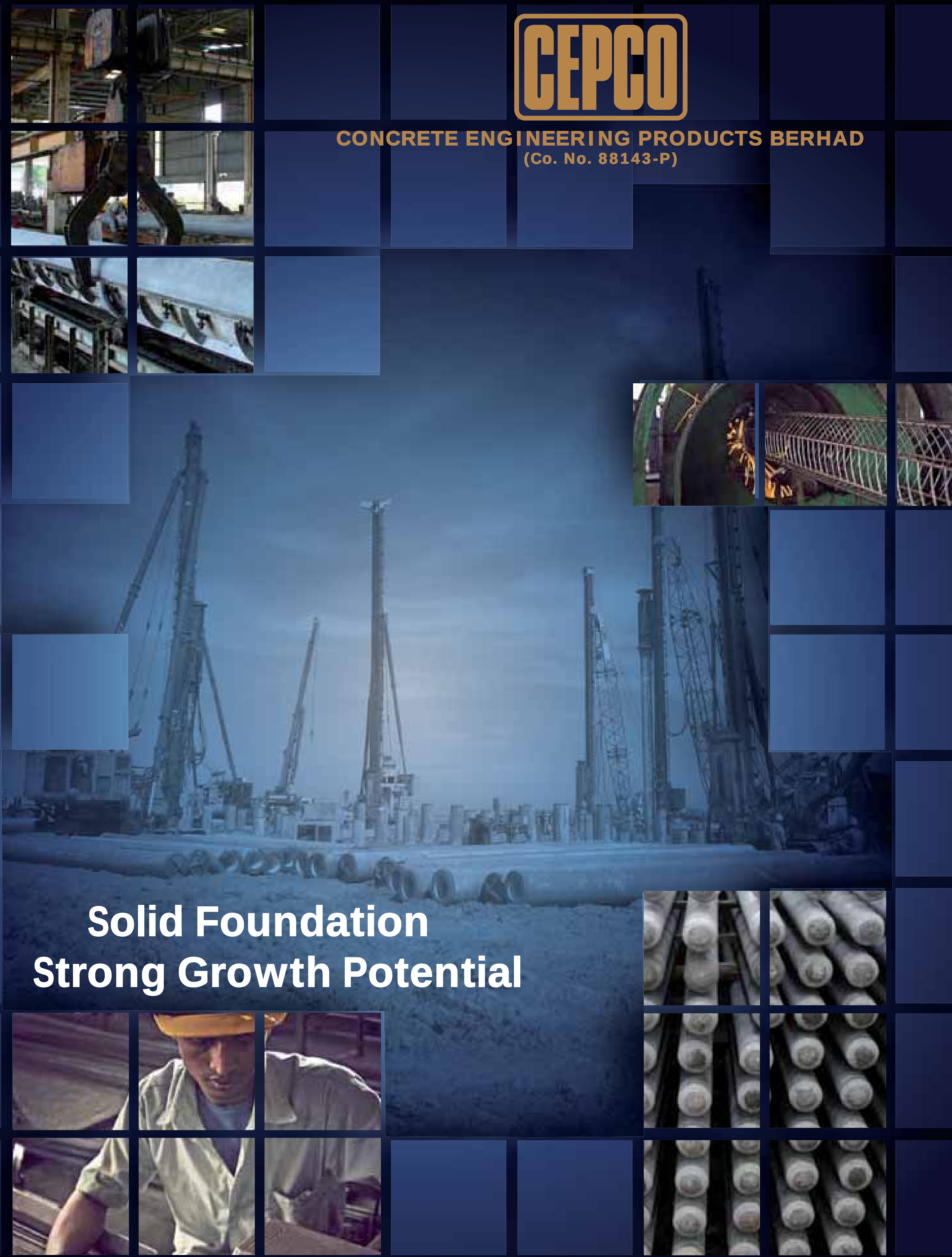
CEPCO

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



Solid Foundation
Strong Growth Potential

ANNUAL REPORT 2012

CONTENTS

Corporate Information

DIRECTORS

Dato' Syed Md Amin bin Syed Jan Aljeffri
Independent Non-Executive Chairman

Leong Kway Wah
Managing Director

Khoo Kay Ong
Executive Director

Davinia a/p Rajadurai
Independent Non-Executive Director

Dennis Xavier
Independent Non-Executive Director

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

AUDIT COMMITTEE

Dato' Syed Md Amin bin Syed Jan Aljeffri
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

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

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

From left to right:

Sitting:

Leong Kway Wah

Dato' Syed Md Amin bin Syed Jan Aljeffri

Khoo Kay Ong

Standing:

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain

Dennis Xavier

Davinia a/p Rajadurai

Norakhmar binti Baharom
(Company Secretary)

Profile of Directors

Dato' Syed Md Amin bin Syed Jan Aljeffri
Independent Non-Executive Chairman and Chairman of Audit Committee
Malaysian, aged 65

Dato' Syed Md Amin bin Syed Jan Aljeffri was appointed to the Board on 28 June 2011 as an Independent Non-Executive Director. He was re-designated to Independent Non-Executive Chairman on 26 July 2011.

He is an Economics graduate from the University of Malaya, a Chartered Accountant with the Malaysian Institute of Accountants and the Canadian Institute of Chartered Accountants, a Certified Public Accountant with the Malaysian Institute of Certified Public Accountants and the Institute of Certified Public Accountants of Singapore, a Fellow Certified Practising Accountant with Certified Practising Accountant Australia, a Fellow Chartered Certified Accountants with the Association of Chartered Certified Accountants UK, a Certified Financial Planner with the Financial Planning Association of Malaysia and a Fellow of the Chartered Tax Institute of Malaysia.

His extensive work experience includes stints with Esso in Malaysia and the United States of America, Touche Ross in Canada and his own public accounting and consulting practices, AljeffriDean. He also sits on the board of RAM Holdings Berhad and LBI Capital Berhad and several other private limited companies.

He is currently the President of the Kuala Lumpur Malay Chamber of Commerce and Secretary General of the ASEAN Business Advisory Council. He is also a Council Member of the Malaysia-China Business Council, Malaysia Singapore Business Council, APEC Business Advisory Council (ABAC) - Alternate, the East Asia Business Council, Council Member of Public Complaint Bureau and Working Group Committee Member of Economic Planning Unit. He is the Malaysian Honorary Council for the Federal Democratic Republic of Ethiopia. Formerly he was on the Board of the Small and Medium Industries Development Corporation ("SMIDEC") and the Islamic Science University of Malaysia, owned by the Malaysian Government.

He was appointed as Chairman of Audit Committee on 26 July 2011 and he is also a member of Remuneration Committee and Nomination Committee of the Company.

Leong Kway Wah
Managing Director
Malaysian, aged 59

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. 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 involvement in the banking industry for the past twenty-six years.

Profile of Directors

Khoo Kay Ong
Executive Director
Malaysian, aged 61

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 5 years. He was a General Manager and also a Director of a subsidiary of Wah Seong Group until 2007. He is a Professional Engineer by profession and an active member of the Board of Engineers, Malaysia, in the Investigating Committee.

Davinia a/p Rajadurai
Independent Non-Executive Director and
Member of Audit Committee
Malaysian, aged 33

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.

Dennis Xavier
Independent Non-Executive Director and
Member of Audit Committee
Malaysian, aged 61

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 was appointed as a member of Audit Committee on 25 April 2012 and he is also a member of Remuneration Committee and Nomination Committee of the Company.

Profile of Directors

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
Independent Non-Executive Director
Malaysian, aged 57

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.

On 25 April 2012, she was appointed as a member and Chairman of 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-EIGHTH ANNUAL GENERAL MEETING

The Directors standing for re-election at the Twenty-Eighth Annual General Meeting who retire pursuant to Article 96 of the Company's Articles of Association are:

a) Davinia a/p Rajadurai
b) Dennis Xavier

Chairman's Statement and Review of Operations

Dear Shareholders,

"On behalf of the Board of Directors of Concrete Engineering Products Berhad ("CEPCO"), 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 2012."

The timely implementation of programmes under the National Transformation Policy ("NTP"), including the Tenth Malaysian Plan projects, partly cushioned the domestic economy from the effects of a weaker external sector and enabled the nation to record a credible growth of 5.1% in the first half of 2012. With the implementation of programmes under the NTP intensifying and the related multiplier effects gaining traction, the economy is expected to expand further in the second half of 2012 and beyond.

Malaysia's strong economic fundamentals provide sufficient buffers against further shocks from the external sector. Malaysia's economy is expected to expand between 4.5% and 5% in 2012, mainly supported by domestic demand.

As an open and trade-reliant economy, Malaysia continues to be affected by the uncertainties and challenges in the global economy.

The year 2012 also marks the commencement of the second rolling plan under the Tenth Malaysian Plan with emphasis on high-impact development projects to spur economic growth.
(Excerpt: Economic Report 2012/2013, Ministry of Finance Malaysia)

FINANCIAL REVIEW

The Group has faced a challenging year in 2012. Whilst projects had been announced and successfully secured, deliveries were only intensified after the financial year end. Challenges to secure labour in this labour-intensive industry have also hampered operational volumes.

For the financial year ended 2012, the Group's net revenue of RM138 million was slightly lower than the previous year's of RM140 million. Gross margins were hampered by higher production costs as a result of reduced economies of scale due to labour constraints, selling price competition and the rising trend of costs of raw materials. Average Gross Profit Margins had dropped 2% in comparison to the previous financial year.

Chairman's Statement and Review of Operations

FUTURE AND PROSPECTS

The nation's economy had taken on a turn for the better during the final quarter of this calendar year. Major projects started rolling out and contributed to higher recorded levels of deliveries bearing testimony to the initiatives of the Government in its endeavours for a resilient economy in the face of a weakening external economy.

Emerging economies in the Indo-China region has also shown improving prospects with engaging fiscal policies and encouragement of Foreign Investments. Development projects in the said region should provide a catalyst for the export market.

Other regional markets are also moving towards sourcing beyond their own shores. New enquiries from our neighbouring countries have also improved our outlook in the regional market.

Capital re-investment will also play a big part in the near future, enhancing volumes, further improving quality and designs.

Our strategic tie-up with the Sunway Group has also improved avenues for our marketing strategies, sourcing options and also shared knowledge and know-how in this industry.

APPRECIATION

In light of the foreseen improvements in the demand of our products, and the measures continuously taken to charter greater heights for the Group, it is with deep gratitude that I wish the staff and management of the Group to persevere, strive for improvements and accept challenges we shall face in this journey.

To my fellow Board Members, I extend my sincerest appreciation for your continuous stewardship.

On behalf of the Board, I wish to note with gratitude, the services of Dato' Daud bin Daros who resigned on 16 February 2012. We certainly wish him our best in his endeavours.

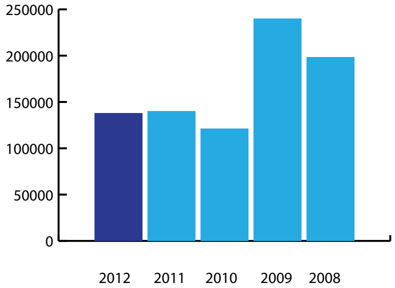
To our stakeholders, bankers, business associates and business partners, thank you for your support and we look towards improved relationships as we strive for greater developments in our business.

Dato' Syed Md Amin bin Syed Jan Aljeffri
Chairman
30 January 2013

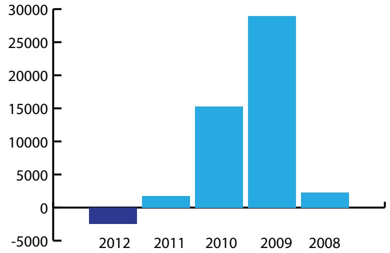
Financial Highlights

FINANCIAL YEAR ENDED 31 AUGUST	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Revenue	137,886	140,019	121,344	240,193	198,425
(Loss)/Profit before Taxation	(2,426)	1,754	15,272	28,949	2,287
(Loss)/Profit after Taxation	(2,761)	1,319	16,025	20,751	(5,067)
(Loss)/Profit for the Year Attributable to Owners of the Parent	(2,761)	1,319	16,025	20,751	(5,067)
Total Equity Attributable to Owners of the Parent	83,686	86,447	86,136	70,111	49,359
(Loss)/Earnings per Share (sen)	(6.16)	2.95	35.79	46.35	(11.32)
Dividend per Share (sen)	0	0	3	0	0
Total Assets	171,735	167,266	156,681	160,247	144,381
Net Assets per Share	1.87	1.93	1.92	1.57	1.10

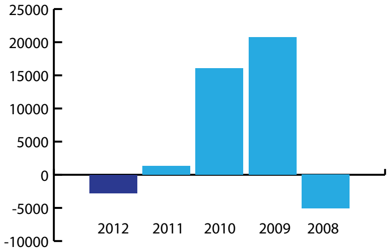
Revenue (RM'000)



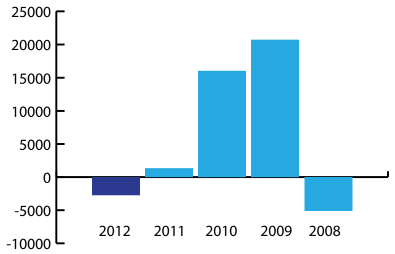
(Loss)/Profit before Taxation (RM'000)



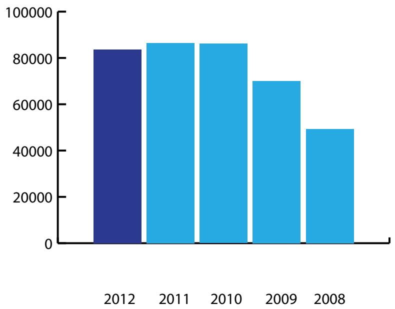
(Loss)/Profit after Taxation (RM'000)



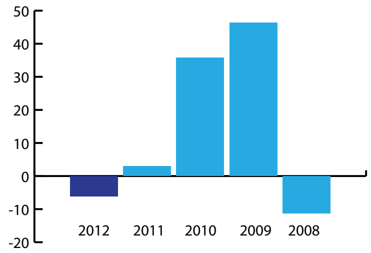
(Loss)/Profit for the Year Attributable to Owners of the Parent (RM'000)



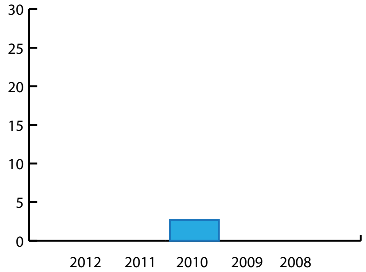
Total Equity Attributable to Owners of the Parent (RM'000)



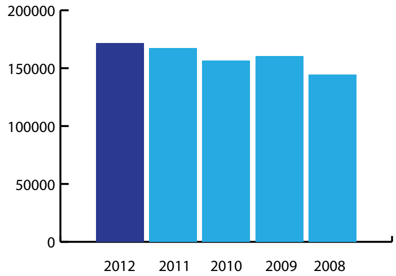
(Loss)/Earnings per Share (sen)



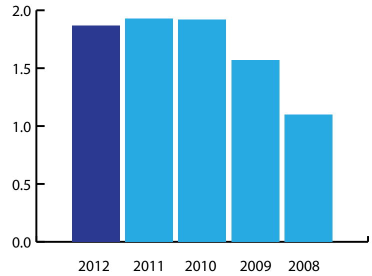
Dividend per Share (sen)



Total Assets (RM'000)



Net Assets per Share (RM)



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 welcomes the Malaysian Code on Corporate Governance issued by the Finance Committee on Corporate Governance which sets out the principles, best practices and guidelines on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board believes that the practice of ensuring the highest standards of corporate governance throughout the Group is fundamental and vital in discharging its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

The Board fully supports the recommendations of the Code. Within the Group, steps are currently being taken to evaluate the status of the Group's corporate governance procedures and to implement the Code's best practices.

Statement on Corporate Governance

THE BOARD OF DIRECTORS

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investments and operations of the Group.

Composition of the Board

The composition of the Board reflects a balance with a mix of financial, administrative, legal and business experiences which are vital to the direction of the Group.

Board Balance

The Board comprises two Executive and four Non-Executive Directors with various qualifications and experience, of whom, four are Independent Directors. This complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad, which requires at least two Directors or one-third of the Board, whichever is the higher, to be independent Directors.

The profiles of the members of the Board are presented on pages 4 to 6 of the Annual Report. The presence of Independent Directors fulfils a pivotal role in corporate accountability. The role of the Independent Directors is particularly important as they provide unbiased and independent views, advice and judgement.

The Chairman is responsible for the conduct and working of the Board whilst the Managing Director ensures and oversees the day-to-day operations of the business.

Role and Responsibilities of the Board

The Board is responsible for the overall performance of the Group and provides the Group's strategic direction to maximise shareholders' value.

The Board meets, as often as required, to approve the annual financial results and any other matters that necessitate its approval. Due notice is given for all scheduled meetings on matters specifically needing its decision. Regular and ad-hoc reports and presentations to the Board and its Committees ensure that the Directors are supplied timely information on financial, operational, legal, regulatory, corporate and strategic matters.

Board Meetings

Board meetings are held at least four 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 meetings and the details of attendance of Directors at the Board meetings are as follows:

Directors	Meetings Attendance
Dato' Syed Md Amin bin Syed Jan Aljeffri	5/5
Leong Kway Wah	5/5
Khoo Kay Ong	5/5
Dato' Daud bin Daros *(Resigned wef 16/02/2012)*	2/3
Davinia a/p Rajadurai	4/5
Dennis Xavier	4/5
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	4/5

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

Board meetings are scheduled in advance at the beginning of each calendar year to enable Directors to plan and adjust their 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, 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 of 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 the Board with 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.

Appointment to the Board

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 candidate for consideration. 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 years and a retiring Director is eligible for re-election and the election of each Director is voted on separately. This re-election 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.

Directors' Training

The Directors are provided with the opportunity for relevant training programmes on an on-going basis to keep them abreast with the latest issues and developments in related fields.

During the year, all the Directors have attended various training programmes under the Continuing Education Programmes pursuant to the requirements of Bursa Malaysia Securities Berhad. The requisite Mandatory Accreditation Programme had been completed by them previously.

Statement on Corporate Governance

BOARD COMMITTEES

The Board has set up three 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 is also apprised 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

The Remuneration Committee was established on 30 May 2002 and is entrusted with the role of reviewing and recommending the annual bonus and salary increment of the Executive Directors and members of the Senior Management of the Company. Executive Directors' remuneration is decided by the Board with the Directors concerned abstaining from deliberations and voting accordingly.

The remuneration of the Non-Executive Directors will be a matter to be decided by the Board and approved by the shareholders.

Fees payable to the Directors of the Company are subject to yearly approval by shareholders at the Annual General Meeting. The aggregate Director's remuneration paid or payable to the Directors of the Company is on page 51 of the Annual Report.

The Committee comprises of:

Davinia a/p Rajadurai	Chairman
Dato' Syed Md Amin bin Syed Jan Aljeffri	Member
Dennis Xavier	Member

Nomination Committee

The Nomination Committee was established on 30 May 2002. The Committee is responsible for making recommendations to the Board on all new Board and Board Committee appointments. The Committee will review the required mix of skills and experience of the Directors to determine the appropriate Board balance and size of Non-Executive participation.

The Committee comprises of:

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain *(Appointed wef 25/4/2012)*	Chairman
Dato' Syed Md Amin bin Syed Jan Aljeffri	Member
Dennis Xavier	Member

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 represents the principle communication channel and dialogue with the shareholders and the shareholders are encouraged to participate in a subsequent Question and Answer session. The external auditors attend Annual General Meetings upon invitation and to provide their professional and independent clarification on issues raised by the shareholders.

Each item of the special business in the Notice of the Annual General Meeting 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 Annual General Meeting would be announced on the same date as the Annual General Meeting via Bursa link, which is accessible on both websites of the Company and Bursa Malaysia Securities Berhad.

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 receipt 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 2012 is set out in Note 4 on page 50.

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 2012 and the unaudited results for the quarter ended 31 August 2012 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' interest.

8. **Contract Relating to Loans**
   There were no contracts relating to loans by the Company and its subsidiaries involving Directors' and shareholders' interest.

9. **Revaluation Policy on Landed Properties**
   The Group's Policy on Revaluation on Landed Properties is set out in Notes 2.2b and 2.2c on pages 40 and 41. The Investment Properties were adjusted to reflect their fair value as enumerated in Note 10 on page 58.

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 2012.

Audit Committee Report

A. COMPOSITION AND ATTENDANCE AT MEETINGS

During the financial year ended 31 August 2012, 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	Dato' Syed Md Amin bin Syed Jan Aljeffri *(Independent Non-Executive Director)*	5/5
Members	Dato' Daud bin Daros *(Independent Non-Executive Director)* *(Resigned on 16/2/2012)*	2/3
	Davinia a/p Rajadurai *(Independent Non-Executive Director)*	4/5
	Dennis Xavier *(Independent Non-Executive Director)* *(Appointed on 25/04/2012)*	1/1

Composition

Conforming to the requirements of the Malaysian Code on Corporate Governance (MCCG), all members of the Audit Committee are Independent Non-Executive Directors.

The Audit Committee Chairman, Dato' Syed Md Amin bin Syed Jan Aljeffri, 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 2012 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 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 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 the 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 the Bursa Malaysia Securities Berhad ("Bursa Securities").

3) Reviewed any related party transactions and ensured that they are not favourable to the related parties than those generally available to the public and complies with Bursa Securities Main Market Listing Requirements ("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 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 for further direction by the Board, where necessary.

Audit Committee Report

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 2012 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 2012.

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 Internal Control

The Board is pleased to make the following disclosures pursuant to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad, which requires the Board of Directors of public listed companies to include in its annual report "a statement about the state of internal control of the listed issuer as a group".

Statement on Internal Control

BOARD'S RESPONSIBILITY

In accordance with principle D II in part 1 of the Malaysian Code on Corporate Governance, the Board recognises the importance of maintaining a sound internal control to safeguard shareholders' investment and the Group's assets. Accordingly, the Board acknowledges its responsibility for the Group's overall system of internal control as well as reviewing its adequacy and integrity. However, due to the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve the Group's business 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 been in place for the financial year, and the process is regularly reviewed by the Board and accords with The Statement on 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 its function for the review of 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 RM24,000. 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 has 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 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 the internal control system of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 24 December 2012.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on pages 30 and 31, is made pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad, 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 2012, 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 year ended 31 August 2012.

Principal activities

The principal activities of the Company consist of the 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
Loss for the year, attributable to owners of the parent	(2,760,582)	(2,753,992)

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 loss through profit and loss from other investment of RM2,534,177.

Dividend

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

Directors

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

Dato' Syed Md Amin bin Syed Jan Aljeffri
Leong Kway Wah
Khoo Kay Ong
Dennis Xavier
Davinia a/p Rajadurai
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
Dato' Daud bin Daros (Resigned on 16 February 2012)

Directors' benefits

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

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

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

Directors' Report

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 24 December 2012.

Leong Kway Wah

Khoo Kay Ong

Kuala Lumpur, Malaysia

Statement by Directors

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

We, Leong Kway Wah and Khoo Kay Ong, 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 32 to 75 are drawn up in accordance with 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 2012 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

The information set out in Note 31 on page 75 to the financial statements 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 24 December 2012.

Leong Kway Wah

Khoo Kay Ong

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, Lim Wai Weng, 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 32 to 75 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 24 DEC 2012

Before me,

PESURUHJAYA SUMPAH
No: W 432
MALAYSIA

Lot ..., Bazaar 4,
Level 1, Block G (Selatan)
Pusat Bandar Damansara,
50490 KUALA LUMPUR

Lim Wai Weng

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 2012 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 32 to 75.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are 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 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 have been properly drawn up in accordance with 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 2012 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

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 material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Independent Auditors' Report

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

Other matters

The supplementary information set out in Note 31 on page 75 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

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
24 December 2012

Statements of Comprehensive Income

For the year ended 31 August 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue		137,885,548	140,018,742	137,885,548	140,018,742
Cost of sales		(113,706,082)	(112,718,229)	(113,706,082)	(112,718,229)
Gross profit		24,179,466	27,300,513	24,179,466	27,300,513
Other operating income		1,564,581	1,011,515	1,564,581	1,011,515
Fair value through profit or loss on other investments		(2,534,177)	825,486	(2,534,177)	825,486
Fair value gain on investment properties		100,000	552,000	100,000	552,000
Distribution costs		(15,020,409)	(18,620,218)	(15,020,409)	(18,620,218)
Administrative expenses		(6,442,137)	(5,873,147)	(6,435,547)	(5,868,862)
Other operating expenses		(1,083,825)	(522,960)	(1,083,825)	(522,960)
Operating profit		763,499	4,673,189	770,089	4,677,474
Finance costs	3	(3,189,026)	(2,919,499)	(3,189,026)	(2,919,499)
(Loss)/profit before tax	4	(2,425,527)	1,753,690	(2,418,937)	1,757,975
Taxation	7	(335,055)	(435,039)	(335,055)	(435,039)
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year		(2,760,582)	1,318,651	(2,753,992)	1,322,936
Attributable to:					
Owners of the parent		(2,760,582)	1,318,651	(2,753,992)	1,322,936
(Loss)/earnings per share (sen)	8	(6.17)	2.95		

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

Statements of Financial Position - Group

As at 31 August 2012

Group	Note	2012 RM	2011 RM
Assets			
Non-current assets			
Property, plant and equipment	9	40,532,223	41,616,581
Investment properties	10	9,132,000	9,032,000
Other investments	12	31,240,386	32,744,279
		80,904,609	83,392,860
Current assets			
Inventories	13	41,283,505	22,397,708
Receivables	14	32,970,270	39,500,609
Tax recoverable		1,431,057	4,141,409
Deposits with licensed banks	16	14,864,656	14,991,755
Cash and bank balances		280,973	2,841,272
		90,830,461	83,872,753
Total assets		171,735,070	167,265,613
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	17	44,775,000	44,775,000
Share premium		30,569,833	30,569,833
Asset revaluation reserve		3,917,092	3,917,092
Accumulated profit	19	4,424,239	7,184,821
Total equity		83,686,164	86,446,746
Non-current liabilities			
Long term borrowings	20	14,665,953	12,918,691
Deferred tax liabilities	22	132,858	77,366
		14,798,811	12,996,057
Current liabilities			
Payables	23	36,938,438	30,982,637
Short term borrowings	20	36,311,657	36,840,173
		73,250,095	67,822,810
Total liabilities		88,048,906	80,818,867
Total equity and liabilities		171,735,070	167,265,613

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

Statements of Financial Position - Company

As at 31 August 2012

Company	Note	2012 RM	2011 RM
Assets			
Non-current asset			
Property, plant and equipment	9	40,532,223	41,616,581
Investment properties	10	9,132,000	9,032,000
Investment in subsidiaries	11	4	4
Other investments	12	31,240,386	32,744,279
		80,904,613	83,392,864
Current assets			
Inventories	13	41,283,505	22,397,708
Receivables	14	32,970,270	39,500,609
Amount due from subsidiary companies	15	9,895	4,929
Tax recoverable		1,431,057	4,141,409
Deposits with licensed banks	16	14,864,656	14,991,755
Cash and bank balances		280,973	2,841,272
		90,840,356	83,877,682
Total assets		171,744,969	167,270,546
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	17	44,775,000	44,775,000
Share premium		30,569,833	30,569,833
Asset revaluation reserve		3,917,092	3,917,092
Accumulated profit	19	4,449,608	7,203,600
Total equity		83,711,533	86,465,525
Non-current liabilities			
Long term borrowings	20	14,665,953	12,918,691
Deferred tax liabilities	22	132,858	77,366
		14,798,811	12,996,057
Current liabilities			
Payables	23	36,922,968	30,968,791
Short term borrowings	20	36,311,657	36,840,173
		73,234,625	67,808,964
Total liabilities		88,033,436	80,805,021
Total equity and liabilities		171,744,969	167,270,546

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

Statements of Changes in Equity - Group

For the year ended 31 August 2012

	Attributable to owners of the parent					
		Non-distributable		Distributable		
	Share capital RM	Share premium RM	Asset revaluation reserve RM	Accumulated profit RM	Total reserves RM	Total equity RM
Group						
At 1 September 2011	44,775,000	30,569,833	3,917,092	7,184,821	41,671,746	86,446,746
Total comprehensive loss	-	-	-	(2,760,582)	(2,760,582)	(2,760,582)
At 31 August 2012	44,775,000	30,569,833	3,917,092	4,424,239	38,911,164	83,686,164
At 1 September 2010	44,775,000	30,569,833	3,917,092	6,873,908	41,360,833	86,135,833
Total comprehensive income	-	-	-	1,318,651	1,318,651	1,318,651
Transactions with owners						
Dividend paid to the shareholders of the Company	-	-	-	(1,007,738)	(1,007,738)	(1,007,738)
At 31 August 2011	44,775,000	30,569,833	3,917,092	7,184,821	41,671,746	86,446,746

Statements of Changes in Equity - Company

For the year ended 31 August 2012

		← Non-distributable	→	Distributable		
	Share capital RM	Share premium RM	Asset revaluation reserve RM	Accumulated profit RM	Total reserves RM	Total equity RM
Company						
At 1 September 2011	44,775,000	30,569,833	3,917,092	7,203,600	41,690,525	86,465,525
Total comprehensive loss	-	-	-	(2,753,992)	(2,753,992)	(2,753,992)
At 31 August 2012	44,775,000	30,569,833	3,917,092	4,449,608	38,936,533	83,711,533
At 1 September 2010	44,775,000	30,569,833	3,917,092	6,888,402	41,375,327	86,150,327
Total comprehensive income	-	-	-	1,322,936	1,322,936	1,322,936
Transactions with owners						
Dividend paid to the shareholders of the Company	-	-	-	(1,007,738)	(1,007,738)	(1,007,738)
At 31 August 2011	44,775,000	30,569,833	3,917,092	7,203,600	41,690,525	86,465,525

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

Statements of Cash Flows

For the year ended 31 August 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash flows from operating activities				
(Loss)/profit before tax	(2,425,527)	1,753,690	(2,418,937)	1,757,975
Adjustments for:				
Fair value through profit and loss on other investments	2,534,177	(825,486)	2,534,177	(825,486)
Fair value adjustment of investment properties (Note 10)	(100,000)	(552,000)	(100,000)	(552,000)
Depreciation of property, plant and equipment (Note 4)	3,848,924	4,292,447	3,848,924	4,292,447
Allowance for impairment receivables (Note 4)	641,177	42,260	641,177	42,260
Interest expense (Note 3)	3,189,026	2,919,499	3,189,026	2,919,499
Property, plant and equipment written off	148	582	148	582
Loss on disposal of plant and equipment	-	7,947	-	7,947
Unrealised foreign exchange gain (Note 4)	(86,174)	(83,422)	(86,174)	(83,422)
Interest income (Note 4)	(578,328)	(186,786)	(578,328)	(186,786)
Operating profit before working capital changes	7,023,423	7,368,731	7,030,013	7,373,016
Inventories	(18,885,797)	7,455,990	(18,885,797)	7,455,990
Receivables	5,973,235	(6,169,545)	5,973,235	(6,169,545)
Payables	5,936,497	10,941,230	5,934,873	10,935,474
Subsidiary companies	-	-	(4,966)	1,471
Cash generated from operations	47,358	19,596,406	47,358	19,596,406
Taxation refund/(paid)	2,430,789	(1,498,010)	2,430,789	(1,498,010)
Interest paid	(3,169,722)	(2,919,499)	(3,169,722)	(2,919,499)
Net cash (used in)/generated from operating activities	(691,575)	15,178,897	(691,575)	15,178,897
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,402,714)	(3,842,260)	(2,402,714)	(3,842,260)
Purchase of quoted investment	(1,030,284)	-	(1,030,284)	-
Proceeds from sales of plant and equipment	-	25,000	-	25,000
Interest received	580,429	186,786	580,429	186,786
Net cash used in investing activities	(2,852,569)	(3,630,474)	(2,852,569)	(3,630,474)
Cash flows from financing activities				
Dividend paid	-	(1,007,738)	-	(1,007,738)
Net drawdown of bankers acceptance	711,000	3,448,000	711,000	3,448,000
Net repayment of hire purchase	(884,136)	(878,980)	(884,136)	(878,980)
Net repayment of revolving credit	(4,319,808)	-	(4,319,808)	-
Net drawdown/(repayment) of term loan	1,513,122	(1,406,643)	1,513,122	(1,406,643)
Net cash (used in)/generated from financing activities	(2,979,822)	154,639	(2,979,822)	154,639

Statements of Cash Flows

For the year ended 31 August 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Net change in cash and cash equivalents	(6,523,966)	11,703,062	(6,523,966)	11,703,062
Cash and cash equivalents at beginning of year	15,824,374	4,121,312	15,824,374	4,121,312
Cash and cash equivalents at end of year	9,300,408	15,824,374	9,300,408	15,824,374
Cash and cash equivalents comprise:				
Cash and bank balances	280,973	2,841,272	280,973	2,841,272
Deposits with licensed banks (Note 16)	14,864,656	14,991,755	14,864,656	14,991,755
Bank overdrafts (Note 20)	(4,827,221)	(990,653)	(4,827,221)	(990,653)
	10,318,408	16,842,374	10,318,408	16,842,374
Less: Deposit pledged with a licensed bank	(1,018,000)	(1,018,000)	(1,018,000)	(1,018,000)
	9,300,408	15,824,374	9,300,408	15,824,374

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 Promet (KH), Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal activities of the Company consist of the manufacturing and distribution of prestressed spun concrete piles and poles. There have been no significant changes in the nature of 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 24 December 2012.

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 Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully 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 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 2.2(f). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

(ii) Basis of consolidation (cont'd)

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 the profit or loss.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment, other than buildings 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. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated 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.

Buildings are stated at valuation. The buildings have not been revalued since they were last revalued in 1995. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1995 valuation less accumulated depreciation and impairment loss.

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:

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 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 the 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)

2.2 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)

2.2 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)

2.2 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 FRS 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)

2.2 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 has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, 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)

2.2 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:

	2012 RM	2011 RM
1 United States Dollar	3.13	2.98
1 Brunei Dollar	2.50	2.47
1 Singapore Dollar	2.50	2.47
100 United Arab Emirates Dirham	85.31	81.19

(k) Provisions

Provisions are recognised when the Group and the Company has 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 lease, 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 2.2 (n)(ii).

Notes to the Financial Statements

31 August 2012

2. Significant accounting policies (cont'd)

2.2 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)

2.2 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(s) 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)

2.3 Changes in accounting policies

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

On 1 September 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1	*Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
Amendments to FRS 1	*Additional Exemptions for First-time Adopters*
Amendments to FRS 7	*Improving Disclosures about Financial Instruments*
IC Interpretation 4	*Determining Whether an Arrangement contains a lease*
IC Interpretation 18	*Transfers of Assets from Customers*
Improvements to FRS issued in 2010	

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for the additional disclosures as follows:

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhance disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognized at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the transactions and assets used for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

2.4 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012.

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its MFRS financial statements for the year ending 31 August 2013. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 August 2012 could be different if prepared under the MFRS Framework.

The Group and the Company considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ended 31 August 2013.

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.

2.5.1 Judgements made in applying accounting policies

Classification between operating lease and finance lease for leasehold land

The Group and the Company has developed certain criteria based on FRS 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.

2.5.2 Key sources of estimation uncertainty

(i) Depreciation of property, plant and equipment

The Group and the Company estimates 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 performs 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 makes 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) 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 fair value as at 31 August 2012. The valuer used comparison method in determining its fair value. The fair value of investment properties of the Group and the Company amounted to RM9,132,000 (2011: RM9,032,000).

Notes to the Financial Statements

31 August 2012

3. Finance costs

	Group/Company	
	2012	2011
	RM	RM
Finance costs comprise:		
Interest expense		
- term loans	1,483,014	1,328,949
- bank overdrafts	197,498	143,380
- revolving credit	608,818	670,348
- bankers' acceptances	822,110	678,490
- hire purchase	77,586	98,332
	3,189,026	2,919,499

4. (Loss)/profit before tax

(Loss)/profit before tax is stated after charging/(crediting):

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Staff costs (Note 5)	19,588,134	15,789,707	19,588,134	15,789,707
Non-executive Directors' remuneration (Note 6)	153,167	132,667	153,167	132,667
Auditors' remuneration				
Statutory audit	86,000	75,000	83,000	73,000
Other services	7,500	5,000	7,500	5,000
Depreciation of property, plant and equipment	3,848,924	4,292,447	3,848,924	4,292,447
Allowance for impairment - receivables	641,177	42,260	641,177	42,260
Rental of buildings	1,041,333	937,560	1,041,333	937,560
Hire of machinery	1,266,900	967,335	1,266,900	967,335
Property, plant and equipment written off	148	582	148	582
Loss on disposal of property, plant and equipment	-	7,947	-	7,947
Realised foreign exchange gain	(458,168)	(384,886)	(458,168)	(384,886)
Unrealised foreign exchange gain	(86,174)	(83,422)	(86,174)	(83,422)
Interest income	(578,328)	(186,786)	(578,328)	(186,786)
Bad debts recovered	-	(1,238)	-	(1,238)

5. Staff costs

	Group/Company 2012 RM	Group/Company 2011 RM
Wages and salaries	17,926,239	14,423,956
Pension costs - defined contribution plan	885,873	770,648
Social security contributions	120,231	103,039
Provision for short term accumulating compensated absences	50,373	6,551
Other staff related expenses	605,418	485,513
	19,588,134	15,789,707

Included in staff costs of the Group and of the Company is Executive Directors' remuneration amounting to RM763,236 (2011: RM580,792) as further disclosed in Note 6.

6. Directors' remuneration

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

	Number of Directors 2012	Number of Directors 2011
Executive Director:		
RM1 - RM500,000	1	2
RM500,001 - RM1,000,000	1	-
Non-executive Directors:		
RM1 - RM50,000*	4	6
RM50,001 - RM100,000	1	-

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

	Group/Company 2012 RM	Group/Company 2011 RM
Executive Director (Note 5)		
Fees	45,000	30,000
Remuneration and allowances	718,236	550,792
	763,236	580,792
Non-Executive Directors (Note 4)		
Fees	153,167	132,667
Total Directors' remuneration	916,403	713,459

Notes to the Financial Statements

31 August 2012

7. Taxation

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current income tax	264,346	102,804	264,346	102,804
Under/(over)provision of income tax in prior years	15,217	(95,490)	15,217	(95,490)
	279,563	7,314	279,563	7,314
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	201,257	195,923	201,257	195,923
(Over)/underprovision in prior years	(145,765)	231,802	(145,765)	231,802
	55,492	427,725	55,492	427,725
	335,055	435,039	335,055	435,039

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
(Loss)/profit before tax	(2,425,527)	1,753,690	(2,418,937)	1,757,975
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	(606,382)	438,423	(604,734)	439,494
Income not subject to tax	-	(206,371)	-	(206,371)
Expenses not deductible for tax purposes	1,071,985	805,292	1,070,337	804,221
Under/(over)provision of income tax expense in prior years	15,217	(95,490)	15,217	(95,490)
(Over)/underprovision in deferred tax in prior years	(145,765)	231,802	(145,765)	231,802
Utilisation of current year's reinvestment allowances	-	(130,918)	-	(130,918)
Deferred tax assets recognised on unutilised reinvestment allowances	-	(607,699)	-	(607,699)
Taxation	335,055	435,039	335,055	435,039

8. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the loss for the year of RM2,760,582 (2011: profit for the year of RM1,318,651) for the Group on the number of ordinary shares in issue during the year of 44,775,000 (2011: 44,775,000).

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

9. 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	Capital Work in Progress RM	Total RM
Group/Company								
Cost or valuation								
At 1 September 2011								
At cost	17,932,424	15,739,772	83,135,884	2,193,938	2,103,668	2,280,204	-	123,385,890
At valuation	-	10,600,000	-	-	-	-	-	10,600,000
	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
Representing:								
At cost	17,932,424	15,787,272	85,600,427	2,193,938	2,242,112	2,308,354	-	126,064,527
At valuation	-	10,600,000	-	-	-	-	-	10,600,000
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

9. 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	Capital Work in Progress RM	Total RM
Group/Company (cont'd)								
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								
At cost	13,813,901	11,653,807	6,728,911	185,339	270,838	106,783	-	32,759,579
At valuation	-	7,772,644	-	-	-	-	-	7,772,644
At 31 August 2012	13,813,901	19,426,451	6,728,911	185,339	270,838	106,783	-	40,532,223

9. 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	Capital Work in Progress RM	Total RM
Group/Company								
Cost or valuation								
At 1 September 2010								
At cost	17,932,424	13,119,276	77,230,588	2,193,938	2,054,401	2,259,151	4,313,876	119,103,654
At valuation	-	10,600,000	-	-	-	-	-	10,600,000
	17,932,424	23,719,276	77,230,588	2,193,938	2,054,401	2,259,151	4,313,876	129,703,654
Additions	-	348,967	4,027,684	-	49,952	21,053	-	4,447,656
Disposal	-	-	(164,735)	-	-	-	-	(164,735)
Write off	-	-	-	-	(685)	-	-	(685)
Reclassification	-	2,271,529	2,042,347	-	-	-	(4,313,876)	-
At 31 August 2011	17,932,424	26,339,772	83,135,884	2,193,938	2,103,668	2,280,204	-	133,985,890
Representing:								
At cost	17,932,424	15,739,772	83,135,884	2,193,938	2,103,668	2,280,204	-	123,385,890
At valuation	-	10,600,000	-	-	-	-	-	10,600,000
At 31 August 2011	17,932,424	26,339,772	83,135,884	2,193,938	2,103,668	2,280,204	-	133,985,890

9. 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	Capital Work in Progress RM	Total RM
Group/Company (cont'd)								
Accumulated depreciation								
At 1 September 2010	3,347,837	5,781,017	73,680,641	1,541,899	1,720,286	2,137,073	-	88,208,753
Charge for the year	385,343	589,974	2,924,353	241,202	121,129	30,446	-	4,292,447
Disposal	-	-	(131,788)	-	-	-	-	(131,788)
Write off	-	-	-	-	(103)	-	-	(103)
At 31 August 2011	3,733,180	6,370,991	76,473,206	1,783,101	1,841,312	2,167,519	-	92,369,309
Net carrying amount								
At cost	14,199,244	12,029,822	6,662,678	410,837	262,356	112,685	-	33,677,622
At valuation	-	7,938,959	-	-	-	-	-	7,938,959
At 31 August 2011	14,199,244	19,968,781	6,662,678	410,837	262,356	112,685	-	41,616,581

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

(a) Buildings of the Group and of the Company have not been revalued since they were first revalued in 1995. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised), Property, Plant and Equipment, these assets continue to be stated at their 1995 valuation less accumulated depreciation.

The above transitional provisions are available only on the first application of the MASB Approved Accounting Standard IAS 16 (Revised): Property, Plant and Equipment which is effective for periods ended on or after 1 September 1998. By virture of this transitional provision, an entity that recorded its property, plant and equipment at revalued amounts but had not adopted a policy of revaluation has been allowed to continue carrying those assets on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to write down the assets to their recoverable amounts for impairment adjustments. The transitional provisions will remain in force until and unless the entity chooses to adopt a revaluation policy in place of a cost policy. When that happens, FRS 116 (which supersedes IAS 16) would require revaluations to be carried out on regular intervals.

(b) Had the factory buildings which are carried at 1995 valuation been carried at historical cost less depreciation and accumulated losses, the carrying amounts of the revalued assets that would have been included in the financial statements as at the end of the year would be as follows:

	Group/Company	
	2012	**2011**
	RM	**RM**
Factory buildings	4,794,337	5,077,394

(c) 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	
	2012	**2011**
	RM	**RM**
Plant and machinery	73,208,734	72,791,677
Factory building	42,810	-
Motor vehicles	1,267,280	1,066,453
Office, factory and laboratory equipment	1,577,503	1,496,041
Furniture, fixtures and fittings	2,087,757	2,076,969
	78,184,084	77,431,140

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

	Group/Company	
	2012	**2011**
	RM	**RM**
Leasehold land	8,530,140	8,736,803
Factory buildings	12,546,809	12,827,266
Plant and machinery	769,388	1,020,465
	21,846,337	22,584,534

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

(e) During the financial year, the Company acquired property, plant and equipment at aggregate costs of RM2,764,714 (2011: RM4,447,656) of which RM362,000 (2011: RM605,396) was acquired by means of hire purchase arrangements.

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

10. Investment properties

	Group/Company	
	2012	2011
	RM	RM
At 1 September	9,032,000	8,480,000
Fair value adjustment	100,000	552,000
At 31 August	9,132,000	9,032,000

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 2012 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 RM5,970,000 (2011: RM5,200,000) are pledged as securities for borrowings (Note 20).

11. Investment in subsidiairies

	Company	
	2012	2011
	RM	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 2012 %	2011 %
Concrete Engineering Products Management Sdn. Bhd.	Malaysia	Dormant	100	100
Concrete Engineering Products Marketing Sdn. Bhd.	Malaysia	Dormant	100	100

12. Other investments

	Group/Company			
	2012		2011	
	Carrying Amount RM	Market Value of Quoted Investment RM	Carrying Amount* RM	Market Rate of Quoted Investment RM
Fair value through profit or loss investments, Quoted shares in Malaysia,	31,240,386	31,240,386	32,744,279	32,744,279

Other investments relate to investment in quoted shares of Inch Kenneth Kajang Rubber Public Limited Company ("IKK"), a corporate shareholder. This represents 13% (2011: 13%) of the issued and fully paid up capital of IKK. These quoted shares of RM22,017,820 (2011: RM32,744,279) are pledged as security for bank facilities as disclosed in Note 20.

13. Inventories

	Group/Company	
	2012 RM	2011 RM
At cost:		
Finished goods	31,504,164	15,645,110
Raw materials	8,390,998	5,460,862
Consumable spares	1,388,343	1,291,736
	41,283,505	22,397,708

During the year, inventories of RM102,919,997 (2011: RM81,459,617) was recognised in the cost of sales.

14. Receivables

	Group/Company	
	2012 RM	2011 RM
Trade receivables	36,347,314	42,341,479
Less: Allowance for impairment	(4,610,619)	(3,969,442)
	31,736,695	38,372,037
Other receivables:		
Deposits	287,257	579,232
Prepayments	863,070	496,540
Sundry receivables	83,248	52,800
	1,233,575	1,128,572
	32,970,270	39,500,609

14. Receivables (cont'd)

The Group's and the Company's average trade credit term ranges from 60 to 120 days (2011: 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 RM2,844,159 (2011: RM3,442,632), arising from a single customer which contributed to approximately 9% (2011: 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 2012 RM	Group/Company 2011 RM
Neither past due nor impaired	10,082,817	13,231,767
1 to 30 days past due but not impaired	6,187,243	10,083,984
31 to 60 days past due but not impaired	3,849,564	5,971,686
61 to 90 days past due but not impaired	3,868,562	2,122,171
91 to 120 days past due but not impaired	1,594,323	1,066,029
More than 121 days past due but not impaired	6,154,186	5,896,400
	21,653,878	25,140,270
Impaired	4,610,619	3,969,442
	36,347,314	42,341,479

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

Receivables that are impaired

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

	Group/Company Individually impaired 2012 RM	Group/Company Individually impaired 2011 RM
Trade receivables - nominal amount	6,162,206	4,055,574
Less: Allowance for impairment	(4,610,619)	(3,969,442)
	1,551,587	86,132

14. Receivables (cont'd)

Movement in the allowance accounts:

	Group/Company Individually impaired 2012 RM	Group/Company Individually impaired 2011 RM
At 1 September	3,969,442	3,927,182
Addition during the year	641,177	42,260
At 31 August	4,610,619	3,969,442

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

15. Amount due from subsidiary companies

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

16. Deposits with licensed banks

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

	Group/Company 2012 % per annum	Group/Company 2011 % per annum
Licensed banks	2.45 - 3.70	2.70 - 3.15

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

	Group/Company 2012 days	Group/Company 2011 days
Licensed banks	5 - 31	2 - 29

Deposit with licensed banks of the Group and of the Company amounting to RM1,018,000 (2011: RM1,018,000) are pledged as securities for borrowings (Note 20).

Notes to the Financial Statements

31 August 2012

17. Share capital

	Number of Ordinary Shares of RM1 each 2012	2011	Amount 2012 RM	2011 RM
Authorised:				
Opening Balance/Closing Balance	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
Opening Balance/Closing Balance	44,775,000	44,775,000	44,775,000	44,775,000

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

18. Dividend

	Dividends in respect of Year 2012 RM	2011 RM	Dividends recognised in Year 2012 RM	2011 RM
Interim dividend for 2010: 3% less 25% taxation on 44,775,000 ordinary shares, (2.25 sen per ordinary share)	-	-	-	1,007,738

19. Accumulated profit

Prior to the year of assesssment 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 2012, the balance in the Section 108 accounts was RM5,469,950 (2011: RM5,469,950).

As at 31 August 2012, the Company has tax exempt profits available for distribution of RM47,099,889 (2011: RM47,099,889) subject to the agreement of Inland Revenue Board.

20. Borrowings

	Group/Company 2012 RM	Group/Company 2011 RM
Short term borrowings		
Secured:		
- Revolving credit facilities	8,680,192	13,000,000
- Hire purchase (Note 21)	477,644	712,894
- Bankers' acceptances	13,843,000	8,450,000
- Term loans	3,483,600	4,004,626
- Bank overdrafts	3,827,221	-
	30,311,657	26,167,520
Unsecured		
- Bank overdrafts	1,000,000	990,653
- Bankers' acceptances	5,000,000	9,682,000
	6,000,000	10,672,653
	36,311,657	36,840,173
Long term borrowings		
Secured:		
- Hire purchase (Note 21)	227,828	514,714
- Term loans	14,438,125	12,403,977
	14,665,953	12,918,691
Total borrowings		
Secured:		
- Revolving credit facilities	8,680,192	13,000,000
- Hire purchase (Note 21)	705,472	1,227,608
- Bankers' acceptances	13,843,000	8,450,000
- Term loans	17,921,725	16,408,603
- Bank overdrafts	3,827,221	-
	44,977,610	39,086,211
Unsecured:		
- Bank overdrafts	1,000,000	990,653
- Bankers' acceptances	5,000,000	9,682,000
	6,000,000	10,672,653
	50,977,610	49,758,864
Maturity of borrowings:		
Not later than 1 year	36,311,657	36,840,173
Later than 1 year and not later than 2 years	3,684,733	4,139,103
Later than 2 years and not later than 5 years	8,026,495	7,190,588
Later than 5 years	2,954,725	1,589,000
	50,977,610	49,758,864

Notes to the Financial Statements

31 August 2012

20. Borrowings (cont'd)

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

	Group/Company	
	2012	2011
	%	%
Hire purchase	6.28 - 8.07	6.10 - 7.98
Bankers' acceptances	3.37 - 4.41	3.00 - 4.31
Revolving credit facilities	5.84 - 6.97	4.80 - 6.96
Term loans	5.53 - 8.10	4.60 - 8.00
Bank overdrafts	7.85 - 8.60	7.22 - 8.30

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

(i) An outstanding facility of RM842,846 (2011: RM Nil) is secured by way of:

(a) A first party second legal charge over a leasehold land and factory building in Nilai with a total net book value of RM4,314,892 (2011: RM4,395,692) as disclosed in Note 9.

(ii) An outstanding facility of RM2,984,375 (2011: RM Nil) 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 RM11,061,938 (2011: RM11,333,678) as disclosed in Note 9.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM330,000 (2011: RM Nil) as disclosed in Note 10.

(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 (2011: RM Nil) as disclosed in Note 10.

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

(i) An outstanding facility of RM5,000,000 (2011: RM5,000,000) is secured by way of memorandum of deposit over investment in quoted shares as disclosed in Note 12.

(ii) An outstanding facility of RM3,680,192 (2011: RM Nil) 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 RM11,061,938 (2011: RM11,333,678) as disclosed in Note 9.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM330,000 (2011: RM Nil) as disclosed in Note 10.

(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 (2011: RM Nil) as disclosed in Note 10.

(iii) An outstanding facility in previours financial year of RM8,000,000 was secured by way of second legal charge over a leasehold land and factory building in Rawang with a total net book value of RM11,333,678 as disclosed in Note 9. The facility has been fully settled during the financial year and legal charge has been lifted.

20. Borrowings (cont'd)

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

(i) An outstanding facility of RM4,598,000 (2011: RM4,450,000) is secured by way of a supplemental memorandum of deposit over investment in quoted shares as disclosed in Note 12.

(ii) An outstanding facility of RM4,000,000 (2011: 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 RM4,314,892 (2011: RM4,395,692) as disclosed in Note 9.

(b) A specific debenture over the plant and machinery in Nilai factory with a net book value totalling RM769,388 (2011: RM1,020,465) as disclosed in Note 9.

(iii) An outstanding facility of RM5,245,000 (2011: RM Nil) 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 RM11,061,938 (2011: RM11,333,678) as disclosed in Note 9.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM330,000 (2011: RM Nil) as disclosed in Note 10.

(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 (2011: RM Nil) as disclosed in Note 10.

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

(i) An outstanding facility of RM2,002,000 (2011: RM3,001,600) 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 RM4,314,892 (2011: RM4,395,692) as disclosed in Note 9.

(b) A specific debenture over the plant and machinery in Nilai factory with a net book value totalling RM769,388 (2011: RM1,020,465) as disclosed in Note 9.

(ii) An outstanding facility of RM2,553,725 (2011: RM2,914,627) is secured by way of first legal charge over an investment property in Bangsar with a net book value of RM5,300,000 (2011: RM5,200,000) as disclosed in Note 10.

(iii) An outstanding facility of RM5,266,000 (2011: RM6,310,000) is secured by way of:

(a) First legal charge over a leasehold land and factory building in Batang Kali with a total net book value of RM5,700,120 (2011: RM5,834,701) as disclosed in Note 9.

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

(c) Supplemental memorandum of deposit over the existing 40,032,400 (2011: 55,032,400) shares of Inch Kenneth Kajang Rubber Public Limited Company.

(iv) An outstanding facility of RM8,100,000 (2011: RM Nil) 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 RM11,061,938 (2011: RM11,333,678) as disclosed in Note 9.

(b) A first party second legal charge over two investment properties in Pandan Mewah Heights with a total net book value of RM330,000 (2011: RM Nil) as disclosed in Note 10.

(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 (2011: RM Nil) as disclosed in Note 10.

(v) An outstanding facility in previours financial year of RM4,182,376 was secured by way of first legal charge over a leasehold land and factory building in Rawang with a total net book value of RM11,333,678 as disclosed in Note 9. The facility has been fully settled during the financial year and legal charge has been lifted.

21. Hire purchase

	Group/Company 2012 RM	Group/Company 2011 RM
Future minimum lease payments:		
Not later than 1 year	509,517	808,231
Later than 1 year and not later than 2 years	209,792	401,397
Later than 2 years and not later than 5 years	27,030	101,672
Total future minimum lease payments	746,339	1,311,300
Less: Future finance charges	(40,867)	(83,692)
Present value of hire purchase liabilities	705,472	1,227,608
Analysis of present value of hire purchase liabilities:		
Not later than 1 year	477,644	712,894
Later than 1 year and not later than 2 years	201,133	413,042
Later than 2 years and not later than 5 years	26,695	101,672
	705,472	1,227,608
Less: Amount due within 12 months (Note 20)	(477,644)	(712,894)
Amount due after 12 months (Note 20)	227,828	514,714

22. Deferred tax liabilities

	Group/Company 2012 RM	Group/Company 2011 RM
At 1 September	77,366	(350,359)
Recognised in the profit or loss (Note 7)	55,492	427,725
At 31 August	132,858	77,366

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

Deferred tax liabilities

	Accelerated capital and reinvestment allowances RM	Investment properties RM	Revaluation and provisions RM	Total RM
At 1 September 2011	(1,230,719)	228,249	1,079,836	77,366
Charged to profit or loss	67,976	25,000	(37,484)	55,492
At 31 August 2012	(1,162,743)	253,249	1,042,352	132,858
At 1 September 2010	(1,529,573)	90,249	1,088,965	(350,359)
Charged to profit or loss	298,854	138,000	(9,129)	427,725
At 31 August 2011	(1,230,719)	228,249	1,079,836	77,366

23. Payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade payables	34,765,227	29,271,818	34,765,227	29,271,818
Other payables	83,669	61,900	80,989	61,900
Accruals	2,089,542	1,648,919	2,076,752	1,635,073
	36,938,438	30,982,637	36,922,968	30,968,791

The normal trade credit terms granted to the Group and to the Company range from 60 to 120 days (2011: 60 to 120 days).

24. Segment reporting

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

Geographical information

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

	2012 RM	2011 RM
Malaysia	102,770,338	105,898,696
Others	35,115,210	34,120,046
	137,885,548	140,018,742

Information about a major customer

Revenue from one major customer amounted to RM24,629,835 (2011: RM20,559,966).

25. Capital commitments

	Group/Company	
	2012 RM	2011 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	896,116	-

Notes to the Financial Statements

31 August 2012

26. 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 2012 RM	Group/Company 2011 RM
Short term employee benefits	661,500	505,000
Defined contribution plan	56,736	45,792
Fees	45,000	30,000
	763,236	580,792

Remuneration of non-executive Directors is disclosed in Note 6.

27. 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 class 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 in the reporting date by the class of financial instrument 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 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				78,493,215
Total non-financial assets				93,241,855
Total assets				171,735,070
Liabilities				
Borrowings	-	-	50,977,610	50,977,610
Trade and other payables	-	-	36,938,438	36,938,438
Total financial liabilities				87,916,048
Total non-financial liabilities				132,858
Total liabilities				88,048,906

27. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

Group (cont'd)

	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
31 August 2011				
Assets				
Other investments	-	32,744,279	-	32,744,279
Trade and other receivables	39,004,069	-	-	39,004,069
Cash and bank balances	17,833,027	-	-	17,833,027
Total financial assets				89,581,375
Total non-financial assets				77,684,238
Total assets				167,265,613
Liabilities				
Borrowings	-	-	49,758,864	49,758,864
Trade and other payables	-	-	30,982,637	30,982,637
Total financial liabilities				80,741,501
Total non-financial liabilities				77,366
Total liabilities				80,818,867

Company

	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
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				78,503,110
Total non-financial assets				93,241,859
Total assets				171,744,969
Liabilities				
Borrowings	-	-	50,977,610	50,977,610
Trade and other payables	-	-	36,922,968	36,922,968
Total financial liabilities				87,900,578
Total non-financial liabilities				132,858
Total liabilities				88,033,436

27. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

Company (cont'd)

	Loans and receivables RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
31 August 2011				
Assets				
Other investments	-	32,744,279	-	32,744,279
Trade and other receivables	39,004,069	-	-	39,004,069
Amount due from subsidiary companies	4,929	-	-	4,929
Cash and bank balances	17,833,027	-	-	17,833,027
Total financial assets				89,586,304
Total non-financial assets				77,684,242
Total assets				167,270,546
Liabilities				
Borrowings	-	-	49,758,864	49,758,864
Trade and other payables	-	-	30,968,791	30,968,791
Total financial liabilities				80,727,655
Total non-financial liabilities				77,366
Total liabilities				80,805,021

28. 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	14
Amount due from subsidiary companies	15
Borrowings (current and non-current)	20
Payables	23

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

The carrying amount of the current portion of borrowings are reasonable approximations of fair 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 equity investment securities is determined directly by reference to their published market price at the reporting date.

28. Fair value of financial instruments (cont'd)

(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 libilities, 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 equity instruments 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 2012.

29. 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 Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

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

Exposure to credit risk

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

(b) Liquidity risk

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

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

Notes to the Financial Statements

31 August 2012

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	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

	2011 RM			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities:				
Trade and other payables	30,982,637	-	-	30,982,637
Borrowings	39,793,076	12,182,827	2,325,358	54,301,261
Total undiscounted financial liabilities	70,775,713	12,182,827	2,325,358	85,283,898
Company				
Financial liabilities:				
Trade and other payables	30,968,791	-	-	30,968,791
Borrowings	39,793,076	12,182,827	2,325,358	54,301,261
Total undiscounted financial liabilities	70,761,867	12,182,827	2,325,358	85,270,052

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

(c) Interest rate risk

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

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

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

Interest rate sensitivity

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 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
31 August 2011	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25 percentage point	(88,829)
Interest rates decrease by 0.25 percentage point	88,829

(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.

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

(d) Market price risk (cont'd)

Market price sensitivity

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 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 August 2011	
Investment in Malaysia	
Market price increase by 5.00 percentage point	1,637,213
Market price decrease by 5.00 percentage point	(1,637,213)

30. Capital management

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

The Group and the Company manages its capital structure and makes 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 2012 and 31 August 2011.

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total debts	50,977,610	49,758,864	50,977,610	49,758,864
Equity attributable to the owners of the parent	83,686,164	86,446,746	83,711,533	86,465,525
Debt to equity ratio	61%	58%	61%	58%

31. Supplementary information - breakdown of accumulated profit into realised and unrealised

The breakdown of the accumulated profit of the Group and of the Company as at 31 August 2012 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	35,287,565	35,558,478	35,312,934	35,577,257
- Unrealised	(30,863,326)	(28,373,657)	(30,863,326)	(28,373,657)
	4,424,239	7,184,821	4,449,608	7,203,600
Add: Consolidation adjustments	-	-	-	-
Accumulated profit as per financial statements	4,424,239	7,184,821	4,449,608	7,203,600

Analysis of Shareholdings

As at 31 December 2012

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	40	1,726	0.00
100 - 1,000	518	465,200	1.04
1,001 - 10,000	712	2,200,350	4.91
10,001 - 100,000	88	2,390,250	5.34
100,001 - less than 5% of issued shares	46	27,350,715	61.08
5% and above of issued shares	2	12,366,759	27.62
Total	**1,406**	**44,775,000**	**100.00**

B. SUBSTANTIAL SHAREHOLDERS

Name	No of Shares	%
1. Inch Kenneth Kajang Rubber Public Limited Company	10,025,959	22.39
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. Koperasi Permodalan Felda Malaysia Berhad	1,000,000	2.23
11. Muhamad Faris bin Muhamad Fasri	899,350	2.01
12. Good Health Pharmacy Sdn Bhd	896,000	2.00

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

Name	No of Shares	%
13. Amsec Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	862,900	1.93
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. AIBB Nominees (Tempatan) Sdn Bhd for Latifah binti Abdul Hamid	593,600	1.33
20. Kenanga Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	587,500	1.31
21. ECML Nominees (Tempatan) Sdn Bhd for Low Teck Beng	567,200	1.27
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 2012

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-12 RM	Date of Acquisition (A) / Revaluation (R)
1	Lot 63, Bakar Arang Industrial Estate Sq Petani, Kedah	Leasehold expiring in 2083	71	Land: 13.2 acres Built-up: 5,180 sq m 27 years	Single-storey office, an open sided single-storey factory buildings, canteen, laboratory, store and stockyard	4,703,374	31 August 1995 (R)
2	PLO 337, Jalan Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2050	38	Land: 7.5 acres Built-up: 7,000 sq m 20 years	Single-storey office, two single-storey factory buildings, boiler house, canteen, stockyard and jetty	6,794,122	31 August 1995 (R)
3	PLO 461, Jalan Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2053	41	Land: 2.5 acres 20 years	Stockyard	333,334	31 August 1995 (R)
4	PT 643, Batu 20 Jalan Ipoh, Rawang Selangor	Leasehold expiring in 2047	35	Land: 11.344 acres Built-up: 16,630 sq m 18 years	Double-storey office, canteen, store, laboratory, single-storey factory and stockyard	11,061,938	23 June 1993 (A)
	** Property is currently charged for financing facilities*						
5	Lot 7106, Kawasan Perindustrian Nilai Nilai Negeri Sembilan	Leasehold expiring in 2089	77	Land: 6.707 acres Built-up: 6,370 sq m 17 years	Single-storey factory and office, canteen and stockyard	4,314,892	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	40	Land: 7.981 acres Built-up: 4,842 sq m 18 years	Single-storey factory and office, canteen, stockyard, boiler room, generator room and compressor room	5,700,120	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	70	Land:0.035 acres Built-up: 150 sq m 20 years	Residential double-storey house	72,515	30 April 1992 (A)
8	31 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	70	Land:0.035 acres Built-up: 150 sq m 19 years	Residential double-storey house	73,784	8 September 1992 (A)
9	42 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	70	Land:0.035 acres Built-up: 150 sq m 20 years	Residential double-storey house	72,515	30 April 1992 (A)

List of Properties

As at 31 August 2012

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-12 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 17 years	Single-storey terrace house	47,520	28 April 1994 (A)
11	A-3-3 Block A Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq m 12 years	Apartment	21,160	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 12 years	Apartment	23,920	27 May 2009 (A)
13	LA-3-2, Block LA Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq m 12 years	Apartment	21,160	27 May 2009 (A)
14	I-G-02, Jalan PPK 2 Bandar Kinrara Section 3, Puchong Selangor	Leasehold expiring in 2099	87	Built-up: 114 sq m 6 years	Ground Floor Shoplot	340,000	30 August 2012 (R)
	** Property is currently charged for financing facilities*						
15	Danau Putra Apartments Jalan Putra Perdana 5F Taman Putra Sepang, Selangor	Leasehold expiring in 2092	80	9 years	Apartments		30 August 2012 (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 Jalan Mewah Utara Taman Pandan Mewah Ampang, Selangor	Leasehold expiring in 2086	74	Built-up: 90 sq m	Condominium	165,000	30 August 2012 (R)
	** Property is currently charged for financing facilities*						

List of Properties

As at 31 August 2012

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31-Aug-12 RM	Date of Acquisition (A) / Revaluation (R)
17	Unit B1-5-7 Pandan Mewah Heights Jalan Mewah Utara Taman Pandan Mewah Ampang, Selangor ** Property is currently charged for financing facilities*	Leasehold expiring in 2086	74	Built-up: 90 sq m	Condominium	165,000	30 August 2012 (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 August 2012 (R)
19	Lot 7692 PN 10780 Bandar Ulu Kelang District of Gombak Selangor	Leasehold expiring in 2078	66	Land : 1,191 sq m	Vacant detached residential plot	2,500,000	30 August 2012 (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 August 2012 (R)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Eighth 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, 21 February 2013 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 2012 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 2012. **Resolution 2**

3. 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) Davinia a/p Rajadurai **Resolution 3a**
   b) Dennis Xavier **Resolution 3b**

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

AS SPECIAL BUSINESS

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

5. **To empower the Directors of the Company to issue shares pursuant to section 132D of the Companies Act, 1965** **Resolution 5**

   "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 and the relevant regularly 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."

6. 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 2013

Notice of Annual General Meeting

Notes:

1. 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.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his 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 appointment shall not be valid unless he specifies the proportion of his holding to be represented by each proxy.

4. The instrument appointing a proxy must be deposited at the Registrar's Office, 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. Any alteration in the form of proxy must be initialled.

EXPLANATORY NOTES ON SPECIAL BUSINESS

6. **Resolution 5**
   To empower the Directors of the Company to issue shares pursuant to section 132D of the Companies Act, 1965

   The proposed resolution 5, 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 16 February 2012 and which will lapse at the conclusion of the Twenty-Eighth 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.

Statement Accompanying Notice of Annual General Meeting

1. The Directors standing for re-election at the Twenty-Eighth Annual General Meeting who retire by rotation pursuant to Article 96 of the Company's Articles of Association are:

    a) Davinia a/p Rajadurai
    b) Dennis Xavier

2. The profiles of the Directors who are standing for re-election are set out on page 5.

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

This page has been intentionally left blank.

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 28th 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, 21 February 2013 at 10.00 a.m. for the following purposes:

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Directors' Reports and Financial Statements		
2.	To approve the payment of Directors' fees		
3.	To re-elect the following Directors who retire by rotation pursuant to Article 96 of the Company's Articles of Association: a) Davinia a/p Rajadurai b) Dennis Xavier		
4.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
5.	**Special Business: Ordinary Resolution** To empower the Directors of the Company to issue shares pursuant to Section 132D of the Companies Act, 1965		

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

*Delete whichever is not applicable.

Dated this day ______________ of ______________ 2013

____
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
Homepage: www.cepco.com.my