Strength in Resilience

CONCRETE ENGINEERING PRODUCTS BERHAD
(Co. No. 88143-P)

ANNUAL REPORT 2013

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Corporate Information

DIRECTORS

Abdul Khudus bin Mohd Naaim
(Appointed on 15 July 2013)
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

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

AUDIT COMMITTEE
Abdul Khudus bin Mohd Naaim
(Appointed on 15 July 2013)
Chairman

Davinia a/p Rajadurai
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
Website: 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

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

Sitting from left to right :

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain | Leong Kway Wah | Encik Abdul Khudus bin Mohd Naaim | Khoo Kay Ong

Standing from left to right :

Davinia a/p Rajadurai | Dennis Xavier | Norakhmar binti Baharom (Company Secretary)

Profile of Directors

Encik Abdul Khudus bin Mohd Naaim
Independent Non-Executive Chairman and Chairman of Audit Committee
Malaysian, aged 59

Leong Kway Wah
Managing Director
Malaysian, aged 60

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, Association of Chartered Certified Accountants (ACCA) United Kingdom, 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 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 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 was appointed as Chairman of Audit Committee on 15 July 2013 and he is also a member of Remuneration Committee and Nomination Committee of the Company.

He also sits on the Board of Ingress Corporation Berhad and a number of private limited companies.

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 twenty (20) years involvement in the banking industry.

Khoo Kay Ong
Executive Director
Malaysian, aged 62

Davinia a/p Rajadurai
Independent Non-Executive Director
and Member of Audit Committee
Malaysian, aged 34

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.

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 62

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
Independent Non-Executive Director
Malaysian, aged 58

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 Committee, Remuneration Committee and Nomination Committee of the Company.

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 TWENTY-NINTH ANNUAL GENERAL MEETING

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

a) Pursuant to Article 90 of the Company's Articles of Association
- Abdul Khudus bin Mohd Naaim

b) Pursuant to Article 96 of the Company's Articles of Association
- To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
- Khoo Kay Ong

Chairman's Statement and Review of Operations

Dear Shareholders,

On behalf of the Board of Directors of Concrete Engineering Products Berhad, it gives me great pleasure to present the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 August 2013.

Amidst competition and rising costs, the Group had steadily increased its performance for the year and we have chosen the theme "Strength in Resilience" for our Annual Report to signify and recognise the efforts and perseverance of the Board, management and staff of the Group. May we build on this to further our goals for the coming year.

BUSINESS ENVIRONMENT

The Malaysian Economy has been on an inflationary trend and is foreseen to continue into 2014, with the reduction of subsidies, as seen in the recent reduction of subsidies for fuel. Unexpected lower Gross Domestic Product ("GDP") growth in the first half of 2013 was stemmed from the fall in net exports and moderation in investment. Exports fell and imports rose, dragging down GDP growth. Fixed capital investment decelerated from almost 21% in the first half of 2012 to a still robust 9.3% in the first half of 2013.

The Malaysian government is expected to continue to trim subsidies and also introduce the Goods and Services Tax, in its continued efforts to rein in the budget deficit.

Global markets are expected to improve in the coming year 2014. Its pace will be partially offset by the dampening impact fiscal consolidation will have on domestic demand.

Domestic consumption is expected to continue to improve on the back of generous government cash transfers and wage increases.

FINANCIAL REVIEW

Revenue for the year has seen an impressive increase of 51% from the previous year to RM209 million. Projects, both from the local market and regional markets have been on the increase in the year. Infrastructure projects and oil and gas related projects continue to help spur our economy.

Gross profits have improved to 23% compared to 17.5% last year, due to better economies of scale with the higher output and deliveries during the year.

The Investments in Quoted Shares have also garnered an unrealised gain of RM19.531 million, providing a huge contribution to our bottom line.

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

The Group also managed to secure the necessary required labour workforce during the year and it has successfully increased our production to more than 500,000 tonnes for the year.

The Board of Directors had also approved an Interim Dividend of 11% per ordinary share for the year. The quantum determined had taken into account available funds and requirements for working capital and capital expenditure plans.

FUTURE AND PROSPECTS

The Malaysian Government is optimistic of Malaysia notching a GDP growth of 5.5% next year, driven by strong economic fundamentals and the many projects to strengthen the economy.

Locally, we do expect several major projects to be announced in 2014 and the management team will endeavour to secure a fair share of these projects.

New markets and new relationships were forged during the year with foreign customers such as projects in Indonesia, Myanmar and Nigeria. We will continue to build new relationships with foreign counterparts to further strengthen our overseas presence. Transportation will be a major factor in such markets and it is an on-going challenge to procure timely and competitively priced transports for overseas markets.

APPRECIATION

The marked increase in the performance for the year has been a combined effort by the management and staff of the Group.

Sincere thanks and appreciation for the continued support from our customers, suppliers and financial partners, which has also contributed to this year's much improved performance.

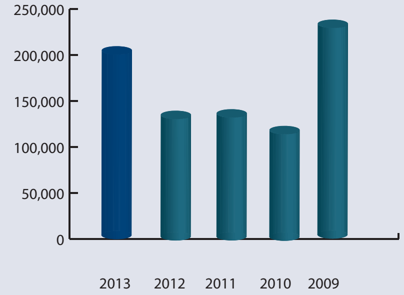
On behalf of the Board, I would also wish to record our sincerest thanks to Dato' Syed Md Amin bin Syed Jan Aljeffri, who resigned from the Board on 19th April 2013. We do wish Dato' all the very best in his endeavours.

I would also take this opportunity to thank my fellow Board members, the management team and all staff for their efforts and loyalty towards the Group. We would not have been able to achieve the results for the year without your continued belief, teamwork, sacrifice and commitment. We look forward to a challenging year ahead and may we focus on taking the Group to a higher level.

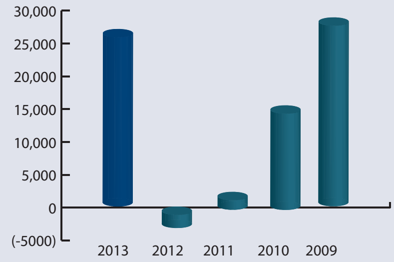
Abdul Khudus bin Mohd Naaim
Chairman
30 January 2014

Financial Highlights

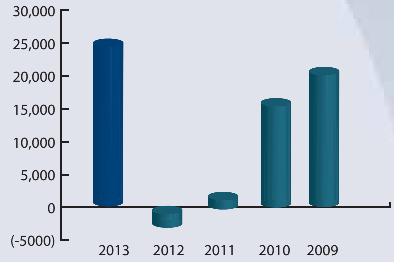
Revenue (RM'000)



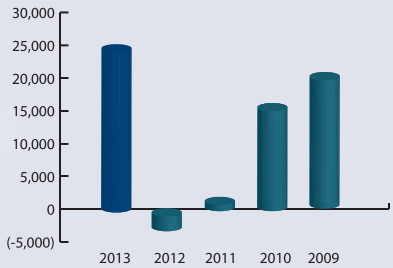
Profit/(Loss) before Taxation (RM'000)



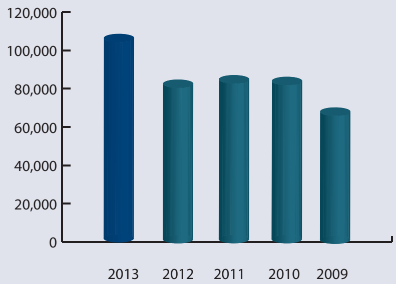
Profit/(Loss) after Taxation (RM'000)



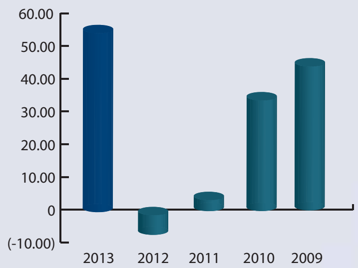
Profit/(Loss) for the Year Attributable to Owners of the Parent (RM'000)



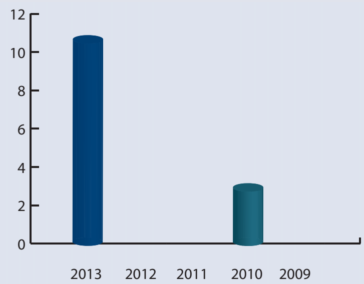
Total Equity Attributable to Owners of the Parent (RM'000)



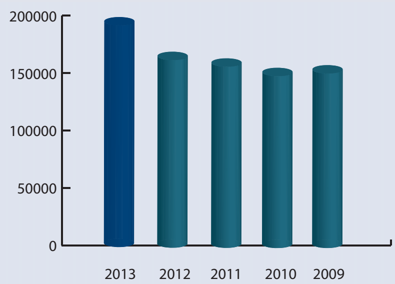
Earnings/(Loss) per Share (sen)



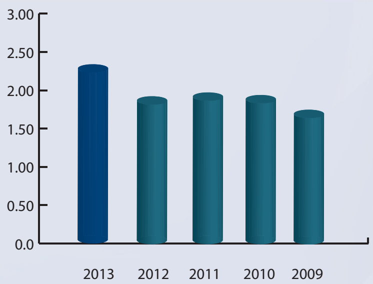
Dividend per Share (sen)



Total Assets (RM'000)



Net Assets per Share (RM)



FINANCIAL YEAR ENDED 31 AUGUST	2013 RM'000	2012 RM'000 (Restated)	2011 RM'000	2010 RM'000	2009 RM'000
Revenue	209,192	137,886	140,019	121,344	240,193
Profit/(Loss) before Taxation	27,148	(2,426)	1,754	15,272	28,949
Profit/(Loss) after Taxation	25,163	(2,746)	1,319	16,025	20,751
Profit/(Loss) for the Year Attributable to Owners of the Parent	25,163	(2,746)	1,319	16,025	20,751
Total Equity Attributable to Owners of the Parent	109,004	83,840	86,447	86,136	70,111
Earnings/(Loss) per Share (sen)	56.20	(6.13)	2.95	35.79	46.35
Dividend per Share (sen)	11	-	-	3	-
Total Assets	197,828	171,735	167,266	156,681	160,247
Net Assets per Share (RM)	2.43	1.87	1.93	1.92	1.57

Corporate Social Responsibility

Corporate Social Responsibility is an integral part of the Group's practice in carrying out its business activities in a professional, ethical and socially responsible manner. The Group has undertaken considerable effort in enhancing the wellbeing of its employees as well as that of the community within which we conduct our business.

We recognise that our employees are the essential asset of the Group and their involvement is vital to the success of the Group. We strive to motivate and retain the best employees by providing them with continuous training and development. We have enrolled them in relevant courses and seminars to upgrade their skills and knowledge to further enhance their capabilities.

As an employer, the Group also recognises and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, suppliers and visitors. The Group further strives to comply with Standards on Health and Safety as outlined in the Department of Safety and Health Malaysia (DOSH). Work place security initiatives such as fire and evacuation drills, safety tips and training on proper usage of safety equipments have been provided to the employees to ensure a protected working environment.

We further strive to seek meaningful contributions to the less privileged. As a corporate citizen, we realise the ability and strength we have in providing means to such organisations and causes, with the simple hope and belief of a better quality of life.

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 stakeholders' value. The Group has adopted and complied with the principles and Best Practices set out in MCCG 2012 throughout the financial year ended 31 August 2013.

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

THE BOARD OF DIRECTORS

Board Composition and Balance

During the financial year under review, the Board consisted 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 4 to 6 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. Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business.
2. Overseeing the conduct of the Group's business and evaluating whether its business is being properly managed.
3. Identifying principal risks faced by the Group and ensuring 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. Overseeing the development and implementation of a shareholder communications policy.
6. Reviewing the adequacy and the integrity of the Group's internal control and 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 contains the necessary information for each of the meeting agenda in advance to enable the Director to obtain further explanations, where necessary, in order to be briefed properly 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.

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 candidate 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 each 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 their shareholdings in the Company for each Director is 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 29th Annual General Meeting of the Company to be held on 20 February 2014 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 taken 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 *(Appointed on 15 July 2013)*	1/1
Leong Kway Wah	5/5
Khoo Kay Ong	5/5
Davinia a/p Rajadurai	5/5
Dennis Xavier	5/5
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	3/5
Dato' Syed Md Amin bin Syed Jan Aljeffri *(Vacated the office on 19 April 2013)*	1/4

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 schedule to ensure good attendance and the expected degree of attention given to the Board agenda.

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 Board meetings, 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 Board meetings.

All members of the Board have direct and unrestricted access to the management, advice and services of the Company Secretary in furtherance of their duties and 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 Directors during the financial year ended 31 August 2013 included the following areas:

	Details of Programme
Board Leadership	Board Oversight Responsibilities for Merger and Acquisition – Passion Beyond Numbers.
Corporate Governance	Audit Committee Expanded Governance Oversight Role: Are you Equipped?
Risk Management	Is The Global Economy Still Slowing Down? Implications on Malaysian Business
Finance & Taxation	Tax Updates Financial Essentials for Non-Financial Professionals

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 MCCG. The Board recognises the importance of the Board Charter and will take steps to enhance the Board Charter as recommended by 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.

Remuneration Committee

Primary function

The Remuneration Committee was established on 30 May 2002. Its primary function is to set the policy framework and recommend 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 an annual fixed 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 Director's remuneration paid or payable to the Directors of the Company is on page 57 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 *(Appointed on 15 July 2013)*	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 make 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 Director. 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 *(Appointed on 15 July 2013)*	Member
Dennis Xavier	Member

The Company Secretary is the secretary to the Nomination Committee.

RELATION 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 2013 is set out in Note 5 on page 56.

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

There were no variations of 10% or more between the audited results for the year ended 31 August 2013 and the unaudited results for the quarter ended 31 August 2013 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 2.4b and 2.4c on pages 42 and 43. The Investment Properties were adjusted to reflect their fair value as enumerated in Note 11 on page 61.

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 2013.

A. 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 promotes sound and profitable business operations.

During the financial year ended 31 August 2013, 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)* *(Appointed on 15 July 2013)*	1/1
	Dato' Syed Md Amin bin Syed Jan Aljeffri *(Independent Non-Executive Director)* *(Vacated the office on 19 April 2013)*	1/4
Members	Davinia a/p Rajadurai *(Independent Non-Executive Director)*	5/5
	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 2013 as indicated in the table above was fulfilled. Upon invitation by the Audit Committee, the Executive Directors, Head of Group Finance & Accounts and representatives of the Internal Auditors attended all the meetings.

B. TERMS OF REFERENCE

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

1) 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.

2) Constitution

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

3) 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 for the Committee. There shall be at least four (4) meetings per year.

4) 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.

5) Duties and Responsibilities

(a) Review with the external auditors on the audit plan.

b) Review with the external auditors, on the adequacy and effectiveness of the accounting and internal control system.

c) Act upon problems and reservations arising from interim and final audits.

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

e) Assist in establishing appropriate control procedures.

f) Assist in the conducting of management audit or other sensitive matters.

g) Recommendation to retain or replace the firm of external auditors and the audit fee for the ensuing year.

C) 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 recommendation 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 the approval prior to their inclusion in the Company's Annual Report.

7) Reviewed and recommended the proposed final audit fees for the external auditors 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.

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 2013 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 2013.

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

In line with Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities, the Board of Directors of listed companies is required to include in its Company's Annual Report "A statement about the state of risk management and internal control of the listed issuer as a group". The MCCG 2012 under Principle 6 states that the Board should establish a sound risk management framework and internal control system.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of risk management framework and internal control system to safeguard its shareholders' investment and the Group's assets and for reviewing its adequacy and integrity. The System of Internal Control covers not only financial controls but operational and compliance controls and risk management procedures.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

BOARD'S DISCLOSURE ON RISK MANAGEMENT

The Group's activities expose it to a variety of risks including market risk, credit risk, liquidity and cash flow risks.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which had been in place for the financial year, and that the process is regularly reviewed by the Board and accords with The Statement on Risk Management and Internal Control - Guidance for Directors of Public Listed Companies.

Other parts of the business entities in the Group also play important roles in ensuring that risk management process is being carried out on an ongoing basis. These include the Credit Control Department, which is primarily responsible for managing credit risk related activities and the supervision of funding and liquidity risk activities, is under the purview of the Accounts Department.

INTERNAL AUDIT

In view of the size and nature of the Group's operations, it is not cost justifiable for the Group to maintain an in-house function for the review of its internal control system, which forms part of the internal audit function.

The Group's internal audit function is outsourced to an independent audit firm. The cost incurred for the outsourced internal audit function for the financial year was RM25,440.00. 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 systems. 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 adequacy, efficiency and effectiveness of the Group's internal control systems 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, discuss and resolve significant business issue and ensure compliance with applicable laws, regulations, rules, directives and guidelines. These 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 a 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 that would require disclosure in the Group's annual report. Notwithstanding this, the Board will continue to review the control procedures to ensure the effectiveness and adequacy of risk management and internal control system of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 19 December 2013.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on pages 31 and 32 is made pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Securities, to explain the responsibilities of the Directors in relation to the preparation of the annual financial statements.

The Directors are required by law to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements of the Group and of the Company for the year ended 31 August 2013, the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors also took steps to ensure that the Group and the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company. This would enable them to ensure that the financial statements comply with the Companies Act, 1965, and the applicable approved accounting standards in Malaysia.

FINANCIAL STATEMENTS

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2013.

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	25,163,977	25,165,687

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 other than the effect arising from the fair value gain through profit and loss from other investment of RM19,530,791.

Dividend

An interim dividend in respect of the financial year ended 31 August 2013, 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. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 August 2014.

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	(appointed on 15 July 2013)
Leong Kway Wah	
Khoo Kay Ong	
Dennis Xavier	
Davinia a/p Rajadurai	
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	
Dato' Syed Md Amin bin Syed Jan Aljeffri	(resigned on 19 April 2013)

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 6 and 7 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' 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 there were no known bad debts 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) it necessary to write off any 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.

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 19 December 2013.

Abdul Khudus bin Mohd Naaim

Leong Kway Wah

Kuala Lumpur, Malaysia

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 33 to 77 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 2013 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 32 to the financial statements, on page 78 have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 December 2013.

Abdul Khudus bin Mohd Naaim

Leong Kway Wah

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, Lim Wai Weng, 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 33 to 78 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 Lim Wai Weng at Kuala Lumpur in the Federal Territory on 19 December 2013

Lim Wai Weng

Before me

PESURUHJAYA SUMPAH
ARSHAD ABDULLAH
W 550
MALAYSIA

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 2013 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 notes, as set out on pages 33 to 77.

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 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 2013 and of their financial performance and cash flows for the year then ended up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965, in Malaysia, 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 of which we have acted as auditors 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.

Other reporting responsibilies

The supplementary information set out in Note 32 on page 78 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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 matters

1. As stated in Note 2.1 to the financial statements, Concrete Engineering Products Berhad adopted Malaysian Financial Reporting Standards on 1 September 2012 with a transition date on 1 September 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 August 2012 and 1 September 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 August 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 August 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 September 2012 do not contain misstatements that materially affect the financial position as of 31 August 2013 and the financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia 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

Ismed Darwis bin Bahatiar
No. 2921/04/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia

Statements of Comprehensive Income

For the year ended 31 August 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue		209,192,278	137,885,548	209,192,278	137,885,548
Cost of sales		(161,033,513)	(113,706,082)	(161,033,513)	(113,706,082)
Gross profit		48,158,765	24,179,466	48,158,765	24,179,466
Other operating income		3,346,400	1,564,581	3,346,400	1,564,581
Fair value through profit or loss on other investments		19,530,791	(2,534,177)	19,530,791	(2,534,177)
Fair value gain on investment properties		110,000	100,000	110,000	100,000
Distribution costs		(30,897,950)	(15,020,409)	(30,897,950)	(15,020,409)
Administrative expenses		(7,304,522)	(6,442,137)	(7,302,812)	(6,435,547)
Other operating expenses		(2,717,057)	(1,083,825)	(2,717,057)	(1,083,825)
Operating profit		30,226,427	763,499	30,228,137	770,089
Finance costs	4	(3,077,810)	(3,189,026)	(3,077,810)	(3,189,026)
Profit/(loss) before tax	5	27,148,617	(2,425,527)	27,150,327	(2,418,937)
Taxation	8	(1,984,640)	(320,055)	(1,984,640)	(320,055)
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year		25,163,977	(2,745,582)	25,165,687	(2,738,992)
Attributable to:					
Owners of the parent		25,163,977	(2,745,582)	25,165,687	(2,738,992)
Earnings/(loss) per share (sen)	9	56.20	(6.13)		

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position - Group

As at 31 August 2013

	Note	31.8.2013 RM	31.8.2012 RM	1.9.2011 RM
Group				
Assets				
Non-current assets				
Property, plant and equipment	10	39,674,668	40,532,223	41,616,581
Investment properties	11	9,242,000	9,132,000	9,032,000
Other investments	13	51,698,320	31,240,386	32,744,279
Deferred tax assets	23	-	21,151	61,643
		100,614,988	80,925,760	83,454,503
Current assets				
Inventories	14	34,760,443	41,283,505	22,397,708
Trade and other receivables	15	51,086,556	32,970,270	39,500,609
Tax recoverable		196,604	1,431,057	4,141,409
Deposits with licensed banks	17	8,843,006	14,864,656	14,991,755
Cash and bank balances		2,326,222	280,973	2,841,272
		97,212,831	90,830,461	83,872,753
Total assets		197,827,819	171,756,221	167,327,256
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	18	44,775,000	44,775,000	44,775,000
Share premium		30,569,833	30,569,833	30,569,833
Retained profits	20	33,659,317	8,495,340	11,240,922
Total equity		109,004,150	83,840,173	86,585,755
Non-current liabilities				
Long term borrowings	21	11,868,323	14,665,953	12,918,691
Deferred tax liabilities	23	432,460	-	-
		12,300,783	14,665,953	12,918,691
Current liabilities				
Trade and other payables	24	39,796,964	36,938,438	30,982,637
Short term borrowings	21	36,725,922	36,311,657	36,840,173
		76,522,886	73,250,095	67,822,810
Total liabilities		88,823,669	87,916,048	80,741,501
Total equity and liabilities		197,827,819	171,756,221	167,327,256

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position - Company

As at 31 August 2013

	Note	31.8.2013 RM	31.8.2012 RM	1.9.2011 RM
Company				
Assets				
Non-current assets				
Property, plant and equipment	10	39,674,668	40,532,223	41,616,581
Investment properties	11	9,242,000	9,132,000	9,032,000
Investment in subsidiaries	12	4	4	4
Other investments	13	51,698,320	31,240,386	32,744,279
Deferred tax assets	23	-	21,151	61,643
		100,614,992	80,925,764	83,454,507
Current assets				
Inventories	14	34,760,443	41,283,505	22,397,708
Trade and other receivables	15	51,086,556	32,970,270	39,500,609
Amount due from subsidiary companies	16	14,545	9,895	4,929
Tax recoverable		196,604	1,431,057	4,141,409
Deposits with licensed banks	17	8,843,006	14,864,656	14,991,755
Cash and bank balances		2,326,222	280,973	2,841,272
		97,227,376	90,840,356	83,877,682
Total assets		197,842,368	171,766,120	167,332,189
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	18	44,775,000	44,775,000	44,775,000
Share premium		30,569,833	30,569,833	30,569,833
Retained profits	20	33,686,396	8,520,709	11,259,701
Total equity		109,031,229	83,865,542	86,604,534
Non-current liabilities				
Long term borrowings	21	11,868,323	14,665,953	12,918,691
Deferred tax liabilities	23	432,460	-	-
		12,300,783	14,665,953	12,918,691
Current liabilities				
Trade and other payables	24	39,784,434	36,922,968	30,968,791
Short term borrowings	21	36,725,922	36,311,657	36,840,173
		76,510,356	73,234,625	67,808,964
Total liabilities		88,811,139	87,900,578	80,727,655
Total equity and liabilities		197,842,368	171,766,120	167,332,189

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 August 2013

	← Attributable to owners of the parent →				
		Non-distributable	Distributable		
	Share capital RM	Share premium RM	Retained profit RM	Total reserves RM	Total equity RM
Group					
At 1 September 2012	44,775,000	30,569,833	8,495,340	39,065,173	83,840,173
Total comprehensive income	-	-	25,163,977	25,163,977	25,163,977
At 31 August 2013	44,775,000	30,569,833	33,659,317	64,229,150	109,004,150
At 1 September 2011	44,775,000	30,569,833	11,240,922	41,810,755	86,585,755
Total comprehensive loss	-	-	(2,745,582)	(2,745,582)	(2,745,582)
At 31 August 2012	44,775,000	30,569,833	8,495,340	39,065,173	83,840,173

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

For the year ended 31 August 2013

	Attributable to owners of the parent				
		Non-distributable	Distributable		
	Share capital RM	Share premium RM	Retained profit RM	Total reserves RM	Total equity RM
Company					
At 1 September 2012	44,775,000	30,569,833	8,520,709	39,090,542	83,865,542
Total comprehensive income	-	-	25,165,687	25,165,687	25,165,687
At 31 August 2013	44,775,000	30,569,833	33,686,396	64,256,229	109,031,229
At 1 September 2011	44,775,000	30,569,833	11,259,701	41,829,534	86,604,534
Total comprehensive loss	-	-	(2,738,992)	(2,738,992)	(2,738,992)
At 31 August 2012	44,775,000	30,569,833	8,520,709	39,090,542	83,865,542

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 31 August 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash flows from operating activities				
Profit/(loss) before tax	27,148,617	(2,425,527)	27,150,327	(2,418,937)
Adjustments for:				
Fair value through profit and loss on other investments	(19,530,791)	2,534,177	(19,530,791)	2,534,177
Fair value adjustment of investment properties	(110,000)	(100,000)	(110,000)	(100,000)
Depreciation of property, plant and equipment	4,498,389	3,848,924	4,498,389	3,848,924
Allowance for impairment - receivables	2,342,211	641,177	2,342,211	641,177
Reversal of allowance for impairment - receivables	(42,260)	-	(42,260)	-
Interest expense	3,077,810	3,189,026	3,077,810	3,189,026
Property, plant and equipment written off	93	148	93	148
Unrealised foreign exchange gain	(729,561)	(86,174)	(729,561)	(86,174)
Dividend income	(845,180)	-	(845,180)	-
Interest income	(515,214)	(578,328)	(515,214)	(578,328)
Operating profit before working capital changes	15,294,114	7,023,423	15,295,824	7,030,013
Inventories	6,523,062	(18,885,797)	6,523,062	(18,885,797)
Receivables	(19,706,542)	5,973,235	(19,706,542)	5,973,235
Payables	2,883,423	5,936,497	2,886,363	5,934,873
Subsidiary companies	-	-	(4,650)	(4,966)
Cash generated from operations	4,994,057	47,358	4,994,057	47,358
Taxation (paid)/refund	(296,576)	2,430,789	(296,576)	2,430,789
Interest paid	(3,102,707)	(3,169,722)	(3,102,707)	(3,169,722)
Net cash generated from/(used in) operating activities	1,594,774	(691,575)	1,594,774	(691,575)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,923,971)	(2,402,714)	(1,923,971)	(2,402,714)
Purchase of quoted investment	(927,143)	(1,030,284)	(927,143)	(1,030,284)
Dividend received	845,180	-	845,180	-
Interest received	535,080	580,429	535,080	580,429
Net cash used in investing activities	(1,470,854)	(2,852,569)	(1,470,854)	(2,852,569)
Cash flows from financing activities				
Drawdown of discounting loan	1,693,867	-	1,693,867	-
Net drawdown of bankers acceptance	958,000	711,000	958,000	711,000
Repayment of hire purchase	(755,878)	(884,136)	(755,878)	(884,136)
Net repayment of revolving credit	(480,192)	(4,319,808)	(480,192)	(4,319,808)
Net (repayment)/drawdown of term loan	(3,483,757)	1,513,122	(3,483,757)	1,513,122
Net cash used in financing activities	(2,067,960)	(2,979,822)	(2,067,960)	(2,979,822)

Statements of Cash Flows (cont'd)

For the year ended 31 August 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Net change in cash and cash equivalents	(1,944,040)	(6,523,966)	(1,944,040)	(6,523,966)
Cash and cash equivalents at beginning of year	9,300,408	15,824,374	9,300,408	15,824,374
Cash and cash equivalents at end of year	7,356,368	9,300,408	7,356,368	9,300,408
Cash and cash equivalents comprise:				
Cash and bank balances	2,326,222	280,973	2,326,222	280,973
Deposits with licensed banks (Note 17)	8,843,006	14,864,656	8,843,006	14,864,656
Bank overdrafts (Note 21)	(2,794,860)	(4,827,221)	(2,794,860)	(4,827,221)
	8,374,368	10,318,408	8,374,368	10,318,408
Less: Deposit pledged with a licensed bank	(1,018,000)	(1,018,000)	(1,018,000)	(1,018,000)
	7,356,368	9,300,408	7,356,368	9,300,408

The accompanying notes form an integral part of the financial statements.

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. The registered office and principal place of business of the Company is located at 22nd Floor, Menara 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. There have been no significant changes in the nature of the principal activities during the year. The subsidiary companies are dormant.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 December 2013.

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 Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. The effects of transition to MFRS are disclosed in Note 3.

The Malaysian Accounting Standards Board ("MASB") has issued other new and revised MFRSs, amendments and IC interpretations (collectively referred to as "pronouncement") which are not yet effective and therefore, have not been implemented by the Group and the Company in these financial statements as set out in Note 2.2. New pronouncements that are not relevant to the operation of the Group and of the Company are set out in Note 2.3.

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 New and revised pronouncements not yet in effect

The following new and revised MFRSs, amendments and IC interpretations (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Group or the Company:

Effective for annual periods beginning on or after 1 January 2013
MFRS 10, *Consolidated Financial Statements*
MFRS 11, *Joint Arrangements*
MFRS 12, *Disclosure of Interests in Other Entities*
MFRS 13, *Fair Value Measurement*
MFRS 119, *Employee Benefits (revised)*
MFRS 127, *Separate Financial Statements*
MFRS 128, *Investments in Associates and Joint Ventures*
Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 1, *First–time Adoption of Malaysian Financial Reporting Standards - Government Loans*
Amendments to MFRS 1, *First–time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 - 2011 Cycle)*
Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)*
Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)*
Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)*

2. Significant accounting policies (cont'd)

2.2 New and revised pronouncements not yet in effect (cont'd)

Effective for annual periods beginning on or after 1 January 2013 (cont'd)
Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)*
Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

Effective for annual periods beginning on or after 1 January 2014
Amendments to MFRS 10, MFRS 12, and MFRS 127, *Investment Entities*
Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 136, *Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to MFRS 139, *Novation of Derivatives and Continuation of Hedge Accounting*
IC Interpretation 21, *Levies*

Effective for annual periods beginning on or after 1 January 2015
MFRS 9, *Financial Instruments (2009)*
MFRS 9, *Financial Instruments (2010)*
Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

Initial application of these pronouncements for the Group and the Company will be effective from the annual period beginning:

1 September 2013 for pronouncements that are effective for annual periods beginning on or after 1 January 2013.

1 September 2014 for pronouncements that are effective for annual period beginning on or after 1 January 2014.

1 September 2015 for those pronouncements that are effective for annual period beginning on or after 1 January 2015.

These pronouncements are expected to have no significant impact on the financial statements of the Group and of the Company upon initial application.

2.3 New pronouncement not applicable to the Group and the Company

The MASB has issued an IC interpretation which is not yet effective, but which is not relevant to the operations of the Group and the Company and hence, no further disclosure is warranted.

Effective for annual periods beginning on or after 1 January 2013
IC 20, *Stripping Costs in the Production Phase of a Surface Mine*

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(f). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full except for unrealised losses where they are not eliminated when there is an indication of impairment. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given up, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(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.

Capital work-in-progress are not depreciated as these assets are not available for use.

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 profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2. Significant accounting policies (cont'd)

2.4 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 assesses 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 makes 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 except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(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.

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.

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.

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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(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.

(i) Trade and other receivables and other financial assets carried at amortised cost

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.

(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, within the scope of MFRS 139, 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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(i) Financial liabilities (cont'd)

(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.

(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 respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies 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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(j) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2013 RM	2012 RM
1 United States Dollar	3.30	3.13
1 Brunei Dollar	2.59	2.50
1 Singapore Dollar	2.59	2.50
100 United Arab Emirates Dirham	89.87	85.31

(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.

(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 2.4 (n)(ii).

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(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.

(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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(p) Income taxes (cont'd)

(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.

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. Significant accounting policies (cont'd)

2.5 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.

(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 doubtful debts

The Group and the Company make a provision for doubtful debts 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) Fair value of investment properties

The Group and the Company carry its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company engaged an independent valuer to determine the fair value as at 31 August 2013. The valuer used comparison method in determining its fair value. The fair value of investment properties of the Group and the Company amounted to RM9,242,000 (2012: RM9,132,000).

3. Explanation of transition to MFRS

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with MFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 August 2013, the comparative information presented in these financial statements for the year ended 31 August 2012 and in the preparation of the opening MFRS statement of financial position at 1 September 2011 (the Group's date of transition to MFRS).

Except for certain differences, the requirements under FRS and MFRS are similar. There are no adjustments arising from the transition to MFRSs except for those discussed below. Accordingly, notes related to the statement of financial position as at date of transition to MFRSs are only presented for those items."

(a) Property, plant and equipment

The Group has elected to apply the optional exemption provided by MFRS 1 and measure certain items of property, plant and equipment at 1 September 2011 using the previous revalued amounts as deemed cost at the date of the revaluation. These property, plant and equipment will continue to be measured using the cost model under MFRS 116 Property, Plant and Equipment subsequent to 1 September 2011.

There is no impact to the financial statements of the Group other than a reclassification of all existing revaluation reserve to retained profits at the date of transition to MFRS as set out below:

	As at 31.08.2012 RM	As at 1.9.2011 RM
Statement of changes in equity		
Decrease in asset revaluation reserve	(3,917,092)	(3,917,092)
Increase in retained profits	3,917,092	3,917,092

(b) Deferred tax

Previously, the Group and the Company recognised deferred tax liabilities on the valuation gains on investment properties using the presumption that the underlying asset will be recovered through use. Under MFRS 112 Income Taxes, there is a rebuttable presumption that the investment properties carried at fair value will be recovered through sale. This resulted in the derecognition of prior year's deferred tax liabilities on the valuation gains.

The impact of adopting MFRS 112 on the Group's financial statements is as follows:

	As at 31.08.2012 RM	As at 1.9.2011 RM
Statement of financial position		
Decrease in deferred tax liabilities	(154,009)	(139,009)
Increase in retained profits	154,009	139,009

	2012 RM
Statement of comprehensive income	
Decrease in deferred tax expense	(15,000)

3. Explanation of transition to MFRS (cont'd)

The reconciliations of financial position, total comprehensive income and equity for comparative periods and of financial position at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation adjustments to the statement of financial position of the Group

	31.8.2012 FRS RM	31.8.2012 Effect of transition to MFRS RM	31.8.2012 MFRS RM	1.9.2011 FRS RM	1.9.2011 Effect of transition to MFRS RM	1.9.2011 MFRS RM
Assets						
Non-current assets						
Property, plant and equipment	40,532,223	-	40,532,223	41,616,581	-	41,616,581
Investment properties	9,132,000	-	9,132,000	9,032,000	-	9,032,000
Other investments	31,240,386	-	31,240,386	32,744,279	-	32,744,279
	80,904,609	-	80,904,609	83,392,860	-	83,392,860
Current assets						
Inventories	41,283,505	-	41,283,505	22,397,708	-	22,397,708
Trade and other receivables	32,970,270	-	32,970,270	39,500,609	-	39,500,609
Tax recoverable	1,431,057	-	1,431,057	4,141,409	-	4,141,409
Deposits with licensed banks	14,864,656	-	14,864,656	14,991,755	-	14,991,755
Cash and bank balances	280,973	-	280,973	2,841,272	-	2,841,272
	90,830,461	-	90,830,461	83,872,753	-	83,872,753
Total assets	171,735,070	-	171,735,070	167,265,613	-	167,265,613
Equity and liabilities						
Equity						
Share capital	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
Asset revaluation reserve	3,917,092	(3,917,092)	-	3,917,092	(3,917,092)	-
Retained profits	4,424,239	4,071,101	8,495,340	7,184,821	4,056,101	11,240,922
Total equity	83,686,164	154,009	83,840,173	86,446,746	139,009	86,585,755
Non-current liabilities						
Long term borrowings	14,665,953	-	14,665,953	12,918,691	-	12,918,691
Deferred tax liabilities/ (assets)	132,858	(154,009)	(21,151)	77,366	(139,009)	(61,643)
	14,798,811	(154,009)	14,644,802	12,996,057	(139,009)	12,857,048
Current liabilities						
Trade and other payables	36,938,438	-	36,938,438	30,982,637	-	30,982,637
Short term borrowings	36,311,657	-	36,311,657	36,840,173	-	36,840,173
	73,250,095	-	73,250,095	67,822,810	-	67,822,810
Total equity and liabilities	171,735,070	-	171,735,070	167,265,613	-	167,265,613

3. Explanation of transition to MFRS (cont'd)

(ii) Reconciliation adjustments to the statement of comprehensive income of the Group for the year ended 31 August 2012

	FRS RM	Effect of transition to MFRS RM	MFRS RM
Revenue	137,885,548	-	137,885,548
Cost of sales	(113,706,082)	-	(113,706,082)
Gross profit	24,179,466	-	24,179,466
Other operating income	1,564,581	-	1,564,581
Fair value through profit or loss on other investments	(2,534,177)	-	(2,534,177)
Fair value gain on investment properties	100,000	-	100,000
Distribution costs	(15,020,409)	-	(15,020,409)
Administrative expenses	(6,442,137)	-	(6,442,137)
Other operating expenses	(1,083,825)	-	(1,083,825)
Operating profit	763,499	-	763,499
Finance costs	(3,189,026)	-	(3,189,026)
Loss before tax	(2,425,527)	-	(2,425,527)
Income tax	(335,055)	15,000	(320,055)
Loss for the year, representing total comprehensive loss for the year	(2,760,582)	15,000	(2,745,582)

(iii) Reconciliation adjustments to the statement of changes in equity of the Group

The effect of the adoption of MFRS from 1 September 2011 to 31 August 2012 can be reconciled as follows:-

	Asset revaluation reserve RM	Retained profits RM
Impact as at 1 September 2011	(3,917,092)	4,056,101
Movement during the year	-	15,000
Impact as at 31 August 2012	(3,917,092)	4,071,101

3. Explanation of transition to MFRS (cont'd)

(iv) Reconciliation adjustments to the statement of financial position of the Company

	31.8.2012 FRS RM	31.8.2012 Effect of transition to MFRS RM	31.8.2012 MFRS RM	1.9.2011 FRS RM	1.9.2011 Effect of transition to MFRS RM	1.9.2011 MFRS RM
Assets						
Non-current assets						
Property, plant and equipment	40,532,223	-	40,532,223	41,616,581	-	41,616,581
Investment properties	9,132,000	-	9,132,000	9,032,000	-	9,032,000
Investment in subsidiaries	4	-	4	4	-	4
Other investments	31,240,386	-	31,240,386	32,744,279	-	32,744,279
	80,904,613	-	80,904,613	83,392,864	-	83,392,864
Current assets						
Inventories	41,283,505	-	41,283,505	22,397,708	-	22,397,708
Trade and other receivables	32,970,270	-	32,970,270	39,500,609	-	39,500,609
Amount due from subsidiary companies	9,895	-	9,895	4,929	-	4,929
Tax recoverable	1,431,057	-	1,431,057	4,141,409	-	4,141,409
Deposits with licensed banks	14,864,656	-	14,864,656	14,991,755	-	14,991,755
Cash and bank balances	280,973	-	280,973	2,841,272	-	2,841,272
	90,840,356	-	90,840,356	83,877,682	-	83,877,682
Total assets	171,744,969	-	171,744,969	167,270,546	-	167,270,546
Equity and liabilities						
Equity						
Share capital	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
Asset revaluation reserve	3,917,092	(3,917,092)	-	3,917,092	(3,917,092)	-
Retained profits	4,449,608	4,071,101	8,520,709	7,203,600	4,056,101	11,259,701
Total equity	83,711,533	154,009	83,865,542	86,465,525	139,009	86,604,534
Non-current liabilities						
Long term borrowings	14,665,953	-	14,665,953	12,918,691	-	12,918,691
Deferred tax liabilities/ (assets)	132,858	(154,009)	(21,151)	77,366	(139,009)	(61,643)
	14,798,811	(154,009)	14,644,802	12,996,057	(139,009)	12,857,048
Current liabilities						
Trade and other payables	36,922,968	-	36,922,968	30,968,791	-	30,968,791
Short term borrowings	36,311,657	-	36,311,657	36,840,173	-	36,840,173
	73,234,625	-	73,234,625	67,808,964	-	67,808,964
Total equity and liabilities	171,744,969	-	171,744,969	167,270,546	-	167,270,546

3. Explanation of transition to MFRS (cont'd)

(v) Reconciliation adjustments to the statement of comprehensive income of the Company for the year ended 31 August 2012

	FRS RM	Effect of transition to MFRS RM	MFRS RM
Revenue	137,885,548	-	137,885,548
Cost of sales	(113,706,082)	-	(113,706,082)
Gross profit	24,179,466	-	24,179,466
Other operating income	1,564,581	-	1,564,581
Fair value through profit or loss on other investments	(2,534,177)	-	(2,534,177)
Fair value gain on investment properties	100,000	-	100,000
Distribution costs	(15,020,409)	-	(15,020,409)
Administrative expenses	(6,435,547)	-	(6,435,547)
Other operating expenses	(1,083,825)	-	(1,083,825)
Operating profit	770,089	-	770,089
Finance costs	(3,189,026)	-	(3,189,026)
Loss before tax	(2,418,937)	-	(2,418,937)
Income tax	(335,055)	15,000	(320,055)
Loss for the year, representing total comprehensive loss for the year	(2,753,992)	15,000	(2,738,992)

(vi) Reconciliation adjustments to the statement of changes in equity of the Company

The effect of the adoption of MFRS from 1 September 2011 to 31 August 2012 can be reconciled as follows:-

	Asset revaluation reserve RM	Retained profits RM
Impact as at 1 September 2011	(3,917,092)	4,056,101
Movement during the year	-	15,000
Impact as at 31 August 2012	(3,917,092)	4,071,101

4. Finance costs

	Group/Company 2013 RM	Group/Company 2012 RM
Finance costs comprise:		
Interest expense		
- term loans	1,240,162	1,483,014
- bank overdrafts	243,586	197,498
- revolving credit	538,959	608,818
- bankers' acceptances	928,924	822,110
- discounting loan	31,171	-
- hire purchase	95,008	77,586
	3,077,810	3,189,026

5. Profit/(loss) before tax

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Staff costs (Note 6)	23,581,563	19,588,134	23,581,563	19,588,134
Non-executive Directors' remuneration (Note 7)	135,000	153,167	135,000	153,167
Auditors' remuneration				
Statutory audit	92,000	86,000	89,000	83,000
Other services	7,500	7,500	7,500	7,500
Depreciation of property, plant and equipment	4,498,389	3,848,924	4,498,389	3,848,924
Allowance for impairment - receivables	2,342,211	641,177	2,342,211	641,177
Reversal of allowance for impairment - receivables	(42,260)	-	(42,260)	-
Rental of buildings	1,072,010	1,041,333	1,072,010	1,041,333
Hire of machinery	1,186,809	1,266,900	1,186,809	1,266,900
Property, plant and equipment written off	93	148	93	148
Realised foreign exchange gain	(775,665)	(458,168)	(775,665)	(458,168)
Unrealised foreign exchange gain	(729,561)	(86,174)	(729,561)	(86,174)
Dividend income	(845,180)	-	(845,180)	-
Interest income	(515,214)	(578,328)	(515,214)	(578,328)

6. Staff costs

	Group/Company 2013 RM	Group/Company 2012 RM
Wages and salaries	21,605,183	17,926,239
Pension costs - defined contribution plan	987,912	885,873
Social security contributions	134,706	120,231
Provision for short term accumulating compensated absences	96,603	50,373
Other staff related expenses	757,159	605,418
	23,581,563	19,588,134

Included in staff costs of the Group and of the Company is Executive Directors' remuneration amounting to RM808,954 (2012: RM763,236) as further disclosed in Note 7.

7. 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 2013	Number of Directors 2012
Executive Director:		
RM1 - RM500,000	1	1
RM500,001 - RM1,000,000	1	1
Non-executive Directors:		
RM1 - RM50,000*	5	4
RM50,001 - RM100,000	-	1

* included in non-executive Directors remuneration is a Director who resigned during the year.

	Group/Company 2013 RM	Group/Company 2012 RM
Executive Director (Note 6)		
Fees	45,000	45,000
Remuneration and allowances	763,954	718,236
	808,954	763,236
Non-Executive Directors (Note 5)		
Fees	135,000	153,167
Total Directors' remuneration	943,954	916,403

8. Taxation

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current income tax	1,572,719	264,346	1,572,719	264,346
(Over)/underprovision of income tax in prior years	(41,690)	15,217	(41,690)	15,217
	1,531,029	279,563	1,531,029	279,563
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	566,343	201,257	566,343	201,257
Overprovision in prior years	(112,732)	(160,765)	(112,732)	(160,765)
	453,611	40,492	453,611	40,492
	1,984,640	320,055	1,984,640	320,055

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 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit/(loss) before tax	27,148,617	(2,425,527)	27,150,327	(2,418,937)
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	6,787,154	(606,382)	6,787,582	(604,734)
Income not subject to tax	(5,121,493)	-	(5,121,493)	-
Expenses not deductible for tax purposes	473,401	1,071,985	472,973	1,070,337
(Over)/underprovision of income tax expense in prior years	(41,690)	15,217	(41,690)	15,217
Overprovision of deferred tax in prior years	(112,732)	(160,765)	(112,732)	(160,765)
Income tax expense for the year	1,984,640	320,055	1,984,640	320,055

9. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profits for the year of RM25,163,977 (2012: loss for the year of RM2,745,582) for the Group on the number of ordinary shares in issue during the year of 44,775,000 (2012: 44,775,000).

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

10. Property, plant and equipment

	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
Group/Company							
Cost							
At 1 September 2012	17,932,424	26,387,272	85,600,427	2,193,938	2,242,112	2,308,354	136,664,527
Additions	-	41,500	3,159,829	214,295	211,364	13,939	3,640,927
Write off	-	-	-	-	(5,448)	(110)	(5,558)
At 31 August 2013	17,932,424	26,428,772	88,760,256	2,408,233	2,448,028	2,322,183	140,299,896
Accumulated depreciation							
At 1 September 2012	4,118,523	6,960,821	78,871,516	2,008,599	1,971,274	2,201,571	96,132,304
Charge for the year	385,343	587,106	3,110,304	228,191	152,424	35,021	4,498,389
Write off	-	-	-	-	(5,448)	(17)	(5,465)
At 31 August 2013	4,503,866	7,547,927	81,981,820	2,236,790	2,118,250	2,236,575	100,625,228
Net carrying amount	13,428,558	18,880,845	6,778,436	171,443	329,778	85,608	39,674,668

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

	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
Group/Company							
Cost							
At 1 September 2011	17,932,424	26,339,772	83,135,884	2,193,938	2,103,668	2,280,204	133,985,890
Additions	-	47,500	2,549,958	-	138,976	28,280	2,764,714
Write off	-	-	(85,415)	-	(532)	(130)	(86,077)
At 31 August 2012	17,932,424	26,387,272	85,600,427	2,193,938	2,242,112	2,308,354	136,664,527
Accumulated depreciation							
At 1 September 2011	3,733,180	6,370,991	76,473,206	1,783,101	1,841,312	2,167,519	92,369,309
Charge for the year	385,343	589,830	2,483,725	225,498	130,378	34,150	3,848,924
Write off	-	-	(85,415)	-	(416)	(98)	(85,929)
At 31 August 2012	4,118,523	6,960,821	78,871,516	2,008,599	1,971,274	2,201,571	96,132,304
Net carrying amount	13,813,901	19,426,451	6,728,911	185,339	270,838	106,783	40,532,223

10. 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 costing:

	Group/Company	
	31.8.2013 RM	31.8.2012 RM
Plant and machinery	75,520,452	73,208,734
Factory building	51,810	42,810
Motor vehicles	2,193,939	1,267,280
Office, factory and laboratory equipment	1,885,400	1,577,503
Furniture, fixtures and fittings	2,090,308	2,087,757
	81,741,909	78,184,084

(b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 21) are as follows:

	Group/Company	
	31.8.2013 RM	31.8.2012 RM
Leasehold land	8,323,478	8,530,140
Factory buildings	12,266,349	12,546,809
Plant and machinery	613,115	769,388
	21,202,942	21,846,337

(e) During the financial year, the Company acquired property, plant and equipment at aggregate costs of RM3,640,927 (2012: RM2,764,714) of which RM1,716,956 (2012: RM362,000) was acquired by means of hire purchase arrangements.

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 22.

11. Investment properties

	Group/Company	
	2013 RM	2012 RM
At 1 September	9,132,000	9,032,000
Fair value adjustment	110,000	100,000
At 31 August	9,242,000	9,132,000

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 30 August 2013 by Sr. Ahmad Raslan Mustafa, of Raine & Horne International, an independent professional valuer. Fair value is determined by comparative method.

Investment properties with fair value of RM6,080,000 (2012: RM5,970,000) are pledged as securities for borrowings (Note 21).

12. Investment in subsidiaries

	Company 2013 RM	2012 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 2013 %	2012 %
Concrete Engineering Products Management Sdn. Bhd.	Malaysia	Dormant	100	100
Concrete Engineering Products Marketing Sdn. Bhd.	Malaysia	Dormant	100	100

13. Other investments

	Group/Company 2013 Carrying Amount RM	2013 Market Value of Quoted Investment RM	2012 Carrying Amount* RM	2012 Market Rate of Quoted Investment RM
Fair value through profit or loss investments				
Quoted shares in Malaysia	51,698,320	51,698,320	31,240,386	31,240,386

Other investments relate to investment in quoted shares of Inch Kenneth Kajang Rubber Public Limited Company ("IKK"), a corporate shareholder. This represents 14% (2012: 13%) of the issued and fully paid up capital of IKK. These quoted shares of RM35,628,836 (2012: RM22,017,820) are pledged as security for bank facilities as disclosed in Note 21.

14. Inventories

	Group/Company 2013 RM	2012 RM
At cost:		
Finished goods	25,649,146	31,504,164
Raw materials	7,194,465	8,390,998
Consumable spares	1,916,832	1,388,343
	34,760,443	41,283,505

During the year, inventories of RM122,950,503 (2012: RM102,919,997) was recognised in the cost of sales.

15. Trade and other receivables

	Group/Company 2013 RM	Group/Company 2012 RM
Trade receivables	56,802,377	36,347,314
Less: Allowance for impairment	(6,910,570)	(4,610,619)
	49,891,807	31,736,695
Other receivables:		
Deposits	240,906	287,257
Prepayments	676,962	863,070
Sundry receivables	276,881	83,248
	1,194,749	1,233,575
	51,086,556	32,970,270

The Group's and the Company's average trade credit term ranges from 60 to 120 days (2012: 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 RM9,523,913 (2012: RM2,844,159), arising from a single customer which contributed to approximately 19% (2012: 9%) 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.

Ageing analysis of trade receivables

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

	Group/Company 2013 RM	Group/Company 2012 RM
Neither past due nor impaired	24,003,750	10,082,817
1 to 30 days past due but not impaired	11,042,802	6,187,243
31 to 60 days past due but not impaired	4,701,419	3,849,564
61 to 90 days past due but not impaired	2,525,881	3,868,562
91 to 120 days past due but not impaired	965,680	1,594,323
More than 121 days past due but not impaired	6,652,275	6,154,186
	25,888,057	21,653,878
Impaired	6,910,570	4,610,619
	56,802,377	36,347,314

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.

15. Trade and other receivables (cont'd)

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	
	2013 RM	2012 RM
Trade receivables - nominal amount	8,698,735	6,162,206
Less: Allowance for impairment	(6,910,570)	(4,610,619)
	1,788,165	1,551,587

Movement in the allowance accounts:

	Group/Company Individually impaired	
	2013 RM	2012 RM
At 1 September	4,610,619	3,969,442
Charge for the year	2,342,211	641,177
Reversal of allowance for impairment	(42,260)	-
At 31 August	6,910,570	4,610,619

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.

16. Amount due from subsidiary companies

The amount due from subsidiary companies are unsecured, interest-free and are repayable on demand.

17. Deposits with licensed banks

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

	Group/Company	
	2013 % per annum	2012 % per annum
Licensed banks	2.80 - 3.20	2.45 - 3.70

17. Deposits with licensed banks (cont'd)

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

	Group/Company	
	2013 days	2012 days
Licensed banks	5 - 365	5 - 31

Deposit with licensed banks of the Group and of the Company amounting to RM1,018,000 (2012: RM1,018,000) are pledged as securities for borrowings (Note 21).

18. Share capital

	Number of ordinary shares of RM1 each	
	2013	2012
Authorised:		
At the beginning/end of year	100,000,000	100,000,000
Issued and fully paid:		
At the beginning/end of year	44,775,000	44,775,000

	Amount	
	2013 RM	2012 RM
Authorised:		
At the beginning/end of year	100,000,000	100,000,000
Issued and fully paid:		
At the beginning/end of year	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.

19. Dividends

An interim dividend in respect of the financial year ended 31 August 2013, 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 . Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 August 2014.

20. Retained profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders (""single tier system""). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay the dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company will utilise the credit in the Section 108 account to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 August 2013, the balance in the Section 108 accounts was RM5,469,950 (2012: RM5,469,950).

As at 31 August 2013, the Company has tax exempt income available for distribution of RM47,730,058 (2012: RM47,099,889) subject to the agreement of Inland Revenue Board.

21. Borrowings

	Group/Company	
	2013	**2012**
	RM	**RM**
Short term borrowings		
Secured:		
- Revolving credit facilities	8,200,000	8,680,192
- Hire purchase (Note 22)	752,595	477,644
- Bankers' acceptances	14,801,000	13,843,000
- Term loans	3,483,600	3,483,600
- Bank overdrafts	2,794,860	3,827,221
	30,032,055	30,311,657
Unsecured		
- Bank overdrafts	-	1,000,000
- Discounting loan	1,693,867	-
- Bankers' acceptances	5,000,000	5,000,000
	6,693,867	6,000,000
	36,725,922	36,311,657
Long term borrowings		
Secured:		
- Hire purchase (Note 22)	913,955	227,828
- Term loans	10,954,368	14,438,125
	11,868,323	14,665,953

21. Borrowings (cont'd)

	Group/Company 2013 RM	Group/Company 2012 RM
Total borrowings		
Secured:		
- Revolving credit facilities	8,200,000	8,680,192
- Hire purchase (Note 22)	1,666,550	705,472
- Bankers' acceptances	14,801,000	13,843,000
- Term loans	14,437,968	17,921,725
- Bank overdrafts	2,794,860	3,827,221
	41,900,378	44,977,610
Unsecured:		
- Bank overdrafts	-	1,000,000
- Discounting loan	1,693,867	-
- Bankers' acceptances	5,000,000	5,000,000
	6,693,867	6,000,000
	48,594,245	50,977,610
Maturity of borrowings:		
Not later than 1 year	36,725,922	36,311,657
Later than 1 year and not later than 2 years	3,109,550	3,684,733
Later than 2 years and not later than 5 years	8,065,205	8,026,495
Later than 5 years	693,568	2,954,725
	48,594,245	50,977,610

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

	Group/Company 2013 %	Group/Company 2012 %
Hire purchase	6.28 - 8.07	6.28 - 8.07
Bankers' acceptances	4.03 - 4.41	3.37 - 4.41
Revolving credit facilities	5.84 - 7.00	5.84 - 6.97
Term loans	5.53 - 8.10	5.53 - 8.10
Discounting loan	2.25 - 4.00	-
Bank overdrafts	7.85 - 8.60	7.85 - 8.60

(a) The Group's and the Company's overdraft facilities are secured by the following:

(i) An outstanding facility of RM2,794,860 (2012: RM2,984,375) is secured by way of:

(a) A first party second legal charge over a leasehold land and factory building in Rawang with a total net book value of RM10,790,198 (2012: RM11,061,938) as disclosed in Note 10.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM440,000 (2012: RM330,000) as disclosed in Note 11.

(c) A first party second legal charge over an investment property to the shoplot at I-G-02 at Bandar Kinrara with a net book value of RM340,000 (2012: RM340,000) as disclosed in Note 11.

(ii) An outstanding facility of RM842,846 in the previous financial year was secured by way of a first party second legal charge over a leasehold land and factory building in Nilai with a total net book value of RM4,234,091 as disclosed in Note 10.

21. Borrowings (cont'd)

(b) The Group's and the Company's revolving credit facilities are secured by the following:

(i) An outstanding facility of RM5,000,000 (2012: RM5,000,000) is secured by way of memorandum of deposit over investment in quoted shares as disclosed in Note 13.

(ii) An outstanding facility of RM3,200,000 (2012: RM3,680,192) is secured by way of:

(a) A first party second legal charge over a leasehold land and factory building in Rawang with a total net book value of RM10,790,198 (2012: RM11,061,938) as disclosed in Note 10.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM440,000 (2012: RM330,000) as disclosed in Note 11.

(c) A first party second legal charge over an investment property of a shoplot at I-G-02 at Bandar Kinrara with a net book value of RM340,000 (2012: RM340,000) as disclosed in Note 11.

(c) The bankers' acceptances are secured by the following:

(i) An outstanding facility of RM5,834,000 (2012: RM4,598,000) is secured by way of a supplemental memorandum of deposit over investment in quoted shares as disclosed in Note 13.

(ii) An outstanding facility of RM4,000,000 (2012: RM4,000,000) is 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 RM4,234,091 (2012: RM4,314,892) as disclosed in Note 10.

(b) A specific debenture over the plant and machinery in Nilai factory with a net book value totalling RM613,115 (2012: RM769,388) as disclosed in Note 10.

(iii) An outstanding facility of RM4,967,000 (2012: RM5,245,000) is secured by way of:

(a) A first party second legal charge over a leasehold land and factory building in Rawang with a total net book value of RM10,790,198 (2012: RM11,061,938) as disclosed in Note 10.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM440,000 (2012: RM330,000) as disclosed in Note 11.

(c) A first party second legal charge over an investment property to the shoplot at I-G-02 at Bandar Kinrara with a net book value of RM340,000 (2012: RM340,000) as disclosed in Note 11.

(d) The term loans are secured by the following:

(i) An outstanding facility of RM1,002,400 (2012: RM2,002,000) is 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 RM4,234,091 (2012: RM4,314,892) as disclosed in Note 10.

(b) A specific debenture over the plant and machinery in Nilai factory with a net book value totalling RM613,115 (2012: RM769,388) as disclosed in Note 10.

(ii) An outstanding facility of RM2,193,568 (2012: RM2,553,725) is secured by way of first legal charge over an investment property in Bangsar with a net book value of RM5,300,000 (2012: RM5,300,000) as disclosed in Note 11.

21. Borrowings (cont'd)

(d) The term loans are secured by the following (cont'd):

(iii) An outstanding facility of RM4,222,000 (2012: RM5,266,000) is secured by way of:

(a) A first legal charge over a leasehold land and factory building in Batang Kali with a total net book value of RM5,565,538 (2012: RM5,700,120) as disclosed in Note 10.

(b) Letter of set-off over fixed deposit of RM1,000,000.

(c) Supplemental memorandum of deposit over the existing 40,032,400 (2012: 40,032,400) shares of Inch Kenneth Kajang Rubber Public Limited Company.

(iv) An outstanding facility of RM7,020,000 (2012: RM8,100,000) is secured by way of:

(a) A first party second legal charge over a leasehold land and factory building in Rawang with a total net book value of RM10,790,198 (2012: RM11,061,938) as disclosed in Note 10.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM440,000 (2012: RM330,000) as disclosed in Note 11.

(c) A first party second legal charge over an investment property to the shoplot at I-G-02 at Bandar Kinrara with a net book value of RM340,000 (2012: RM340,000) as disclosed in Note 11.

22. Hire purchase

	Group/Company	
	2013 RM	2012 RM
Future minimum lease payments:		
Not later than 1 year	850,856	509,517
Later than 1 year and not later than 2 years	668,094	209,792
Later than 2 years and not later than 5 years	299,718	27,030
Total future minimum lease payments	1,818,668	746,339
Less: Future finance charges	(152,118)	(40,867)
Present value of hire purchase liabilities	1,666,550	705,472
Analysis of present value of hire purchase liabilities:		
Not later than 1 year	752,595	477,644
Later than 1 year and not later than 2 years	622,750	201,133
Later than 2 years and not later than 5 years	291,205	26,695
	1,666,550	705,472
Less: Amount due within 12 months (Note 21)	(752,595)	(477,644)
Amount due after 12 months (Note 21)	913,955	227,828

23. Deferred tax liabilities/(assets)

	Group/Company 2013 RM	Group/Company 2012 RM
At 1 September	(21,151)	(61,643)
Recognised in profit or loss (Note 8)	453,611	40,492
At 31 August	432,460	(21,151)

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/(assets)

	Accelerated capital and reinvestment allowances RM	Investment properties RM	Revaluation and provisions RM	Total RM
At 1 September 2012	(1,162,743)	99,240	1,042,352	(21,151)
Charged to profit or loss	721,312	-	(267,701)	453,611
At 31 August 2013	(441,431)	99,240	774,651	432,460

Deferred tax liabilities/(assets)

	Accelerated capital and reinvestment allowances RM	Investment properties RM	Revaluation and provisions RM	Total RM
At 1 September 2011	(1,230,719)	89,240	1,079,836	(61,643)
Charged to profit or loss	67,976	10,000	(37,484)	40,492
At 31 August 2012	(1,162,743)	99,240	1,042,352	(21,151)

24. Trade and other payables

	Group 2013 RM	Group 2012 RM
Trade payables	37,447,511	34,765,227
Other payables	61,500	83,669
Accruals	2,287,953	2,089,542
	39,796,964	36,938,438

	Company 2013 RM	Company 2012 RM
Trade payables	37,447,511	34,765,227
Other payables	61,500	80,989
Accruals	2,275,423	2,076,752
	39,784,434	36,922,968

The normal trade credit terms granted to the Group and to the Company range from 60 to 120 days (2012: 60 to 120 days).

25. 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:

	2013 RM	2012 RM
Malaysia	168,153,204	102,770,338
Southeast Asia	41,039,074	35,115,210
	209,192,278	137,885,548

Information about a major customer

Revenue from one major customer amounted to RM22,018,020 (2012: RM24,629,835).

26. Capital commitments

	Group/Company	
	2013 RM	2012 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	896,116

27. Related party transactions

(a) Compensation of key management personnel

The remuneration of executive Directors and other members of key management during the year was as follows:

	Group/Company	
	2013 RM	2012 RM
Short term employee benefits	701,530	661,500
Defined contribution plan	62,424	56,736
Fees	45,000	45,000
	808,954	763,236

Remuneration of non-executive Directors is disclosed in Note 7.

28. 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 2013				
Assets				
Other investments	-	51,698,320	-	51,698,320
Trade and other receivables	50,409,594	-	-	50,409,594
Cash and bank balances	11,169,228	-	-	11,169,228
Total financial assets	61,578,822	51,698,320	-	113,277,142
Total non-financial assets				84,550,677
Total assets				197,827,819
Liabilities				
Borrowings	-	-	48,594,245	48,594,245
Trade and other payables	-	-	39,796,964	39,796,964
Total financial liabilities	-	-	88,391,209	88,391,209
Total non-financial liabilities				432,460
Total liabilities				88,823,669
31 August 2012				
Assets				
Other investments	-	31,240,386	-	31,240,386
Trade and other receivables	32,107,200	-	-	32,107,200
Cash and bank balances	15,145,629	-	-	15,145,629
Total financial assets	47,252,829	31,240,386	-	78,493,215
Total non-financial assets				93,263,006
Total assets				171,756,221
Liabilities				
Borrowings	-	-	50,977,610	50,977,610
Trade and other payables	-	-	36,938,438	36,938,438
Total financial liabilities, representing total liabilities	-	-	87,916,048	87,916,048

28. 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 2013				
Assets				
Other investments	-	51,698,320	-	51,698,320
Trade and other receivables	50,409,594	-	-	50,409,594
Amount due from subsidiary companies	14,545	-	-	14,545
Cash and bank balances	11,169,228	-	-	11,169,228
Total financial assets	61,593,367	51,698,320	-	113,291,687
Total non-financial assets				84,550,681
Total assets				197,842,368
Liabilities				
Borrowings	-	-	48,594,245	48,594,245
Trade and other payables	-	-	39,784,434	39,784,434
Total financial liabilities	-	-	88,378,679	88,378,679
Total non-financial liabilities				432,460
Total liabilities				88,811,139
31 August 2012				
Assets				
Other investments	-	31,240,386	-	31,240,386
Trade and other receivables	32,107,200	-	-	32,107,200
Amount due from subsidiary companies	9,895	-	-	9,895
Cash and bank balances	15,145,629	-	-	15,145,629
Total financial assets	47,262,724	31,240,386	-	78,503,110
Total non-financial assets				93,263,010
Total assets				171,766,120
Liabilities				
Borrowings	-	-	50,977,610	50,977,610
Trade and other payables	-	-	36,922,968	36,922,968
Total financial liabilities, representing total liabilities	-	-	87,900,578	87,900,578

29. 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 value:

	Note
Receivables	15
Amount due from subsidiary companies	16
Borrowings (current and non-current)	21
Payables	24

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 values 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 quoted other investments are classified as Level 1.

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year. The Group and the Company do not have any financial instruments classified as Level 2 and Level 3 as at 31 August 2013.

30. 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.

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

(a) Credit risk (cont'd)

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.

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.

	2013 RM			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
Group				
Financial liabilities:				
Trade and other payables	39,796,964	-	-	39,796,964
Borrowings	39,554,099	13,000,717	705,538	53,260,354
Total undiscounted financial liabilities	79,351,063	13,000,717	705,538	93,057,318
Company				
Financial liabilities:				
Trade and other payables	39,784,434	-	-	39,784,434
Borrowings	39,554,099	13,000,717	705,538	53,260,354
Total undiscounted financial liabilities	79,338,533	13,000,717	705,538	93,044,788

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

(b) Liquidity risk (cont'd)

	2012 RM			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
Group				
Financial liabilities:				
Trade and other payables	36,938,438	-	-	36,938,438
Borrowings	39,613,604	14,339,192	3,135,115	57,087,911
Total undiscounted financial liabilities	76,552,042	14,339,192	3,135,115	94,026,349
Company				
Financial liabilities:				
Trade and other payables	36,922,968	-	-	36,922,968
Borrowings	39,613,604	14,339,192	3,135,115	57,087,911
Total undiscounted financial liabilities	76,536,572	14,339,192	3,135,115	94,010,879

(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 before tax (through the impact on floating rate borrowings).

	Group/Company RM
31 August 2013	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25 percentage point	(43,082)
Interest rates decrease by 0.25 percentage point	43,082
31 August 2012	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25 percentage point	(78,573)
Interest rates decrease by 0.25 percentage point	78,573

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

(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 the 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.

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 before tax (through the impact on fair value through profit or loss).

	Group/Company RM
31 August 2013	
Investment in Malaysia	
Market price increase by 5.00 percentage point	2,584,916
Market price decrease by 5.00 percentage point	(2,584,916)
31 August 2012	
Investment in Malaysia	
Market price increase by 5.00 percentage point	1,562,019
Market price decrease by 5.00 percentage point	(1,562,019)

31. 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 2013 and 31 August 2012.

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total debts	48,594,245	50,977,610	48,594,245	50,977,610
Equity attributable to the owners of the parent	109,004,150	83,840,173	109,031,229	83,865,542
Debt to equity ratio	45%	61%	45%	61%

32. 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 2013 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	40,399,439	35,308,713	40,426,518	35,334,082
- Unrealised	(6,740,122)	(26,813,373)	(6,740,122)	(26,813,373)
	33,659,317	8,495,340	33,686,396	8,520,709
Add: Consolidation adjustments	-	-	-	-
Retained profits as per financial statements	33,659,317	8,495,340	33,686,396	8,520,709

Analysis of Shareholdings
As at 31 December 2013

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	41	1,776	0.00
100 - 1,000	491	439,050	0.98
1,001 - 10,000	728	2,336,050	5.22
10,001 - 100,000	90	2,675,250	5.97
100,001 - less than 5% of issued shares	44	26,956,115	60.20
5% and above of issued shares	2	12,366,759	27.62
Total	**1,396**	**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

Analysis of Shareholdings (cont'd)

As at 31 December 2013

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

Name		No of Shares	%
13.	Masmanis Sdn Bhd	851,700	1.90
14.	Masmanis Sdn Bhd	780,100	1.74
15.	EB Nominees (Tempatan) Sendirian Berhad for Che Ismail bin Mohd	750,000	1.68
16.	AIBB Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	710,950	1.59
17.	Usaki Sdn Bhd	700,000	1.56
18.	AIBB Nominees (Tempatan) Sdn Bhd for Mohd Dzaki @ Mohd Zaki bin Jaafar	653,150	1.46
19.	Kenanga Nominees (Tempatan) Sdn Bhd for Low Teck Beng	626,400	1.40
20.	AIBB 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 2013

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-13 RM	Date of Acquisition (A) / Revaluation (R)
1	Lot 63, Bakar Arang Industrial Estate Sg Petani, Kedah	Leasehold expiring in 2083	70	Land: 13.2 acres Built-up: 5,180 sq m 28 years	Single-storey office, an open sided single-storey factory, canteen, laboratory, store and stockyard	4,556,573	31 August 1995 (R)
2	PLO 337, Jln Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2050	37	Land: 7.5 acres Built-up: 7,000 sq m 21 years	Single-storey office, two single-storey factory buildings, boiler house, canteen, stockyard and jetty	6,540,118	31 August 1995 (R)
3	PLO 461, Jln Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2053	40	Land: 2.5 acres 21 years	Stockyard	296,297	31 August 1995 (R)
4	PT 643, Batu 20 Jalan Ipoh, Rawang Selangor	Leasehold expiring in 2047	34	Land: 11.344 acres Built-up: 16,630 sq m 19 years	Double-storey office, canteen, store, laboratory, single-storey factory and stockyard	10,790,198	23 June 1993 (A)
	Property is currently charged for financing facilities						
5	Lot 7106, Kawasan Perindustrian Nilai Nilai Negeri Sembilan	Leasehold expiring in 2089	76	Land: 6.707 acres Built-up: 6,370 sq m 18 years	Single-storey factory and office, canteen and stockyard	4,234,091	16 March 2007 (A)
	Property is currently charged for financing facilities						
6	HS(M) 1653 PT2100 Mukim Batang Kali District of Hulu Selangor Selangor	Leasehold expiring in 2052	39	Land: 7.981 acres Built-up: 4,842 sq m 19 years	Single-storey factory and office, canteen, stockyard, boiler room, generator room and compressor room	5,565,538	25 August 2010 (A)
	Property is currently charged for financing facilities						
7	11 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	69	Land:0.035 acres Built-up: 150 sq m 21 years	Residential double-storey house	71,486	30 April 1992 (A)
8	31 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	69	Land:0.035 acres Built-up: 150 sq m 20 years	Residential double-storey house	72,738	8 September 1992 (A)
9	42 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	69	Land:0.035 acres Built-up: 150 sq m 21 years	Residential double-storey house	71,486	30 April 1992 (A)

List of Properties (cont'd)

As at 31 August 2013

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-13 RM	Date of Acquisition (A) / Revaluation (R)
10	8 Jalan 2/11 Jalan Bukit Rawang Jaya, Rawang Selangor	Freehold		Land:0.030 acres Built-up: 90 sq m 18 years	Single-storey terrace house	46,080	28 April 1994 (A)
11	A-3-3 Block A Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq m 13 years	Apartment	20,700	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 13 years	Apartment	23,400	27 May 2009 (A)
13	LA-3-2, Block LA Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq m 13 years	Apartment	20,700	27 May 2009 (A)
14	I-G-02, Jln PPK 2 Bandar Kinrara Section 3, Puchong Selangor	Leasehold expiring in 2099	86	Built-up: 114 sq m 7 years	Ground Floor Shoplot	340,000	30 Aug 2013 (R)
	Property is currently charged for financing facilities						
15	Danau Putra Apartments Jln Putra Perdana 5F Taman Putra Sepang, Selangor	Leasehold expiring in 2092	79	10 years	Apartments		30 Aug 2013 (R)
	Unit 48-2A			Built up: 76 sq m		74,000	
	Unit 48-2B			Built up: 73 sq m		71,000	
	Unit 49-2A			Built up: 69 sq m		67,000	
	Unit 49-2B			Built up: 66 sq m		64,000	
	Unit 52-1B			Built up: 66 sq m		67,000	
	Unit 52-1C			Built up: 44 sq m		45,000	
	Unit 52-1D			Built up: 73 sq m		75,000	
	Unit 53-2D			Built up: 61 sq m		60,000	
	Unit 53-3B			Built up: 66 sq m		64,000	
16	Unit B1-5-6 Pandan Mewah Heights Jln Mewah Utara Taman Pandan Mewah Ampang, Selangor	Leasehold expiring in 2086	73	11 years Built-up: 90 sq m	Condominium	220,000	30 Aug 2013 (R)
	Property is currently charged for financing facilities						

List of Properties (cont'd)

As at 31 August 2013

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-13 RM	Date of Acquisition (A) / Revaluation (R)
17	Unit B1-5-7 Pandan Mewah Heights Jln Mewah Utara Taman Pandan Mewah Ampang, Selangor *Property is currently charged for financing facilities*	Leasehold expiring in 2086	73	11 years Built-up: 90 sq m	Condominium	220,000	30 Aug 2013 (R)
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 Selangor	Freehold		Built-up : 151 sq m	Residential one and half-storey terrace house	75,000	30 Aug 2013 (R)
19	Lot 7692 PN 10780 Bandar Ulu Kelang District of Gombak Selangor	Leasehold expiring in 2078	65	Land : 1,191 sq m	Vacant detached residential plot	2,500,000	30 Aug 2013 (R)
20	44 & 44A, Jln Telawi 5 Bangsar Baru Kuala Lumpur *Property is currently charged for financing facilities*	Freehold		Built-up: 332 sq m 32 years	Double-storey shop office	5,300,000	30 Aug 2013 (R)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Company will be held at Dewan Murni, Ground Floor Institut Integriti Malaysia, Persiaran Duta, Off Jalan Duta, 50480 Kuala Lumpur on Thursday, 20 February 2014 at 10.00 a.m. to transact the following business:

AGENDA

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 August 2013 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees in respect to the year ended 31 August 2013. **Resolution 2**

3. To re-elect Abdul Khudus bin Mohd Naaim who retires pursuant to Article 90 of the Company's Articles of Association, and being eligible, offers himself for re-election. **Resolution 3**

4. To re-elect the following Directors who retire by rotation pursuant to Article 96 of the Company's Articles of Association, and being eligible, offer themselves for re-election:

   a) To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain **Resolution 4a**
   b) Khoo Kay Ong **Resolution 4b**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

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

ORDINARY RESOLUTION

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

   "THAT subject always to the Companies Act, 1965 ("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 in 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."

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

   (i) Dennis Xavier **Resolution 7**

   "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."

   (ii) Davinia a/p Rajadurai **Resolution 8**

   "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."

8. To transact any other business of which due notice shall have been given.

By order of the Board

NORAKHMAR BINTI BAHAROM (LS 0001698)
Secretary

Kuala Lumpur
30 January 2014

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 Companies Act, 1965, 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 14 February 2014 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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. **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 21 February 2013 and which will lapse at the conclusion of the Twenty-Ninth 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 business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

8. **Continuing in Office as Independent Non-Executive Director**

(i) **Resolution 7**

In line with the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Dennis Xavier who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) His length of service on the Board of more than nine (9) years does not in any way interfere with his exercise of objective judgement or ability to act in the best interest of the Company and the Group. Having been with the Company for more than nine (9) years, he is familiar with the Group's business operations and has devoted sufficient times and commitments to his role and responsibilities as an Independent Director and offered balance decision making; and

b) his vast experience of more than thirty (30) years in active legal practice enables him to provide a diverse set of experience, expertise and independent judgement into the Board's decision making in the interest of the Company and its shareholders.

(ii) **Resolution 8**

In line with the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the Independence of 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 and recommended her to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) She fulfils the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and thus, she would be able to function as a check and balance and bring an element of objectivity to the Board; and

b) her vast experience in the legal background enables her to provide the Board with a diverse set of experience, expertise and independent judgement to better manage the Group. She has also exercised her due care during her tenure as an Independent Non-Executive Director of the Company and carried out her professional duties in the interest of the Company and its shareholders.

Statement Accompanying Notice of Annual General Meeting

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

    a. Pursuant to Article 90 of the Company's Articles of Association
    - Abdul Khudus bin Mohd Naaim

    b. Pursuant to Article 96 of the Company's Articles of Association
    - To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
    - Khoo Kay Ong

2. The profiles of the Directors who are standing for re-election are set out on pages 4 to 6 of the Annual Report.

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

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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 29th Annual General Meeting of the Company to be held at Dewan Murni, Ground Floor Institut Integriti Malaysia, Persiaran Duta, Off Jalan Duta, 50480 Kuala Lumpur on Thursday, 20 February 2014 at 10.00 a.m. to transact the following business:

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 Abdul Khudus bin Mohd Naaim who retires pursuant to Article 90 of the Company's Articles of Association.		
4.	To re-elect the following Directors who retire by rotation pursuant to Article 96 of the Company's Articles of Association: a) To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain b) Khoo Kay Ong		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
6.	**Special Business: Ordinary Resolution 1** To empower the Directors of the Company to issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	**Special Business : Ordinary Resolution 2** Continuing in office as Independent Non-Executive Director: - Dennis Xavier		
8.	**Special Business: Ordinary Resolution 3** Continuing in office as Independent Non-Executive Director: - Davinia a/p Rajadurai		

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

*Delete whichever is not applicable.

Dated this day______________ of ____________ 2014

____
Signature/Seal of shareholder(s)

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
(Co. No. 88143-P)

22nd Floor Menara Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur
P. O. Box: 11919, 50762 Kuala Lumpur, Malaysia
Tel: (603)-2144 1066 Fax: (603)-2144 4885
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