CONCRETE ENGINEERING PRODUCTS BERHAD
(88143-P)




2015
31st ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Abdul Khudus bin Mohd Naaim
Independent Non-Executive Chairman

Leong Kway Wah
Managing Director

Khoo Kay Ong
Executive Director

Davinia a/p Rajadurai
Independent Non-Executive Director

Dennis Xavier
Independent Non-Executive Director

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
Independent Non-Executive Director

AUDIT COMMITTEE

Abdul Khudus bin Mohd Naaim
Chairman

Davinia a/p Rajadurai
Dennis Xavier
Members

NOMINATION COMMITTEE

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
Chairman

Abdul Khudus bin Mohd Naaim
Dennis Xavier
Members

REMUNERATION COMMITTEE

Davinia a/p Rajadurai
Chairman

Abdul Khudus bin Mohd Naaim
Dennis Xavier
Members

COMPANY SECRETARY

Norakhmar binti Baharom
LS 0001698

SHARE REGISTRAR

Mestika Projek (M) Sdn Bhd (225545-V)
22nd Floor Menara Promet (KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2144 4446
Fax : 03-2141 8463

REGISTERED OFFICE

22nd Floor Menara Promet (KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2144 1066
Fax : 03-2144 4885
Web : http://www.cepco.com.my

HEAD OFFICE

22nd Floor Menara Promet (KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2144 1066
Fax : 03-2144 4885

AUDITORS

Ernst & Young
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name - **CEPCO**
Stock Code - **8435**

Corporate Information
(cont'd)

FACTORIES

CENTRAL REGION

PT643 Batu 20 Jalan Ipoh
48000 Rawang
Selangor
Tel : 03-6091 4201
Fax : 03-6091 4287

Lot 7106
Kawasan Perindustrian Nilai
71800 Nilai
Negeri Sembilan
Tel : 06-7992 841
Fax : 06-7992 839

Lot A3
Kawasan Perindustrian MIEL
44300 Batang Kali
Selangor
Tel : 03-6057 1811
Fax : 03-6057 1817

NORTHERN REGION

Lot 63
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah
Tel : 04-4210 891
Fax : 04-4221 263

SOUTHERN REGION

PLO 337 Jalan Suasa
Pasir Gudang Industrial Estate
81700 Pasir Gudang
Johor
Tel : 07-2511 048
Fax : 07-2514 066

BOARD OF DIRECTORS

1
Abdul Khudus bin Mohd Naaim

2
Leong Kway Wah

3
Khoo Kay Ong

4
Dennis Xavier

5
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain

6
Davinia a/p Rajadurai

7
Norakhmar binti Baharom (Company Secretary)

PROFILE OF DIRECTORS

ABDUL KHUDUS BIN MOHD NAAIM
Independent Non-Executive Chairman and Chairman of Audit Committee
Malaysian, aged 61

Encik Abdul Khudus bin Mohd Naaim was appointed to the Board on 15 July 2013.

He is a Chartered Accountant in the Malaysian Institute of Accountants, a Fellow in the Association of Chartered Certified Accountants (ACCA), United Kingdom, an Associate in the Chartered Tax Institute of Malaysia, and an Associate in the Institute of Co-operative & Management Auditors, Malaysia. He holds a Diploma in Accountancy from Mara Institute of Technology, Shah Alam.

His career started as an Audit Junior at Arthur Young & Co, Public Accountants, Kuala Lumpur, from January 1976 to December 1976, and he later served as Audit Senior at Ramoss Jassen & Partners, Chartered Accountants, London, from July 1980 to December 1984. He was appointed as Accountant at Islamic Finance House PLC, London, from January to December 1985. He joined Syarikat Takaful Malaysia Berhad in January 1986 until August 1993 with the last position as Senior Finance Manager. From September 1993 to December 1996, he was the Director of Corporate Affairs at Emile Woolf Group of Colleges, Kuala Lumpur. He later joined SKMN Associates, Chartered Accountants, Malaysia, from January 1997 until September 1999 as a Partner. He has been a partner at KS & Associates, Chartered Accountants, Malaysia, since October 1999, which has since merged with AKN Arif, Chartered Accountants, in August 2008.

He is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees of the Company.

He also sits on the Board of several private limited companies.

LEONG KWAY WAH
Managing Director
Malaysian, aged 62

Mr Leong Kway Wah was appointed as Managing Director on 17 March 2005.

He graduated from the School of Business Studies, Kolej Tunku Abdul Rahman, Kuala Lumpur. He is a member of The Institute of Chartered Secretaries and Administrators, United Kingdom. He had worked with several commercial and merchant banks and his last posting was Senior Vice President with Southern Investment Bank. He has extensive experience in capital markets, corporate finance and restructuring, and investment banking through his past involvement in the banking industry.

Profile of Directors
(cont'd)

KHOO KAY ONG
Executive Director
Malaysian, aged 64

Mr Khoo Kay Ong was appointed as Executive Director on 29 April 2011.

Having graduated in civil engineering from the University of Dundee, Scotland, in 1977, he started his career with the Public Works Department (JKR) and Drainage & Irrigation Department (JPS) in design and site exploratory works. Subsequently, he became a civil and structural consultant and gained full membership from the Institution of Engineers, Malaysia, and also the Institution of Civil Engineers, United Kingdom. He then joined a renowned local property and housing developer for five (5) years. He was a General Manager and also a Director of a subsidiary of Wah Seong Group until 2007. He is a Professional Engineer by profession and an active member of the Board of Engineers, Malaysia, in the Investigating Committee.

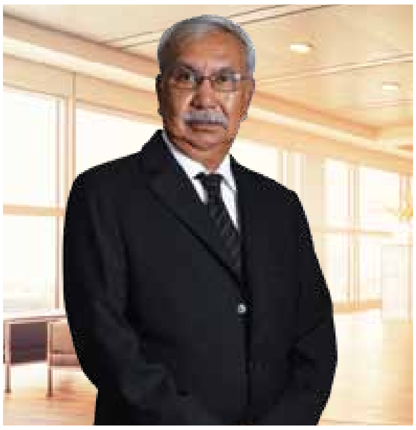
DAVINIA A/P RAJADURAI
Independent Non-Executive Director and Member of Audit Committee
Malaysian, aged 36

Miss Davinia a/p Rajadurai was appointed to the Board on 6 September 2004.

She graduated from Bond University, Australia, in 1999 and was called to the Malaysian Bar in April 2000. She later obtained a Postgraduate Diploma in International Business Law from University of Staffordshire, United Kingdom, and is currently practicing as an advocate and solicitor.

She is a member of the Audit Committee and Chairman of the Remuneration Committee of the Company.

Profile of Directors
(cont'd)



DENNIS XAVIER
Independent Non-Executive Director and Member of Audit Committee
Malaysian, aged 64

Mr Dennis Xavier was appointed to the Board on 8 July 1996.

He is an advocate and solicitor by profession and was admitted to the Degree of Utter Barrister of the Society of Lincoln's Inn in 1979. He was called to the Malaysian Bar in September 1980. He was a legal assistant with Messrs Nik Hussain, Ibrahim & Abdullah from 1980 to 1981 and then with Messrs Sethu Ghazali & Gomez until 1984. He now has a legal practice of his own.

He is a member of the Audit, Remuneration and Nomination Committees of the Company.

TO' PUAN SERI HAJJAH NUR RAHMAH BINTI MOHD ZAIN
Independent Non-Executive Director
Malaysian, aged 60

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain was appointed to the Board on 3 November 2008.

She was an Executive Director of Skoga Redimix Sdn Bhd from 1985 to 2004. Currently, she is an Executive Director of Cempaka Anugerah Sdn Bhd, a franchisee of Noor Arfa Batik Sdn Bhd. She has vast experience in the field of marketing, administration, management and strategic planning. She also sits on the Board of Prinsiptek Corporation Berhad.

She is a member and Chairman of the Nomination Committee of the Company.

All of the above Directors do not hold any securities in the Company or its subsidiaries. None of their family members have direct or indirect relationship with any Director and/or major shareholder of the Company. They have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. They have not been convicted for any criminal offences other than traffic offences, if any, within the past ten (10) years.

DIRECTORS STANDING FOR RE-ELECTION AT THE THIRTY-FIRST ANNUAL GENERAL MEETING

The Directors standing for re-election at the Thirty-First Annual General Meeting of the Company are:

Pursuant to Article 96 of the Company's Articles of Association
- Abdul Khudus bin Mohd Naaim
- To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

On behalf of the Board of Directors of Concrete Engineering Products Berhad ("CEPCO"), I present herewith the Thirty-First Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 August 2015.

Throughout the financial year under review, the Company faced a series of challenges. Towards the end of the year, the drastic decline of crude oil price compounded with a weak commodity market, had affected the global economic outlook. In particular, the slowdown in China's economy influenced the global growth in 2014, which remained stagnant at 3.3%.

OPERATING ENVIRONMENT

The year started with prices of crude petroleum prices faltering from USD103.40 per barrel (in September 2014) to settle at around USD50.00 per barrel during the year as a surplus in the crude oil market is driving down prices.

China's economic growth has moderated to around 7%, with its Purchasing Manager Index (PMI) registering below 50 in the last eight months. Entities importing from this country are able to capitalise on these excess spare manufacturing capacity from bulk purchase discounts and quality products.

The birth of the Trans Pacific Partnership Agreement (TPPA), a free trade agreement between thirteen (13) countries, allows member states to capitalise on lower tariffs and trade barriers when trading amongst themselves. This would benefit Malaysia as one of the exporting countries.

Chairman's Statement and Review of Operations
(cont'd)

The depreciating ringgit against the USD since the beginning of the year has acted as a double-edged sword, as CEPCO is able to capitalise on foreign exchange gain on our exports. However, we are unable to avoid purchased inflation on its imports.

For the financial year in review, our business plan is focused on three main thrusts namely:

Diversifying Our Markets

Realising the lucrative potential of export market, we have set our sight on driving for more exports. By developing new markets such as Maldives, Nigeria and Brunei, we can further expand our revenue potentials.

Supporting High Impact Projects under the National Budget

National projects which can bring substantial benefit to the nation's development such as the Refinery and Petrochemical Integrated Development ("RAPID") project in Pengerang, Johor, and flood mitigation projects are given priority.

Minimising Costs

By reducing costs, we would be able to improve on our product contribution and the Group's earnings. Amongst the steps taken to achieve this aim are by:
(a) Hedging our imports from potential losses due to exchange rate translation;
(b) Buying our raw materials in bulk and obtaining huge discounts;
(c) Reducing wastage and improving quality. Our production process is constantly monitored for improvements in efficiency and quality.

PERFORMANCE REVIEW

During the year under review, we have grown our revenue by 43.77% from RM154.788 million last year to RM222.539 million this year. The Company has made a profit after tax of RM2.367 million against a loss of RM0.844 million in the preceding year.

The Company has maintained a healthy gearing level at 42%.

PROSPECTS FOR THE YEAR

The full swing of RAPID project and other infrastructure expenditure by Governments in the ASEAN region would provide a positive development for our Company's performance. However, the threat of the US interest rate hike and diverging economic policies between developed countries may hinder us from achieving our target.

APPRECIATION

Despite the various challenges, we still note the efforts of the entire Group to maintain our competitiveness in the market.

On behalf of the Group, I would like to take this opportunity to thank my fellow Board members for their continued dedication and efforts, the Management team for maintaining the assets and interest of the Group throughout such a difficult year, and also to all our employees who have continued to contribute positively to the Group.

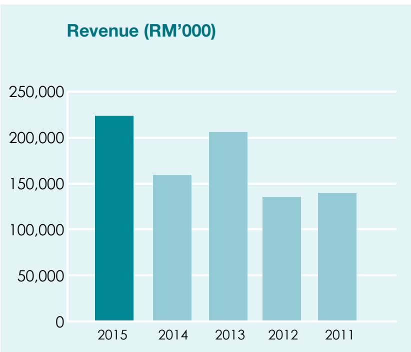
To our esteemed partners and associates, we thank you for your continued support over the year and look forward to a long and fruitful relationship.

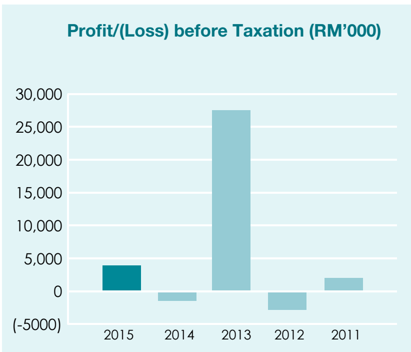
Abdul Khudus Mohd Naaim
Chairman

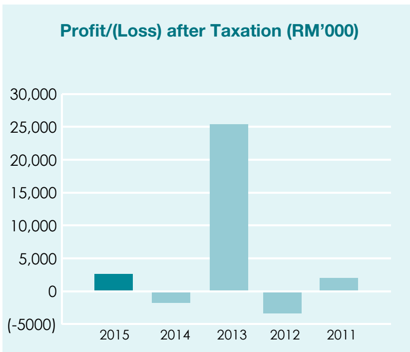
14 January 2016

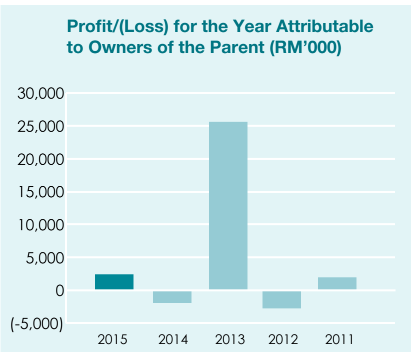
FINANCIAL HIGHLIGHTS

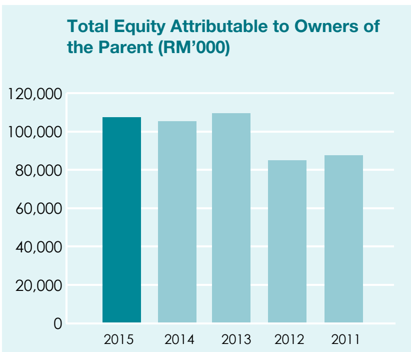
FINANCIAL YEAR ENDED 31 AUGUST	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000 (Restated)	2011 RM'000
Revenue	222,539	154,788	209,192	137,886	140,019
Profit/(Loss) before Taxation	4,403	(399)	27,148	(2,426)	1,754
Profit/(Loss) after Taxation	2,367	(844)	25,163	(2,746)	1,319
Profit/(Loss) for the Year Attributable to Owners of the Parent	2,367	(844)	25,163	(2,746)	1,319
Total Equity Attributable to Owners of the Parent	106,833	104,466	109,004	83,840	86,447
Earnings(Loss) per Share (sen)	5.29	(1.88)	56.20	(6.13)	2.95
Dividend per Share (sen)	-	-	11	-	-
Total Assets	212,704	183,296	197,828	171,735	167,266
Net Assets per Share (RM)	2.39	2.33	2.43	1.87	1.93

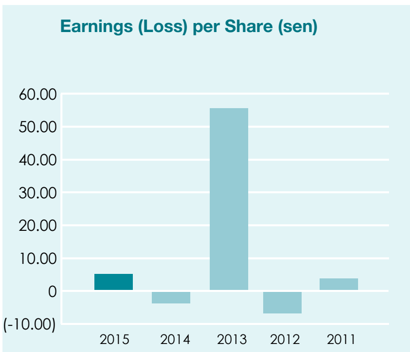


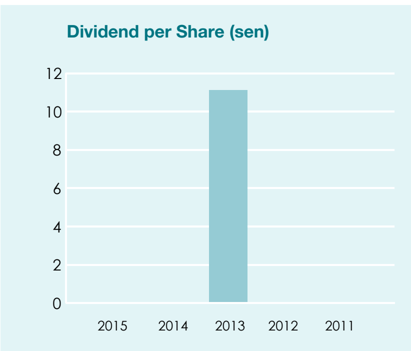


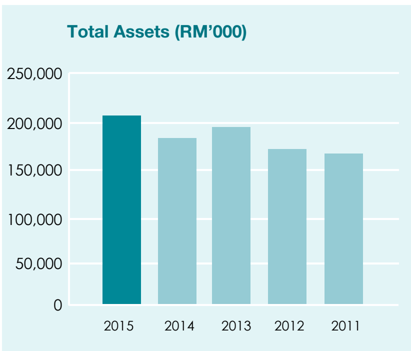


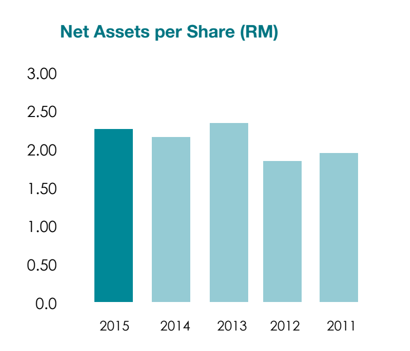












CORPORATE SOCIAL RESPONSIBILITY

Within our business strategies, corporate social responsibility remains an integral part of our effort. Despite the economic challenges, CEPCO is committed to its employees, shareholders, customers and the overall environment.

CEPCO builds and maintains a strong community relationship and we have carried out community programmes by contributing towards the welfare of PACSU (Police Administrative and Civil Staff Union) and Persatuan Pasukan Keselamatan.

During the April 2015 Nepal earthquake, a number of our foreign workers' families were adversely affected by the disaster. The management and staff of CEPCO made cash donations to the victims.

We have also made environmental sustainability an essential ingredient in doing business. Towards this end, we have erected a sound barrier measuring 90 meter long and 6 meter high in our Rawang factory to reduce noise pollution.

Another major contribution was the land reclamation of Orang Asli settlement in Pasir Putih, Johor, using our piles and grout discharged from our production process.

We recognise that human capital is an important resource in ensuring the survival of our Company. Besides sending our staff and Directors for training, we also have internship programmes from various universities and colleges. We organised in-house training for technical, safety and health. We are committed to providing for the well-being of our employees, suppliers and contractors through increased awareness by factory visits and continued training to ensure all activities are conducted in an ethical, responsible and safe manner. By working together with our business partners, we can strife for the betterment of the communities' welfare.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Concrete Engineering Products Berhad is committed towards the adoption of principles and best practices as enshrined in the Malaysian Code of Corporate Governance ("MCCG") throughout the Group. It is recognised that the adoption of the highest standards of governance is imperative for the enhancement of shareholders' value. The Group has adopted and complied with the principles and best practices set out in the MCCG 2012 throughout the financial year ended 31 August 2015.

The Board is pleased to present the following report on the application of principles and in compliance with best practices as set out in the MCCG.

Statement on Corporate Governance
(cont'd)

THE BOARD OF DIRECTORS

Board Composition and Balance

During the financial year under review, the Board consists of six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfils the requirements as set out under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is the higher, to be independent Directors. The profile of each Director is presented on pages 5 to 7 of the Annual Report. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, entrepreneurship, finance, taxation, accounting and audit, legal and economics.

The presence of four (4) Independent Directors shall provide unbiased and independent views and judgement in the decision making process at the Board level and to ensure that no significant decisions and policies are made by any individual, and that the interest of minority shareholders are safeguarded.

The positions of the Chairman and the Managing Director are held by two (2) individuals. There is a clear division of responsibilities between the Chairman and the Managing Director which will ensure a balance of power and authority. Generally, the Chairman is responsible for the orderly conduct and working of the Board while the Managing Director is responsible for the day-to-day management of the Group as well as to implement policies and strategies adopted by the Board. The Board exercises its responsibilities collectively.

All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities.

Roles and Responsibilities

The Board recognises its roles and responsibilities in charting the strategic direction of the Company and has assumed the following principle responsibilities in discharging its fiduciary and leadership functions:

1) Reviews and adopts a strategic plan for the Company and addresses the sustainability of the Group's business.
2) Oversees the conduct of the Group's business and evaluates whether its business is being properly managed.
3) Identifies principal risks faced by the Group and ensures the implementation of appropriate internal controls and mitigation measures to address such risks.
4) Succession planning by ensuring all candidates appointed to senior management positions are of sufficient calibre.
5) Oversees the development and implementation of a shareholder communications policy.
6) Reviews the adequacy and the integrity of the Group's internal control, management information systems and regulatory compliance.

The Managing Director is responsible to ensure the management adheres to the guidelines and policies set by the Board.

The Directors have full access to information pertaining to all matters requiring the Board's decision. Prior to any Board meeting, all Directors shall be furnished with proper board papers which contain the necessary information for each of the meeting agenda in advance to enable the Directors to obtain further explanations, where necessary, in order to be properly briefed before the meeting. Matters to be discussed are not limited to financial performance of the Group but also to address major investment decisions as well as operational issues and problems encountered by the Group.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee. These Committees examine specific issues within their respective terms of reference as approved by the Board, and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Statement on Corporate Governance
(cont'd)

Board Appointment Process

The Group has implemented procedures for the nomination and election of Directors via Nomination Committee. The Nomination Committee is responsible for identifying and recommending suitable candidates for appointment to the Board and Board Committees, and also performance appraisal of the Directors.

The Nomination Committee was established on 30 May 2002. When appointing new Directors, the Committee is provided with the curriculum vitae of the candidates for consideration. The Nomination Committee is responsible for reviewing the balance, size and composition of the Board and Board committees, having regard to the required blend of skills, experience, independence and diversity to ensure they operate effectively. The appointment is then finalised after discussions at the Board meeting.

Re-election

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in every three (3) years and a retiring Director is eligible for re-election. The election of each Director is voted on separately and the process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and the shareholdings in the Company for each Director are furnished in the Annual Report.

The Articles further provide that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

The names of the Directors of the Company who are seeking re-election or re-appointment at the Thirty-First Annual General Meeting of the Company to be held on 24 February 2016 are set out in the Notice of Annual General Meeting.

Tenure of Independent Directors

The Board has recommended to retain those Independent Directors who have exceeded nine (9) years and shall seek shareholders' approval at the forthcoming Annual General Meeting.

Board Meetings

Board meetings are held at least four (4) times a year. Additional meeting would be convened when urgent and important decisions need to be made between scheduled meetings or via circular resolutions. During the financial year, the Board held five (5) meetings and the details of attendance of Directors at the Board meetings are as follows:

Directors	Meetings Attendance
Abdul Khudus bin Mohd Naaim	5/5
Leong Kway Wah	5/5
Khoo Kay Ong	5/5
Davinia a/p Rajadurai	3/5
Dennis Xavier	5/5
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	5/5

All meetings were held at 22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.

Board meetings are scheduled in advance at the beginning of each calendar year to enable Directors to plan and adjust their schedules to ensure good attendance and the expected degree of attention given to the Board agenda.

Statement on Corporate Governance
(cont'd)

During the course of a meeting, the Board deliberates and considers on matters including the Group's financial performance, business review and operating performance to date against the annual budget and business strategies. The Audit Committee also reports the outcome of committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

Where a potential conflict of interest arises, it is a mandatory practice for the Director concerned to declare his or her interest and abstain from decision making process.

Supply and Access to Information

All Directors have full and timely access to all information with regards to the Group.

The agenda and reports for each Board meeting are circulated to the members of the Board prior to the meeting, thus allowing sufficient time for detailed review and consideration.

Senior management staff may be invited to attend the Board meetings to provide detailed explanations and clarifications on issues that are considered during the meetings.

All members of the Board have direct and unrestricted access to the management, and advice and services of the Company Secretary in furtherance of their duties. The Directors may seek external professional advice, if required.

Directors' Training

Directors of the Company undergo continuous training to equip themselves to effectively discharge their duties as Directors. For that purpose, they ensure their attendance at training programmes prescribed by Bursa Securities from time to time. The Company also provides briefings for new members of the Board to ensure they have a comprehensive understanding on the operations of the Group and the Company.

All Directors have attended the Mandatory Accreditation Programme ("MAP") and have been attending Continuous Education Programme ("CEP") prescribed by Bursa Securities from time to time.

Conferences, seminars and training programmes attended by members of the Board in 2015 are as follows:

Name of Directors	Training programmes attended	Date attended
Abdul Khudus bin Mohd Naaim	Seminar Percukaian Kebangsaan 2014	21/10/2014
	MIA International Accountants Conference 2014	04/11/2014 & 05/11/2014
	Director Accreditation Program Class 115/2015	06/02/2015
	6th Asosai Symposium "Leveraging Technology to Enhance Audit Quality and Effectiveness"	12/02/2015
	Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure Amongst the Listed Issuers	06/05/2015
	Risk Management & Internal Control: Workshop for Audit Committee Members – "An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?"	08/06/2015
	National Tax Conference 2015	25/08/2015 & 26/08/2015

Statement on Corporate Governance
(cont'd)

Name of Directors	Training programmes attended	Date attended
Leong Kway Wah	Malaysian Code for Institutional Investors	
	Essential Management on GST Implementation	22/11/2014
Khoo Kay Ong	Essential Management on GST Implementation	22/11/2014
Dennis Xavier	Risk Management & Internal Control: Workshop for Audit Committee Members – "An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?"	08/06/2015
Davinia a/p Rajadurai	Risk Management & Internal Control: Workshop for Audit Committee Members – "An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?"	08/06/2015
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure Amongst the Listed Issuers	06/05/2015

The Company Secretary normally circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. The Financial Controller and External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that may affect the Group's financial statements for the financial year under review.

Board Charter

The Board Charter was established in year 2002 to set out strategic intent and outline the Board's structure and procedures, roles and responsibilities and relationship of the Board to the Management in accordance with the MCCG. The Board recognises the importance of the Board Charter and will take steps to enhance it as recommended by the MCCG 2012.

BOARD COMMITTEES

The Board has set up three (3) Board Committees namely Audit, Nomination and Remuneration Committees. These Committees are delegated with specific powers and responsibilities to support the role of the Board in providing assurance and accountability to its shareholders. All Committees have their own terms of reference.

Audit Committee

The Audit Committee's terms of reference, which outline the Committee's functions, responsibilities and duties, are contained in the Audit Committee Report.

During the year, the Audit Committee has, inter alia, performed the following functions:

1) Reviewed the Group's quarterly and annual financial statements.
2) Reviewed recurrent related party transactions of the Group.
3) Deliberated on the implications and effects of the relevant Financial Reporting Standards which came into effect during the year.
4) Reviewed and deliberated on the findings of the Internal Audit Function.

The Committee also appraises on significant risk, control, regulatory and financial matters that may come to the attention of the External Auditors in the course of their examination.

The Committee is aware of the risk, management, control and governance processes relating to critical corporate and operational areas. It will closely monitor any recommendations made in order to obtain assurance that all key risk and control concerns have been duly addressed.

Statement on Corporate Governance
(cont'd)

Remuneration Committee

Primary function

The Remuneration Committee was established on 30 May 2002. Its primary function is to set the policy framework and recommends to the Board on remuneration packages and benefits extended to the Directors. Directors' remunerations are aligned with the business strategies and long term objectives of the Company. This would ensure the rewards are linked to their performance and contributions to the Group's growth and profitability in order to attract, retain and motivate the Company's Directors.

The Remuneration Committee also ensures that the level of remuneration of the Executive Director is linked to the level of responsibilities undertaken and his contribution to the effective functioning of the Board.

The Non-Executive Directors of the Company are paid a fixed annual fee for serving on the Board, which is determined by the Board as a whole, subject to shareholders' approval at the Annual General Meeting. The Director concerned shall abstain from deliberations and voting on decisions in respect of his/her individual remuneration package. The aggregate Directors' remuneration paid or payable to the Directors of the Company is on page 55 of the Annual Report.

Member

The present members of the Remuneration Committee of the Company are:

Davinia a/p Rajadurai	Chairman
Abdul Khudus bin Mohd Naaim	Member
Dennis Xavier	Member

The Company Secretary is the secretary to the Remuneration Committee.

Nomination Committee

Primary function

The Nomination Committee was established on 30 May 2002. The Nomination Committee is primarily responsible for constantly assessing the overall effectiveness of the Board and Board committees and makes recommendation to the Board for any new candidate as Board member or Board committee member. In addition, the Nomination Committee also performs introduction briefing for new Board members with regards to the overall operations and corporate objectives of the Group and continues to ensure that the Board members undergo the necessary MAP and CEP prescribed by Bursa Securities.

As Board diversity is concerned, the Board does not intend to develop any specific policy on targets for women Directors. The Board believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors.

The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

Member

The present members of the Nomination Committee of the Company are:

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	Chairman
Abdul Khudus bin Mohd Naaim	Member
Dennis Xavier	Member

The Company Secretary is the secretary to the Nomination Committee.

Statement on Corporate Governance
(cont'd)

RELATIONS WITH SHAREHOLDERS

Communication

The Group is fully aware of the importance of effective and timely communication with shareholders and investors and the Board endeavours to make timely release of annual reports, quarterly reports and any announcements on material corporate exercises which are the primary mode of disseminating information on Group's business activities and financial performance.

The Company also maintains a website (http://www.cepco.com.my) through which shareholders and general public can obtain up-to-date information, view Company's products, activities and communicate directly with the management.

The Annual General Meeting

The Annual General Meeting ("AGM") represents the principle communication channel and dialogue with the shareholders. Shareholders are encouraged to participate in a subsequent Question and Answer session. The External Auditors attend the AGM upon invitation to provide their professional and independent clarification on issues raised by the shareholders.

Each item of the special business in the Notice of the AGM would be accompanied with a full explanation of the effects of the proposed resolution.

The results of all the resolutions as set out in the Notice of the AGM would be announced on the same date as the AGM via Bursa link, which is accessible on both websites of the Company and Bursa Securities.

A press conference is normally held immediately after the meeting to facilitate media queries on the Group's financial performance and operations.

Where Extraordinary General Meetings are held to obtain shareholders' approval on certain business or corporate proposals, comprehensive circulars to shareholders would be sent within prescribed deadlines in accordance with the statutory and regulatory requirements.

ADDITIONAL COMPLIANCE INFORMATION

1. **Share Buy-Backs**

   During the year, there were no share buy-backs by the Company.

2. **Options or Convertible Securities**

   There were no exercises of options, warrants or convertible securities during the year.

3. **Depository Receipt Programme**

   The Company did not sponsor any depository programme during the year.

4. **Non-Audit Fees**

   The amount of non-audit fees paid/payable to External Auditors and their affiliated companies by the Company for the year ended 31 August 2015 is set out in Note 4 on page 54.

5. **Profit Estimate, Forecast, Projections and Variations in Results**

   There were no variations of 10% or more between the audited results for the financial year ended 31 August 2015 and the unaudited results for the quarter ended 31 August 2015 of the Group previously announced. The Company did not make any release on the profit estimate, forecast and projections for the year.

6. **Profit Guarantee**

   The Company did not give any profit guarantee during the year.

7. **Material Contracts**

   There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

8. **Contract Relating to Loans**

   There were no contracts relating to loans by the Company and its subsidiaries involving Directors' and shareholders' interests.

9. **Revaluation Policy on Landed Properties**

   The Group's policy on Revaluation on Landed Properties is set out in Note 2.3(b) and 2.3(c) on pages 44 and 45. The Investment Properties were adjusted to reflect their fair value as enumerated in Note 10 on page 59.

10. **Recurrent Related Party Transactions**

    There were no recurrent transactions with related parties undertaken by the Group during the year under review.

11. **Imposition of fines and/or penalties**

    There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the year.

AUDIT COMMITTEE REPORT

The Directors are pleased to present the Audit Committee report of the Company in respect of the financial year ended 31 August 2015.

Audit Committee Report
(cont'd)

COMPOSITION AND ATTENDANCE AT MEETINGS

The Audit Committee assists the Board in ensuring the integrity of the Group's financial procedures and internal control systems for safeguarding assets, managing risks and promoting sound and profitable business operations.

During the financial year ended 31 August 2015, the Audit Committee met five (5) times and the composition and attendance record of the Audit Committee members are as follows:

Composition of the Audit Committee		Attendance at the Audit Committee Meetings
Chairman	Abdul Khudus bin Mohd Naaim (Independent Non-Executive Director)	5/5
Members	Davinia a/p Rajadurai (Independent Non-Executive Director)	3/5
	Dennis Xavier (Independent Non-Executive Director)	5/5

The Company Secretary acts as the Secretary to the Audit Committee.

All meetings were held at 22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.

Composition

Conforming to the requirements of the MCCG, all members of the Audit Committee are Independent Non-Executive Directors.

The Audit Committee Chairman, Encik Abdul Khudus bin Mohd Naaim, is a member of the Malaysian Institute of Accountants (MIA), thereby complying with paragraph 15.09(1)(c)(i) of the Listing Requirements that requires at least one (1) of the Audit Committee members fulfilling the financial expertise requisite.

Attendance

In terms of attendance at the Audit Committee meetings, the quorum requirement for all five (5) meetings held during Financial Year 2015 as indicated in the table above was fulfilled. Upon invitation by the Audit Committee, the Executive Directors, Financial Controller and representatives of the Internal Auditors attended all the meetings.

TERMS OF REFERENCE

Terms of Reference of the Audit Committee comprise mainly the constitution, membership, authority and duties and responsibilities of the Audit Committee.

Objectives

The primary objective of the Committee is to assist the Board in discharging its statutory duties and responsibilities for corporate governance, timely and accurate financial reporting and adequacy of internal controls within the Company and its subsidiaries.

Constitution

The Board of Directors shall establish a Committee of the Board to be known as Audit Committee.

Audit Committee Report
(cont'd)

Membership and Meetings

The Committee shall be appointed by the Directors and shall comprise not less than three (3) members of whom the majority shall be Non-Executive Directors. The Chairman of the Committee must be an independent Non-Executive Director and shall be appointed by the Committee members. The Company Secretary shall act as the Secretary to the Committee. There shall be at least four (4) meetings per year.

Authority

The Audit Committee has the authority to investigate any activity within its terms of reference, and shall obtain the cooperation of other Board members, employees and External Auditors, and any other external professional bodies, which it considers necessary.

Duties and Responsibilities

1) Reviews with the External Auditors on the audit plan.

2) Reviews with the External Auditors, on the adequacy and effectiveness of the accounting and internal control system.

3) Acts upon problems and reservations arising from interim and final audits.

4) Reviews the financial statements prior to the Directors' approval to ensure a fair and full presentation of the financial affairs of the Company.

5) Assists in establishing appropriate control procedures.

6) Assists in the conducting of management audit or other sensitive matters.

7) Recommendation to retain or replace the firm of External Auditors and the audit fee for the ensuing year.

SUMMARY OF ACTIVITIES

During the financial year, the following activities were carried out by the Audit Committee in discharging its duties and functions:

1) Reviewed the External Auditors' scope of work and audit plan for the financial year and made recommendations to the Board on their re-appointment and remuneration.

2) Reviewed the quarterly and audited financial reports of the Company and the Group prior to submission to the Board for approval and subsequent release to Bursa Securities.

3) Reviewed any related party transactions and ensured that they were not favourable to the related parties than those generally available to the public and complied with Bursa Securities Listing Requirements.

4) Reviewed the internal audit plans for the financial year for the Company and Group as prepared by the Internal Auditors.

5) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations for the Company and Group as prepared by the Internal Auditors.

6) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to their inclusion in the Company's Annual Report.

7) Reviewed and recommended the proposed final audit fees for the external and internal auditors in respect of their audit of the Company and the Group.

8) Tabled the minutes of each Committee Meeting to the Board for information and further direction by the Board, where necessary.

Audit Committee Report
(cont'd)

INTERNAL AUDIT FUNCTION

In discharging its function, the Audit Committee is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of internal control of the Group.

The activities of the Internal Auditors during the financial year ended 31 August 2015 were as follows:

1) Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in Internal Audit Plan for the Group.

2) Developed and proposed an Internal Audit Plan for the year which was discussed and accepted by the Audit Committee and Board.

3) Conducted periodic audits on internal controls relating to operating system and standard operating procedures to monitor compliance and assess the adequacy and effectiveness of controls implemented by the Group.

4) Attended and reported to the Audit Committee at all Audit Committee meetings held during the financial year ended 31 August 2015.

5) Highlighted areas of concern to the Audit Committee and ensuring that recommendations provided by the Internal Auditors are duly attended to and adhered by management within stipulated time frame. In the Internal Audit Progress Reports, the Internal Auditors had reported their findings in their subsequent follow-up reviews to the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises the importance of good corporate governance and is committed in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. In doing so, the Board acknowledges its responsibility to identify major risks faced by the Group and ensure that relevant internal controls are in place in order to manage these risks.

In view of the above, the Board is pleased to provide the following Statement on Risk Management and Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities.

The Board fully understands its responsibility to maintain a sound system of internal control and ensure accurate information to be presented in the financial statements. The Board also acknowledges its ultimate responsibility for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity. The system of internal control is designed to manage rather than eliminate the risk of failure in achieving its business objectives.

In pursuing the business objectives, internal controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. As such, the Board recognises that a sound system of internal control is an important part of managing risks in an effort to attain a balanced achievement of its business objectives, and operational efficiency and effectiveness.

The Board has received assurance from the Managing Director and the Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. The Board is of the view that the risk management and internal control system in the Group are satisfactory and have been successful in their functions with no significant problems noted during the period under review.

Statement on Risk Management and Internal Control (cont'd)

THE RISK MANAGEMENT PROCESS

The Board has endeavoured to identify the relevant major risks faced by the Group on a regular basis and in order to prevent the occurrence of the identified risks or mitigate the impact of these risks so as to ensure that the Group achieves its business goals.

In managing the major risks, the Board has always carried out necessary preliminary studies and evaluation on various projects which will be undertaken by the Group. This entails proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Director and Senior Management ("Management") in running the main operating functions of the Group within its strategic business plans.

In this respect, the Management comprises personnel with many years of hands-on experience who are able to identify business risks relevant to the Group and design the appropriate internal controls to manage these risks.

At the same time, the Management also attends various management and operation meetings in order to discuss matters of concern in relation to various projects undertaken by the Group as well as any obstacles in achieving the Group's strategic business plans.

The Management has also adopted the open discussion approach in the day-to-day running of the Group. This has enabled various major business risks being identified easily and dealt with in a prompt manner.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

The Group has incorporated various key elements into its system of internal control in order to safeguard shareholders' investment and the Group's assets by:

1) Giving authority to the Board Committee members to investigate and report on any areas of improvement for the betterment of the Group.

2) Performing in depth study on major variances and deliberating irregularities in the Board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them.

3) Arranging regular interactive meetings with the External Auditors, Internal Auditors and/or other consultants to identify and rectify any weaknesses in the system of internal control. The Board would also be informed on the matters brought up at the Audit Committee meetings on a timely basis.

4) Delegating necessary authority to the Managing Director in order for him to play a major role as the link between the Board and the Management in implementing the Board's expectation of effective system of internal control and managing the Group's various operations.

5) Determining proactive actions to create awareness on the importance of employee's and line management's involvement in the system of internal control as well as risk management by providing various training courses, seminars and workshops conducted by the external consultants.

6) Keeping the Management informed on the development of action plans for enhancing system of internal control and allowing various management personnel to have access to important information for better decision making.

7) Making frequent on-site visits to the business and operations premises by the Management personnel so as to acquire a first-hand view on various operational matters and addressing the issues accordingly.

8) Monitoring key commercial, operational and financial risks through reviewing the system of internal control and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

The Group's internal audit function is outsourced to an independent audit firm, Messrs Crowe Horwath. The duty of the internal audit is to examine and evaluate major processes of operations of the Group in order to assist the Board in the effective discharge of the Board's responsibilities. The total cost incurred for the outsourced internal audit functions in respect of the financial year ended 31 August 2015 amounted to RM55,000.

During the financial year under review, the Internal Auditors carried out reviews on the core areas based on the approved internal audit plan to assess the adequacy and effectiveness of internal controls within the Group.

The Internal Auditor will report directly to the Audit Committee. Being an independent third party, the Internal Auditor is able to perform the internal audit function with impartiality, proficiency and due professional care.

The internal audit function facilitates the Board in carrying out its responsibility to review and evaluate the adequacy and integrity of the Group's internal control system. The full Board, through the Audit Committee, will meet to review, discuss and direct actions on matters pertaining to the Internal Auditor's report, which among other matters, include findings relating to the adequacy and integrity of the internal control system of the Group. Internal audit will be carried out annually to provide independent assessments on the sufficiency, efficiency and effectiveness of the Group's internal control system in anticipating potential risk exposures over key business systems and processes and in controlling the proper conduct of business within the Group.

The Internal Auditor adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The audit plan will be presented to the Audit Committee for approval annually. The resulting reports from the audits undertaken will be reviewed by the Audit Committee and then forwarded to the operational management for attention and necessary corrective actions. The operational management is responsible for ensuring the corrective actions on reported weaknesses are taken within the required time frame.

ADDITIONAL INFORMATION

Apart from internal audit, the Board has put in place an organisation structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The monitoring and management of the Group is delegated to the Executive Director and senior operational management. The Executive Director, through his involvement in the business operations and attendance at senior management level meetings, manages and monitors the Group's financial performance, key business indicators, operational effectiveness and efficiency. The Executive Director also discusses and resolves significant business issue and ensures compliance with applicable laws, regulations, rules, directives and guidelines. The senior management meetings serve as a two-way platform for the Board, through the Executive Director, to communicate and address significant matters in relation to the Group's business and financial affairs, and provide update on significant changes in the business and the external environment that may result in any significant risks.

Internal control procedures have been set out in a series of standard operating practice manuals and business process manuals to serve as guidance for proper measures to be undertaken and are subject to regular review, enhancement and improvement.

CONCLUSION

The Board is of the opinion that the system of risk management and internal control that has been instituted throughout the Group is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report 2015. The Board will continue to review and take measures to strengthen the internal control environment from time to time based on the recommendations proposed by the Internal Auditors.

The Board recognises that the development of the system of internal control is an ongoing process as part of its efforts in managing the risk faced by the Group. Consequently, the Board maintains an ongoing commitment to further strengthen the control environment within the Group.

The Statement is made on behalf of the Board in accordance with a resolution of the Directors dated 14 December 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

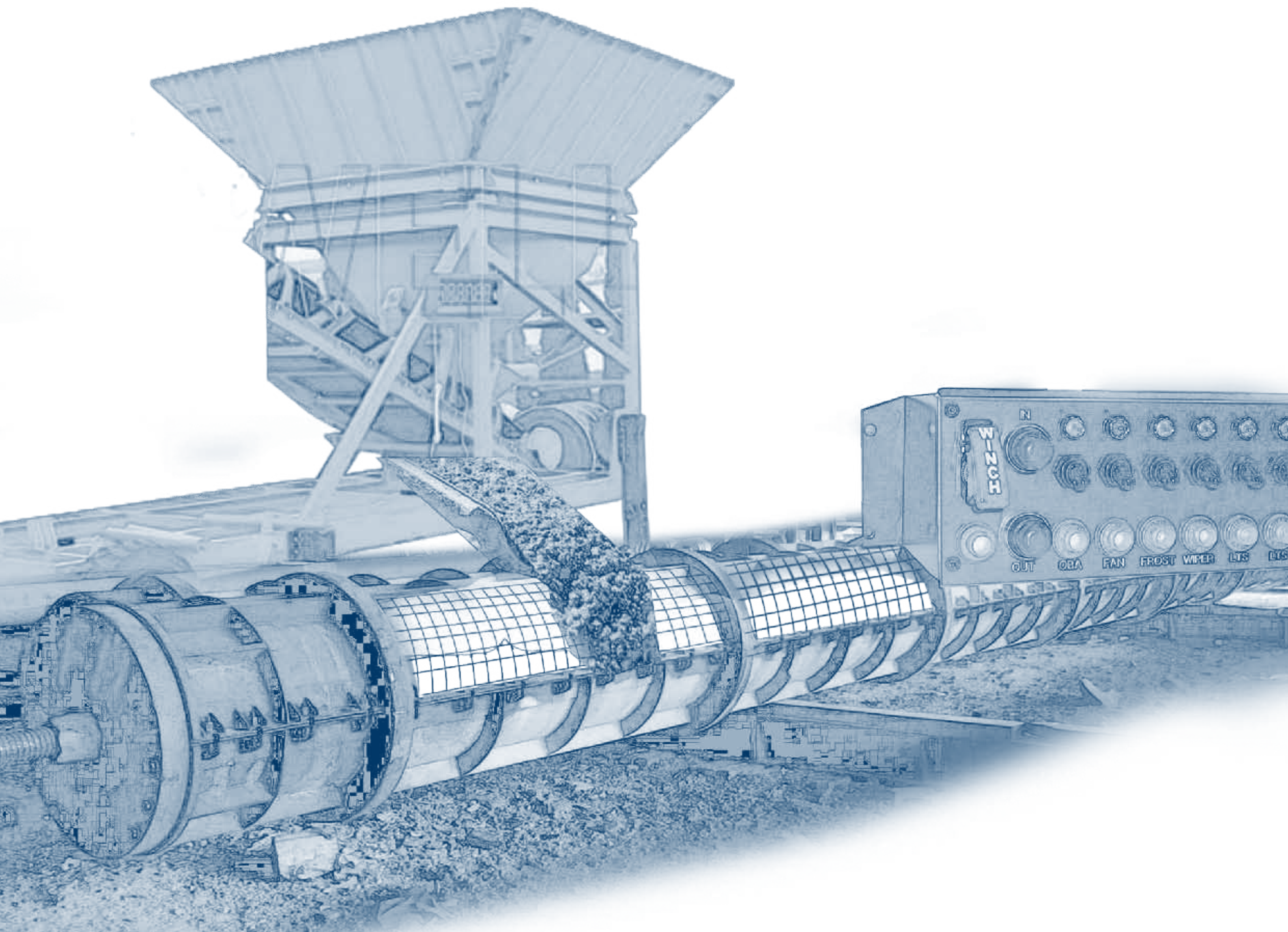
The Directors are required by the Companies Act 1965 ("the Act"), to ensure that the financial statements prepared for each financial year give a true and fair view of the financial position of the Group and the Company as at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the year then ended. As required by the Act and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with Financial Reporting Standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 August 2015 set out on pages 36 to 78, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

The Statement is made on behalf of the Board in accordance with a resolution of the Directors dated 14 December 2015.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2015.

Principal activities

The principal activities of the Company consist of manufacturing and distribution of prestressed spun concrete piles and poles. The subsidiary companies are dormant.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit for the year, attributable to owners of the parent	2,366,761	2,373,844

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend to be paid in respect of the current financial year.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Abdul Khudus bin Mohd Naaim
Leong Kway Wah
Khoo Kay Ong
Dennis Xavier
Davinia a/p Rajadurai
To' Puan Seri Hajjah Nur Rahmah Mohd Zain

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Notes 5 and 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Report (cont'd)

Directors' interests

None of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report (cont'd)

Auditors

The auditors, Ernst & Young have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 December 2015.

Abdul Khudus bin Mohd Naaim **Leong Kway Wah**

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act 1965

We, Abdul Khudus bin Mohd Naaim and Leong Kway Wah, being two of the Directors of Concrete Engineering Products Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 78 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 30 on page 79 to the financial statements have been prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 December 2015.

Abdul Khudus bin Mohd Naaim **Leong Kway Wah**

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act 1965

I, Chong Chee Keong, being the officer primarily responsible for the financial management of Concrete Engineering Products Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 79 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed Chong Chee Keong
at Kuala Lumpur in the Federal Territory
on 14 December 2015

Chong Chee Keong

Before me

Agong Sia (W460)
Commissioner for Oaths

Kuala Lumpur
14 December 2015

INDEPENDENT AUDITORS' REPORT

to the members of Concrete Engineering Products Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Concrete Engineering Products Berhad, which comprise the Statements of Financial Position as at 31 August 2015 of the Group and of the Company, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 78.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia ("the Act"). The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

Report on other legal and regulatory requirements

In accordance with the requirements of the Act, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Independent Auditors' Report (cont'd)

to the members of Concrete Engineering Products Berhad (Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 30 on page 79 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Ng Yee Yee
No. 3176/05/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
14 December 2015

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	2.3(n)(i)	222,538,714	154,787,603	222,538,714	154,787,603
Cost of sales		(172,835,329)	(120,511,071)	(172,835,329)	(120,511,071)
Gross profit		49,703,385	34,276,532	49,703,385	34,276,532
Other operating income		7,424,390	2,129,580	7,424,390	2,129,580
Fair value through profit or loss on other investments		(15,393,319)	1,452,200	(15,393,319)	1,452,200
Fair value gain on investment properties	10	498,000	1,320,000	498,000	1,320,000
Distribution costs		(24,904,127)	(26,180,083)	(24,904,127)	(26,180,083)
Administrative expenses		(7,963,885)	(8,534,834)	(7,956,802)	(8,530,914)
Other operating expenses		(2,233,579)	(1,851,874)	(2,233,579)	(1,851,874)
Operating profit		7,130,865	2,611,521	7,137,948	2,615,441
Finance costs	3	(2,727,710)	(3,010,860)	(2,727,710)	(3,010,860)
Profit/(loss) before tax	4	4,403,155	(399,339)	4,410,238	(395,419)
Taxation	7	(2,036,394)	(444,541)	(2,036,394)	(444,541)
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year		2,366,761	(843,880)	2,373,844	(839,960)
Attributable to:					
Owners of the parent		2,366,761	(843,880)	2,373,844	(839,960)
Earnings/(loss) per share (sen)	8	5.29	(1.88)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Assets					
Non-current assets					
Property, plant and equipment	9	34,643,443	37,753,283	34,643,443	37,753,283
Investment properties	10	11,060,000	10,562,000	11,060,000	10,562,000
Investment in subsidiaries	11	-	-	4	4
Other investments	12	37,757,201	53,150,520	37,757,201	53,150,520
		83,460,644	101,465,803	83,460,648	101,465,807
Current assets					
Inventories	13	32,134,108	33,390,165	32,134,108	33,390,165
Trade and other receivables	14	80,527,989	42,205,118	80,527,989	42,205,118
Amount due from subsidiaries	15	-	-	27,723	21,855
Tax recoverable		467,970	499,592	467,970	499,592
Deposits with licensed banks	16	15,427,417	5,197,956	15,427,417	5,197,956
Cash and bank balances		685,748	537,457	685,748	537,457
		129,243,232	81,830,288	129,270,955	81,852,143
Total assets		212,703,876	183,296,091	212,731,603	183,317,950
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	17	44,775,000	44,775,000	44,775,000	44,775,000
Share premium		30,569,833	30,569,833	30,569,833	30,569,833
Retained profits	19	31,488,260	29,121,499	31,526,342	29,152,498
Total equity		106,833,093	104,466,332	106,871,175	104,497,331
Non-current liabilities					
Long term borrowings	20	6,402,343	9,585,180	6,402,343	9,585,180
Deferred tax liabilities	22	1,653,539	1,035,077	1,653,539	1,035,077
		8,055,882	10,620,257	8,055,882	10,620,257
Current liabilities					
Trade and other payables	23	58,849,569	30,644,300	58,839,214	30,635,160
Short term borrowings	20	38,965,332	37,565,202	38,965,332	37,565,202
		97,814,901	68,209,502	97,804,546	68,200,362
Total liabilities		105,870,783	78,829,759	105,860,428	78,820,619
Total equity and liabilities		212,703,876	183,296,091	212,731,603	183,317,950

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 August 2015

	← Attributable to owners of the parent →				
		Non-distributable	Distributable		
	Share capital RM	Share premium RM	Retained profits RM	Total reserves RM	Total equity RM
Group					
At 1 September 2014	44,775,000	30,569,833	29,121,499	59,691,332	104,466,332
Total comprehensive income	-	-	2,366,761	2,366,761	2,366,761
At 31 August 2015	44,775,000	30,569,833	31,488,260	62,058,093	106,833,093
At 1 September 2013	44,775,000	30,569,833	33,659,317	64,229,150	109,004,150
Total comprehensive loss	-	-	(843,880)	(843,880)	(843,880)
Transactions with owners					
Dividend paid to the shareholders of the company (Note 18)	-	-	(3,693,938)	(3,693,938)	(3,693,938)
At 31 August 2014	44,775,000	30,569,833	29,121,499	59,691,332	104,466,332

	← Attributable to owners of the parent →				
		Non-distributable	Distributable		
	Share capital RM	Share premium RM	Retained profits RM	Total reserves RM	Total equity RM
Company					
At 1 September 2014	44,775,000	30,569,833	29,152,498	59,722,331	104,497,331
Total comprehensive income			2,373,844	2,373,844	2,373,844
At 31 August 2015	44,775,000	30,569,833	31,526,342	62,096,175	106,871,175
At 1 September 2013	44,775,000	30,569,833	33,686,396	64,256,229	109,031,229
Total comprehensive loss	-	-	(839,960)	(839,960)	(839,960)
Transactions with owners					
Dividend paid to the shareholders of the company (Note 18)	-	-	(3,693,938)	(3,693,938)	(3,693,938)
At 31 August 2014	44,775,000	30,569,833	29,152,498	59,722,331	104,497,331

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
For the year ended 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash flows from operating activities					
Profit/(loss) before tax		4,403,155	(399,339)	4,410,238	(395,419)
Adjustments for:					
Fair value through profit and loss on other investments		15,393,319	(1,452,200)	15,393,319	(1,452,200)
Fair value gain on investment properties		(498,000)	(1,320,000)	(498,000)	(1,320,000)
Depreciation of property, plant and equipment		4,066,131	4,148,273	4,066,131	4,148,273
Allowance for impairment - receivables		1,910,460	1,632,105	1,910,460	1,632,105
Reversal of allowance for impairment - receivables		(42,351)	(134,481)	(42,351)	(134,481)
Bad debts written off		109,842	-	109,842	-
Interest expense		2,727,710	3,010,860	2,727,710	3,010,860
Gain on disposal of property, plant and equipment		-	(99)	-	(99)
Unrealised foreign exchange (gain)/loss		(3,182,297)	609,499	(3,182,297)	609,499
Dividend income		(633,159)	(638,387)	(633,159)	(638,387)
Interest income		(188,603)	(190,282)	(188,603)	(190,282)
Operating profit before working capital changes		24,066,207	5,265,949	24,073,290	5,269,869
Working capital changes:					
Decrease in inventories		1,256,057	1,370,278	1,256,057	1,370,278
(Increase)/decrease in receivables		(37,118,525)	6,774,315	(37,118,525)	6,774,315
Increase/(decrease) in payables		28,205,269	(9,152,664)	28,204,054	(9,149,274)
Increase in amount due from subsidiaries		-	-	(5,868)	(7,310)
Cash generated from operations		16,409,008	4,257,878	16,409,008	4,257,878
Taxation paid		(1,386,310)	(144,912)	(1,386,310)	(144,912)
Interest paid		(2,727,710)	(3,010,860)	(2,727,710)	(3,010,860)
Net cash generated from operating activities		12,294,988	1,102,106	12,294,988	1,102,106
Cash flows from investing activities					
Purchase of property, plant and equipment		(956,291)	(873,061)	(956,291)	(873,061)
Proceeds from sales of property, plant and equipment		-	100	-	100
Dividend received		633,159	638,387	633,159	638,387
Interest received		188,603	190,282	188,603	190,282
Placement of deposits which are pledged and more than 90 days with a licensed bank		(33,850)	(131,628)	(33,850)	(131,628)
Net cash used in investing activities		(168,379)	(175,920)	(168,379)	(175,920)

Statements of Cash Flows (cont'd)
For the year ended 31 August 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash flows from financing activities					
Dividend paid		-	(3,693,938)	-	(3,693,938)
Repayment/(drawdown) of discounting loan		(4,372,586)	2,678,721	(4,372,586)	2,678,721
Net drawdown/(repayment) of bankers acceptance		7,940,000	(1,274,000)	7,940,000	(1,274,000)
Net repayment of hire purchase		(1,046,184)	(873,720)	(1,046,184)	(873,720)
Net repayment of revolving credit		(800,000)	(800,000)	(800,000)	(800,000)
Net repayment of term loan		(2,440,898)	(3,483,847)	(2,440,898)	(3,483,847)
Net cash used in financing activities		(719,668)	(7,446,784)	(719,668)	(7,446,784)
Net change in cash and cash equivalents		11,406,941	(6,520,598)	11,406,941	(6,520,598)
Cash and cash equivalents at beginning of year		835,770	7,356,368	835,770	7,356,368
Cash and cash equivalents at end of year		12,242,711	835,770	12,242,711	835,770
Cash and cash equivalents comprise:					
Cash and bank balances		685,748	537,457	685,748	537,457
Deposits with licensed banks		15,427,417	5,197,956	15,427,417	5,197,956
Bank overdrafts		(2,686,976)	(3,750,015)	(2,686,976)	(3,750,015)
		13,426,189	1,985,398	13,426,189	1,985,398
Less: Deposit which are pledged and more than 90 days with a licensed bank		(1,183,478)	(1,149,628)	(1,183,478)	(1,149,628)
		12,242,711	835,770	12,242,711	835,770

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 August 2015

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office and principal place of business of the Company is located at 22nd Floor, Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal activities of the Company consist of manufacturing and distribution of prestressed spun concrete piles and poles. The subsidiaries are dormant. There have been no significant changes in the nature of the principal activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 December 2015.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company 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 financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise disclosed in the significant accounting policies below or other notes to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Group and of the Company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2014, the Group and the Company have adopted the following new and amended MFRS and IC Interpretations:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10,MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The application of these amendments has had no material impact on the financial results and disclosures in the Group and the Company's financial statements.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Pronouncements yet in effect

The following pronouncements that have been issued by MASB will become effective in future financial reporting periods and have not been adopted by the Group or the Company:

Annual improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests In Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

The initial applications of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for those discussed below.

(i) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors are in the process of assessing the impact of MFRS 15 application on the amounts reported and disclosures made in the Group's financial statements.

(ii) MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised with any corresponding gain or loss recognised in profit or loss accordingly. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each assets to its residual value over its estimated useful life as follows:

Leasehold land	27 - 83 years
Buildings	25 - 50 years
Plant and machinery	5 years
Motor vehicles	5 years
Office, factory and laboratory equipment	5 - 7 years
Furniture, fixtures and fittings	5 - 7 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in income statement.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(c) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gain or loss arising from changes in the fair values of investment properties is recognised in profit or loss in the year in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value on the first-in-first-out method.

Cost includes actual cost of materials and incidentals in bringing inventories into store and in the case of manufactured inventories and work in progress, it also includes direct labour and attributable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

(f) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(f) Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term. The financial assets at fair value through profit or loss comprise other investments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These loans and receivables comprise trade and other receivables, amount due from subsidiaries, deposits with licensed banks and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(g) Financial assets (cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

(h) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio which past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(k) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. **Significant accounting policies (cont'd)**

2.3 Summary of significant accounting policies (cont'd)

(l) Leases

(i) As lessee

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

(ii) As lessor

Leases where the Group and the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.3 (n)(ii).

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rental and interest income

Rental and interest income is recognised on accrual basis.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(p) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Summary of significant accounting policies (cont'd)

(p) Income taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(q) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(r) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

(s) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.4 Significant accounting estimates and judgements

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying accounting policies

Classification between operating lease and finance lease for leasehold land

The Group and the Company have developed certain criteria based on MFRS 117 in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an assets and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the finance lease, the lease will be classified as property, plant and equipment if it is for own use or will be classified as investment property if it is to earn rentals or for capital appreciation or both.

The Group and the Company evaluated based on the terms and conditions of the arrangement, whether the land were operating leases or finance leases and judged that it retains all the significant risk and reward of these properties, thus accounted for as finance leases.

Notes to the Financial Statements
31 August 2015 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty

(i) Useful lives of property, plant and equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescences and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimate of useful lives and residual values of property, plant and equipment brought about by changes in factors mentioned above. The Group and the Company also perform annual review of the assumptions made on useful lives and residual values to ensure that they continue to be valid.

(ii) Provision for impairment losses

The Group and the Company make a provision for impairment losses based on an assessment of receivables recovery. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables.

(iii) Valuation of investment properties

The investment properties of the Group and the Company are measured at fair value. This requires an estimation of the fair values.

The fair values of investment properties have been derived using the sales comparison approach. Judgement is required in selecting any comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessability, market conditions, property size and other relevant characteristics.

3. Finance costs

	Group/Company	
	2015	**2014**
	RM	**RM**
Interest expense		
- term loans	763,245	972,280
- bank overdrafts	224,233	257,070
- revolving credit	490,131	523,711
- bankers' acceptances	1,123,079	910,160
- discounting loan	5,991	219,218
- hire purchase	121,031	128,421
	2,727,710	3,010,860

Notes to the Financial Statements
31 August 2015 (cont'd)

4. Profit/(loss) before tax

Profit/(loss) before tax is stated after (crediting)/charging:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Staff costs (Note 5)	25,367,278	22,378,843	25,367,278	22,378,843
Non-Executive Directors' remuneration (Note 6)	144,000	144,000	144,000	144,000
Auditors' remuneration: Statutory audit	98,000	98,000	95,000	95,000
Other services	7,500	7,500	7,500	7,500
Depreciation of property, plant and equipment	4,066,131	4,148,273	4,066,131	4,148,273
Allowance for impairment - receivables (Note 14)	1,910,460	1,632,105	1,910,460	1,632,105
Bad debts written off	109,842	-	109,842	-
Reversal of allowance for impairment - receivables (Note 14)	(42,351)	(134,481)	(42,351)	(134,481)
Rental of buildings	1,040,470	1,117,120	1,040,470	1,117,120
Hire of machinery	1,392,767	1,265,390	1,392,767	1,265,390
Gain on disposal of property, plant and equipment	-	(99)	-	(99)
Realised foreign exchange gain	(2,762,438)	(769,531)	(2,762,438)	(769,531)
Unrealised foreign exchange (gain)/loss	(3,182,297)	609,499	(3,182,297)	609,499
Rental income	(265,000)	(245,750)	(265,000)	(245,750)
Dividend income	(633,159)	(638,387)	(633,159)	(638,387)
Interest income	(188,603)	(190,282)	(188,603)	(190,282)

5. Staff costs

	Group/Company	
	2015 RM	2014 RM
Wages and salaries	23,927,350	20,993,074
Pension costs - defined contribution plan	848,179	1,045,799
Social security contributions	96,593	130,337
Provision for short term accumulating compensated absences	17,553	16,569
Other staff related expenses	477,603	193,064
	25,367,278	22,378,843

Included in staff costs of the Group and of the Company is Executive Directors' remuneration amounting to RM863,098 (2014: RM858,480) as further disclosed in Note 6.

Notes to the Financial Statements
31 August 2015 (cont'd)

6. Directors' remuneration

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors 2015	2014
Executive Directors:		
RM200,001 - RM250,000	1	1
RM600,001 - RM650,000	1	1
Non-Executive Directors:		
RM1 - RM50,000	3	3
RM50,001 - RM100,000	1	1

	Group/Company 2015 RM	2014 RM
Executive Directors (Note 5)		
Fees	45,000	45,000
Remuneration and allowances	818,098	813,480
	863,098	858,480
Non-Executive Directors (Note 4)		
Fees	144,000	144,000
Total Directors' remuneration	1,007,098	1,002,480

7. Taxation

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current income tax	1,425,316	80,003	1,425,316	80,003
Overprovision of income tax in prior years	(7,384)	(238,079)	(7,384)	(238,079)
	1,417,932	(158,076)	1,417,932	(158,076)
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	626,802	318,672	626,802	318,672
(Over)/underprovision in prior years	(8,340)	283,945	(8,340)	283,945
	618,462	602,617	618,462	602,617
	2,036,394	444,541	2,036,394	444,541

Domestic current income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory rate will be reduced to 24% from the current year's rate of 25%, effective year assessment 2016. The effect arising from the reduction in tax rate to the computation of deferred taxation is not material to the Group and Company.

Notes to the Financial Statements
31 August 2015 (cont'd)

7. Taxation (cont'd)

Reconciliations of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Profit/(loss) before tax	4,403,155	(399,339)	4,410,238	(395,419)

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	1,100,789	(99,835)	1,102,560	(98,855)
Income not subject to tax	(156,519)	(521,667)	(158,290)	(522,647)
Effect of different tax rate on fair value adjustment on investment properties	(99,600)	264,000	(99,600)	264,000
Utilisation of current year's allowance for increased export	(3,123,850)	-	(3,123,850)	-
Utilisation of previously unrecognised unabsorbed capital allowances	(142,142)	-	(142,142)	-
Expenses not deductible for tax purposes	4,473,440	756,177	4,473,440	756,177
Overprovision of income tax expense in prior years	(7,384)	(238,079)	(7,384)	(238,079)
(Over)/under provision of deferred tax in prior years	(8,340)	283,945	(8,340)	283,945
Income tax expense for the year	2,036,394	444,541	2,036,394	444,541

8. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit for the year of RM2,366,761 (2014: loss for the year of RM843,880) for the Group on the number of ordinary shares in issue during the year of 44,775,000 (2014: 44,775,000).

Fully diluted earnings per share is not presented as there are no potential dilutive shares.

Notes to the Financial Statements
31 August 2015 (cont'd)

9. Property, plant and equipment

Group/Company	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office, factory and laboratory equipment RM	Furniture, fixtures and fittings RM	Total RM
Cost							
At 1 September 2014	17,932,424	26,454,572	90,503,746	2,602,325	2,697,371	2,334,269	142,524,707
Additions	-	214,500	660,675	-	77,856	3,260	956,291
At 31 August 2015	17,932,424	26,669,072	91,164,421	2,602,325	2,775,227	2,337,529	143,480,998
Accumulated depreciation							
At 1 September 2014	4,889,209	8,133,750	84,903,268	2,318,425	2,256,228	2,270,544	104,771,424
Charge for the year	385,343	590,113	2,837,136	81,677	144,501	27,361	4,066,131
At 31 August 2015	5,274,552	8,723,863	87,740,404	2,400,102	2,400,729	2,297,905	108,837,555
Net carrying amount	12,657,872	17,945,209	3,424,017	202,223	374,498	39,624	34,643,443

Notes to the Financial Statements
31 August 2015 (cont'd)

9. Property, plant and equipment (cont'd)

Group/Company	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office, factory and laboratory equipment RM	Furniture, fixtures and fittings RM	Total RM
Cost							
At 1 September 2013	17,932,424	26,428,772	88,760,256	2,408,233	2,448,028	2,322,183	140,299,896
Additions	-	25,800	1,743,490	194,092	251,421	12,086	2,226,889
Disposal	-	-	-	-	(2,078)	-	(2,078)
At 31 August 2014	17,932,424	26,454,572	90,503,746	2,602,325	2,697,371	2,334,269	142,524,707
Accumulated depreciation							
At 1 September 2013	4,503,866	7,547,927	81,981,820	2,236,790	2,118,250	2,236,575	100,625,228
Charge for the year	385,343	585,823	2,921,448	81,635	140,055	33,969	4,148,273
Disposal	-	-	-	-	(2,077)	-	(2,077)
At 31 August 2014	4,889,209	8,133,750	84,903,268	2,318,425	2,256,228	2,270,544	104,771,424
Net carrying amount	13,043,215	18,320,822	5,600,478	283,900	441,143	63,725	37,753,283

Notes to the Financial Statements
31 August 2015 (cont'd)

9. Property, plant and equipment (cont'd)

(a) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use as follows:

	Group/Company 2015 RM	2014 RM
Plant and machinery	76,740,816	76,114,878
Factory building	51,810	51,810
Motor vehicles	2,193,939	2,186,023
Office, factory and laboratory equipment	2,154,294	1,893,974
Furniture, fixtures and fittings	2,115,634	2,100,938
	83,256,493	82,347,623

(b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 20) are as follows:

	Group/Company 2015 RM	2014 RM
Leasehold land	7,910,152	8,116,815
Factory buildings	11,915,641	11,985,890
Plant and machinery	418,793	446,011
	20,244,586	20,548,716

(c) The Company acquired property, plant and equipment at aggregate costs of RM956,291 (2014: RM2,226,889) of which RM Nil (2014: RM1,353,828) was acquired by means of hire purchase arrangements.

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 21.

10. Investment properties

	Group/Company 2015 RM	2014 RM
At 1 September 2014/2013	10,562,000	9,242,000
Fair value adjustment	498,000	1,320,000
At 31 August	11,060,000	10,562,000

Notes to the Financial Statements
31 August 2015 (cont'd)

10. Investment properties (cont'd)

Included in investment properties are residential properties received in settlement of certain trade receivables in prior years and commercial properties leased to third parties.

Investment properties were revalued on 20 August 2015 by Raine & Horne International, an independent professional valuer. The fair values were determined by the comparative method.

As at 31 August 2015, the fair values of the investment properties were estimated to be RM11,060,000 (2014: RM10,562,000).

Investment properties with fair value of RM7,370,000 (2014: RM6,900,000) are pledged as securities for borrowings (Note 20).

Fair value information

Fair value of investment properties are categorised as follows:

	2015			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group				
- Shoplots	-	-	6,730,000	6,730,000
- Apartments	-	-	1,255,000	1,255,000
- Houses	-	-	3,075,000	3,075,000
	-	-	11,060,000	11,060,000

Level 1 fair value
Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value
Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of investment properties have been generally derived using the sales comparison approach with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors") and are categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs for this category of investment properties which are the adjustment factors, range between -55% and 25% of the respective comparative prices.

Sensitivity analysis
The increase in the price per square feet of comparable properties in the surrounding vicinity will result in an increase of fair value of these properties.

Notes to the Financial Statements
31 August 2015 (cont'd)

11. Investment in subsidiaries

	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost	4	4

Details of subsidiary companies are as follows:

Name of Company	Country of incorporation	Principal activities	Group effective equity interest 2015 %	Group effective equity interest 2014 %
Concrete Engineering Products Management Sdn. Bhd.	Malaysia	Dormant	100	100
Concrete Engineering Products Marketing Sdn. Bhd.	Malaysia	Dormant	100	100

12. Other investments

	Group/Company 2015 Carrying amount RM	2015 Market value of quoted investment RM	2014 Carrying amount RM	2014 Market value of quoted investment RM
Fair value through profit or loss investments:				
Quoted shares in Malaysia	37,757,201	37,757,201	53,150,520	53,150,520

Other investments relate to investment in quoted shares of Inch Kenneth Kajang Rubber Public Limited Company ("IKKR"), a corporate shareholder. This represents 14% (2014: 14%) of the issued and fully paid up capital of IKKR. 40,032,400 units of quoted shares (2014: 40,032,400 units) are pledged as security for bank facilities as disclosed in Note 20.

As at the reporting date, the fair values of Group's and the Company's other investments are classified as Level 1 in the fair value hierarchy.

Notes to the Financial Statements
31 August 2015 (cont'd)

13. Inventories

	Group/Company 2015 RM	2014 RM
At cost:		
Finished goods	20,109,250	24,794,126
Raw materials	10,697,427	7,066,261
Consumable spares	1,327,431	1,529,778
	32,134,108	33,390,165

During the year, inventories of RM134,912,182 (2014: RM89,819,624) was recognised in the cost of sales.

14. Trade and other receivables

	Group/Company 2015 RM	2014 RM
Trade receivables	88,353,945	49,670,093
Less: Allowance for impairment	(10,276,303)	(8,408,194)
	78,077,642	41,261,899
Other receivables:		
Deposits	419,844	267,958
Prepayments	498,970	466,260
Sundry receivables	1,531,533	209,001
	2,450,347	943,219
	80,527,989	42,205,118

The Group's and the Company's average trade credit term ranges from 60 to 120 days (2014: 60 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group and the Company are amounts of RM14,319,969 (2014: RM5,921,737), arising from a single customer which contributed to approximately 18% (2014: 14%) of the total trade receivables as at the reporting date. Other than the above, the Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Notes to the Financial Statements
31 August 2015 (cont'd)

14. Trade and other receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables is as follows:

	Group/Company 2015 RM	2014 RM
Neither past due nor impaired	26,164,062	22,762,512
1 to 30 days past due but not impaired	18,672,244	5,199,847
31 to 60 days past due but not impaired	10,861,117	4,484,764
61 to 90 days past due but not impaired	4,279,897	1,679,565
91 to 120 days past due but not impaired	7,432,408	1,883,125
More than 121 days past due but not impaired	10,667,914	5,252,086
	51,913,580	18,499,387
Impaired	10,276,303	8,408,194
	88,353,945	49,670,093

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The receivables that are past due but not impaired are unsecured in nature. However, the Directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business.

Receivables that are impaired

The Group's and Company's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group/Company Individually impaired 2015 RM	2014 RM
Trade receivables - nominal amount	10,276,303	8,408,194
Less: Allowance for impairment	(10,276,303)	(8,408,194)
	-	-

Notes to the Financial Statements
31 August 2015 (cont'd)

14. Trade and other receivables (cont'd)

Movement in the allowance accounts:

	Group/Company Individually impaired 2015 RM	2014 RM
At 1 September 2014/2013	8,408,194	6,910,570
Charge for the year (Note 4)	1,910,460	1,632,105
Reversal of allowance for impairment (Note 4)	(42,351)	(134,481)
At 31 August	10,276,303	8,408,194

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. Amount due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

16. Deposits with licensed banks

The range of interest rates of deposits during the financial year was as follows:

	Group/Company 2015 % per annum	2014 % per annum
Licensed banks	2.90 - 3.35	2.90 - 3.25

The range of number of days remaining to maturities as at reporting date is as follows:

	Group/Company 2015 days	2014 days
Licensed banks	1 - 365	17 - 365

Deposit with licensed banks of the Group and of the Company amounting to RM1,183,478 (2014: RM1,149,628) are pledged as securities for borrowings (Note 20).

Notes to the Financial Statements
31 August 2015 (cont'd)

17. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015 RM	2014 RM
Authorised:				
At the beginning/end of year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At the beginning/end of year	44,775,000	44,775,000	44,775,000	44,775,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

18. Dividends

In respect of the financial year ended 31 August 2013, an interim dividend of 11% less 25% taxation on 44,775,000 ordinary shares, amounting to a dividend payable of RM3,693,938 (8.25 sen per ordinary share) was paid on 18 December 2013. The Directors do not propose any dividend for the financial years ended 31 August 2014 and 31 August 2015.

19. Retained profits

Under the single tier system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967, for dividend payment purposes. Under this system, all the Company's retained earnings are distributable by way of single tier dividends and tax on the Company's profit is the final tax and dividend distributed to shareholders will be exempted from tax.

20. Borrowings

	Group/Company	
	2015 RM	2014 RM
Short term borrowings		
Secured:		
- Revolving credit facilities	6,600,000	7,400,000
- Hire purchase (Note 21)	727,356	1,028,801
- Bankers' acceptances	18,117,000	13,527,000
- Term loans	2,484,000	2,486,800
- Bank overdrafts	1,920,211	2,976,706
	29,848,567	27,419,307
Unsecured:		
- Discounting loan	-	4,372,586
- Bankers' acceptances	8,350,000	5,000,000
- Bank overdrafts	766,765	773,309
	9,116,765	10,145,895
Total short term borrowings	38,965,332	37,565,202

Notes to the Financial Statements
31 August 2015 (cont'd)

20. Borrowings (cont'd)

	Group/Company 2015 RM	2014 RM
Long term borrowings		
Secured:		
- Hire purchase (Note 21)	373,119	1,117,858
- Term loans	6,029,224	8,467,322
	6,402,343	9,585,180
Total borrowings		
Secured:		
- Revolving credit facilities	6,600,000	7,400,000
- Hire purchase (Note 21)	1,100,475	2,146,659
- Bankers' acceptances	18,117,000	13,527,000
- Term loans	8,513,224	10,954,122
- Bank overdrafts	1,920,211	2,976,706
	36,250,910	37,004,487
Unsecured:		
- Discounting loan	-	4,372,586
- Bankers' acceptances	8,350,000	5,000,000
- Bank overdrafts	766,765	773,309
	9,116,765	10,145,895
	45,367,675	47,150,382
Maturity of total borrowings:		
Not later than 1 year	38,965,332	37,565,202
Later than 1 year and not later than 2 years	3,762,711	3,211,356
Later than 2 years and not later than 5 years	2,639,632	6,312,685
Later than 5 years	-	61,139
	45,367,675	47,150,382

The range of effective interest rates during the financial year for borrowings was as follows:

	Group/Company 2015 %	2014 %
Hire purchase	2.43 - 4.18	2.43 - 4.18
Bankers' acceptances	4.68 - 5.73	4.68 - 5.73
Revolving credit facilities	5.84 - 7.44	5.84 - 7.44
Term loans	5.53 - 8.10	5.53 - 8.10
Discounting loan	-	2.25 - 4.00
Bank overdrafts	7.70 - 8.41	7.70 - 8.41

Notes to the Financial Statements
31 August 2015 (cont'd)

20. Borrowings (cont'd)

	Note (i) RM	Note (ii) RM	Note (iii) RM	Total secured borrowings RM
Facilities				
31 August 2015				
Revolving Credit	-	1,600,000	5,000,000	6,600,000
Bankers Acceptance	-	7,719,000	10,398,000	18,117,000
Term loans	1,503,357	4,860,000	2,149,867	8,513,224
Overdraft	-	1,920,211	-	1,920,211
31 August 2014				
Revolving Credit	-	2,400,000	5,000,000	7,400,000
Bankers Acceptance	-	4,926,000	8,601,000	13,527,000
Term loans	1,833,322	5,940,000	3,180,800	10,954,122
Overdraft	-	2,976,706	-	2,976,706

Note (i)

The term loan facility with a licensed bank are secured by way of first legal charge over an investment property in Bangsar with a net book value of RM6,390,000 (2014: RM6,100,000) as disclosed in Note 10.

Note (ii)

The facilities with a licensed bank are secured by way of:

(a) A first party second legal charge over a leasehold land and factory building in Rawang with net book value of RM3,180,809 and RM7,276,121 (2014: RM3,280,209 and RM7,238,250) respectively as disclosed in Note 9;

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM640,000 (2014: RM460,000) as disclosed in Note 10; and

(c) A first party second legal charge over an investment property in Bandar Kinrara with a net book value of RM340,000 (2014: RM340,000) as disclosed in Note 10.

Note (iii)

The facilities with a licensed bank are secured by way of:

(a) A first legal charge over a leasehold land and factory building in Nilai with a total net book value of RM1,690,084 and RM2,382,405 (2014: RM1,712,923 and RM2,440,367) respectively as disclosed in Note 9;

(b) A specific debenture over the plant and machinery in Nilai factory with a net book value totalling RM418,793 (2014: RM446,011) as disclosed in Note 9;

(c) A first legal charge over a leasehold land and factory building in Batang Kali with a total net book value of RM3,039,259 and RM2,257,115 (2014: RM3,123,683 and RM2,307,273) respectively as disclosed in Note 9;

(d) Supplemental memorandum of deposit over investment in quoted shares amounting to RM40,032,400 as disclosed in Note 12; and

(e) Letter of set-off over fixed deposit of RM1,000,000 as disclosed in Note 16.

Notes to the Financial Statements
31 August 2015 (cont'd)

21. Hire purchase

	Group/Company 2015 RM	Group/Company 2014 RM
Future minimum lease payments:		
Not later than 1 year	796,504	1,147,650
Later than 1 year and not later than 2 years	357,504	1,136,757
Later than 2 years and not later than 5 years	48,720	48,720
Total future minimum lease payments	1,202,728	2,333,127
Less: Future finance charges	(102,253)	(186,468)
Present value of hire purchase liabilities	1,100,475	2,146,659
Analysis of present value of hire purchase liabilities:		
Not later than 1 year	727,356	1,028,801
Later than 1 year and not later than 2 years	373,119	1,072,690
Later than 2 years and not later than 5 years	-	45,168
	1,100,475	2,146,659
Less: Amount due within 12 months (Note 20)	(727,356)	(1,028,801)
Amount due after 12 months (Note 20)	373,119	1,117,858

22. Deferred tax liabilities

	Group/Company 2015 RM	Group/Company 2014 RM
At 1 September 2014/2013	1,035,077	432,460
Recognised in profit or loss (Note 7)	618,462	602,617
At 31 August	1,653,539	1,035,077
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	1,800,985	1,208,150
Deferred tax assets	(147,446)	(173,073)
	1,653,539	1,035,077

Notes to the Financial Statements
31 August 2015 (cont'd)

22. Deferred tax liabilities (cont'd)

The components and movements of deferred tax liabilities and assets during the year for the Group and the Company were as follows:

Deferred tax liabilities

	Property, plant and equipment RM	Fair value adjustment on investment properties RM	Others RM	Total RM
At 1 September 2014	1,086,000	122,150	-	1,208,150
Charged to profit or loss	(257,656)	24,900	825,591	592,835
At 31 August 2015	828,344	147,050	825,591	1,800,985
At 1 September 2013	655,263	99,240	-	754,503
Charged to profit or loss	430,737	22,910	-	453,647
At 31 August 2014	1,086,000	122,150	-	1,208,150

Deferred tax assets

	Provisions RM
At 1 September 2014	(173,073)
Charged to profit or loss	25,627
At 31 August 2015	(147,446)
At 1 September 2013	(322,043)
Charged to profit or loss	148,970
At 31 August 2014	(173,073)

Deferred tax asset have not been recognised in respect of the following items:

	Group/Company 2015 RM	2014 RM
Unutilised allowance for increased export	1,522,513	-
Unabsorbed capital allowances	-	1,973,779
	1,522,513	1,973,779

The unutilised tax allowance and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Group and of the Company. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits of the Company and its subsidiaries will be available against which the deductible temporary differences can be utilised.

Notes to the Financial Statements
31 August 2015 (cont'd)

23. Trade and other payables

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade payables	56,664,085	28,632,331	56,653,730	28,623,191
Other payables	65,608	65,608	65,608	65,608
Accruals	2,119,876	1,946,361	2,119,876	1,946,361
	58,849,569	30,644,300	58,839,214	30,635,160

The normal trade credit terms granted to the Group and to the Company range from 60 to 120 days (2014: 60 to 120 days).

24. Segment reporting

The activities of the Group comprise principally the manufacturing and distribution of prestressed spun concrete piles and poles and are conducted predominantly in Malaysia.

Geographical information

Revenue information based on geographical location of customers' country of incorporation are as follows:

	2015 RM	2014 RM
Malaysia	128,536,260	118,054,988
Southeast Asia	94,002,454	36,732,615
	222,538,714	154,787,603

Information about a major customer

Revenue from one major customer amounted to RM77,551,346 (2014: RM26,527,704).

25. Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include certain members of senior management of the Group and the Company. The remuneration of key management personnel during the financial year is as follows:

	Group/Company 2015 RM	Group/Company 2014 RM
Short term employee benefits	752,830	748,212
Defined contribution plan	65,268	65,268
Fees	45,000	45,000
	863,098	858,480

Remuneration of Non-Executive Directors is disclosed in Note 6.

Notes to the Financial Statements
31 August 2015 (cont'd)

26. Financial instruments

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies of the Group described how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analysed the financial assets and liabilities at the reporting date by the classes of financial instruments to which they are assigned, and therefore by the measurement basis.

Group

	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
31 August 2015				
Assets				
Other investments	-	37,757,201	-	37,757,201
Trade and other receivables	80,029,019	-	-	80,029,019
Deposits with licensed banks	15,427,417	-	-	15,427,417
Cash and bank balances	685,748	-	-	685,748
Total financial assets	96,142,184	37,757,201	-	133,899,385
Total non-financial assets				78,804,491
Total assets				212,703,876
Liabilities				
Borrowings	-	-	45,367,675	45,367,675
Trade and other payables	-	-	58,849,569	58,849,569
Total financial liabilities	-	-	104,217,244	104,217,244
Total non-financial liabilities				1,653,539
Total liabilities				105,870,783
31 August 2014				
Assets				
Other investments	-	53,150,520	-	53,150,520
Trade and other receivables	41,738,858	-	-	41,738,858
Deposits with licensed banks	5,197,956	-	-	5,197,956
Cash and bank balances	537,457	-	-	537,457
Total financial assets	47,474,271	53,150,520	-	100,624,791
Total non-financial assets				82,671,300
Total assets				183,296,091
Liabilities				
Borrowings	-	-	47,150,382	47,150,382
Trade and other payables	-	-	30,644,300	30,644,300
Total financial liabilities	-	-	77,794,682	77,794,682
Total non-financial liabilities				1,035,077
Total liabilities				78,829,759

Notes to the Financial Statements
31 August 2015 (cont'd)

26. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

Company

	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
31 August 2015				
Assets				
Other investments	-	37,757,201	-	37,757,201
Trade and other receivables	80,029,019	-	-	80,029,019
Amount due from subsidiaries	27,723	-	-	27,723
Deposits with licensed banks	15,427,417	-	-	15,427,417
Cash and bank balances	685,748	-	-	685,748
Total financial assets	96,169,907	37,757,201	-	133,927,108
Total non-financial assets				78,804,495
Total assets				212,731,603
Liabilities				
Borrowings	-	-	45,367,675	45,367,675
Trade and other payables	-	-	58,839,214	58,839,214
Total financial liabilities	-	-	104,206,889	104,206,889
Total non-financial liabilities				1,653,539
Total liabilities				105,860,428
31 August 2014				
Assets				
Other investments	-	53,150,520	-	53,150,520
Trade and other receivables	41,738,858	-	-	41,738,858
Amount due from subsidiaries	21,855	-	-	21,855
Deposits with licensed banks	5,197,956	-	-	5,197,956
Cash and bank balances	537,457	-	-	537,457
Total financial assets	47,496,126	53,150,520	-	100,646,646
Total non-financial assets				82,671,304
Total assets				183,317,950
Liabilities				
Borrowings	-	-	47,150,382	47,150,382
Trade and other payables	-	-	30,635,160	30,635,160
Total financial liabilities	-	-	77,785,542	77,785,542
Total non-financial liabilities				1,035,077
Total liabilities				78,820,619

Notes to the Financial Statements
31 August 2015 (cont'd)

27. Fair value of financial instruments

(a) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Receivables	14
Amount due from subsidiaries	15
Deposits with licensed banks	16
Cash and bank balances	
Borrowings (current and non-current)	20
Payables	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the current portion of borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair value of non-current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

The fair value of quoted other investments is determined directly by reference to their published market price at the reporting date.

(b) Fair value hierarchy

The Group's and the Company's financial instruments carried at fair value are analysed as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: Inputs for the assets or liabilities that are not based on observable market date (unobservable inputs)

As at reporting date, the Group's and the Company's other investments are classified as Level 1. The Group and the Company do not have any financial instrument classified as Level 2 and Level 3 as at 31 August 2015.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Notes to the Financial Statements
31 August 2015 (cont'd)

28. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and market price risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institutions.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with several banks.

Notes to the Financial Statements
31 August 2015 (cont'd)

28. Financial risk management objectives and policies (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2015		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	58,849,569	-	58,849,569
Borrowings	39,497,050	6,902,175	46,399,225
Total undiscounted financial liabilities	98,346,619	6,902,175	105,248,794
Company			
Financial liabilities:			
Trade and other payables	58,839,214	-	58,839,214
Borrowings	39,497,050	6,902,175	46,399,225
Total undiscounted financial liabilities	98,336,264	6,902,175	105,238,439

	2014			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Trade and other payables	30,644,300	-	-	30,644,300
Borrowings	37,684,050	9,570,757	108,720	47,363,527
Total undiscounted financial liabilities	68,328,350	9,570,757	108,720	78,007,827
Company				
Financial liabilities:				
Trade and other payables	30,635,160	-	-	30,635,160
Borrowings	37,684,050	9,570,757	108,720	47,363,527
Total undiscounted financial liabilities	68,319,210	9,570,757	108,720	77,998,687

Notes to the Financial Statements
31 August 2015 (cont'd)

28. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings.

The investments in financial assets including fixed deposits are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage interest rate exposure by using a mix of fixed and floating rate debts and actively reviewing the debt portfolio, taking into account the investment holding period and nature of its assets.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit/(loss) before tax (through the impact on floating rate borrowings).

	Group/Company RM
31 August 2015	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25%	113,419
Interest rates decrease by 0.25%	(113,419)
31 August 2014	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25%	117,876
Interest rates decrease by 0.25%	(117,876)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Malaysia. These instruments are classified as fair value through profit or loss financial assets. The Group and the Company do not have exposure to commodity price risk.

Notes to the Financial Statements
31 August 2015 (cont'd)

28. Financial risk management objectives and policies (cont'd)

(d) Market price risk (cont'd)

Market price sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in market price, with all other variables held constant, of the Group's and the Company's profit/(loss) before tax (through the impact on fair value through profit or loss).

	Group/Company RM
31 August 2015	
Investment in Malaysia	
Market price increase by 5%	1,887,860
Market price decrease by 5%	(1,887,860)
31 August 2014	
Investment in Malaysia	
Market price increase by 5%	2,657,526
Market price decrease by 5%	(2,657,526)

(e) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD), United Arab Emirates Dirham (AED) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Functional currency of Group	RM
As at 31 August 2015	
United States Dollar	21,162,623
United Arab Emirates Dirham	2,005,232
Singapore Dollar	3,423,106
	26,590,961
As at 31 August 2014	
United States Dollar	5,953,414
United Arab Emirates Dirham	1,451,578
	7,404,992

Notes to the Financial Statements
31 August 2015 (cont'd)

28. Financial risk management objectives and policies (cont'd)

(e) Foreign currency risk (cont'd)

With all other variables held constant, the following table demonstrates the sensitivity of the Group's profit/(loss) before taxation to a reasonably possible change in those exchange rates against the functional currency of the Group:

		Group (Loss)/profit before tax	
		2014 RM	2013 RM
USD/RM	- strenghthen 3%	634,879	178,602
	- weaken 3%	(634,879)	(178,602)
AED/RM	- strenghthen 3%	60,157	43,547
	- weaken 3%	(60,157)	(43,547)
SGD/RM	- strenghthen 3%	102,693	-
	- weaken 3%	(102,693)	-

29. Capital management

The primary objective of the Group's and the Company's capital management is to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 August 2015 and 31 August 2014.

The Group and the Company monitor capital using debt to equity ratio, which is total debts divided by total equity.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total debts	45,367,675	47,150,382	45,367,675	47,150,382
Equity attributable to the owners of the parent	106,833,093	104,466,332	106,871,175	104,497,331
Debt to equity ratio	42%	45%	42%	45%

Notes to the Financial Statements
31 August 2015 (cont'd)

30. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 August 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	32,804,730	33,499,804	32,842,812	33,530,803
- Unrealised	(1,316,470)	(4,378,305)	(1,316,470)	(4,378,305)
Retained profits as per financial statements	31,488,260	29,121,499	31,526,342	29,152,498

ANALYSIS OF SHAREHOLDINGS
As at 31 December 2015

Class of Shares : Ordinary Shares of RM1.00 each

A. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Holders	No of Shares	%
Less than 100	39	1,620	0.00
100 - 1,000	451	404,606	0.90
1,001 - 10,000	654	2,033,100	4.54
10,001 - 100,000	95	2,560,850	5.72
100,001 - less than 5% of issued shares	46	27,408,065	61.21
5% and above of issued shares	2	12,366,759	27.62
Total	**1,287**	**44,775,000**	**100.00**

B. SUBSTANTIAL SHAREHOLDERS

Name	No of Shares	%
1. Inch Kenneth Kajang Rubber Public Limited Company	10,030,959	22.40
2. Progressive Metal Works Sdn Bhd	4,179,000	9.33

C. THIRTY (30) LARGEST SHAREHOLDERS

Name	No of Shares	%
1. Inch Kenneth Kajang Rubber Public Limited Company	8,727,759	19.49
2. Progressive Metal Works Sdn Bhd	3,639,000	8.13
3. Md Rushdi bin Taib	2,022,270	4.52
4. Mohd Ridzwan bin Jamaludin	2,012,121	4.49
5. SJ Sec Nominees (Tempatan) Sdn Bhd for Zuraini binti Alias	1,734,050	3.87
6. HLIB Nominees (Tempatan) Sdn Bhd for Che Muhamad Fasir bin Samsudin	1,683,300	3.76
7. General Growth Sdn Bhd	1,162,400	2.60
8. Ahmad Hamzah bin Mohd Anuar	1,150,000	2.57
9. Inch Kenneth Kajang Rubber Public Limited Company	1,001,400	2.24
10. Muhamad Faris bin Muhamad Fasri	899,350	2.01
11. Good Health Pharmacy Sdn Bhd	896,000	2.00
12. Amsec Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	862,900	1.93
13. Masmanis Sdn Bhd	851,700	1.90

Analysis Of Shareholdings (cont'd)
As at 31 December 2015

C. THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

Name	No of Shares	%
14. Masmanis Sdn Bhd	780,100	1.74
15. EB Nominees (Tempatan) Sendirian Berhad for Che Ismail bin Mohd	750,000	1.68
16. Alliancegroup Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	710,950	1.59
17. Usaki Sdn Bhd	700,000	1.56
18. Alliancegroup Nominees (Tempatan) Sdn Bhd for Mohd Dzaki @ Mohd Zaki bin Jaafar	653,150	1.46
19. RHB Nominees (Tempatan) Sdn Bhd for Low Teck Beng	626,400	1.40
20. Alliancegroup Nominees (Tempatan) Sdn Bhd for Latifah binti Abdul Hamid	593,600	1.33
21. Kenanga Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	587,500	1.31
22. Norani binti Supar	547,800	1.22
23. EB Nominees (Tempatan) Sendirian Berhad for Progressive Metal Works Sdn Bhd	540,000	1.21
24. Amsec Nominees (Tempatan) Sdn Bhd for Mohd Dzaki @ Mohd Zaki bin Jaafar	532,000	1.19
25. TA Nominees (Tempatan) Sdn Bhd for Hassan bin Haji Hussin	517,500	1.16
26. Che Yam @ Rusnah binti Hussin	505,100	1.13
27. Ambank (M) Berhad for Sumber Berkat Sdn Bhd	395,000	0.88
28. General Growth Sdn Bhd	363,100	0.81
29. Maybank Nominees (Tempatan) Sdn Bhd for Norhazlina binti Ibrahim	361,300	0.81
30. Farisa binti Che Muhamad Fasir	348,950	0.78

LIST OF PROPERTIES
As at 31 August 2015

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-15 RM	Date of Acquisition (A)/ Revaluation (R)
1	Lot 63 Bakar Arang Industrial Estate Sg Petani Kedah	Leasehold expiring in 2083	68	Land: 13.2 acres Built-up: 5,180 sq m 30 years	Single-storey office, an open sided single storey factory, canteen, laboratory, store and stockyard	4,262,970	31 August 1995 (R)
2	PLO 337 Jln Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2050	35	Land: 7.5 acres Built-up: 7,000 sq m 23 years	Single-storey office, two single-storey factory buildings, boiler house, canteen, stockyard and jetty	5,977,476	31 August 1995 (R)
3	PLO 461 Jln Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2053	38	Land: 2.5 acres 23 years	Stockyard	222,223	31 August 1995 (R)
4	PT 643, Batu 20 Jalan Ipoh Rawang Selangor ** Property is currently charged for financing facilities*	Leasehold expiring in 2047	32	Land: 11.344 acres Built-up: 16,630 sq m 21 years	Double-storey office, canteen, store, laboratory, single-storey factory and stockyard	10,456,929	23 June 1993 (A)
5	Lot 7106 Kawasan Perindustrian Nilai Nilai Negeri Sembilan ** Property is currently charged for financing facilities*	Leasehold expiring in 2089	74	Land: 6.707 acres Built-up: 6,370 sq m 20 years	Single-storey factory and office, canteen and stockyard	4,072,489	16 March 2007 (A)
6	HS(M) 1653 PT2100 Mukim Batang Kali District of Hulu Selangor Selangor ** Property is currently charged for financing facilities*	Leasehold expiring in 2052	37	Land: 7.981 acres Built-up: 4,842 sq m 21 years	Single-storey factory and office, canteen, stockyard, boiler room, generator room and compressor room	5,296,374	25 August 2010 (A)

List of Properties (cont'd)
As at 31 August 2015

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-15 RM	Date of Acquisition (A)/ Revaluation (R)
7	11 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	67	Land: 0.035 acres Built-up: 150 sq m 23 years	Residential double-storey house	69,430	30 April 1992 (A)
8	31 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	67	Land: 0.035 acres Built-up: 150 sq m 22 years	Residential double-storey house	70,644	8 September 1992 (A)
9	42 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	67	Land: 0.035 acres Built-up: 150 sq m 23 years	Residential double-storey house	69,430	30 April 1992 (A)
10	8 Jalan 2/11 Jalan Bukit Rawang Jaya, Rawang Selangor	Freehold		Land: 0.030 acres Built-up: 90 sq m 20 years	Single-storey terrace house	43,200	28 April 1994 (A)
11	A-3-3 Block A Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq m 15 years	Apartment	19,780	27 May 2009 (A)
12	A-1-6, 1st Floor Block A Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq m 15 years	Apartment	22,360	27 May 2009 (A)
13	LA-3-2, Block LA Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq m 15 years	Apartment	19,780	27 May 2009 (A)
14	I-G-02, Jln PPK 2 Bandar Kinrara Section 3 Puchong Selangor	Leasehold expiring in 2099	84	Built-up: 114 sq m 9 years	Ground Floor Shoplot	340,000	30 Aug 2015 (R)

** Property is currently charged for financing facilities*

List of Properties (cont'd)
As at 31 August 2015

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-15 RM	Date of Acquisition (A)/ Revaluation (R)
15	Danau Putra Apartments Jln Putra Perdana 5F Taman Putra Sepang, Selangor	Leasehold expiring in 2092	77	12 years	Apartments		30 Aug 2015 (R)
	Unit 48-2A			Built up: 76 sq m		78,000	
	Unit 48-2B			Built up: 73 sq m		75,000	
	Unit 49-2A			Built up: 69 sq m		70,000	
	Unit 49-2B			Built up: 66 sq m		68,000	
	Unit 52-1B			Built up: 66 sq m		70,000	
	Unit 52-1C			Built up: 44 sq m		48,000	
	Unit 52-1D			Built up: 73 sq m		78,000	
	Unit 53-2D			Built up: 61 sq m		63,000	
	Unit 53-3B			Built up: 66 sq m		65,000	
16	Unit B1-5-6 Pandan Mewah Heights Jln Mewah Utara Taman Pandan Mewah Ampang Selangor	Leasehold expiring in 2086	71	Built-up: 90 sq m 13 years	Condominium	320,000	30 Aug 2015 (R)
	**Property is currently charged for financing facilities*						
17	Unit B1-5-7 Pandan Mewah Heights Jln Mewah Utara Taman Pandan Mewah Ampang Selangor	Leasehold expiring in 2086	71	Built-up: 90 sq m 13 years	Condominium	320,000	30 Aug 2015 (R)
	**Property is currently charged for financing facilities*						
18	Unit No.40 Type Lavender Lembah Beringin Zone 2-1 Geran 8039, Lot 610 and Geran 11709 Lot 863 Mukim of Kerling Daerah Hulu Selangor	Freehold		Built-up: 151 sq m	Residential one and half-storey terrace house	75,000	30 Aug 2015 (R)
19	Lot 7692 PN 10780 Bandar Ulu Kelang District of Gombak Selangor	Leasehold expiring in 2078	63	Land: 1,191 sq m	Vacant detached residential plot	3,000,000	30 Aug 2015 (R)
20	44 & 44A Jln Telawi 5 Bangsar Baru Kuala Lumpur	Freehold		Built-up: 332 sq m 34 years	Double-storey shop office	6,390,000	30 Aug 2015 (R)
	**Property is currently charged for financing facilities*						

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of the Company will be held at Bilik Perdana, Dewan Perdana Felda, Jalan Maktab, Off Jalan Semarak, 50400 Kuala Lumpur, on Wednesday, 24 February 2016 at 10.00 am for the following purposes:

AGENDA

ORDINARY BUSINESS

1. **Resolution 1**
   To receive and adopt the Audited Financial Statements for the financial year ended 31 August 2015 together with the Reports of the Directors and the Auditors thereon.

2. **Resolution 2**
   To approve the payment of Directors' fees in respect to the financial year ended 31 August 2015.

3. To re-elect the following Directors who retire by rotation pursuant to Article 96 of the Company's Articles of Associations, and being eligible, offer themselves for re-election:
   (a) Abdul Khudus bin Mohd Naaim **Resolution 3a**
   (b) To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain **Resolution 3b**

4. **Resolution 4**
   To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions:

5. **Authority to Continue in Office as Independent Non-Executive Director**

   Resolution 5a

   (a) Dennis Xavier

   "THAT authority be and is hereby given to Dennis Xavier who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

   Resolution 5b

   (b) Davinia a/p Rajadurai

   "THAT authority be and is hereby given to Davinia a/p Rajadurai who has served as an Independent Non- Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

6. **Resolution 6**
   To Empower the Directors of the Company to Issue Shares Pursuant to Section 132D of the Companies Act 1965

   "THAT subject always to the Companies Act 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the approvals of Bursa Malaysia Securities Berhad ("Bursa Securities") and the relevant Regulatory Authorities, the Directors be and hereby empowered, pursuant to section 132D of the Act, to issue shares of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being."

Notice of Annual General Meeting
(cont'd)

ANY OTHER BUSINESS

7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Act.

By order of the Board

NORAKHMAR BINTI BAHAROM (LS 0001698)
Secretary

Kuala Lumpur
28 January 2016

NOTES:

Appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney duly authorised.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority shall be deposited at the Registrar's Office at 22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. Members whose name appear in the Record of Depositors as at 18 February 2016 shall be regarded as Member of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.

6. Any alteration in the Form of Proxy must be initialled.

Notice of Annual General Meeting
(cont'd)

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. **Continuing in Office as Independent Non-Executive Director - Resolutions 5 (a) & (b)**

The Malaysian Code on Corporate Governance 2012 recommends that shareholders' approval be sought in the event that the Company intends to retain an Independent Non-Executive Director who has served in that capacity for more than nine (9) years.

In relation thereto, the Board, through the Nomination and Remuneration Committees, has assessed the independence of Dennis Xavier and Davinia a/p Rajadurai who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years.

The Board recommends that Dennis Xavier and Davinia a/p Rajadurai to continue to act as Independent Non-Executive Directors of the Company for the following reasons:

a) They fulfil the criteria as Independent Directors as defined in the Main Market Listing Requirements of Bursa Securities, and therefore are able to bring independent and objective judgements to the Board.

b) Their vast experiences in the legal background enable them to provide the Board with a diverse set of experience, expertise, skills and competence.

c) They understand the Company's business operations which allow them to participate actively and contribute positively during deliberations or discussions at both the Committee and Board meetings.

d) They devote sufficient time and effort and attend all the Committees and Board meetings for informed and balanced decision making.

e) They exercise due care as Independent Directors of the Company and carry out their professional and fiduciary duties in the interest of the Company and its shareholders.

8. **Resolution 6**
To Empower the Directors of the Company to Issue Shares Pursuant to Section 132D of the Companies Act 1965

The proposed resolution 6, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 11 February 2015 and which will lapse at the conclusion of the Thirty-First Annual General Meeting.

The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises, or in the event of business opportunities, or other arising circumstances which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors standing for re-election at the Thirty-First Annual General Meeting of the Company are:

   Pursuant to Article 96 of the Company's Articles of Association
   - Abdul Khudus bin Mohd Naaim
   - To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain

2. The profiles of the Directors who are standing for re-election are set out on pages 5 and 7 of the Annual Report.

3. The above named Directors do not hold any interest in the securities of the Company.

FORM OF PROXY

CDS AC NO	
NO OF SHARES HELD	

I/We ______________________________ (NRIC/Company No. ______________)
(FULL NAME IN CAPITAL LETTERS)

of ______________________________
(ADDRESS)

being a shareholder(s) of **Concrete Engineering Products Berhad** hereby appoint *the Chairman of the Meeting,

or ______________________________ (__________ %)
(FULL NAME OF PROXY)

of ______________________________
(ADDRESS)

*and/or failing him ______________________________ (__________ %)
(FULL NAME OF PROXY)

of ______________________________
(ADDRESS)

as *my/our proxy to vote for *my/our behalf at the 31st Annual General Meeting of the Company to be held at Bilik Perdana, Dewan Perdana Felda, Jalan Maktab, Off Jalan Semarak, 50400 Kuala Lumpur, on Wednesday, 24 February 2016, at 10.00 am for the following purposes:

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Directors' Reports and Financial Statements		
2.	To approve the payment of Directors' fees		
3.	To re-elect the following Directors who retire by rotation pursuant to Article 96 of the Company's Articles of Association: a) Abdul Khudus bin Mohd Naaim b) To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain		
4.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
5.	**Special Business:** Continuing in office as Independent Non-Executive Directors: a) Dennis Xavier b) Davinia a/p Rajadurai		
6.	**Special Business:** To empower the Directors of the Company to issue shares pursuant to Section 132D of the Companies Act 1965		

Votes are as indicated by an "X" in the appropriate spaces above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

*Delete whichever is not applicable.

____
Signature/Seal of Shareholder(s)

Dated this day ____________ of ________ 2016

Tel No: ____________________

NOTE:
A member of the Company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointment shall not be valid unless he specifies the proportion of his holding to be represented by each proxy. The instrument appointing a proxy must be deposited at the Registrar's Office of the Company, not less than forty-eight (48) hours before the time for holding the meeting.

FOLD THIS FLAP FOR SEALING

AFFIX
STAMP

MESTIKA PROJEK (M) SDN BHD
(225545-V)

22nd Floor Menara Promet (KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

2ND FOLD HERE

1ST FOLD HERE

CONCRETE ENGINEERING PRODUCTS BERHAD
(88143-P)

22nd Floor Menara Promet (KH)
Jalan Sultan Ismail
50250 Kuala Lumpur
MALAYSIA

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