banks	13,047	-
Bank overdraft	(3,359)	(4,558)
	<u>10,398</u>	<u>(289)</u>
Deposit pledged with licensed bank	(1,187)	(1,149)
	<u>9,211</u>	<u>(1,438)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 Aug 2015)

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 2015.

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 been in effect.

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 116 and MFRS 141	Agriculture : Bearer Plant
Amendments to MFRS 10 and MFRS 128	Sale or contribution of assets between an investor and its associates of joint venture
Amendments to MFRS 11	Accounting for Acquisition of interests in Joint Operations
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 101	Disclosure Initiatives
Amendments to MFRS 10 MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 14	Regulatory Deferral Accounts

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 2015 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 million 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 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 Ended 30/11/2015 RM'000	As at Preceding Corresponding Financial Quarter Ended 30/11/2014 RM'000
Malaysia	47,246	34,227
Others	<u>11,841</u>	<u>14,609</u>
	<u>59,087</u>	<u>48,836</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 2015.

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 20.99% compared to the preceding year's corresponding quarter. The increased in sales volume is due to more deliveries in this quarter.

The effect of an increase in the fair value of quoted investment of RM2.904 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 RM15.614 million as compared to RM8.976 million, in the preceding year's corresponding quarter. This difference has been attributed to higher deliveries during the current quarter.

15. Comparisons with Preceding Quarter's Results

The revenue of RM59.087 million for the quarter ended 30 Nov 2015 was 5.47% lower than registered in the preceding quarter.

The decrease in revenue is due to lesser deliveries in the current quarter.

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 Ended 30/11/2015 RM'000	As at Preceding Financial Period Ended 30/11/2014 RM'000
<u>Malaysian Taxation</u>		
Income tax		
- Current year	1,582	645
- Prior year over provision	-	-
- Deferred tax	-	-
	<u>1,582</u>	<u>645</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 Financial Period Ended 30/11/2015 RM'000	As at Preceding Financial Period Ended 30/11/2014 RM'000
a) <u>Long Term Borrowings:-</u>		
Term loan - secured	5,310	7,807
Hire purchase - secured	<u>552</u>	<u>903</u>
	<u>5,862</u>	<u>8,710</u>
<u>Short Term Borrowings:-</u>		
Term loan - secured	2,484	2,484
Revolving credit - secured	6,600	6,600
Hire purchase - secured	755	974
Bankers' Acceptance - secured	26,566	14,386
Bankers' Acceptance - unsecured	3,435	5,000
Bank overdrafts - secured	4,059	3,558
Bank overdrafts - unsecured	(700)	1,000
LC discounting - unsecured	-	1,627
	<u>43,199</u>	<u>35,629</u>
TOTAL BORROWINGS	<u>49,061</u>	<u>44,339</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 30/11/2015	Preceding Year Corresponding Quarter 30/11/2014	Current Year To Date 30/11/2015	Preceding Year Corresponding Quarter To Date 30/11/2014
Profit/(loss) attributable to equity holders of the Company (RM'000)	7,915	(5,146)	7,915	(5,146)
Weighted average number of ordinary shares in issue ('000)	44,775	44,775	44,775	44,775
Basic Earnings per share (sen)	17.68	(11.49)	17.68	(11.49)

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 2015 and 31 Aug 2015 are analysed as follows:-

	As at end of Current Quarter 30/11/2015 RM'000	As at Preceding Financial Year End 31/08/2015 RM'000
The retained profits of the Company and the subsidiaries:-		
- Realised	37,816	32,805
- Unrealised	1,588	(1,316)
Total group retained profits as per consolidated accounts	<u>39,404</u>	<u>31,489</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	Current year-to-date
	30/11/2015	30/11/2015
	RM'000	RM'000
a) Interest income	108	108
b) Other income including investment income	122	122
c) Interest expense	(664)	(664)
d) Depreciation and amortization	(1,034)	(1,034)
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)	2,036	2,036
j) Gain/(Loss) on derivatives	0	0
k) Exceptional items - Increase/(Decrease) in fair value of quoted investment	2,904	2,904

By Order of the Board