CEPCO

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

KEEPING OUR DIRECTION AND FOCUS

26th ANNUAL REPORT 2010

Contents

Corporate Information

DIRECTORS

Abdul Khudus bin Mohd Naaim
Independent Non-Executive Chairman

Leong Kway Wah
Managing Director

Dato' Daud bin Daros
Independent Non-Executive Director

Davinia a/p Rajadurai
Independent Non-Executive Director

Dennis Xavier
Independent Non-Executive Director

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

AUDIT COMMITTEE

Abdul Khudus bin Mohd Naaim
(appointed as Chairman on 2 November 2010)

Dato' Daud bin Daros
Davinia a/p Rajadurai
Members

COMPANY SECRETARY

Norakhmar binti Baharom
LS 0001698

SHARE REGISTRAR

Mestika Projek (M) Sdn Bhd (225545-V)
22nd Floor, Menara Promet
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

EON Bank Berhad
Kuwait Finance House (Malaysia) 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
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
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 : 03-60571811 Fax : 03-60571817

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

DATO' DAUD BIN DAROS

ABDUL KHUDUS BIN MOHD NAAIM

LEONG KWAY WAH

Standing

DENNIS XAVIER

NORAKHMAR BINTI BAHAROM
(Company Secretary)

DAVINIA A/P RAJADURAI

TO' PUAN SERI HAJJAH NUR RAHMAH BINTI MOHD ZAIN

Profile of Directors

ABDUL KHUDUS BIN MOHD NAAIM

Independent Non-Executive Chairman and Chairman of Audit Committee

Malaysian, aged 56

Encik Abdul Khudus bin Mohd Naaim was appointed to the Board on 12 May 2003.

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

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

He was appointed as Chairman of the Audit Committee of the Company on 2 November 2010. He is also a member of the Remuneration Committee and Nominating Committee.

Curently, he is also a Director of Ingress Corporation Berhad and a number of private limited companies.

Profile of Directors (Cont'd)

Leong Kway Wah

Managing Director

Malaysian, aged 57

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 five years.

Dato' Daud bin Daros

Independent Non-Executive Director and Member of the Audit Committee

Malaysian, aged 63

Dato' Daud bin Daros was appointed to the Board on 1 October 2001.

He started his career in 1969 as Assistant Superintend of Customs Malaysia and rose to the rank of Assistant Director of Customs in 1982. He was involved in legal career from 1984 until 2009. Currently, he is the Group Executive Director for Inteleca Group Berhad, Chairman of ATO Health Sinces Sdn Bhd, Vice President of Kuala Lumpur Malay Chamber of Commerce, Vice President of Venezuela Business Council, Chief Executive Director of INTOKO Sdn Bhd, Managing Director of Sejahtera Kuala Lumpur Sdn Bhd, Advisor to Persatuan Pengguna Islam Malaysia and Vice President of Elite Disaster Rescue Malaysia, Executive Council Member DPMM Malaysia, Founder Member of Kuala Lumpur Latin America, Business Council (Kasa Malaysia) and Sec. Gen. Malay-China Chamber of Commerce.

He is a member of the Audit Committee and the Chairman of the Nominating Committee of the Company.

Davinia a/p Rajadurai

Independent Non-Executive Director and Member of Audit Committee

Malaysian, aged 31

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 practising as an advocate and solicitor.

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

Profile of Directors (Cont'd)

Dennis Xavier

Independent Non-Executive Director

Malaysian, aged 59

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

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

He is a member of the Remuneration Committee and Nominating Committee of the Company.

Currently, he is also a Director of JPK Holdings Berhad.

To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain

Independent Non-Executive Director

Malaysian, aged 55

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.

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 of any criminal offences other than traffic offences, if any, within the past ten (10) years.

DIRECTORS STANDING FOR RE-ELECTION AT THE TWENTY-SIXTH ANNUAL GENERAL MEETING

Retires pursuant to Articles 96 of the Company's Articles of Association;

1. *Dennis Xavier*
2. *To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain*

Chairman's Statement and Review of Operations

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Concrete Engineering Products Berhad ("CEPCO"), it is my pleasure to present the Annual Report and the Financial Statements of the Group and of the Company for the financial year ended 31 August 2010.

Malaysia's GDP is expected to increase from –1.7% in 2009 to 7.0% in 2010 (Source: Department of Statistics and Ministry of Finance Malaysia). It is indicated that a huge amount is expected to be contributed by the Manufacturing Sector. Meanwhile the Construction Sector is expected to remain at current levels at least up to the year 2011.

The main area of concern for CEPCO is the declining domestic market demand, reduced margins as well as the possibility of slower exports due to the global recession.

The Economic Transformation Programme announced by the Malaysian Government to charter growth of the national economy in the next 10 years to achieve a high-income status is a positive step in the right direction to re-focus the country's aspirations and acknowledge the changing economic landscape. The success of this programme requires a lot of hard work and sacrifice from all Malaysians.

FINANCIAL REVIEW

The year has indeed been a most challenging one for the Group. Reduced levels of foundation works for new startup projects, rising costs of cement and steel bars, and stiff price competition has affected the bottom line of the Group as compared to the previous year. The Company's yearly turnover was reduced by 50% from RM240.193million to RM121.345 million for the financial year ended 31 August 2010.

Net Operational Profit Before Tax has reduced from RM27.8million to RM3.24million

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

FINANCIAL REVIEW (cont'd)

The Group's investment in Inch Kenneth Kajang Rubber Public Limited Company has provided some positive impact in view of the challenges in 2010. Reversal of provisions for this amounting to RM11.557 million has greatly boosted the bottom line.

Meanwhile, I am pleased to announce that the Group has reversed its accumulated losses of RM9.151 million in the previous year end to accumulated profits of RM6.874 million. Following this positive position, the Company has in the year declared an interim dividend of 3% less 25% tax.

FUTURE AND PROSPECTS

Concrete Spun piles would continue to be an ideal and economic solution for high load factor foundation and piling works requirements.

Projects from the Economic Transformation Plan called by the Malaysian Government would be looked upon to partly provide some impact to the local construction industry.

CEPCO believes the economic fundamentals of the Malaysian economy are fast improving following the financial crisis. The 10th Malaysian Plan and Economic Transformation Program creates significant opportunities for us to capture a fair share of the spun pile market.

In line with this expectation, we are pleased to announce the commissioning of our 5th plant in Batang Kali, Selangor in December 2010.

APPRECIATION

The support from all parties and the continuous efforts to strengthen the financial position of the Company are deeply appreciated. We should also be cognizant of the changing economic landscape in the country and globally to better prepare ourselves for new challenges.

Thank you.

ABDUL KHUDUS BIN MOHD NAAIM
Chairman
28 January 2011

Corporate Social Responsibility

At **CEPCO**, we recognise the need to act as good corporate citizens by acknowledging our duties and responsibilities towards our shareholders, customers, suppliers, financiers and the overall community. A good and comprehensive Corporate Social Responsibility programme would address this role and contribute to the importance of maintaining a healthy workplace and environment.

WORKPLACE

Employees are always regarded as the key drivers of strength to the Group. Hence, we have placed great emphasis on the welfare of the employees especially in providing them with a safe and conducive working environment. The Company has also taken steps to provide adequate training and learning opportunities for the employees to improve their work skills and personal development. Training is identified based on the needs of the organisation and are usually outsourced to professionals to obtain a bigger perspective.

Continuous enforcement of Health and Safety Standards are also practised to minimise accidents at work. All factories are assigned Health and Safety Committees to overlook the operation of safety procedure for the employees. The Committees report to the head office on a regular basis to maintain effective measures and for it to be able to take immediate action on any mishap.

COMMUNITY

Involvement in the community is a continuous effort at CEPCO especially by maintaining a good interaction with those in the areas of our business operations. We encourage our people to initiate social work and for them to have the satisfaction of being able to organise or be a part of a beneficial project with the backing of an organisation.

During the year, we were greatly touched with the sincerity of Shelter Home in Petaling Jaya, Selangor, by allowing us to help with the installation of their basic needs at several of their homes. To witness the exceptional dedication of their staff towards their role in serving others was a truly humbling experience.

MARKETPLACE

We recognise the importance of market perception and confidence on the sustainability of our business. In view of that, the Company's website provides easy access to information on the financials and operations with an email link for shareholders to provide feedback and make inquiries.

The Company adopts best business ethics and values to ensure consumer satisfaction and optimum returns to the shareholders. In line with these objectives, we diligently pursue such practices with the timely delivery of quality services and products.

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

Statement on Corporate Governance

BOARD OF DIRECTORS

Composition of the Board

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

Board Balance

The Board is made up of six Directors; of which one is executive and the other five are non-executives. All five non-executive Directors are independent. The Company has complied 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 Chairman is responsible for the conduct and the 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 requires the Board's approval. Due notice is given for all scheduled meetings for all matters specifically for 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 Attendance

The Board met a total of six (6) times in the year.

Details of each Director's attendance of the Board meetings are as follows:

Date Time	27/10/2009 11.00am	9/12/2009 11.00am	20/1/2010 11.00am	22/4/2010 11.00am	28/4/2010 4.00pm	22/7/2010 11.00am
Abdul Khudus bin Mohd Naaim	✓	✓	✓	✓	✓	✓
Leong Kway Wah	✓	✓	✓	✓	✓	✓
Dato' Daud bin Daros	✓	✓	-	✓	-	✓
Davinia a/p Rajadurai	✓	✓	✓	✓	✓	-
Dennis Xavier	✓	✓	✓	✓	✓	✓
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain	✓	✓	✓	✓	✓	✓

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

Access to Information and Advice

The Board has full and unrestricted access to all information with regards to the Group. The Board is furnished with all relevant information from the Management prior to the respective Board Meeting to enable the Board to effectively discharge their responsibilities. The Directors also have direct access to the advice and services of the Company Secretary in furtherance of its role and responsibilities.

Statement on Corporate Governance (Cont'd)

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 various relevant 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.

BOARD COMMITTEES

The Board has three committees to specifically address their respective responsibilities.

The respective committees have clearly defined terms of reference to assist the Board and to make the respective recommendations to the Board for its consideration and decision.

Audit Committee

The Audit Committee's terms of reference, which outline the Committee's functions and duties, are furnished separately on page 16 of the Annual 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 will also be 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.

The committee met a total of five (5) times in the year.

Details of each member's attendance of the Committee meetings are as follows:

Date Time	27/10/2009 10.00am	20/1/2010 10.00am	22/4/2010 10.00am	28/4/2010 3.00pm	22/7/2010 10.00am
Dato' Daud bin Daros	✓	-	✓	-	✓
Abdul Khudus bin Mohd Naaim	✓	✓	✓	✓	✓
Davinia a/p Rajadurai	✓	✓	✓	✓	-

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

Statement on Corporate Governance (Cont'd)

Remuneration Committee

The Committee was set up on 30 May 2002. A policy framework has been implemented to assess all elements of the remuneration and other terms of employment for the Executive Director. The Executive Director abstains from the deliberations and voting on decisions in respect of their remuneration at the Board level. The remuneration of the Non-Executive Directors will be a matter to be decided by the Board and approved by the shareholders.

The Committee comprises of:

Davinia a/p Rajadurai
Chairman

Abdul Khudus bin Mohd Naaim
Member

Dennis Xavier
Member

Nominating Committee

The Committee will be 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 of the Board, in determining the appropriate Board balance and size of Non-Executive participation.

The Committee comprises of:

Dato' Daud bin Daros
Chairman

Abdul Khudus bin Mohd Naaim
Member

Dennis Xavier
Member

Relationship with Shareholders

The Group believes in clear communication with its shareholders. The Annual Report and the quarterly announcements are primary modes of communication to report on the Group's business activities and financial performance to all shareholders. Shareholders also have the opportunity to put questions at Annual General Meeting where the Directors are available to discuss aspects of the Group's business activities and performance. The Group also has a website (http://www.cepco.com.my) where shareholders can view its products, activities and communicate directly with the management.

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 2010 is set out in Note 3 on page 47.

5. **Profit Estimate, Forecast, Projections and Variation in Results**
   There were no variations of 10% or more between the audited results for the year ended 31 August 2010 and the unaudited results for the quarter ended 31 August 2010 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.

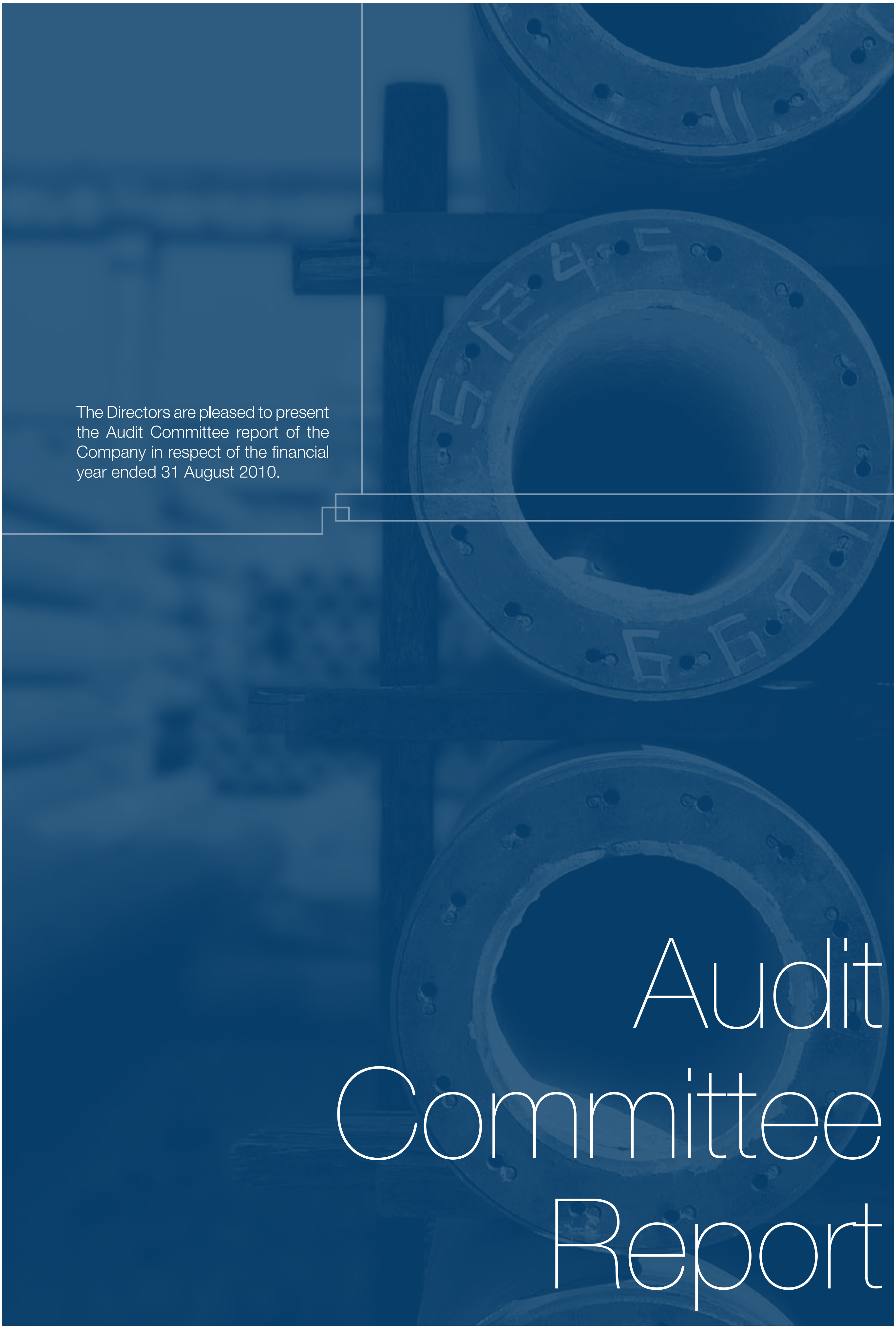
7. **Material Contracts**
   There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

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 2.2(c) and 2.2(d) on pages 35 and 36. The Investment Properties were adjusted to reflect their fair value as enumerated in Note 10 on page 56.

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.



The Directors are pleased to present the Audit Committee report of the Company in respect of the financial year ended 31 August 2010.

Audit Committee Report

Audit Committee Report

A. COMPOSITION

Composition of the Audit Committee and designation of the Directors are as follows:

Abdul Khudus bin Mohd Naaim
Chairman (Independent Non- Executive Chairman)
(appointed as Chairman on 2 November 2010)

Dato' Daud bin Daros
Member (Independent Non- Executive Director)

Davinia a/p Rajadurai
Member (Independent Non- Executive Director)

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) Constitution

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

2) 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.

3) 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.

4) 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.

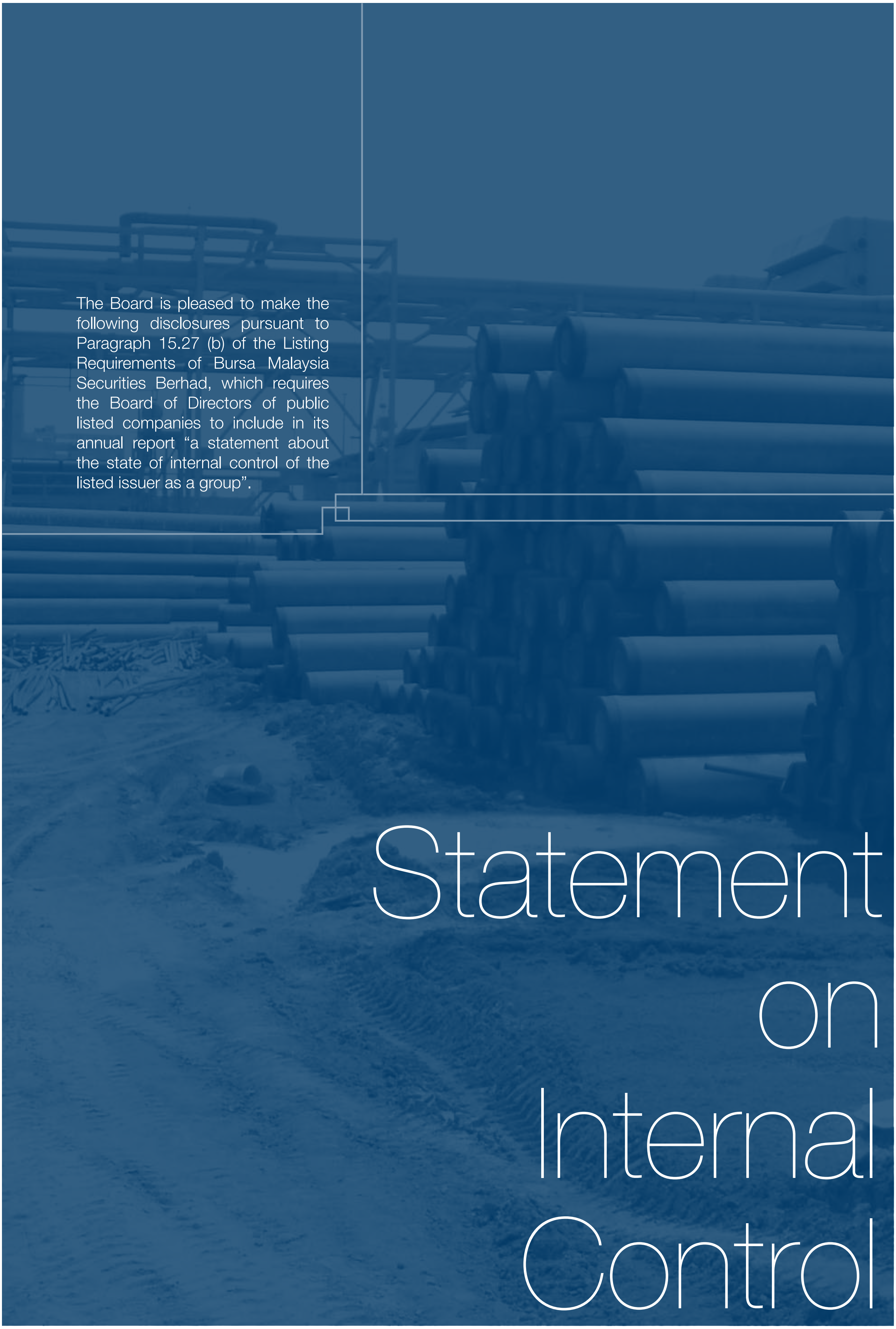
c) Act upon problems and reservations arising from interim and final audits.

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.



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

Statement on Internal Control

BOARDS' 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 risk faced by the Group, that had been in place for the financial year, and that 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 the risk management process is being carried out on an ongoing basis. These include the Credit Control Department, which is primarily responsible for managing credit risk related activities and the supervision of funding and liquidity risk activities is under the purview of the Accounts Department.

INTERNAL AUDIT

In view of the size and nature of the Group's operations, it is not cost justifiable for the Group to maintain an in- house function for the review of the Group's 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 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.

Statement on Internal Control (Cont'd)

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, manage and monitor 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 was 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 17 December 2010.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on pages 26 to 27, 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 2010, 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 and which 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 have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 August 2010.

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
Profit for the year attributable to equity holders of the Company	16,025,308	16,029,653

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 write back of impairment loss of quoted investments of RM 11,556,804.

Dividend

The amount of dividends declared by the Company since 31 August 2009 were as follows:

	RM
In respect of the financial year ended 31 August 2010	
Interim dividend of 3% less 25% taxation, on 44,775,000 ordinary shares, declared on 4 October 2010.	1,007,438

The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of accumulated profit in the financial year ending 31 August 2011.

The directors do not recommend the payment of any final 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:

Abdul Khudus bin Mohd Naaim
Leong Kway Wah
Dato' Daud bin Daros
To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain
Davinia A/P Rajadurai
Dennis Xavier

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 Note 5 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 income statements and balance sheets 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.

Directors' Report (cont'd)

Other statutory information (cont'd)

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 October 2010.

Abdul Khudus bin Mohd Naaim

Leong Kway Wah

Kuala Lumpur, Malaysia

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

We, Abdul Khudus bin Mohd Naaim and Leong Kway Wah, being two of the directors of Concrete Engineering Products Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 28 to 71 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 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 October 2010.

Abdul Khudus bin Mohd Naaim

Leong Kway Wah

Kuala Lumpur, Malaysia

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

I, Lim Wai Weng, 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 28 to 71 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 28 October 2010

Lim Wai Weng

Before me,
R. Vasugi Ammal (W4-80)
Commisioner for Oaths
Kuala Lumpur, Malaysia
28 October 2010

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 balance sheets as at 31 August 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 28 to 71.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgment, 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 and fair presentation of the financial statements 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 2010 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report
to the members of Concrete Engineering Products Berhad (Incorporated in Malaysia) (cont'd)

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 have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts 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 accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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. 2921/04/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 October 2010

Income Statements
For the year ended 31 August 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue		121,344,418	240,192,940	121,344,418	240,192,940
Cost of sales		(98,249,203)	(178,764,105)	(98,249,203)	(178,764,105)
Gross profit		23,095,215	61,428,835	23,095,215	61,428,835
Other operating income		2,566,568	852,704	2,566,568	852,704
Write back of impairment loss of quoted investments		11,556,804	1,100,648	11,556,804	1,100,648
Fair value gain on investment properties		479,097	-	479,097	-
Distribution costs		(13,037,135)	(24,288,788)	(13,037,135)	(24,288,788)
Administrative expenses		(6,376,445)	(7,024,859)	(6,372,100)	(7,021,114)
Other operating expenses		(612,674)	(381,107)	(612,674)	(426,381)
Operating profit		17,671,430	31,687,433	17,675,775	31,645,904
Finance costs	6	(2,399,168)	(2,738,648)	(2,399,168)	(2,738,648)
Profit before taxation	3	15,272,262	28,948,785	15,276,607	28,907,256
Taxation	7	753,046	(8,197,602)	753,046	(8,197,602)
Profit for the year		16,025,308	20,751,183	16,029,653	20,709,654
Attributable to:					
Equity holders of the Company		16,025,308	20,751,183	16,029,653	20,709,654
Earnings per share (sen)	8	35.79	46.35		

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

Balance Sheets
as at 31 August 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Non-current assets					
Property, plant and equipment	9	26,910,314	23,908,832	26,910,314	23,908,832
Investment properties	10	8,480,000	8,000,903	8,480,000	8,000,903
Prepaid lease payments	11	14,584,587	11,424,128	14,584,587	11,424,128
Subsidiary companies	12	-	-	4	4
Other investments	13	31,918,793	20,361,989	31,918,793	20,361,989
Deferred tax assets	23	350,359	-	350,359	-
		82,244,053	63,695,852	82,244,057	63,695,856
Current assets					
Inventories	14	29,853,698	29,664,630	29,853,698	29,664,630
Receivables	15	33,289,902	59,527,082	33,292,902	59,527,082
Amount due from subsidiaries	16	-	-	3,400	-
Tax recoverable		2,650,713	-	2,650,713	-
Deposits with licensed banks	17	8,285,540	7,202,443	8,285,540	7,202,443
Cash and bank balances		357,050	156,665	357,050	156,665
		74,436,903	96,550,820	74,443,303	96,550,820
Total assets		156,680,956	160,246,672	156,687,360	160,246,676
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	18	44,775,000	44,775,000	44,775,000	44,775,000
Share premium		30,569,833	30,569,833	30,569,833	30,569,833
Asset revaluation reserve		3,917,092	3,917,092	3,917,092	3,917,092
Accumulated profit/(losses)	20	6,873,908	(9,151,400)	6,888,402	(9,141,251)
Total equity		86,135,833	70,110,525	86,150,327	70,120,674

Balance Sheets
as at 31 August 2010 (cont'd)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-current liabilities					
Long term borrowings	21	14,962,127	10,716,161	14,962,127	10,716,161
Deferred tax liabilities	23	-	1,299,403	-	1,299,403
		14,962,127	12,015,564	14,962,127	12,015,564
Current liabilities					
Payables	24	20,041,407	39,145,738	20,033,317	39,135,593
Provision for taxation		-	2,347,493	-	2,347,493
Short term borrowings	21	35,541,589	36,627,352	35,541,589	36,627,352
		55,582,996	78,120,583	55,574,906	78,110,438
Total liabilities		70,545,123	90,136,147	70,537,033	90,126,002
Total equity and liabilities		156,680,956	160,246,672	156,687,360	160,246,676

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

Statements of Changes in Equity
For the year ended 31 August 2010

	Share capital	Share premium	Asset revaluation reserve	Accumulated profit/(losses)	Total
	RM	RM	RM	RM	RM
Group					
At 1 September 2008	44,775,000	30,569,833	3,917,092	(29,902,583)	49,359,342
Profit for the year, representing total recognised income and expense for the year	-	-	-	20,751,183	20,751,183
At 31 August 2009	44,775,000	30,569,833	3,917,092	(9,151,400)	70,110,525
At 1 September 2009	44,775,000	30,569,833	3,917,092	(9,151,400)	70,110,525
Profit for the year, representing total recognised income and expense for the year	-	-	-	16,025,308	16,025,308
At 31 August 2010	44,775,000	30,569,833	3,917,092	6,873,908	86,135,833
Company					
At 1 September 2008	44,775,000	30,569,833	3,917,092	(29,850,905)	49,411,020
Profit for the year, representing total recognised income and expense for the year	-	-	-	20,709,654	20,709,654
At 31 August 2009	44,775,000	30,569,833	3,917,092	(9,141,251)	70,120,674
At 1 September 2009	44,775,000	30,569,833	3,917,092	(9,141,251)	70,120,674
Profit for the year, representing total recognised income and expense for the year	-	-	-	16,029,653	16,029,653
At 31 August 2010	44,775,000	30,569,833	3,917,092	6,888,402	86,150,327

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

Cash Flow Statements
For the year ended 31 August 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before taxation	15,272,262	28,948,785	15,276,607	28,907,256
Adjustments for:				
Write back of impairment loss of quoted investments	(11,556,804)	(1,100,648)	(11,556,804)	(1,100,648)
Fair value adjustment of investment properties	(479,097)	-	(479,097)	-
Amortisation of prepaid land lease payments	300,919	300,918	300,919	300,918
Depreciation of property, plant and equipment	2,848,766	2,877,857	2,848,766	2,877,857
Amount due from subsidiaries written off	-	-	-	45,274
Provision for doubtful debts	-	83,560	-	83,560
Interest expense	2,399,168	2,738,648	2,399,168	2,738,648
Gain on disposal of quoted investments	-	(9)	-	(9)
Gain on disposal of plant and equipment	(45,800)	(64,432)	(45,800)	(64,432)
Unrealised foreign exchange gain	(83,046)	-	(83,046)	-
Interest income	(1,645,135)	(256,527)	(1,645,135)	(256,527)
Operating profit before working capital changes	7,011,233	33,528,152	7,015,578	33,531,897
Inventories	(189,068)	6,077,614	(189,068)	6,077,614
Receivables	26,348,226	(17,142,408)	26,348,226	(17,142,408)
Payables	(19,129,632)	(2,231,287)	(19,130,577)	(2,228,187)
Subsidiary companies	-	-	(3,400)	(6,845)
Cash generated from operations	14,040,759	20,232,071	14,040,759	20,232,071
Taxation paid	(5,894,922)	(10,459,794)	(5,894,922)	(10,459,794)
Interest paid	(2,373,867)	(2,741,975)	(2,373,867)	(2,741,975)
Net cash generated from operating activities	5,771,970	7,030,302	5,771,970	7,030,302
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,787,598)	(2,081,217)	(2,787,598)	(2,081,217)
Purchase of investment property	-	(4,500,000)	-	(4,500,000)
Purchase of leasehold land	(3,461,378)	-	(3,461,378)	-
Proceeds from disposal of quoted investments	-	35	-	35
Proceeds from sales of plant and equipment	23,000	64,702	23,000	64,702
Placement of deposits pledged with bank	(1,000,000)	-	(1,000,000)	-
Interest received	1,645,135	256,527	1,645,135	256,527
Net cash used in investing activities	(5,580,841)	(6,259,953)	(5,580,841)	(6,259,953)

Cash Flow Statements
For the year ended 31 August 2010 (cont'd)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash flows from financing activities				
Net (repayment)/drawdown of bankers acceptance	(1,305,000)	887,137	(1,305,000)	887,137
Net repayment of hire purchase	(636,479)	(414,562)	(636,479)	(414,562)
Net repayment of revolving credit	(2,500,000)	(500,000)	(2,500,000)	(500,000)
Net drawdown/(repayment) of term loan	3,193,961	(2,447,046)	3,193,961	(2,447,046)
Net cash generated from/(used in) financing activities	(1,247,518)	(2,474,471)	(1,247,518)	(2,474,471)
Net change in cash and cash equivalents	(1,056,389)	(1,704,122)	(1,056,389)	(1,704,122)
Cash and cash equivalents at beginning of year	5,177,701	6,881,823	5,177,701	6,881,823
Cash and cash equivalents at end of year	4,121,312	5,177,701	4,121,312	5,177,701
Cash and cash equivalents comprise:				
Cash and bank balances	357,050	156,665	357,050	156,665
Deposits with licensed banks (Note 17)	8,285,540	7,202,443	8,285,540	7,202,443
Bank overdrafts (unsecured) (Note 21)	(3,503,278)	(2,163,407)	(3,503,278)	(2,163,407)
	5,139,312	5,195,701	5,139,312	5,195,701
Less: Deposit pledged with a licensed bank	(1,018,000)	(18,000)	(1,018,000)	(18,000)
	4,121,312	5,177,701	4,121,312	5,177,701
Note:				
(A) Property, plant and equipment acquired during the year were financed by:				
Cash	2,787,598	2,081,217	2,787,598	2,081,217
Term loan	2,388,750	-	2,388,750	-
Hire purchase	679,100	1,685,234	679,100	1,685,234
	5,855,448	3,766,451	5,855,448	3,766,451

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

Notes to the Financial Statements
31 August 2010

1. Corporate Information

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

The principal activities of the Company consist of 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 28 October 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the Financial Reporting Standards 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 September 2009 as described fully in Note 2.3(a).

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for buildings and investment properties carried at fair values.

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

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Company 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, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(l). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries as at the balance sheet 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. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase 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) Non-current investments

The Company's non-current investments in quoted shares are stated at cost less provision for impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(l). Non-current investments are carried at the lower of cost and market value, determined on portfolio basis.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) 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 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 income statement during the financial period in which they are incurred.

Notes to the Financial Statements
31 August 2010 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

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, at the following annual rates:

Buildings	2% - 4%
Plant and machinery	10% - 20%
Motor vehicles	20%
Office, factory and laboratory equipment	10% - 20%
Furniture, fixtures and fittings	5% - 20%

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 income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) 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 the income statement in the year in which it arises.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Investment properties (cont'd)

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 use. Any gain or loss on the retirement or disposal of an investment property is recognised in the income statement in the year in which it arises.

(e) 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.

(f) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance leases - the group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Leases (cont'd)

(ii) Finance leases - the group as lessee (cont'd)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) Operating leases - the group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease terms which range between 27 and 83 years.

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition must also be met before revenue is recognised:

(i) Sale of goods

Revenue relating to sales of goods is recognised net of discounts upon the transfer of significant risks and rewards.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

(j) 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. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(k) 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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Foreign currencies (cont'd)

(ii) Foreign currency transactions

In preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are not translated.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit and loss for the period except the difference arising on the translation of non-monetary item 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.

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

	2010 RM	2009 RM
1 United States Dollar	3.14	not applicable
1 Brunei Dollar	2.32	not applicable
1 Singapore Dollar	2.32	2.44
100 United Arab Emirates Dinar	85.43	96.00

(l) Impairment of assets

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assesments of the time value of money and the risks specific to the assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(l) Impairment of assets (cont'd)

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

(m) Financial instruments

Financial instruments are recognised in the balance sheet when the Group and Company has become parties to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at fair value. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements
31 August 2010 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Financial instruments (cont'd)

(vi) Equity instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3 Changes in accounting policies and future accounting standards

(a) New FRS adopted during the current financial year

The accounting policies adopted are consistent with those of the previous financial period except that on 1 September 2009, the Group and the Company adopted FRS 8 - Operating Segments, which is mandatory for financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for the disclosure of information on an entity's operationg segments, products and services, the geographical areas in which it operates and its major customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters.This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocation resources to the segment and assessing its performance.

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and future accounting standards (cont'd)

(b) Standards, Amendments to FRS and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRSs and Interpretations

Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 8	Operating Segments
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 117	Leases
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowings Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investment in Associates
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Amendments to FRS 140	Investment Property
Amendments to FRSs	'Improvements to FRSs (2009)'
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

Notes to the Financial Statements
31 August 2010 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and future accounting standards (cont'd)

(b) Standards, Amendments to FRS and Interpretations issued but not yet effective (cont'd)

FRSs, Amendments to FRSs and Interpretations (cont'd)

Effective for financial periods beginning on or after 1 January 2010: (cont'd)

IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132	Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

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 and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
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

Effective for financial periods beginning on or after 1 January 2012:

IC Interpretation 15	Agreements for the Construction of Real Estate

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and future accounting standards (cont'd)

The above new and revised FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRSs 7, 139, 101 and 117.

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon initial application of FRS 7 and FRS 139.

FRS 101: Presentation of Financial Statements (revised)

The new FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

This is a disclosure standard with no impact on the financial position or financial performance of the Company and the Group.

FRS 117 Leases

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure regarding components of the Group's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group is exempted from disclosing the possible impact to the financial statements upon the initial application.

Notes to the Financial Statements
31 August 2010 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgements

(a) Key sources of estimation uncertainty

(i) Depreciation of property, plant and equipment

The Group 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 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 makes a provision for doubtful debts based on an assessment of the recoverability of receivables. 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, the 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 carries its investment properties at fair value, with changes in fair values being recognised in the income statements. The Group and the Company engaged independent valuer to determine fair value as at 31 August 2010. For the investment properties the valuer used comparison method in determining its fair value. The fair value of investment properties of the Group and the Company amounted to RM8,480,000 (2009: RM8,000,903).

3. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Staff costs (Note 4)	15,731,999	18,261,335	15,731,999	18,261,335
Non-executive directors' remuneration (Note 5)	128,000	125,000	128,000	125,000
Auditors' remuneration				
Statutory audit	75,000	75,000	73,000	73,000
Other services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	2,848,766	2,877,857	2,848,766	2,877,857
Amortisation of prepaid land lease payments	300,919	300,918	300,919	300,918
Provision for doubtful debts	-	83,560	-	83,560
Rental of buildings	876,514	799,933	876,514	799,933
Hire of machinery	919,259	1,083,641	919,259	1,083,641
Amount due from subsidiaries written off	-	-	-	45,274
Gain on disposal of quoted investment	-	(9)	-	(9)
Gain on disposal of property, plant and equipment	(45,800)	(64,432)	(45,800)	(64,432)
Realised foreign exchange gain	(262,099)	(217,150)	(262,099)	(217,150)
Unrealised foreign exchange gain	(83,046)	-	(83,046)	-
Interest income	(1,645,135)	(256,527)	(1,645,135)	(256,527)
Bad debts recovered	-	(706,337)	-	(706,337)

4. Staff costs

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Wages and salaries	14,181,249	16,834,048	14,181,249	16,834,048
Pension costs - defined contribution plan	806,021	766,907	806,021	766,907
Social security contributions	102,372	108,087	102,372	108,087
(Write back)/provision for short term accumulating compensated absences	(39,591)	45,331	(39,591)	45,331
Other staff related expenses	681,948	506,962	681,948	506,962
	15,731,999	18,261,335	15,731,999	18,261,335

Included in staff costs of the Group and of the Company is Executive Director's remuneration amounting to RM565,690 (2009: RM828,220) as further disclosed in Note 5.

Notes to the Financial Statements

31 August 2010 (cont'd)

5. 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	
	2010	**2009**
Executive director:		
RM500,001 - RM1,000,000	1	1
Non-executive directors:		
RM1 - RM50,000	5	5

	Group/Company	
	2010	**2009**
	RM	**RM**
Executive Director (Note 4)		
Fees	25,000	25,000
Remuneration and allowances	540,690	803,220
	565,690	828,220
Non-Executive Directors (Note 3)		
Fees	128,000	125,000
Total directors' remuneration	693,690	953,220

6. Finance costs

	Group/Company	
	2010	**2009**
	RM	**RM**
Finance costs comprise:		
Interest expense		
- term loans	925,806	1,003,614
- bank overdrafts	112,727	114,009
- revolving credit	670,173	870,765
- bankers' acceptances	593,534	672,547
- hire purchase	96,928	77,713
	2,399,168	2,738,648

7. Taxation

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current income tax	1,409,936	7,976,132	1,409,936	7,976,132
(Over)/under provision of income tax in prior years	(513,220)	177,498	(513,220)	177,498
	896,716	8,153,630	896,716	8,153,630
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	198,572	34,808	198,572	34,808
Relating to reduction in Malaysian income tax rate	-	(21,805)	-	(21,805)
(Over)/under provision in prior years	(1,848,334)	30,969	(1,848,334)	30,969
	(1,649,762)	43,972	(1,649,762)	43,972
	(753,046)	8,197,602	(753,046)	8,197,602

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Reconciliations of income tax expense applicable to profit before taxation 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation	15,272,262	28,948,785	15,276,607	28,907,256
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	3,818,066	7,237,196	3,819,152	7,226,814
Income not subject to tax	(2,909,963)	-	(2,909,963)	-
Expenses not deductible for tax purposes	700,405	773,744	699,319	784,126
(Over)/underprovision of income tax expense in prior years	(513,220)	177,498	(513,220)	177,498
(Over)/underprovision in deferred tax in prior years	(1,848,334)	30,969	(1,848,334)	30,969
Effect of changes in tax rate on deferred tax	-	(21,805)	-	(21,805)
Taxation	(753,046)	8,197,602	(753,046)	8,197,602

8. Earning per share

Basic earnings per share is calculated by dividing the profit for the year of RM16,025,308 (2009: RM20,751,183) for the Group on the number of ordinary shares in issue during the year of 44,775,000 (2009: 44,775,000).

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

9. Property, plant and equipment

	Buildings	Plant and machinery	Motor vehicles	Office, factory and laboratory equipment	Furniture, fixtures and fittings	Capital Work in Progress	Total
	RM	RM	RM	RM	RM	RM	RM
Group/Company							
Cost or valuation							
At 1 September 2009							
At cost	13,119,276	75,770,602	2,383,787	1,997,791	2,234,175	-	95,505,631
At valuation	10,600,000	-	-	-	-	-	10,600,000
	23,719,276	75,770,602	2,383,787	1,997,791	2,234,175	-	106,105,631
Additions	-	1,459,986	-	56,610	24,976	4,313,876	5,855,448
Disposal	-	-	(189,849)	-	-	-	(189,849)
At 31 August 2010	23,719,276	77,230,588	2,193,938	2,054,401	2,259,151	4,313,876	111,771,230
Representing:							
At cost	13,119,276	77,230,588	2,193,938	2,054,401	2,259,151	4,313,876	101,171,230
At valuation	10,600,000	-	-	-	-	-	10,600,000
At 31 August 2010	23,719,276	77,230,588	2,193,938	2,054,401	2,259,151	4,313,876	111,771,230

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

	Buildings	Plant and machinery	Motor vehicles	Office, factory and laboratory equipment	Furniture, fixtures and fittings	Capital Work in Progress	Total
	RM	RM	RM	RM	RM	RM	RM
Group/Company (cont'd.)							
Accumulated depreciation							
At 1 September 2009	5,243,453	71,831,560	1,409,346	1,602,590	2,109,850	-	82,196,799
Charge for the year	537,564	1,849,081	317,202	117,696	27,223	-	2,848,766
Disposal	-	-	(184,649)	-	-	-	(184,649)
At 31 August 2010	5,781,017	73,680,641	1,541,899	1,720,286	2,137,073	-	84,860,916
Net carrying amount							
At cost	9,832,985	3,549,947	652,039	334,115	122,078	4,313,876	18,805,040
At valuation	8,105,274	-	-	-	-	-	8,105,274
At 31 August 2010	17,938,259	3,549,947	652,039	334,115	122,078	4,313,876	26,910,314

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

	Buildings	Plant and machinery	Motor vehicles	Office, factory and laboratory equipment	Furniture, fixtures and fittings	Capital Work in Progress	Total
	RM	RM	RM	RM	RM	RM	RM
Group/Company (cont'd.)							
Cost or valuation (cont'd.)							
At 1 September 2008							
At cost	13,038,276	73,582,541	1,457,129	1,669,317	2,116,024	-	91,863,287
At valuation	10,600,000	-	-	-	-	-	10,600,000
	23,638,276	73,582,541	1,457,129	1,669,317	2,116,024	-	102,463,287
Additions	81,000	2,311,718	926,658	328,924	118,151	-	3,766,451
Disposal	-	(123,657)	-	(450)	-	-	(124,107)
At 31 August 2009	23,719,276	75,770,602	2,383,787	1,997,791	2,234,175	-	106,105,631
Representing:							
At cost	13,119,276	75,770,602	2,383,787	1,997,791	2,234,175	-	95,505,631
At valuation	10,600,000	-	-	-	-	-	10,600,000
At 31 August 2009	23,719,276	75,770,602	2,383,787	1,997,791	2,234,175	-	106,105,631

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

	Buildings	Plant and machinery	Motor vehicles	Office, factory and laboratory equipment	Furniture, fixtures and fittings	Capital Work in Progress	Total
	RM	RM	RM	RM	RM	RM	RM
Group/Company (cont'd.)							
Accumulated depreciation							
At 1 September 2008	4,705,889	70,094,949	1,068,234	1,488,075	2,085,632	-	79,442,779
Charge for the year	537,564	1,860,268	341,112	114,695	24,218	-	2,877,857
Disposal	-	(123,657)	-	(180)	-	-	(123,837)
At 31 August 2009	5,243,453	71,831,560	1,409,346	1,602,590	2,109,850	-	82,196,799
Net carrying amount							
At cost	10,204,234	3,939,042	974,441	395,201	124,325	-	15,637,243
At valuation	8,271,589	-	-	-	-	-	8,271,589
At 31 August 2009	18,475,823	3,939,042	974,441	395,201	124,325	-	23,908,832

Notes to the Financial Statements
31 August 2010 (cont'd)

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

Analysis of cost and valuation:

Group/Company

	At cost	At 1995 valuation	Total
	RM	RM	RM
2010			
Buildings	13,119,276	10,600,000	23,719,276
Plant and machinery	77,230,588	-	77,230,588
Motor vehicles	2,193,938	-	2,193,938
Office, factory and laboratory equipment	2,054,401	-	2,054,401
Furniture, fixtures and fittings	2,259,151	-	2,259,151
Capital work in progress	4,313,876	-	4,313,876
	101,171,230	10,600,000	111,771,230
2009			
Buildings	13,119,276	10,600,000	23,719,276
Plant and machinery	75,770,602	-	75,770,602
Motor vehicles	2,383,787	-	2,383,787
Office, factory and laboratory equipment	1,997,791	-	1,997,791
Furniture, fixtures and fittings	2,234,175	-	2,234,175
	95,505,631	10,600,000	106,105,631

(a) Buildings 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 virtue 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.

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

(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	
	2010	**2009**
	RM	**RM**
Factory buildings	5,360,450	5,643,506

(c) Included in property, plant and equipment of the Group/Company are fully depreciated assets which are still in use costing:

	Group/Company	
	2010	**2009**
	RM	**RM**
Plant and machinery	68,056,956	67,972,691
Motor vehicles	797,778	784,779
Office, factory and laboratory equipment	1,412,069	1,412,069
Furniture, fixtures and fittings	2,076,969	2,076,969
	72,343,772	72,246,508

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

	Group/Company	
	2010	**2009**
	RM	**RM**
Factory buildings	12,796,761	10,754,041
Plant and machinery	1,600,916	1,763,695
	14,397,677	12,517,736

(e) During the financial year, the Company acquired property, plant and equipment at aggregate costs of RM5,855,448 (2009: RM3,766,451) of which RM679,100 (2009: RM1,685,234) and RM2,388,750 (2009: RM Nil) was acquired by means of hire purchase and term loan arrangements.

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

Notes to the Financial Statements
31 August 2010 (cont'd)

10. Investment properties

	Group/Company	
	2010	2009
	RM	RM
At 1 September	8,000,903	1,193,303
Additions during the year	-	4,500,000
Reclassified from prepaid land lease (Note 11)	-	2,307,600
Fair value adjustment (Note 3)	479,097	-
At 31 August	8,480,000	8,000,903

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 was revalued on 28 September 2010 by Sr. Sultan Mydin Ibrahim, of JB Jurunilai Bersekutu Sdn. Bhd., an independent professional valuer. Fair value is determined by comparative method.

An investment property in Bangsar with fair value of RM4,800,000 is pledged as securities for borrowings (Note 21).

11. Prepaid lease payments

	Group/Company	
	2010	2009
	RM	RM
At 1 September	11,424,128	14,032,646
Additions during the year	3,461,378	-
Reclassified to investment properties (Note 10)	-	(2,307,600)
Amortisation for the year	(300,919)	(300,918)
At 31 August	14,584,587	11,424,128

Leasehold land with an aggregate carrying value of RM8,943,467 (2009: RM5,604,328) are pledged as securities for borrowings (Note 21).

	Group/Company	
	2010	2009
	RM	RM
Analysed as:		
Short term leasehold land	12,780,308	9,642,688
Long term leasehold land	1,804,279	1,781,440
	14,584,587	11,424,128

Notes to the Financial Statements
31 August 2010 (cont'd)

12. Subsidiary companies

	Company 2010 RM	Company 2009 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 2010 %	Group effective equity interest 2009 %
Concrete Engineering Products Management Sdn. Bhd.	Malaysia	Dormant	100	100
Concrete Engineering Products Marketing Sdn. Bhd.	Malaysia	Dormant	100	100

13. Other investment

	Group/Company 2010 RM	Group/Company 2009 RM
Shares quoted in Malaysia, at cost	61,953,566	61,953,592
Less : Provision for diminution in value	(30,034,773)	(41,591,577)
Less : Disposal during the year	-	(26)
	31,918,793	20,361,989
Market value of quoted shares at 31 August	31,918,793	20,361,989

Other investments relate to investment in quoted shares of Inch Kenneth Kajang Rubber Public Limited Company ("IKK"), a corporate shareholder, with a net book value of RM31,918,793 (2009: RM20,361,989). This represents 13% (2009: 13%) of the issued and fully paid up capital of IKK. These quoted shares of RM31,918,793 (2008: RM20,361,989) are pledged as security for bank facilities as disclosed in Note 21.

Notes to the Financial Statements
31 August 2010 (cont'd)

14. Inventories

	Group/Company	
	2010	2009
	RM	RM
At cost:		
Finished goods	24,658,998	22,771,594
Raw materials	3,593,306	5,092,759
Consumable spares	1,601,394	1,800,277
	29,853,698	29,664,630

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM98,249,203 (2009: RM178,764,105).

15. Receivables

	Group/Company	
	2010	2009
	RM	RM
Trade receivables	36,168,862	62,822,852
Less: Provision for doubtful debts	(3,927,182)	(3,927,182)
	32,241,680	58,895,670
Other receivables:		
Deposits	248,885	344,291
Prepayments	725,516	155,541
Sundry receivables	76,821	131,580
	1,051,222	631,412
	33,292,902	59,527,082

The Group's and the Company's average trade credit term ranges from 60 to 120 days (2009: 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 RM7,812,062 (2009: RM20,821,692), arising from a single customer which contributed to approximately 24% (2009: 35%) of the total trade receivables as at the balance sheet 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.

16. Amount due from subsidiary companies

The amount due from subsidiary companies are unsecured, interest-free and has no fixed terms of repayment.

17. Deposits with licensed banks

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

	Group/Company	
	2010 %per annum	2009 %per annum
Licensed banks	1.75-3.70	1.50-3.70

The remaining maturities of deposits at balance sheet date was as follows:

	Group/Company	
	2010 days	2009 days
Licensed banks	2-27	2-28

Fixed deposit of RM1,018,000 is being pledged as securities for borrowings (Note 21).

18. Share capital

	Number of Ordinary Shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
At 31 August/1 September 2009/2008	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 31 August/1 September 2009/2008	44,775,000	44,775,000	44,775,000	44,775,000

Notes to the Financial Statements
31 August 2010 (cont'd)

19. Dividend

	Dividends in respect of Year		Dividends recognised in Year	
	2010	2009	2010	2009
	RM	RM	RM	RM
Interim dividend for 2010:				
3% less 25% taxation on 44,775,000 ordinary shares, 2.25 sen per ordinary share	1,007,438	-	-	-

The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of accumulated profit in the financial year ending 31 August 2011.

20. Accumulated profit/(losses)

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 2010, the balance in the Section 108 accounts was RM5,805,462 (2009: RM5,805,462).

As at 31 August 2010, the Company has tax exempt profits available for distribution of RM46,434,197 (2009: RM46,434,197) subject to the agreement of Inland Revenue Board.

21. Borrowings

	Group/Company	
	2010	2009
	RM	RM
Short term borrowings		
Secured:		
- Bank overdrafts	1,747,184	-
- Revolving credit facilities	13,000,000	14,000,000
- Hire purchase (Note 22)	750,125	521,317
- Bankers' acceptances	5,826,000	-
- Term loans	3,604,186	2,453,628
	24,927,495	16,974,945
Unsecured		
- Bank overdrafts	1,756,094	2,163,407
- Bankers' acceptances	8,858,000	15,989,000
- Revolving credit facilities	-	1,500,000
	10,614,094	19,652,407
	35,541,589	36,627,352
Long term borrowings		
Secured:		
- Hire purchase (Note 22)	751,067	937,254
- Term loans	14,211,060	9,778,907
	14,962,127	10,716,161
Total borrowings		
Secured:		
- Bank overdrafts	1,747,184	-
- Revolving credit facilities	13,000,000	14,000,000
- Hire purchase (Note 22)	1,501,192	1,458,571
- Bankers' acceptances	5,826,000	-
- Term loans	17,815,246	12,232,535
	39,889,622	27,691,106
Unsecured:		
- Bank overdrafts	1,756,094	2,163,407
- Bankers' acceptances	8,858,000	15,989,000
- Revolving credit facilities	-	1,500,000
	10,614,094	19,652,407
	50,503,716	47,343,513

Notes to the Financial Statements
31 August 2010 (cont'd)

21. Borrowings (cont'd)

	Group/Company	
	2010	2009
	RM	RM
Maturity of borrowings:		
Not later than 1 year	35,541,589	36,627,352
Later than 1 year and not later than 2 years	4,206,282	3,056,095
Later than 2 years and not later than 5 years	7,950,764	7,660,066
Later than 5 years	2,805,081	-
	50,503,716	47,343,513

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

	Group/Company	
	2010	2009
	%	%
Hire purchase	3.45-4.15	3.50-4.15
Bankers' acceptances	3.20-5.09	3.12-5.46
Revolving credit facilities	4.50-6.30	3.84-6.98
Term loans	4.60-8.00	6.80-8.10
Bank overdrafts	7.55-8.30	6.30-8.55

The Group's overdraft facilities are secured by the following:

(i) An outstanding facility of RM1,000,000 (2009: RM Nil) is secured by way of a first legal charge over a leasehold land and factory building in Nilai with a total net book value of RM4,401,904 (2009: RM4,481,213) as disclosed in Notes 9 and 11 respectively.

(ii) An outstanding facility of RM747,184 (2009: RM Nil) is secured by way of memorandum of deposit over investment in quoted shares and letter of set-off over fixed deposits of RM18,000 (2009: RM18,000) as disclosed in Note 13 and Note 17.

The Group's revolving credit facilities are secured by the following:

(i) An outstanding facility of RM5,000,000 (2009: RM6,000,000) is secured by way of memorandum of deposit over investment in quoted shares as disclosed in Note 13.

(ii) An outstanding facility of RM8,000,000 (2009: RM8,000,000) is secured by way of second legal charge over a leasehold land and factory building in Rawang with a total net book value of RM11,605,417 (2009: RM11,877,156) as disclosed in Notes 9 and 11 respectively.

21. Borrowings (cont'd)

The bankers' acceptances are secured by the following:

(i) An outstanding facility of RM1,826,000 (2009: RM Nil) is secured by way of a supplemental memorandum of deposit over investment in quoted shares as disclosed in Note 13.

(ii) An outstanding facility of RM4,000,000 (2009: RM Nil) is secured by way of:

(a) First legal charge over a leasehold land and factory building in Nilai with a total net book value of RM4,401,904 (2009: RM4,481,213) as disclosed in Notes 9 and 11 respectively.

(b) A specific debenture over the plant and machinery in Nilai factory with a net book value totalling RM1,600,916 (2009: RM1,763,695) as disclosed in Note 9.

The term loans are secured by the following:

(i) An outstanding facility of RM5,728,965 (2009: RM7,202,199) is secured by way of first legal charge over a leasehold land and factory building in Rawang with a total net book value of RM11,605,417 (2009: RM11,877,156) as disclosed in Notes 9 and 11 respectively.

(ii) An outstanding facility of RM4,001,200 (2009: RM5,030,336) is secured by way of:

(a) First legal charge over a leasehold land and factory building in Nilai with a total net book value of RM4,401,904 (2009: RM4,481,213) as disclosed in Notes 9 and 11 respectively.

(b) A specific debenture over the plant and machinery in Nilai factory with a net book value totalling RM1,600,916 (2009: RM1,763,695) as disclosed in Note 9.

(iii) An outstanding facility of RM3,299,058 (2009: RM Nil) is secured by way of first legal charge over an investment property in Bangsar with a net book value of RM4,800,000 (2009: RM4,500,000) as disclosed in Note 10.

(iv) An outstanding facility of RM4,817,000 (2009: RM Nil) 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 RM5,732,907 (2009: RM Nil) as disclosed in Notes 9 and 11 respectively.

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

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

Notes to the Financial Statements
31 August 2010 (cont'd)

22. Hire purchase

	Group/Company	
	2010	2009
	RM	RM
Future minimum lease payments:		
Not later than 1 year	833,328	607,816
Later than 1 year and not later than 2 years	550,290	555,516
Later than 2 years and not later than 5 years	240,103	449,205
Total future minimum lease payments	1,623,721	1,612,537
Less: Future finance charges	(122,529)	(153,966)
Present value of hire purchase liabilities	1,501,192	1,458,571
Analysis of present value of hire purchase liabilities:		
Not later than 1 year	750,125	521,317
Later than 1 year and not later than 2 years	487,316	507,104
Later than 2 years and not later than 5 years	263,751	430,150
	1,501,192	1,458,571
Less: Amount due within 12 months (Note 21)	(750,125)	(521,317)
Amount due after 12 months (Note 21)	751,067	937,254

23. Deferred taxation

	Group/Company	
	2010	2009
	RM	RM
At 1 September	1,299,403	1,255,431
Recognised in the income statement (Note 7)	(1,649,762)	43,972
At 31 August	(350,359)	1,299,403

23. Deferred taxation (cont'd)

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 allowances	Investment properties	Revaluation	Total
	RM	RM	RM	RM
At 1 September 2009	216,834	(29,525)	1,112,094	1,299,403
Charged to income statement	(1,746,407)	119,774	(23,129)	(1,649,762)
At 31 August 2010	(1,529,573)	90,249	1,088,965	(350,359)
At 1 September 2008	133,847	(29,525)	1,151,109	1,255,431
Charged to income statement	82,987	-	(39,015)	43,972
At 31 August 2009	216,834	(29,525)	1,112,094	1,299,403

24. Payables

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade payables	17,653,975	36,139,970	17,653,975	36,139,970
Other payables	146,455	146,054	146,455	146,054
Accruals	2,240,977	2,859,714	2,232,887	2,849,569
	20,041,407	39,145,738	20,033,317	39,135,593

The normal trade credit terms granted to the Group and to the Company range from 60 to 120 days (2009: 60 to 120 days).

25. Segment reporting

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

Notes to the Financial Statements
31 August 2010 (cont'd)

25. Segment reporting (cont'd)

Geographical information

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

	2010 RM	2009 RM
Malaysia	98,666,124	198,258,689
Others	22,678,294	41,934,251
	121,344,418	240,192,940

Information about a major customer

Revenue from one major customer amount to RM14,769,497 (2009: RM Nil).

26. Capital commitments

	Group/Company	
	2010 RM	2009 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	2,500,000	-

27. Related party transactions

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Group/Company	
	2010 RM	2009 RM
(i) Purchase of raw materials from Urus Kemas Sdn Bhd., a subsidiary of Inch Kenneth Kajang Rubber Public Limited Company, a corporate shareholder of the Company	-	8,706,074

The directors are of the opinion that the transactions above have been entered into in the normal course of business.

27. Related party transactions (cont'd)

(b) Compensation of key management personnel

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

	Group/Company	
	2010	2009
	RM	RM
Short term employee benefits	656,250	922,500
Post-employment benefits Defined contribution plan	37,440	30,720
	693,690	953,220

Included in the total key management personnel are:

	Group/Company	
	2010	2009
	RM	RM
Directors' remuneration (Note 5)	693,690	953,220

28. Material litigation

The Court of Appeal had on 30 December 2004 dismissed the High Court suit by Industrial Concrete Products Berhad ("ICP") against the Company for an alleged breach of contract and specific performance on the purported Management Agreement dated 5 June 1996. The Company had received a sum of RM15.3 million on 3 January 2005 from ICP for goods taken from the Company by ICP as determined by the court order dated 30 December 2004. The Company has proceeded to file a suit to enforce the judgment against ICP for the balance of the interest payable of RM1,576,907, being the differential in interest computed on the said judgement sum of RM15.3 million. The learned judge had on 31 October 2006 ruled against the Company's claim on this matter. Based on legal advice, the Board of Directors of the Company had filed an appeal on 6 November 2006. The Company has won the appeal and the judgement sum of RM1,440,795 was received from ICP on 21 June 2010.

29. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

Notes to the Financial Statements
31 August 2010 (cont'd)

29. Financial instruments (cont'd)

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The followings tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

29. Financial instruments (cont'd)

(b) Interest rate risk (cont'd)

As at 31 August 2010

	Note	WAEIR	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5Years	Total
		%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group/Company									
Fixed rate									
Hire purchase creditors	21	12.64	750,125	487,316	263,751	-	-	-	1,501,192
Floating rate									
Term loans	21	28.90	3,604,186	3,718,966	3,718,966	2,909,248	1,058,800	2,805,080	17,815,246
Revolving credit facilities	21	5.19	13,000,000	-	-	-	-	-	13,000,000
Bank overdrafts	21	7.71	3,503,278	-	-	-	-	-	3,503,278
Bankers' acceptance	21	3.02	14,684,000	-	-	-	-	-	14,684,000

As at 31 August 2009

	Note	WAEIR	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5Years	Total
Group/Company									
Fixed rate									
Hire purchase creditors	21	12.93	521,317	507,104	319,900	110,250	-	-	1,458,571
Floating rate									
Term loans	21	31.51	2,453,628	2,548,991	2,660,171	2,779,329	1,790,416	-	12,232,535
Revolving credit facilities	21	5.50	15,500,000	-	-	-	-	-	15,500,000
Bank overdrafts	21	7.50	2,163,407	-	-	-	-	-	2,163,407
Bankers' acceptance	21	4.50	15,989,000	-	-	-	-	-	15,989,000

29. Financial instruments (cont'd)

(c) Foreign exchange risk

The Group operates primarily in Malaysia and is not exposed to any major foreign exchange risk other than that arising from the normal transactions denominated in the United Arab Emirates Dirham, United States Dollar, Singapore Dollar and Brunei Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept at an acceptable level. The net unhedged financial assets and liabilities of the Group that are denominated in currencies other than Ringgit Malaysia are as follows:

	United Arab Emirates Dirham	United States Dollar	Singapore Dollar	Brunei Dollar	Total
	RM	RM	RM	RM	RM
Group/Company					
As at 31 August 2010					
Trade receivables	3,204,020	936,899	54,090	33,939	4,228,948
As at 31 August 2009					
Trade receivables	21,392	-	1,737,351	-	1,758,743

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. The Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

Other than significant concentration of credit risk from exposures to a customer as disclosed in Note 15, the Company has no other significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

29. Financial instruments (cont'd)

(f) Fair values

The carrying values of financial liabilities of the Group and of the Company at the balance sheet date approximated their fair value except for the following:

		Group/Company	
	Note	Carrying amount RM	Fair value RM
As at 31 August 2010			
Hire purchase creditors	22	1,501,192	1,499,274
As at 31 August 2009			
Hire purchase creditors	22	1,458,571	1,440,815

The methods and assumptions used by management to determine fair values of the financial instruments other than those carrying amounts reasonably approximate their fair values are as follows:

(i) Cash and cash equivalents, receivables, payables, amounts due from subsidiary companies, quoted investments, short term borrowings and bank overdrafts

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings - term loans

The fair values of the term loans are estimated by discounting the expected future cash flows based on current rates for similar types of borrowings and risk profiles.

Analysis of Shareholdings
as at 30 December 2010

Class of Shares : Ordinary Shares of RM1.00 each

A. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Holders	No of Shares	%
Less than 100	39	1,726	0.00
100 - 1,000	542	489,520	1.09
1,001 - 10,000	730	2,239,700	5.00
10,001 - 100,000	88	2,341,150	5.23
100,001 - less than 5% of issued shares	47	27,997,904	62.53
5% and above of issued shares	2	11,705,000	26.14
Total	**1,448**	**44,775,000**	**100.00**

B. SUBSTANTIAL SHAREHOLDERS

Name	No of Shares	%
1. Inch Kenneth Kajang Rubber Public Limited Company	9,024,559	20.16
2. Progressive Metal Works Sdn Bhd	4,179,000	9.33

C. THIRTY (30) LARGEST SHAREHOLDERS

Name	No of Shares	%
1. Bank Kerjasama Rakyat Malaysia Berhad for Inch Kenneth Kajang Rubber Public Limited Company	8,066,000	18.01
2. Progressive Metal Works Sdn Bhd	3,639,000	8.13
3. Bank Kerjasama Rakyat Malaysia Berhad for Md Rushdi bin Taib	2,022,000	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. HLG Nominee (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

Analysis of Shareholdings
as at 30 December 2010 (cont'd)

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

Name	No of Shares	%
9. Mayban Nominees (Tempatan) Sdn Bhd for Ahmad Hamzah bin Mohd Anuar	1,034,350	2.31
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
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	717,050	1.60
17. Usaki Sdn Bhd	700,000	1.56
18. Inch Kenneth Kajang Ruber Public Limited Company	661,759	1.48
19. AIBB Nominees (Tempatan) Sdn Bhd for Mohd Dzaki @ Mohd Zaki bin Jaafar	653,150	1.46
20. AIBB Nominees (Tempatan) Sdn Bhd for Latifah binti Abdul Hamid	593,600	1.33
21. Kenanga Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	587,500	1.31
22. EB Nominees (Tempatan) Sendirian Berhad for Progressive Metal Works Sdn Bhd	540,000	1.21
23. Amsec Nominees (Tempatan) Sdn Bhd for Mohd Dzaki @ Mohd Zaki bin Jaafar	532,000	1.19
24. TA Nominees (Tempatan) Sdn Bhd for Hassan bin Haji Hussin	517,500	1.16
25. Norani binti Supar	517,300	1.16

Analysis of Shareholdings
as at 30 December 2010 (cont'd)

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

Name	No of Shares	%
26. Public Nominees (Tempatan) Sdn Bhd for Ahmad Fauzi bin Anuar @ Mohd Anuar	513,750	1.15
27. Che Yam @ Rusnah binti Hussin	505,100	1.13
28. ECML Nominees (Tempatan) Sdn Bhd for Low Teck Beng	438,500	0.98
29. Ambank (M) Berhad for Sumber Berkat Sdn Bhd	395,000	0.88
30. Mayban Nominees (Tempatan) Sdn Bhd for Norhazlina binti Ibrahim	371,300	0.83

List of Properties
as at 31 August 2010

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31/8/10 RM	Date of Acquisition (A) / Revaluation (R)
1	Lot 63, Bakar Arang Industrial Estate Sg Petani, Kedah	Leasehold expiring in 2083	73	Land: 13.2 acres Built-up: 5,180 sq m 26 years	Single-storey office, an open sided single-storey factory building, canteen, laboratory, store and stockyard	4,996,978	31 Aug 1995 (R)
2	PLO 337, Jln Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2050	40	Land: 7.5 acres Built-up: 7,000 sq m 19 years	Single storey office, two single-storey factory buildings, a boiler house, canteen, stockyard and jetty	7,305,224	31 Aug 1995 (R)
3	PLO 461, Jln Suasa Pasir Gudang Industrial Estate Johor	Leasehold expiring in 2053	43	Land: 2.5 acres 19 years	Stockyard	407,408	31 Aug 1995 (R)
4	PT 643, Batu 20 Jalan Ipoh, Rawang Selangor	Leasehold expiring in 2047	37	Land: 11.344 acres Built-up: 16,630 sq m 17 years	Double-storey office, canteen, store, laboratory, single-storey factory building and stockyard	11,605,417	23 June 1993 (A)
	* Property is currently charged for financing facilities						
5	Lot 7106 Kawasan Perindustrian Nilai 71800 Nilai Negeri Sembilan	Leasehold expiring in 2089	79	Land: 6.707 acres Built-up: 6,370 sq m 16 years	Single-storey factory and office, canteen and stockyard	4,401,904	16 Mar 2007 (A)
	* Property is currently charged for financing facilities						

List of Properties
as at 31 August 2010 (Con'td)

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31/8/10 RM	Date of Acquisition (A) / Revaluation (R)
6	HS(M) 1653 PT2100 Mukim Batang Kali District of Hulu Selangor, Selangor	Leasehold expiring in 2052	42	Land: 7.981 acres Built-up: 4,842 sq m 17 years	Single-storey factory and office, canteen, stockyard, boiler room, generator room, compressor room	5,732,907	25 Aug 2010 (A)
	* Property is currently charged for financing facilities						
7	11 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	72	Land: 0.035 acres Built up: 150 sq m 19 years	Residential double-storey terrace house	74,572	30 Apr 1992 (A)
8	31 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	72	Land: 0.035 acres Built up: 150 sq m 18 years	Residential double-storey terrace house	75,877	8 Sept 1992 (A)
9	42 Jalan 10/11 Perjiranan 10 Pasir Gudang Johor	Leasehold expiring in 2082	72	Land: 0.035 acres Built up: 150 sq m 19 years	Residential double-storey terrace house	74,572	30 Apr 1992 (A)
10	8 Jalan 2/11 Jalan Bukit Rawang Jaya, Rawang Selangor	Freehold		Land: 0.030 acres Built up: 90 sq m 16 years	Single-storey terrace house	50,400	28 Apr 1994 (A)
11	A-3-3, Block A Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq ft 11 years	Apartment	22,080	27 May 2009 (A)

List of Properties
as at 31 August 2010 (Con'td)

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31/8/10 RM	Date of Acquisition (A) / Revaluation (R)
12	A-1-6, 1st Floor Block A Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq ft 11 years	Apartment	24,960	27 May 2009 (A)
13	LA-3-2, Block LA Taman Nilai Perdana Nilai, Negeri Sembilan	Freehold		Built-up: 60.7 sq ft 11 years	Apartment	22,080	27 May 2009 (A)
14	I-G-02, Jln PPK 2 Bandar Kinrara Section 3 47100 Puchong Selangor	Leasehold expiring in 2099	89	Built up: 114sq m 5 years	Ground Floor Shoplot	320,000	30 Aug 2010 (R)
15	Danau Putra Apartments Jln Putra Perdana 5F Taman Putra Sepang	Leasehold expiring in 2092	82	8 years	Apartments		30 Aug 2010 (R)
	Unit 48-2A			Built up: 76 sq m		72,000	
	Unit 48-2B			Built up: 73 sq m		70,000	
	Unit 49-2A			Built up: 69 sq m		65,000	
	Unit 49-2B			Built up: 66 sq m		62,000	
	Unit 52-1B			Built up: 66 sq m		65,000	
	Unit 52-1C			Built up: 44 sq m		44,000	
	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		62,000	
16	Unit B1-5-6 Pandan Mewah Heights Jalan Mewah Utara Taman Pandan Mewah 68000 Ampang Selangor	Leasehold expiring in 2086	76	Built up: 90 sq m	Condominium	160,000	30 Aug 2010 (R)

List of Properties
as at 31 August 2010 (Con'td)

	Location	Tenure	Residual Lease (Years)	Approximate Area / Age of Property	Description	Net Book Value 31/8/10 RM	Date of Acquisition (A) / Revaluation (R)
17	Unit B1-5-7 Pandan Mewah Heights Jalan Mewah Utara Taman Pandan Mewah 68000 Ampang Selangor	Leasehold expiring in 2086	76	Built up: 90 sq m	Condominium	160,000	30 Aug 2010 (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	95,000	30 Aug 2010 (R)
19	Lot 7692 PN 10780 Bandar Ulu Kelang District of Gombak Selangor	Leasehold expiring in 2078	68	Land: 1,191 sq m	Vacant detached residential plot	2,370,000	30 Aug 2010 (R)
20	44 & 44A Jalan Telawi 5 Bangsar Baru Kuala Lumpur	Freehold		Land: 167.22 sq m Built up: 332 sq m 31 years	Double Storey Shop Office	4,800,000	30 Aug 2010 (R)

* Property is currently charged for financing facilities

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Company will be held at Dewan Murni, Ground Floor, Menara Integriti, Institut Integriti Malaysia, Persiaran Duta, Off Jalan Duta, 50480 Kuala Lumpur on Wednesday, 23 February 2011 at 10.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 2010 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 2010. **Resolution 2**

3. To re-elect the following Directors retiring pursuant to Article 96 of the Company's Articles of Association, and being eligible offer themselves for re-election:

   a) Dennis Xavier **Resolution 3a**
   b) To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain **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 Resolutions:

5. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 5**

   "THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for Concrete Engineering Products Berhad ("CEPCO") to enter into the types of transactions as stated in Section 3.2 of the Circular to Shareholders dated 28 January 2011 involving the interests of Directors, major shareholders or persons connected to the Directors and/or major shareholders of CEPCO provided that such arrangements and/or transactions are:

   (i) recurrent transactions of a revenue or trading nature;
   (ii) necessary for the day-to-day operations;
   (iii) in the ordinary course of business and are on terms not more favorable to the related parties than those generally available to the public; and
   (iv) not to the detriment of the minority shareholders of CEPCO

   ("Shareholders Mandate")

Notice of Annual General Meeting (Con'td)

"AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or

iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the aggregate value of the transactions conducted pursuant to the Shareholders' Mandate during a financial year will be disclosed in accordance with the Listing Requirements of Bursa Securities in the annual report of the Company for the said financial year.

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

"THAT subject always to the Companies Act,1965 ("ACT"), the Memorandum and Articles of Association of the Company and the approvals of Bursa Malaysia Securities Berhad 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."

7. **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
28 January 2011

Notice of Annual General Meeting (Con'td)

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 and 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, 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**
   Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

   The proposed resolution 5, if passed, will empower the company to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties and are not to the detriment of the minority shareholders of the Company.

   Details relating to the resolution 5 are set out in the Circular to Shareholders dated 28 January 2011, which is dispatched together with this Annual Report.

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

   The proposed resolution 6, if passed will empower the Directors of the Company authority to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the best interest of the Company, without having to convene a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

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

    a) Dennis Xavier
    b) To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain

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

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

NO OF SHARES HELD	

PROXY FORM

I/We ____ Tel No: ______________________________________
(FULL NAME IN CAPITAL LETTERS)

of ____
(ADDRESS)

being a member/members of **Concrete Engineering Products Berhad**, hereby appoint *the Chairman of the Company 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 26th Annual General Meeting of the Company to be held at Dewan Murni, Ground Floor, Menara Integriti, Institut Integriti Malaysia, Persiaran Duta, Off Jalan Duta, 50480 Kuala Lumpur on Wednesday, 23 February 2011 at 10.00 a.m. for the following purposes:

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Directors' report and accounts		
2.	To approve the payment of Directors' fees		
3.	To re-elect the following Directors: a) Dennis Xavier b) To' Puan Seri Hajjah Nur Rahmah binti Mohd Zain		
4.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
5.	**Special Business: Ordinary Resolution 1** To approve the proposed renewal of shareholders' mandate for recurrent related party transaction of a revenue or trading nature		
6.	**Special Business: Ordinary Resolution 2** To empower the Directors of the Company to issue shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. If you do not do so, your proxy will vote or abstain from voting at his discretion.

*Delete whichever is not applicable.

______________________________ Dated this day ____________ of ______________ 2011

Signature/Seal of Member(s)

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
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, Jalan Sultan Ismail, 50250 Kuala Lumpur.
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