Tasek Corporation Berhad
(4698-W)

ANNUAL REPORT 2018

58TH ANNUAL GENERAL MEETING

30 April 2019, Tuesday

9:30 a.m.

Millennium I, Lobby Level,
Grand Millennium Kuala Lumpur,
160 Jalan Bukit Bintang,
55100 Kuala Lumpur.

CONTENTS

BOARD OF DIRECTORS

Kwek Leng Peck
Chairman, Non-Executive

Tan Eng Kwee
Director, Non-Executive

Dato' Chong Pah Aung
Director, Independent Non-Executive

Lim Eng Khoon
Director, Independent Non-Executive

Dato' Mohammed Bin Haji Che Hussein
Director, Independent Non-Executive

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

Lim Eng Khoon *(Chairman)*
Dato' Chong Pah Aung
Dato' Mohammed Bin Haji Che Hussein

REMUNERATION AND NOMINATION COMMITTEE

Dato' Chong Pah Aung *(Chairman)*
Kwek Leng Peck
Lim Eng Khoon

COMPANY SECRETARIES

Chow Poh Jin, FCIS

Go Hooi Koon, ACIS

AUDITORS

Ernst & Young
AF: 0039

DOMICILE AND LEGAL FORM

Domiciled in Malaysia as a public limited liability company and listed on the Main Market of Bursa Malaysia Securities Berhad

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 5, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel : 603-2164 1818
Fax : 603-2164 3703

CORPORATE OFFICE AND REGISTERED OFFICE

6th Floor, Office Block
Grand Millennium Kuala Lumpur
160, Jalan Bukit Bintang
55100 Kuala Lumpur, Malaysia
Tel : 603-2144 6868
Fax : 603-2144 6828
Email : info@tasek.com.my
Website : www.tasekcement.com

PLANT

Persiaran Tasek
Tasek Industrial Estate
31400 Ipoh
Perak, Malaysia
Tel : 605-291 1011
Fax : 605-291 9932

DISTRIBUTION TERMINAL

Lot 1552, Kg Jaya Industrial Area
Off Jalan Hospital
47000 Sungai Buloh
Selangor, Malaysia
Tel : 603-6156 6818
Fax : 603-6156 6828

	Year Ended 31.12.2018 RM'000	Year Ended 31.12.2017 RM'000	% Change
FINANCIAL DATA			
Revenue	554,777	549,112	1.0
(Loss)/Profit before Taxation	(28,304)	1,641	-1,824.8
Net Assets	532,869	587,825	-9.3
Total Assets	636,225	707,658	-10.1
Capital Expenditure	37,243	29,525	26.1
Depreciation and Amortisation	35,548	48,974	-27.4
(Loss)/Profit before Taxation as a percentage of Revenue	-5.1%	0.3%	-1,806.1
Net Return on Capital Employed	-4.1%	0.2%	-2,476.5
Earnings per Share (sen)	-18.01	0.82	-2,303.2
Total Dividends (incl. Preference Dividend)	24,316	72,907	-66.6
Dividend Rate (excl. Preference Dividend)	20.0%	60.0%	-66.7
Net Asset per Share	RM4.40	RM4.74	-7.2

FINANCIAL CALENDAR

Financial Year End :
31 DECEMBER 2018

Announcement of Results :

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
24 April 2018	26 July 2018	18 October 2018	26 February 2019

8 APRIL 2019
Issue Annual Report for the Year Ended 31.12.2018

30 APRIL 2019
58th Annual General Meeting

DIRECTORS' PROFILE

MR. KWEK LENG PECK
Chairman, Non-Executive

62 | Male | Singaporean

Mr. Kwek joined the Board as Non-Independent Non-Executive Director on 4 June 1984 and became Non-Executive Chairman of the Board on 28 April 2009. He is also a member of the Remuneration and Nomination Committee.

Mr. Kwek holds directorships as Executive Chairman of Hong Leong Asia Ltd, Non-Executive Director of City Developments Ltd, Hong Leong Finance Ltd, Millennium & Copthorne Hotels plc, and China Yuchai International Ltd, which are listed in other jurisdictions.

Mr. Kwek has many years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management.

Mr. Kwek attended all the four Board Meetings held during the financial year.

TAN ENG KWEE
Director, Non-Executive

65 | Male | Singaporean

Mr. Tan was appointed to the Board of Directors as Non-Independent Non-Executive Director on 2 January 2019. He is the Chief Executive Officer of Hong Leong Asia Ltd and a member of its Board of Directors.

Mr. Tan holds a Bachelor of Accountancy from University of Singapore and an MBA from Cranfield School of Management. He has successfully completed all examinations of the Chartered Association of Chartered Accountants, Chartered Association of Management Accountants and Chartered Secretaries Institute of Singapore and was a Fellow member of the former and an Associate member of the latter two. He has over 30 years of operations, corporate, accounting and financial experience, having worked in Singapore, Malaysia, Indonesia and China.

Mr. Tan was formerly the Chief Financial Officer of Hong Leong Asia Ltd from 2008 to 2011. Prior to that, he was with Gold Coin Group for more than 10 years and was Chief Financial Officer, Group Business Development Director, Group Logistics Director and Group Chief Operating Officer. In recent years, he has held senior management positions in Perennial China Retail Trust Management Pte. Ltd., Dynapack Asia Pte. Ltd. and Epsilon Global Communications Pte. Ltd.

Mr. Tan does not hold any directorship in other public listed companies in Malaysia but holds directorships in Hong Leong Asia Ltd and HL Global Enterprises Limited which are both listed on the Singapore Exchange and also hold directorship in China Yuchai International Limited which is listed on the New York Stock Exchange.

DATO' CHONG PAH AUNG
Director, Independent Non-Executive

64 | Male | Malaysian

Dato' P.A. Chong joined the Board as an Independent Non-Executive Director on 28 April 2009. He serves as the Chairman of the Remuneration and Nomination Committee and is also a member of the Board Audit and Risk Management Committee.

He holds a Bachelor of Science degree in Estate Management and is professionally a Fellow of The Royal Institution of Chartered Surveyors (FRICS), The Royal Institution of Surveyors Malaysia (FRISM), a Registered Valuer, Estate Agent and Property Manager with The Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

After serving the public sector (Jabatan Penilaian dan Perkhidmatan Harta Kementerian Kewangan Malaysia), Dato' P.A. Chong joined C. H. Williams Talhar & Wong in 1981 where he retired in 2009 as a Senior Executive Director after 28 years of service and continued on as a Consultant until May 2012.

Currently, Dato' P.A. Chong is the Managing Director of Compass Real Estate Sdn Bhd and he sits on the Board of several other private limited companies. At Mattan Berhad, he serves as an Independent Non-Executive Director. In addition, he is a Trustee of Yayasan MRCB.

Dato' attended all the four Board Meetings held during the financial year.

DIRECTORS' PROFILE (cont'd)

MR. LIM ENG KHOON

Director, Independent Non-Executive

76 | Male | Malaysian

Mr. Lim joined the Board as an Independent Director on 13 December 2010. He is Chairman of the Board Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

Mr. Lim is a Fellow of Chartered Accountants Australia and New Zealand and has held senior positions in the public accounting sector and in commerce and industry including KPMG Peat Marwick, Cycle & Carriage Bintang Berhad and Tasek Corporation Berhad. He was Executive Director of Tasek Corporation Berhad from 1995 to 2003 and Non-Executive Director in 2004.

He also served as Council Member of The Malaysian Institute of Certified Public Accountants from 1979 to 1982.

Mr. Lim does not hold any directorship in other public listed companies.

Mr. Lim attended all the four Board Meetings held during the financial year.

DATO' MOHAMMED BIN HAJI CHE HUSSEIN

Director, Independent Non-Executive

68 | Male | Malaysian

Dato' Mohammed Hussein joined the Board as an Independent Director on 24 March 2017. He is a member of the Board Audit and Risk Management Committee.

Dato' Mohammed Hussein graduated with a degree in Bachelor of Commerce (Accounting) from the University of Newcastle, Australia in 1972 and completed the Harvard Business School Advanced Management Program in Boston, USA in 2003. He is also a Fellow of the Asian Institute of Chartered Bankers.

Previously, he was with the Malayan Banking Berhad ("Maybank") Group for 31 years, during which time he held various senior management positions including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Managing Director of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and Executive Director (Business Group). The last position held prior to his retirement from the Maybank Group in January 2008 was Deputy President/Executive Director/Chief Financial Officer.

Dato' Mohammed Hussein holds directorships in Gamuda Berhad as Independent Chairman and Hap Seng Consolidated Berhad as Independent Director, both of which are listed on Bursa Malaysia. He also sits on the Board of Directors of Bank of America Malaysia Berhad and other private limited companies.

Dato' Mohammed Hussein attended all the four Board Meetings held during the financial year.

KEY SENIOR MANAGEMENT'S PROFILE

MR. LIAN KA SIEW

Group Chief Operating Officer / Chief Financial Officer

53 | Male | Malaysian

Mr. Lian joined the Group on 15 July 2009 as the Chief Financial Officer and was subsequently appointed Group Chief Operating Officer on 1 January 2014 while still holding the position of Chief Financial Officer.

Mr. Lian is a member of both Malaysian Institute of Accountants ("MIA") and The Malaysian Institute of Certified Public Accountants ("MICPA"). He gained his years of experience in the public accounting sector and commercial / industrial sectors. He has held senior managerial positions in Coopers & Lybrand, Mulpha International Berhad, Gold Coin Berhad and Lumut Maritime Terminal Sdn Bhd before joining Tasek group.

Mr. Lian does not hold any directorship in public listed companies.

Note:
Except as otherwise stated in the individual Directors' Profile and Key Senior Management's Profile, none of the Directors and Key Senior Management have : -

- *any interest in the securities of Tasek Corporation Berhad or its subsidiaries;*
- *any family relationship with any director and/or major shareholder of the Company;*
- *any conflict of interest with the Company; and*
- *any conviction for offences (excluding traffic offences) within the past 5 years, public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Tasek Corporation Berhad for the financial year ended 31 December 2018.

The Group recorded an after tax loss of RM21.8 million on revenue of RM554.8 million compared with the previous year's profit after tax of RM1.0 million with revenue of RM549.1 million. The loss for the year was primarily due to the prolonged pricing competition as a result of weakened demand for cement in the construction sector which experienced a subdued property market and slowdown in infrastructure activities amidst the ongoing industry overcapacity. This had affected the cement segment's margins resulting in a loss of RM38.1 million on revenue of RM413.5 million for the year compared with the loss of RM14.4 million and revenue of RM399.0 million the previous year. Its ready-mixed concrete segment recorded a profit of RM3.6 million for the year albeit lower than the profit of RM7.4 million the previous year mainly due to lower sales volume and lower average selling price arising from the pricing competition in the domestic cement market. However, the Company's share of profit of RM3.0 million from its associate company for the year was better than the previous year's share of profit of RM2.7 million.

The Board expects the Group to face a challenging business environment for the coming year and anticipates the price competition to continue with the weak demand cement outlook. The Group will continue to remain steadfast to focus on sustainable cost rationalisation and improve operational efficiency.

On 2 January 2019, we welcomed Mr. Tan Eng Kwee, the Chief Executive Officer of Hong Leong Asia Ltd, as a member of the Board of Directors as Non-independent Non-executive Director. Our Executive Director/Group Chief Executive Officer, Mr. Ting Sii Tien resigned on 6 January 2019 to pursue other interests after serving on the Board since 2005. We wish him all the best in his future endeavours.

The Company will be holding its 58th Annual General Meeting on 30 April 2019 and the Board has the pleasure of inviting shareholders to attend the Meeting which will be held in Millennium I, Lobby Level, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia. Please refer to the Notice of the 58th Annual General Meeting and its accompanying notes in this Annual Report for further information.

On behalf of the Board, I thank the shareholders, our management team and our employees, Union members, distributors, customers, suppliers, transporters, business partners and other stakeholders for their continuing support to the Group.

Kwek Leng Peck
Chairman

The information in this management discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto.

General Description of TASEK CORPORATION's Business ("TASEK")

Tasek is involved in the manufacturing and sale of cement and cement related products, and ready-mixed concrete in Peninsular Malaysia.

Tasek's single cement plant commenced its operation in 1964 in Ipoh, Perak, with an initial annual rated clinker capacity of 250,000 tonnes per annum. Since then, the plant had embarked on a series of multi-million ringgit expansion projects in tandem with the Country's development, culminating in the latest upgrading of technologies designed to produce up to 2.3 million tonnes of clinker per annum.

TASEK started its downstream expansion into ready-mixed concrete by way of merger and acquisition of Hi-Tech Concrete Products Sdn Bhd (the name had since changed to TASEK CONCRETE SDN BHD) on 1 August 2006. Since then Tasek Concrete had embarked on a series of expansions and currently having nine ready-mixed concrete batching plants in the Klang Valley.

In 1984, TASEK was invited by Sabah Economic Development Corporation ("SEDCO") to assist in setting up a cement grinding plant in Sepangar Bay under Cement Industries (Sabah) Sdn Bhd ("CIS") in return for a 30% stake in the said entity. Subsequently as part of the project to fully integrate the cement plant in Sabah, Padu Wangsa Sdn Bhd was incorporated - Tasek was invited to joint venture in 1995 by taking a 29% stake - with the intended purpose of setting up a new clinker plant.

FINANCIAL PERFORMANCE FOR FY2018 AND FY2017

Key Financial Indicators

	FY2018	FY2017	Change
	RM'000	RM'000	%
Revenue	554,777	549,112	1.0
Pre-tax (loss) / earnings	(28,304)	1,641	(1,824.8)
Net (loss) / earnings	(21,802)	1,011	(2,256.5)
Return on average shareholders' equity (ROE) (%)	-4.1%	0.2%	-4.3
Earnings before interest, tax, share of results of associates, depreciation and amortization (EBITDA)	1,534	42,993	(96.4)
Net cash flow (used in) / generated from operations	(17,999)	23,557	(176.4)
Net gearing (%)	2.1%	1.5%	0.6

REVENUE AND NET EARNINGS

The Group's net revenue for the financial year 2018, although increased marginally by 1%, continued to be impacted by the intense price competition for cement which started since middle of 2016 that had resulted in the poor net pricing for both cement and ready-mix concrete products. Apart from the weakened pricing, increased cost of production in the Cement Segment and lower interest income from fund placement on time deposits further impacted the Group's performance for the financial year 2018 and thus registered a loss after tax of RM21.8 million.

The cement segment's net revenue for the current financial year of RM413.5 million was RM14.6 million higher than the previous financial year mainly due to an increase in local cement sales and clinker export. However despite the increase in net revenue, the segment's contribution margin was adversely affected by the prolonged price competition which started since middle of 2016 due to excess capacity and higher cost of production arising from the increase in fuel and electricity cost. These resulted in the segment to register a loss of RM38.1 million for the current financial year.

The ready-mixed concrete ("RMC") segment on the other hand registered a profit of RM3.6 million for the current financial year compared to RM7.4 million in the previous financial year. Sales volume during the year was affected by the closure of some site batching plants in the Klang Valley and Johore while the segment's contribution margin was also impacted by the lower average pricing arising from the prolonged pricing competition in the cement industry.

INTEREST INCOME

The Group's interest income of RM3.1 million for the current financial year was RM2.4 million lower than the previous financial year mainly due to lesser amount of fund placed on time deposits.

SHARE OF ASSOCIATE'S PROFIT

Share of profits from the Group's associate companies improved to RM3.0 million from RM2.7 million of the previous financial year mainly due to improvement in cement demand in Sabah and lower cost of sales.

ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("ADJUSTED EBITDA")

Adjusted EBITDA excludes the effects of non-recurring items from the reporting segments, such as impairment losses, pre-opening expenses and project costs written off.

The Group's adjusted EBITDA for 2018 at RM1.5 million was 96.4% lower compared with RM43.0 million for 2017 mainly due to the Group's reported loss of RM21.802 million in the current financial year.

FINANCE COST

The Group's finance cost for 2018 at RM411,000 was 26.3% lower when compared against last year's cost of RM558,000. The finance cost was incurred mainly on Banker's Acceptance facility drawn down by the Group's ready-mixed concrete subsidiary.

(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company was RM21.8 million for 2018 compared with attributable profit of RM1.0 million in 2017.

RETURN ON CAPITAL EMPLOYED ("ROCE")

The Group register a negative ROCE of 4.1% for current financial year 2018 compared with a positive ROCE of 0.2% in the previous year mainly due to the Group's net loss position during the current financial year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, Tasek Group had cash and cash equivalents amounting to RM60.5 million compared with RM132.8 million of the corresponding date of previous year after dividend payment of RM24.3 million (2017 - RM72.9 million). Lower cash position was mainly in line with the lower EBITDA during the year.

The Group's liquidity in 2018 remains healthy despite the reduced EBITDA for the year.

GEARING RATIO

The gearing ratio of the Group as at 31 December 2018 was 2.1 % compared with 1.5% as at 31 December 2017.

REVIEW OF OPERATIONS

For the cement segment, to mitigate the adverse impact from intense price competition and rising cost of electricity and fuel, the Group will continue to focus on maximising clinker sales, improve production efficiency as well as to increase the use of alternative fuel and alternative raw materials. For the concrete segment, apart from ensuring plants' batching efficiency and optimising mixer trucks' turnaround, action plans to mitigate the effect of declining selling prices will include targeting projects which use higher grades of ready-mixed concrete, and increase market share for better pricing strategy with raw material suppliers and cartage contractors.

FINANCIAL AND OPERATIONAL RISKS

To mitigate credit risk and slowdown in collections, apart from insuring all our trade receivables, the Group has a stringent credit policy in place, and the credit risk is being monitored and reviewed regularly. Credit evaluations are performed periodically on all new and existing customers requiring credit terms.

To mitigate the raw coal price volatility and also US Dollar currency volatility risks, the Group will continue to focus on using alternative fuels sourced in Malaysia in order to reduce reliance on coal imports. As to currency volatility risk, the Group's policy is to hedge the foreign currency when liability arises.

DIVIDEND

During 2018 financial year, the Company paid a final dividend of 20 sen per share in respect of the financial year ended 31 December 2017 to holders of ordinary shares and to holders of preference shares that were approved by shareholders at the annual general meeting. No interim dividend was paid during the current financial year.

No dividend has been declared for the financial year ended 31 December 2018.

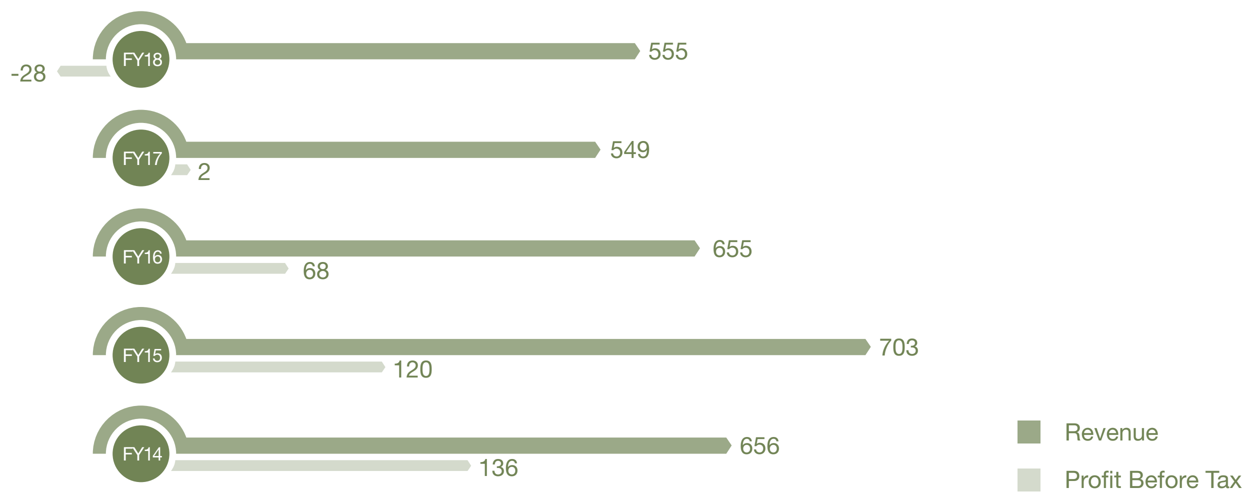
PROSPECTS

The outlook for the construction sector for the first half of 2019 is expected to remain soft with the slowdown of major public and private projects and if the intense pricing competition arising from the industry's excess capacity continues into the first half of 2019, the Group's performance may further be affected.

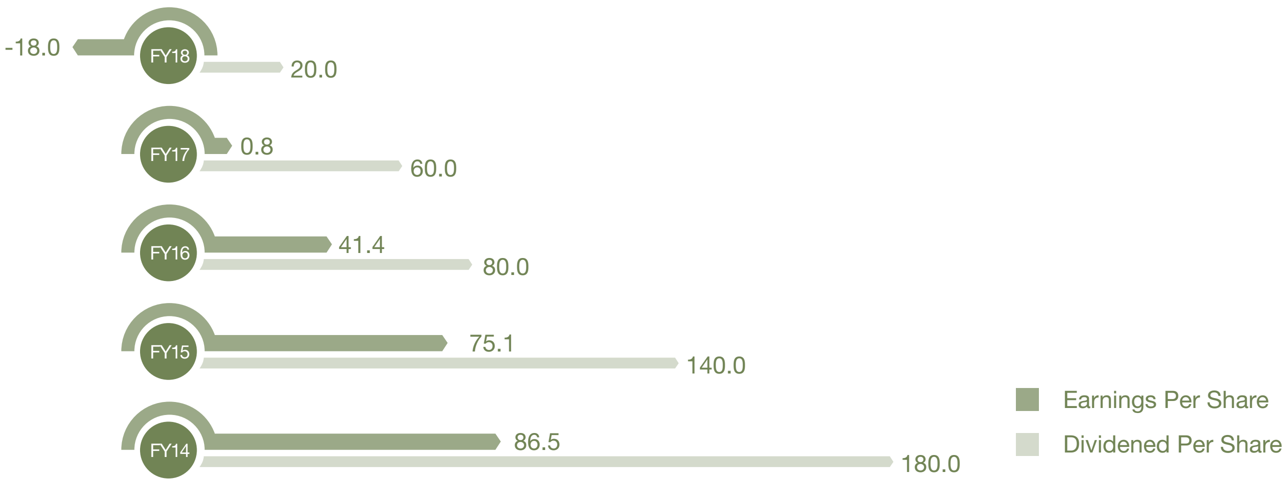
5 - YEAR FINANCIAL SUMMARY

	Year ended 31.12.2018 RM'000	Year ended 31.12.2017 RM'000	Year ended 31.12.2016 RM'000	Year ended 31.12.2015 RM'000	Year ended 31.12.2014 RM'000
Share Capital	258,300	258,300	123,956	123,956	123,956
Reserves	274,569	329,525	535,666	582,538	661,367
Shareholders' Funds	**532,869**	**587,825**	**659,622**	**706,494**	**785,323**
Provision for restoration costs	1,763	1,572	1,292	889	874
Deferred Taxation Liabilities	10,036	17,601	22,504	25,793	29,595
	544,668	**606,998**	**683,418**	**733,176**	**815,792**
Property, Plant & Equipment	243,536	242,578	262,067	291,793	306,688
Intangibles	1,114	1,285	1,625	1,891	1,181
Prepaid Lease Payments	0	0	3	7	12
Investment in equity investment	4,165	9,617	0	0	0
Investment in Associates	75,561	80,048	80,380	100,274	110,390
Investments in a jointly controlled entity	0	0	0	0	1
Other Receivable	329	242	1,195	2,204	3,266
Total Non-Current Assets	**324,705**	**333,770**	**345,270**	**396,169**	**421,538**
Current Assets	311,520	373,888	441,589	449,233	503,464
Current Liabilities	(91,557)	(100,660)	(103,441)	(112,226)	(109,210)
Net Current Assets	**219,963**	**273,228**	**338,148**	**337,007**	**394,254**
Total Net Assets	**544,668**	**606,998**	**683,418**	**733,176**	**815,792**
Revenue	554,777	549,112	654,787	702,576	656,061
(Loss)/Profit before Tax	(28,304)	1,641	67,509	119,818	136,322
Retained Profits	188,594	234,712	306,608	353,480	432,309
Total Dividends	**24,316**	**72,907**	**97,203**	**170,089**	**218,680**

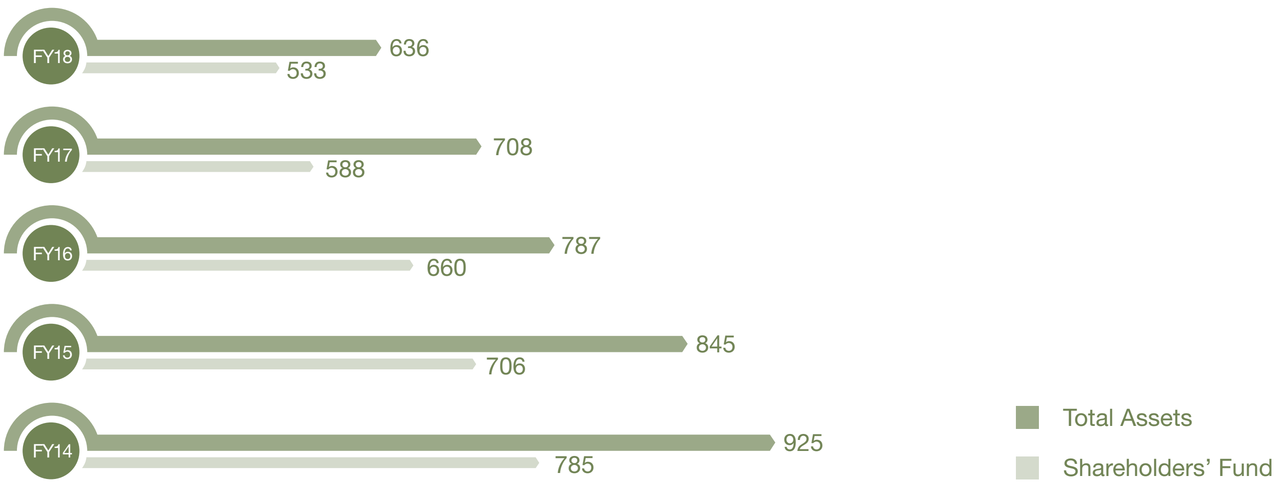
REVENUE & (LOSS)/PROFIT BEFORE TAX (RM Million)



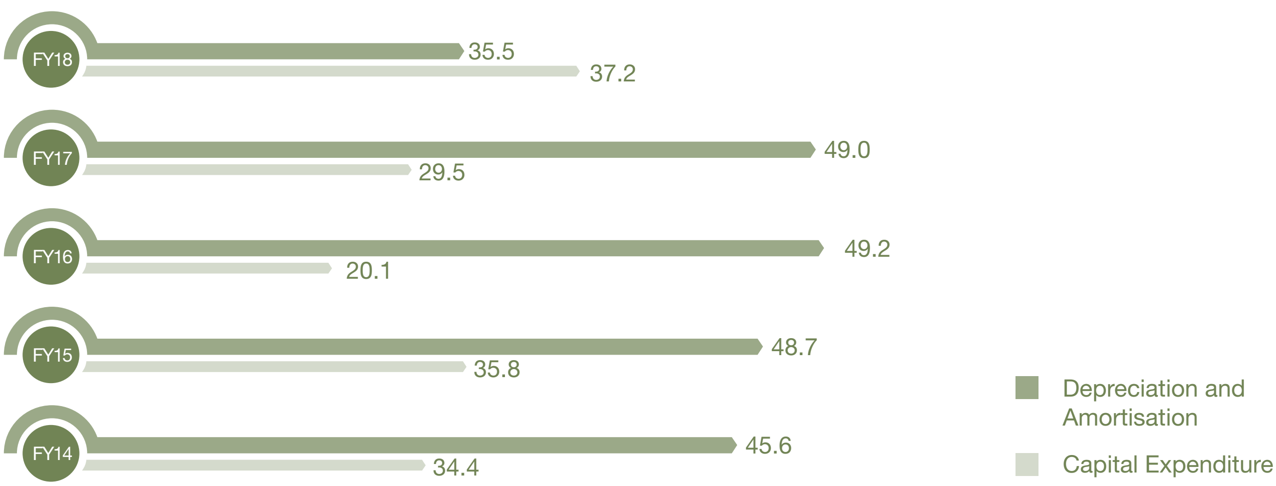
EARNINGS & DIVIDEND PER SHARE (Sen)



TOTAL ASSETS & SHAREHOLDERS' FUND (RM Million)



DEPRECIATION AND AMORTISATION & CAPITAL EXPENDITURE (RM Million)



The Board Audit and Risk Management Committee of Tasek Corporation Berhad ("Committee") comprises three members, all of whom are independent and non-executive directors. The members of the Committee are as follows:

1) **Mr. Lim Eng Khoon** *(Chairman, Independent Director)*

2) **Dato' Chong Pah Aung** *(Independent Director)*

3) **Dato' Mohammed Bin Haji Che Hussein** *(Independent Director)*

The composition of the Committee complied with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The Committee is guided by its terms of reference in performing its duties and discharging its responsibilities. The Committee's Terms of Reference is available online in the Corporate Governance section of the Company's website at www.tasekcement.com.

During the financial year ended 31 December 2018, the Committee held four meetings. Details on the attendance of the meetings by Members of the Committee are as follows:

Members	Number of Meetings	
	Held	Attended
Mr. Lim Eng Khoon	4	4
Dato' Chong Pah Aung	4	4
Dato' Mohammed Bin Haji Che Hussein	4	4

The Company Secretary who is also the secretary to the Committee, and the Chief Internal Auditor attended all the meetings held during the financial year under review. The Group Chief Executive Officer, Group Chief Operating Officer and other executive management personnel were invited, where necessary to the meetings to deliberate on matters within their purview.

During the financial year ended 31 December 2018, the Committee had, in discharging its functions and duties, carried out the following activities:-

I. Financial Reporting

(a) Reviewed the unaudited quarterly financial results and audited year-end financial statements of the Company and its subsidiaries ("the Group") with management, reported and updated the Board of Directors ("Board") on significant issues and concerns discussed during the meetings and made necessary recommendations to the Board for consideration and approval before release to Bursa Malaysia.

(b) The reviews were focusing particularly on:-
- Any changes in or implementation of major accounting policies and practices, and evaluate their impact on the Group's financial position and performance;
- Significant adjustments arising from the audit, changes and unusual events;
- Significant judgments and estimates made by management;
- The going concern assumption; and
- Compliance with applicable financial reporting standards and regulatory requirements.

II. External Audit

(a) The Committee had met with the Group's external auditors on 5 February 2018 and 17 October 2018 without the presence of the executive management, to review and discuss key audit issues, the assistance given by the management of the Group to the external auditors, and any issues or difficulties encountered during the course of their audit. The external auditors have unfettered access to information for their audit and there were no major concerns raised by the external auditors at the meetings.

(b) The Committee assessed the suitability, objectivity and independence of external auditors, and made recommendation to the Board on their re-appointment and audit fees.

The assessment encompasses the review of the audit process, the effectiveness and performance of the audit team, the output, ability to complete the audit within the agreed timeline, quality and cost effectiveness of the audit, candor of the auditor's communications with the Committee and the Group; and the auditor's independence, objectivity and professional skepticism.

(c) As part of this assessment, the Committee obtained feedbacks and observations on the external auditors from others within the Group, including management, finance and internal audit personnel on the professional working relationship with the external auditors.

(d) The Committee also evaluated the extent of non-audit services rendered by the external auditors and the level of fees charged, to reinforce the independence and objectivity of the external auditors.

(e) The Committee obtained assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the By-laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants.

(f) The Committee had reviewed and discussed with the external auditors before the audit commences, the nature and scope of the audit, audit strategy, areas of audit emphasis, involvement of internal audit and others, reporting timelines and deliverables, audit fees, as well as new financial reporting developments and regulatory requirements.

(g) The Committee had also reviewed with the external auditors, the audit report, key audit matters and audit findings, the evaluation of the system of risk management and internal controls, management letter and management's response thereto.

III. Internal Audit

(a) Reviewed the functions and resources of the internal audit function, discussed with Chief Internal Auditor to ensure that the internal audit function has adequate resources and the necessary authority to carry out its work.

(b) Reviewed the annual risk-based audit plan to ensure adequacy of audit scope, taking into consideration the assessment of the key internal control risk areas. The Committee approved the annual audit plan and monitored the audit work progress on quarterly basis.

(c) Reviewed and deliberated on internal audit reports, discussed with Chief Internal Auditor the audit findings and issues arising during the course of audit, and the management's response thereto.

(d) Appraised the adequacy and effectiveness of the corrective actions and remedial measures taken by the management in resolving the audit issues raised by the internal auditors.

(e) Assessed the performance of the members of internal audit function, amongst the factors considered are the audit programme drawn up, audit approach adopted and compliance with recognised standards and international practices frameworks, the audit results ie. quality of audit issues raised and recommendations to management, feedback from auditees, and effective deployment and utilisation of internal audit resources.

IV. Related Party Transactions which includes Recurrent Related Party Transactions ("RRPT")

(a) Reviewed the related party transactions entered into by the Group and disclosure of such transactions pursuant to the requirements of Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia, relevant financial reporting standards and Companies Act 2016.

(b) Reviewed the RRPT to ensure that such transactions are undertaken at arm's length, normal commercial terms, on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders and in the best interest of the Group.

(c) Reviewed the adequacy of the review procedures in place by the Group for related party transactions to ensure that related parties are appropriately identified and that the transactions with related parties are appropriately declared, approved and disclosed.

(d) Reviewed with the assistance of Internal Audit, the records maintained for RRPT, which are entered into pursuant to the Shareholders' Mandate.

(e) Monitored potential of conflict-of-interest situation involving directors and ensure that such situation of conflict is avoided.

(f) Reviewed the circular to shareholders in relation to the proposed shareholders' mandate on RRPT of a revenue or trading nature.

V. Risk Management

(a) Monitored the implementation of the Risk Management framework and activities adopted by the Group by reviewing the quarterly Enterprise Risk Management ("ERM") Report prepared and presented by the ERM Committee.

(b) Reviewed the adequacy and effectiveness of the mitigation action plans implemented by management to manage the principal risks identified and faced by the Group by discussing with ERM Committee and management the risk profiles, control measures and risk rating which are updated quarterly.

(c) Evaluated and recommended to the Board on risk management policies and strategies proposed by the management.

(d) Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for consideration and approval for inclusion in the Annual Report. For the period under review, the Group Chief Operating Officer and Group Financial Controller have given assurance that the Group's risk management and internal control system was operating adequately and effectively.

VI. Others

(a) Reviewed the Statement on Corporate Governance, Board Audit and Risk Management Committee's Report, and Sustainability Statement before submitting for Board's consideration and approval for inclusion in the Company's Annual Report.

(b) The Committee was briefed and taken note of the amendments to the Main Market Listing Requirements of Bursa Malaysia, and the new and amended financial reporting standards.

(c) The Committee has full access to the information and materials of the Group and to the advice and services of the Company Secretary for any further information required during the financial year under review. The Committee is also able to obtain independent legal or other external professional advice if it considers necessary.

Summary of the work of the Internal Audit Function

(a) The Group has an independent in-house Internal Audit function, reports directly to the Committee and to assist the Committee in discharging its duties and responsibilities.

(b) The Internal Audit function is headed by the Chief Internal Auditor, Mr. Lee Eng Choon. He is a member of The Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants and CPA Australia.

(c) There are two internal audit executives and one intern assisting the Chief Internal Auditor to carry out various audit assignments according to the Audit Plan approved by the Committee. All the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and the audit works have been performed in accordance with the principles of the international professional practices framework on internal auditing covering the conduct of audit planning, execution, record keeping, communication of findings and consultation with key stakeholders on the audit concerns.

(d) Internal Audit function conducts regular audits on the internal controls, operations and processes with follow-up audits at the end of every quarter to ensure implementation of recommendations and actions agreed upon by the management.

(e) The Internal Audit function provides the Committee with independent and objective reports on the adequacy and effectiveness of risk management process, internal controls and governance practices. The cost incurred for the in-house internal audit function in respect of the financial year ended 31 December 2018 was RM399,514.

(f) During the financial year under review, based on the risk-based audit programme drawn up, the Internal Audit function had conducted audit and follow-up audit on key activities of the Group, including the areas of warehouse, quarry, packing, engineering and project, logistics, human resources, overtime, cement and concrete deliveries, plant vehicles, Safety, Health and Environment department operations, IT system and back-up, purchasing, and inventories including observing stock taking exercise.

(g) The internal audit reports issued during the financial year were made available to the external auditors.

(h) Other activities performed by Internal Audit function during the financial year were review and monitoring of the Group's risk management framework and corporate governance, as well as facilitating the enterprise risk management process of the Group. Reports were issued to the Committee on a timely basis for appraisal at Committee's meetings.

(i) During the financial year under review, Internal Audit function has also reviewed the quarterly report on consolidated results for announcement to Bursa Malaysia, the audited financial statements of the Company and of the Group, Statement on Corporate Governance, Statement on Risk Management and Internal Control, Sustainability Statement, and assisted the Committee to prepare the Board Audit and Risk Management Committee's Report.

Introduction

The Malaysian Code on Corporate Governance requires the Board of Directors to establish an effective risk management and internal control framework to safeguard shareholders' investments and the Group's assets. In accordance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors of a listed issuer is required to include in its annual report, a statement about the state of risk management and internal control of the listed issuer as a group.

The Board of Directors ("Board") recognises its responsibilities for and the importance of a sound system of risk management and internal controls, and is committed to establish and maintain a sound, effective and efficient framework to manage risks. The Board is pleased to present herewith the Statement on Risk Management and Internal Control, prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") endorsed by Bursa Malaysia, which outlines the nature and state of risk management and internal control of the Company and its subsidiaries ("the Group") for the financial year under review.

Board's Responsibility

The Board affirms its ultimate responsibility for the adequacy, effectiveness and integrity of the system of risk management and internal controls to safeguard shareholders' investments and the assets of the Group. Overall, the Board has established a risk management framework with the objective of setting clear guidelines in relation to the levels of risk acceptable to the Group.

The system of risk management and internal controls is designed to meet the Group's objectives and strategies, and the risks to which it is exposed. This system covers the risk areas on financial, operational, regulatory compliance, information technology and sustainability, and controls put in place to mitigate and manage the risks. It should be appreciated that, however effective a system is, it can only provide reasonable, not absolute, assurance against material misstatement, loss or irregularities. It should be further noted that such a system is designed to manage and minimise the Group's risks within the acceptable risk tolerance, rather than eliminate, the risks of failure to achieve its business objectives and strategies.

The Board is supported by the Enterprise Risk Management Committee ("ERMC") in overseeing the risk management efforts. The ERMC was headed by the Group Chief Executive Officer during the financial year and the function is taken over by the Group Chief Operating Officer after the resignation of Group Chief Executive Officer subsequent to the end of the financial year. The ERMC members comprised senior personnel from management, finance, operations, business development and internal audit.

The Group has in place an ongoing process for identifying, evaluating, managing and monitoring the significant risks affecting the achievement of its business objectives and strategies for the year under review and up to the date of approval of this statement for inclusion in the annual report.

This process is ongoing with monthly review by ERMC and internal audit function, the results of such reviews and the relevant actions arising are reported on a quarterly basis to the Board Audit and Risk Management Committee. The annual assessment include updating the risks and controls database, evaluation of risks identified and potential risks that would impact the achievement of the Group's business objective, as well as the required mitigation controls and action plans to be put in place.

Risk Management Framework

Part II of Principle B in the Malaysian Code on Corporate Governance issued in 2017 ("MCCG 2017") states that the Board should establish an effective risk management and internal control framework to manage risks. The Board, in fulfilling its stewardship responsibilities, has established an organisation structure with clearly defined lines of accountability and delegated authority.

With the assistance of the Internal Audit Department to conduct periodic testing, the Board undertook reviews of its existing risk management processes and key components of its internal controls that were in place within the various operating business units, to ensure effectiveness, adequacy and integrity of the risk management functions and controls.

The Group took the following initiatives:-

- Formulation of the Risk Management Policy, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues;

Risk Management Framework (Cont'd)

- The Group's risk management practices are generally aligned with the enterprise risk management integrated framework published by the Committee of Sponsoring Organizations of the Treadway Commission or COSO with certain practices specifically designed to tailor to the circumstances of the Group.

- The framework is integrated into and where appropriate, embedded into the day-to-day operation, business activities and decision making process and procedures of the Group.

- A database of all risks and controls had been formed, and the information organised to produce detailed risk registers for the major business units, that have been categorised into strategic, operations, financial and knowledge risks;

- Key risks to each of the Group's business unit's objectives, aligned with the Group's strategic objectives, had been identified and assessed for likelihood of the risks occurring and the magnitude of impact, of which both financial and non-financial consequences are duly considered using a self-assessment approach;

- For each key risk identified, the risk indicator and trigger level, the related risk owner and the escalation party had also been determined to facilitate the formulation of mitigation controls and action plans;

- Management's risk assessments had been moderated and re-confirmed; with the corresponding action plans for the significant risks prepared by the key members of Management to address those risks;

- A risk profile of the Group had been developed, which together with a summary of the key findings and corresponding action plans, were presented and discussed in the Board Audit and Risk Management Committee before submitting to the Board for consideration;

- Quarterly risk management reports were updated and submitted to the Enterprise Risk Management Committee before being tabled to the Board Audit and Risk Management Committee and ultimately the Board for consideration; and

- The processes adopted to monitor and review the adequacy and integrity of the system of risk management and internal controls are continuously reviewed and improved upon by the Board Audit and Risk Management Committee.

The operations of the Group are exposed to a variety of risks, the nature of the risks and measures taken by the Group to minimise these risks are disclosed below:-

(a) Credit risk

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit terms. In addition, the Group has credit insurance to mitigate the risk of unrecoverable trade receivables.

(b) Foreign exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar.

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case by case basis.

(c) Interest rate risk

The Group is exposed to interest rate risk in respect of its short term deposits with licensed banks and the contractual borrowing rate for bankers' acceptance. However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group.

(d) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Surplus cash held by the operating entities over and above balance required for working capital management is transferred to the Group treasury. Group treasury invests surplus cash in short term deposits with licensed banks.

Internal Audit Function

The Group has its own internal audit function, which is independent of the activities it audits. The internal audit function submits reports to the Board Audit and Risk Management Committee on a quarterly basis and provides the Board with independent assessment and assurance on the effectiveness, adequacy and integrity of the system of risk management and internal controls.

The Internal Audit Department develops risk-based audit plans to determine the priorities of the internal audit activities, consistent with the Group's objectives and strategies. The Board Audit and Risk Management Committee reviews and approves the internal audit plans on an annual basis. Internal Audit performs the audits according to the approved audit plans, and where there are adjustments to the plans, including scope of coverage or undertakes certain special reviews, Board Audit and Risk Management Committee will be notified accordingly.

Internal Audit Department independently reviews the internal controls in the key activities of the Group's businesses implemented by the Management, ascertains the extent of compliance with established policies, procedures and relevant statutory requirements, recommends improvements to the system of internal controls, and conducts follow-up reviews on previous audit reports to ensure that appropriate actions are taken to address issues reported on a timely basis or within the agreed timelines.

The summary of the work of the Internal Audit function and its resources are disclosed in the Board Audit and Risk Management Committee's Report.

Other risks and control processes

Apart from risk management and internal audit, the other key elements of the Group's internal control system are as follows:-

- An organisational structure with clearly defined lines of responsibility and the appropriate levels of delegation to Committees of the Board and to Management that promotes accountability for appropriate risk management and control procedures. The procedures include the establishment of authority limits for all aspects of the business, which is subject to periodic review throughout the year as to their implementation and for their continuing suitability;
- Each operating unit is responsible for the operation, conduct and performance of its unit, this includes the identification and assessment of significant risks applicable to its operation areas, the design and operation of appropriate internal control to ensure that an adequate and effective internal control system is in place;
- Code of Ethics and Conduct is established and adopted for all directors, officers and staff, together with a Whistleblowing Policy to facilitate disclosure of any improper conduct within the Group;
- Regular internal audit reviews to monitor compliance with procedures and assess the integrity of financial information provided;
- Regular and comprehensive information provided to Management, covering financial performance and key business indicators, such as sales, production volumes, human resources and cash flow position etc.;
- Periodic internal quality inspection to monitor compliance with ISO and OHSAS requirements;
- Standard operating procedure ("SOP") manual sets out the policies and procedures for day to day operations to be carried out. Periodic reviews are performed to ensure that the SOP remains current, relevant and aligned with evolving business environment and operational needs;
- Regular supervisory checks to ensure strict adherence to operations, administration, accounting and financial reporting procedures;
- A detailed budgeting process, whereby operating units prepare budgets for the coming year which are then approved both at the operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being highlighted, followed up and Management action taken, where necessary;
- Regular visits to operating units by the Group Chief Executive Officer and Group Chief Operating Officer and other key senior Management personnel; and
- Annual training and development programmes are established to ensure that officers and staff are equipped and kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives and strategies.

Adequacy and effectiveness of risk management and internal control system

The Board has reviewed the effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this statement for inclusion in the annual report.

The Board is satisfied with the Group's ongoing process in identifying, evaluating, managing and monitoring the risks of the business, including the scope and frequency of reports on both risk management and internal control that were received and reviewed during the year by the Board Audit and Risk Management Committee and the Board, new or emerging risk and control issues highlighted by the Management and timely corrective actions taken by Management to strengthen internal controls and minimise occurrence of non-compliance incidences.

The disclosures in this statement do not include the practices of the Group's associated companies on risk management and internal controls as the Group does not have management control, however the interest of the Group in the associated companies is safeguarded through the appointment of senior personnel of the Group to the Board of Directors of these associated companies. In addition, the associated companies have given written assurance to the Group that the risk management and internal control system implemented is operating adequately and effectively in all material aspects based on the risk management model adopted by the associated companies.

Based on the framework established and the reviews conducted, the Board is of the opinion, with the concurrence of the Board Audit and Risk Management Committee, that there are sound and sufficient controls in place within the Group addressing material financial, operational, regulatory compliance and information technology risks to meet the business objectives and strategies of the Group in its current business environment.

No weaknesses in internal control or adverse compliance events that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report were noted.

The Board has received assurance from the Group Chief Operating Officer and Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group. The Management will continue to review and take measures to ensure the ongoing effectiveness and adequacy of the system of risk management and internal controls, so as to safeguard shareholders' investments and the Group's assets.

Review of the Statement by external auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, the external auditors, Messrs Ernst & Young, have reviewed this Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised): *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report* for the financial year ended 31 December 2018, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 26 February 2019.

Corporate governance is defined as "the process and structure used to direct and manage the business and affairs of the company towards promoting business prosperity and corporate responsibility with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders." This Board-approved statement on corporate governance gives an overview of how the Board operated the Company within the framework of principles and practices laid out in the Malaysian Code on Corporate Governance 2017 ("Code") during the financial year 2018. Application of the relevant Code principles and practices for the financial year ended 31 December 2018 is set out in the prescribed Corporate Governance Report published in the Company's website at www.tasekcement.com.

BOARD LEADERSHIP AND EFFECTIVENESS -

BOARD RESPONSIBILITIES

The Board is responsible for delivering sustainable shareholder value over the long term. It comprised a non-executive Chairman, an Executive Director/ Group Chief Executive Officer and three Independent Directors. The Board leads and directs the Company. It establishes the broad corporate policies and strategy for the Company providing direction to management, monitors performance and ensures that an effective risk management and internal controls are maintained.

The Chairman leads the Board, ensures it has a common purpose, is effective and productive collectively and individually. The Chairman ensures the Board upholds and promotes high standards of integrity, probity and good corporate governance practices. The roles of the Chairman and the Executive Director/ Group Chief Executive Officer are separate. The role of the Chairman is to head and lead the Board while the Executive Director/ Group Chief Executive Officer, as executive management, leads the management team and is primarily responsible for the day-to-day management of the overall performance and operations of the Company. He is assisted by the Group Chief Operating Officer/ Chief Financial Officer. The Board in carrying out its roles and responsibilities is supported by a competent Company Secretary who is legally qualified, both as a chartered secretary and in law with many years of experience in a listed environment.

The Board meetings are fixed for each financial year. To the extent practicable, appropriate information and materials are circulated in advance for each meeting to permit prior review by the members of the Board. Meeting materials and papers reserved for the Board are provided in advance of at least five clear days before the scheduled meeting. All members of the Board have access to information of the Company and to the advice and services of the Company Secretary and, if need be, the Board can obtain independent professional or other advice from external resources at the cost of the Company.

In addition to the Company's Articles of Association, the Board is also guided by its Board Charter. The Charter sets out the responsibilities of the members as a board which among others separates the role of the Chairman of the Board from the Executive Director/ Group Chief Executive Officer. The Board periodically reviews its Charter with assistance from the Company Secretary. The Charter is available for viewing on the Company's website.

To sustain good governance, the Board has established a code of ethics and conduct and a whistleblowing policy for the Company. The Company's Code of Ethics and Conduct applies to all Directors and staff of the Company. The Company's Whistleblowing Policy complements the Code of Ethics and Conduct, both of which are available on the Company's website.

BOARD COMPOSITION

The majority of the members of the Board are Independent Directors. The Company is a 74.28%-owned subsidiary of HL Cement (Malaysia) Sdn Bhd which is indirectly wholly-owned by Hong Leong Asia Ltd. As a member of the Hong Leong Asia Ltd Group, the Board operates with the Non-independent Non-executive Chairman (representing the interest of the controlling shareholder), the Executive Director and three Independent Directors.

The Board does not have a policy which limits the tenure of its Independent Directors to nine years. The Board recognises that a director's independence should not be determined solely based on tenure of service and that a continued tenure of directorship brings considerable stability to the Board and the Company. The Company will benefit from Directors who have, over time, gained valuable insight into the Company, its market and the industry. One of the Company's Independent Directors had served more than nine years and was retained by shareholders as Independent Director at the previous Annual General Meeting in 2018 and the Board will annually seek shareholders' approval for his appointment as Independent Director. Another Independent Director will be nearing his nine-year term limit in 2019 and as prescribed under the Code, the Board will undertake a review to justify to shareholders to retain the Director as an independent director beyond the nine years at the forthcoming annual general meeting and thereafter to seek annual shareholders' approval.

The Board recognise the importance of diversity. Selection and appointment of members are based on qualifications, skills, experience, knowledge and capabilities in areas identified by the Board and that such criteria should remain a priority so as not to compromise on the selection and appointment. The Board's Remuneration and Nomination Committee periodically reviews and assess the mix of skills and diversity of the composition of the Board to meet the needs of the Company. The Board is satisfied with its present composition of members.

The Board recognises diversity in the workplace as essential for sustainable growth and development of the Company. However, the Company's recruitment, selection and retention of employees will be based on qualifications, skills, experience, knowledge and capabilities in areas identified and required by the Company, and such criteria should remain a priority. At the end of the 2018 financial year, the gender, ethnicity and age mix of the Company's employees were as follows:-

Ethnicity			
Malay	Chinese	Indian	Others
53.30%	20.26%	26.21%	0.22%

Gender	
Male	Female
91.85%	8.15%

Age				
Below 20	21 - 30	31 - 40	41 - 50	Above 50
0.22%	22.69%	25.55%	26.43%	25.11%

The Company is not required to comply with Code practice 4.5 to have at least 30% women directors. Nevertheless, the Remuneration and Nomination Committee has endeavoured to identify and propose a woman candidate as an additional independent director by end of 2020 for Board's consideration. In identifying candidates for appointment as directors, the Committee do engage external independent resources when necessary to identify suitable qualified candidates for directorship.

REMUNERATION

The majority of the members of the Remuneration and Nomination Committee are Independent Directors and the Chairman of the Committee is an Independent Director. The Terms of Reference of the Committee is made available on the Company's website. On the recommendation of the Committee, and endorsed by the Board, assessment and evaluation of each individual Director and of the Board as a whole are conducted every two years. Taking into account its size, activity and the Company's size, the assessment and evaluation every two years to determine the effectiveness of the Board, its Committees and each individual Director is adequate and purposeful. An evaluation based on self-assessment and peer review was carried out during the year and the Board concluded that overall, its level of effectiveness was strong. The term of office and performance of the Board Audit and Risk Management Committee and each of its members were reviewed and the Committee found that each member and the Board Audit and Risk Management Committee have carried out their duties as outlined in its terms of reference.

The Board is guided by its Remuneration Policy and Procedure for Directors to ensure that the remuneration is appropriately prudent and commercially sensible. For the Company's senior management, the salary and benefits are governed by the Company's Staff Code. The Directors' remuneration is periodically reviewed against the industry in which the Company operates taking into account the appropriateness of the form and amount of remuneration with a view towards attracting and retaining qualified Directors. Determination of remuneration of non-executive directors is a matter for the Board as a whole with the member of the Board concerned abstaining from deliberation and voting in respect of his own remuneration where applicable. The Remuneration Policy and Procedure is periodically reviewed and is made available on the Company's website. The Company's Staff Code is not published on the Company's website to preserve confidentiality of remuneration of senior management as employees of the Company.

The Remuneration and Nomination Committee met twice during the year to consider and approve management's recommendation to bonus and increment of non-unionised employees, review the performance of the Executive Director/ Group Chief Executive Officer and the Group Chief Operating Officer/ Chief Financial Officer. Other activities of the Committee for the year include reviewing the term of office and performance of the Board Audit and Risk Management Committee; reviewing the target set for meeting its diversity requirement; reviewed and revised the Company's criteria for independent directors; reviewed the remuneration policy and procedure for directors; conducted the directors' evaluation and board evaluation; and reviewing the independence of directors who will be reaching their nine-year tenure for shareholders' approval pursuant to the Code.

The detailed breakdown of the respective Directors' remuneration are disclosed on page 70 of the audited financial statements. The remuneration of the Company's top management comprising the Executive Director/ Group Chief Executive Officer and the Group Chief Operating Officer/ Chief Financial Officer are disclosed on page 87 of the audited financial statements. Since the Group Chief Executive Officer is also a board member of the company, his disclosure will not be replicated under the top management category.

EFFECTIVE AUDIT AND RISK MANAGEMENT -

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Board Audit and Risk Management Committee are all Independent Directors. The Chairman is an Independent Director and not the Chairman of the Board. The Committee do not have a policy prescribed in Code practice 8.2 that requires a former key audit partner for the Company to observe a cooling-off period of at least two years before being appointed as a member of Board Audit and Risk Management Committee. To have such a practice formalised as a policy may imply that former key audit partners will be potential candidates for the Board Audit and Risk Management Committee and may be misleading. The Board would want to avoid the pitfall of tokenism which is not in the best interest of the Company. If the Board so decides to consider a former key audit partner suitably qualified to be an independent director and Committee member, it will abide with the cooling-off period in Code practice 8.2.

The members of the Board Audit and Risk Management Committee have a mix of commercial, banking and financial skills and accounting experience. The Chairman is a member of the Chartered Accountants Australia and New Zealand and is qualified under Part II of the First Schedule of the Accountants Act 1967. The members of the Committee are kept abreast periodically of relevant developments in accounting and auditing standards, practices and rules. The Committee in accordance with its Terms of Reference has conducted assessment of the suitability, objectivity and independence of the Company's external auditor on completion of the audit for the financial year.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible to establish, monitor and maintain the Company and Group's risk management and internal control systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can provide only reasonable and not absolute assurance against material misstatement or loss. It has in place an enterprise wide risk framework for risk management and internal controls for the Company as ongoing processes to identify, evaluate and manage the key financial, operating and compliance risks and for determining the appropriate course of action to manage and mitigate those risks. The Board delegates the monitoring of these risk management processes and internal control to the Board Audit and Risk Management Committee. The Enterprise Risk Management Committee, comprising the internal auditor and relevant management personnel, and chaired by the Executive Director/ Group Chief Executive Officer, conducts monthly review, mitigate or eliminate and update the significant risks of the Company, report and make recommendations to the Board Audit and Risk Management Committee. The Statement on Risk Management and Internal Control, set out on page 15 provides an overview of the Company's state of risk management and internal control, its effectiveness and adequacy.

The Company has an in-house Internal Audit Department. The Department is headed by a qualified accountant and internal auditor who is a member of The Institute of Internal Auditors Malaysia with more than 20 years relevant experience. The present resources of the Department comprise three permanent staff - one head and two executives. The Internal Audit personnel are free from any relationship or conflict of interest which could impair their objectivity and independence. The Internal Auditor reports to the Board Audit and Risk Management Committee on the activities audited. The Internal Auditor carries out the audit in accordance with the principles of the International Professional Practices Framework on Internal Auditing. The Internal Auditor in his reports to the Committee provides the Board with the assurance on effectiveness, adequacy and integrity of the Company's risk management and internal controls. A summary of work of the Board Audit and Risk Management Committee and a summary of the work of the Company's internal audit function are in the Committee's Report on page 12.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS -

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of communication to shareholders of the Company as one of the essential parts of good corporate governance. Shareholders are kept informed and notified of the Company's announcements and/ or disclosures through timely releases to Bursa Malaysia. The Executive Director/ Group Chief Executive Officer, the Group Chief Operating Officer and the Company Secretary oversee investor relations and where it is practicable to do so, will engage with institutional shareholders based on mutual understanding of objectives and entertains visits from such institutional shareholders or other fund managers representing shareholders. The Company also participated in the Mid and Small Cap Research Scheme (MidS) mooted by Bursa Malaysia. It also entertains visits from other fund managers representing substantial shareholders of the Company. Shareholders are also kept informed on the Company's governance on sustainability, environment and social responsibility with the integrated report on sustainability based on a globally recognised framework published in its Annual Report. The Company's Sustainability Statement for 2018 is prepared in accordance with the internationally recognised Global Reporting Initiative (GRI) Standards sustainability reporting core option. It focuses on the sustainability performance of the Company's cement production and ready-mixed concrete operations. The Company has a website at www.tasekcement.com where shareholders and the public have access to for information on the Company.

CONDUCT OF GENERAL MEETINGS

The Board advocates attendance and participation of shareholders at the Company's Annual General Meeting. The Meeting is held at a centralised venue with access to public transportation and parking. Due to the Company's relatively small number of shareholders, the Board considers the Annual General Meeting as an open forum for the Board and shareholders to meet and communicate with each other. This presents an opportunity for shareholders to ask questions or seek clarification on the performance of the Company. The Notice of Meeting together with the Company's Annual Report is circulated to all shareholders at least 21 clear days before the meeting.

Although the Code practice 12.1 advises notice for annual general meeting should be given to shareholders at least 28 days prior to the meeting, the Company's practice of 21 clear days for notice of its Annual General Meeting (which is prescribed in the Main Market Listing Requirements, the Companies Act 2016 and the Company's Memorandum & Articles of Association) is adequate and reasonable by prescribed standards. Shareholders still receive their Annual Report on time ahead of the Annual General Meeting. All the members of the Board attend the Annual General Meeting and including the Chairman of the Board, they provide response to questions from shareholders. The Company's external auditor attends the Annual General Meeting and is available to answer any shareholder's query on the Company's financial statements. Electronic poll voting is conducted at the Company's Annual General Meeting and announcement will be made of the detailed results showing the number of votes cast for and against each resolution. Due to the Company having a relatively small number of shareholders and that the Company's Annual General Meeting is not held in remote areas, voting in absentia and remote shareholders' participation are not facilitated as advocated in Code practice 12.3.

DIRECTORS TRAINING

Any newly appointed Director who has not undergone the Mandatory Accreditation Programme as prescribed and conducted by Bursa Malaysia is arranged by the Company Secretary for the Director to attend as soon as practicable. On joining the Board, the Director(s) will receive an induction or orientation covering the Company's businesses, given plant tours and on-site briefings and updated on such matters on a continuing basis. The Directors are encouraged to attend appropriate training programmes, seminars, forums or talks or any other courses which they feel relevant as part of their professional development to enable them to develop and maintain their skills and knowledge at the Company's cost. The Company Secretary ensures that the Directors are kept informed and updated on changes in relevant regulations or law, as circumstances require and informs the Directors of relevant seminars, training programmes, forums, talks and others for their participation and monitors their attendance. During the 2018 financial year, the Directors have attended the following training:-

Name of Directors	Training
Kwek Leng Peck	"H2 Market Outlook 2018" by Standard Chartered Bank, Singapore.
Ting Sii Tien	"HSBC Asia Day 2018" by HSBC Singapore. "Is Cybersecurity More About Protection?" by Ernst & Young.
Dato' Chong Pah Aung	"11th Malaysian Property Summit 2018" by Persatuan Penilai, Pengurus Harta, Ejen Harta & Perunding Harta Swasta Malaysia (PEPS). "Independent Directors' Programme - The Essence of Independence" by The ICLIF Leadership and Governance Centre and Bursa Malaysia. "Is Cybersecurity More About Protection?" by Ernst & Young.
Lim Eng Khoon	"Is Cybersecurity More About Protection?" by Ernst & Young. "Future Business" by Chartered Accountants Australia and New Zealand.
Dato' Mohammed Hussein	"Information Awareness Session: Cyber Security Risk - The New Norm" by PricewaterhouseCoopers. "Navigating the VUCA World" by Lead Partner, Cybersecurity. "BNM Dialogue Forum - Re: Transformasi Nasional 2050 (TN50) Dialogue Session for the Financial Cluster" by Bank Negara Malaysia. "BNM's 2017 Annual Report / Financial Stability and Payment Systems Report Briefing" by Bank Negara Malaysia. "Is Cybersecurity More About Protection?" by Ernst & Young.

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Board is responsible and required by law to prepare the Company's annual financial statements that gives a true and fair view of its financial position as at the end of each financial year and of its financial performance and cash flows for the year then ended. The Board is also responsible for ensuring proper accounting records are kept, which disclose with reasonable accuracy at any time, the Company's financial position and to ensure that the financial statements comply with the relevant laws and regulations. The Board is further responsible for taking reasonable steps to safeguard the Company's assets, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MATERIAL CONTRACTS

The Company has not entered into any contract which is or may be material involving the interests of the Directors, its chief officers who are not directors or major shareholders during the 2018 financial year.

GROUP COO STATEMENT

We are pleased to publish the Group's third Sustainability Statement in accordance with the new GRI Standards - core requirements. Adopting the GRI Standards is in line with international practice; it demands more disclosure on management practices, allowing us to increase our accountability to our key stakeholders. Monitoring our sustainability practices has been beneficial as it helps us to quantify the actions that we have taken as a form of measuring the level of the Group's sustainable development.

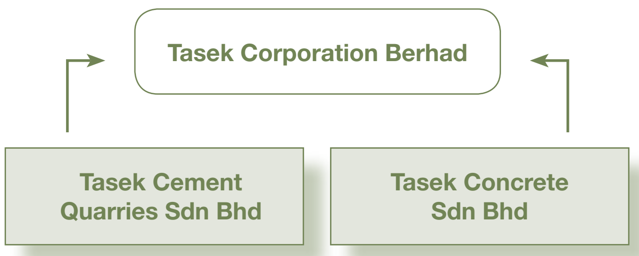
It is the Group's priority to remain sustainable in this challenging economy, particularly for the building materials industry, and maintain our responsibilities to our stakeholders such as our shareholders, employees, business partners, and society at large. In 2018, the Group had achieved the objective to improve on our health and safety awareness culture. For the following year, we have set the priority on reducing our dust emissions levels to meeting the requirements of the regulators.

This report is a compilation of our efforts in 2018 and aspirations for 2019. We welcome feedback and queries regarding our report from our stakeholders as we continue on our sustainability journey. Please send in your comments to sustainability@tasek.com.my.

ABOUT THIS REPORT

This report has been prepared in accordance to the internationally recognized Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), core option. The Sustainability Statement covers the sustainability performance of our cement production and ready-mixed concrete ("RMC") batching operations in Malaysia (Figure 1), from 1 January 2018 to 31 December 2018, unless otherwise stated. Where possible, historical data has also been presented as a comparison.

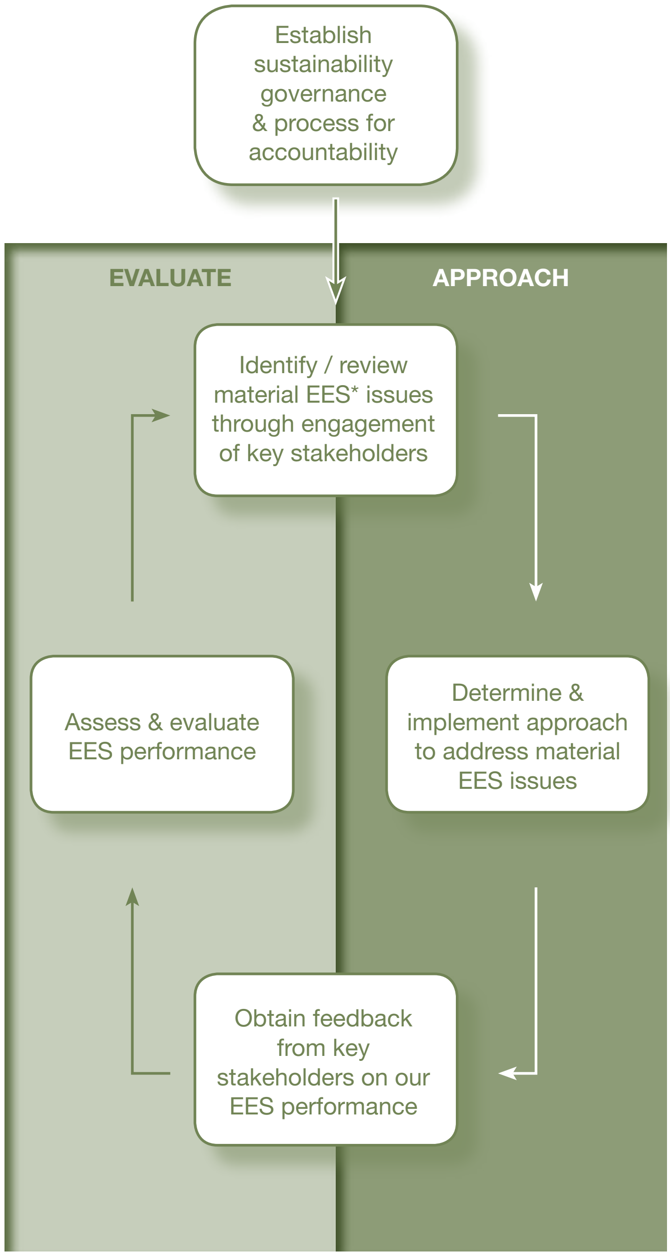
Figure 1: Reporting Scope



SUSTAINABILITY FRAMEWORK & GOVERNANCE

Since 2017, the Group has adopted a framework (Figure 2) to formalise the procedures ensuring reliability, adequacy and effectiveness of the internal controls and risk management processes over our sustainability practices and reporting aspects.

Figure 2: The Group's Sustainability Framework



*EES: Economic, Environmental, Social

The Sustainability Committee identifies and manages the material EES issues, including target-setting and reporting aspects. The internal controls and risk management processes of the Group's operations is managed by the Management, and is led by the Group COO[1] . The Sustainability Committee is assisted by the Sustainability Working Group, and the Board has oversight over the Sustainability Committee (Figure 3).

Figure 3: The Group's Sustainability Governance Structure

Board of Directors

	Roles	Members
Sustainability Committee ("SC")	Responsible for identifying, evaluating, monitoring and managing Economic, Environmental and Social ("EES") risks and opportunities	Group COO as Chairman, Management Representatives from Finance, Legal, HR, and Operations
Sustainability Working Group ("SWG")	Responsible for assisting the SC in executing and implementing necessary activities, action plans	Led by COO; Representatives from Operations, Finance, Sales & Marketing, HR, and Safety, Health & Environment

On a quarterly basis, the Sustainability Committee provides a progress update on performance to the Board and makes recommendations to improve the sustainability of the business. Every year, this process and performance is evaluated and reviewed by the Board to ensure that all requirements for sustainability compliance are met. This enables the Board to consider sustainability issues as part of strategic formulation for the Group.

KEY STAKEHOLDERS & MATERIALITY ASSESSMENT

Key stakeholders are important in creating value for any business, which is critical in sustaining the business. Therefore, it is crucial to identify key stakeholders and address their needs. Our key stakeholders are identified by the Management who runs and knows the business well, and who engages with various stakeholders in the course of the operations of the Group (Table 1).

In 2016, with the aid of external consultants, the Group conducted and formalised the process of our first sustainability materiality assessment (Figure 4), and derived the results of the key EES concerns of our key stakeholders. With the adoption of the new GRI Standards in 2018, the Management took the opportunity to reassess the Group's material sustainability issues during the year, using the same process. Our focus remained on stakeholder inclusiveness and sustainability context just as it was the first time the materiality assessment was conducted.

To facilitate the exercise, the Management were first informed on the requirements of the GRI Standards, along with the updated sustainability reporting peer benchmarking review. Interviews were also conducted with representatives of the Management on the potential relevant items to internal stakeholders. A universe of relevant sustainability issues was established through the benchmarking reviews and Management-representative interviews, on which Heads of Departments ("HODs") from the cement and RMC business units voted for the priority sustainability issues to the Group. The HODs have the insights to both internal and external key stakeholders through regular interaction, and are in the best position to represent them.

Figure 4: Materiality Assessment Process

Education

Awareness session for senior management and HODs, to equip them with knowledge on sustainability, Bursa Malaysia sustainability reporting guide and GRI Standards reporting framework requirements

Research

Peer benchmarking review was done to identify a broad range of potential and relevant sustainability issues as well as observe good reporting practices

Corroboration

Interviews with senior management to obtain feedback on potential sustainability issues, as well as tapping on their engagement with external stakeholders

Prioritisation

Collective selection of sustainability issues by senior management wearing the hats of material internal and external stakeholders, in alignment to the Group's business focus and strategy

[1] Refer to the Statement on Risk Management & Internal Control, and the Corporate Governance Report on the evaluation of the Group's internal controls and risk management processes.

From a pool of 22 relevant sustainability issues, 8 issues, as endorsed by the Board, were identified as material and significant to the Group's operations and reported in accordance with the GRI Standards Reporting Framework (Table 1). Our Sustainability Statement centres on the Management's approach towards addressing our material EES issues, as well on governance matters, pertaining to our operations as covered in Figure 1, including gaps identified and our plans to address them.

Table 1: Key stakeholders, their respective boundaries, impacts and sustainability concerns

Key Stakeholders	Boundaries, Impact & Significance	Material Sustainability Issues	Section
Customers	Our customers are the reason for our business existence. Our customers' feedback and concerns are important inputs for our business decisions.	• Customer Satisfaction • Product & Service Quality	• Understanding Our Customers' Needs
Employees	Our employees are the backbone of the Group's success. The sustainability of our business is reliant upon their running of our day-to-day business.	• Employee Health & Safety • Fair Employment	• Looking After Our People
Government Agencies	Beyond meeting regulatory requirements, we recognize the importance of building working relationships with government agencies and strive to engage them both positively and regularly.	• Regulatory Compliance	• Adhering to Regulatory Compliance & Ethical Business Conduct Practices
		• Employee Health & Safety	• Looking After Our People
		• Dust Emissions Management • Energy & Carbon Footprint	• Caring For Our Physical Environment
Local Communities	Local communities are directly affected by our business operations. With such immediate reach, we strive to create positive impact on the local communities through our business.	• Regulatory Compliance	• Adhering to Regulatory Compliance & Ethical Business Conduct Practices
		• Dust Emissions Management	• Caring For Our Physical Environment
Shareholders[2]	Shareholders are owners of our company, and their views are crucial in determining the future directions of the Group.	• Ethical Business Conduct • Regulatory Compliance	• Adhering to Regulatory Compliance & Ethical Business Conduct Practices
Suppliers	We recognise the part we play in influencing the business practices of our suppliers. Right collaborations with our suppliers help to create a more sustainable value chain for the Group.	• Ethical Business Conduct • Regulatory Compliance	• Adhering to Regulatory Compliance & Ethical Business Conduct Practices

CORPORATE RESPONSIBILITY

As a responsible corporate citizen, the Group aims to improve the well-being of the surrounding communities where we operate in. Since 2016, the Group has channelled more than RM280,000 for social initiatives, which includes in-kind donations of cement to building renovation works in the communities we operate in, as well as scholarships to deserving Malaysian students who are pursuing engineering as their tertiary education.

Tasek Corporation has also been a supporter of the Structured Internship Program ("SIP") which is a collaborative internship program between the Ministry of Higher Education and Talent Corporation Berhad since 2014. The SIP provides practical experience and emphasizes the development of specific knowledge or skills for students of higher educational institution and comprises of modules to develop students' various competencies such as in technical, personal and commercial competencies. Through the SIP, the Group provides participating students with real work experience and development prospects which result in mature and skilled graduates for the nation's future employment as well as a trained talent pool to support the future growth of the Group. Over the course of the year, we engaged about 50 Bachelor Degree and Diploma's students under the SIP initiative, and we intend to continue doing so.

[2] Refer to the Corporate Profile for shareholders' contact point for the Group.

ADHERING TO REGULATORY COMPLIANCE & ETHICAL BUSINESS CONDUCT PRACTICES

Management Approach

The main sustainability regulations for the Group's operations pertain to ethical business conduct, traffic, safety, health and environment ("SHE"), and employment matters. Complying with the required regulations provides the Group with the licence to operate, while maintaining a good working relationship with the respective agencies enables the Group to address issues in a timely manner before they escalate. On the other hand, the costs of non-compliance to regulations can have a significant impact on the business not just in terms of the bottom line, but also our industry reputation which has been built up over the past 56 years.

The Group's cement and concrete HODs of production and operations are the key personnel in charge of majority of the compliance for the Group. The heads of Tasek Corporation's cement and RMC divisions manage the requirements for the Group's overall safety, health and environment ("SHE") aspects. The other HODs are responsible for the compliance to regulations regarding their scope of work. The Group's Chief Operating Officer ("COO") maintains oversight over the compliance of the Group. We also have a strict code of business conduct which the Group expects our employees and business partners to abide by.

On a daily basis, each plant head is tasked to oversee the compliance to regulations for each of their sites and liaise with government agencies as and when necessary, which includes attending to ad hoc on-site inspections by the regulators. Our SHE Managers are also the direct contact points with the agencies to deal with any SHE feedback round the clock.

Performance & Target

Regulators often conduct ad hoc inspections on our sites and during such an inspection in 2017 at one of our concrete batching plants, our dust management system was found to be not working at optimum. The issue was rectified after receiving a warning from the authority and a fine was subsequently imposed in 2018 for the oversight. The RMC business unit made a change to the personnel in-charge of maintaining the dust management system and strengthened the training programme to designated employees in-charge of monitoring the dust management system.

Acting on a whistle-blowing tip off, the Group investigated malpractice between our employees and the transporter's drivers. The associated employees were terminated immediately and measures were put in place to prevent another such occurrence.

There have been no cases of legal actions for non-competitive behaviour, anti-trust and monopoly practices, and we did not incur any significant fines and sanctions related to social or economic aspects during the year. We have a zero-tolerance towards non-compliance of any regulations and will be working hard in the coming year to achieve our goal.

UNDERSTANDING OUR CUSTOMERS' NEEDS

Management Approach

Our business is driven by our customers' needs, therefore it is of utmost importance that we understand and address their needs in a timely and appropriate manner to establish a long-lasting working relationships. The Group aims to be a reliable cement and RMC provider that can be well-trusted by our customers, as this will also allow the business to the stable and sustainable in the long-run.

Upstream, good management of the Group's supply chain plays a significant part in allowing us to provide our customers with high quality products on a timely basis. Our major suppliers provide us with raw materials and fuels, mainly from Malaysia, and our Procurement Departments are responsible for managing the supply chain, which includes the annual evaluation of our major raw material suppliers.

Product management and quality control is overseen by the Quality Assurance & Quality Control ("QAQC") Departments for each of our cement and RMC business units to ensure that our products have quality that is consistent, and meets the requirements of our customers. On a monthly basis, our QAQC and Research & Development ("R&D") personnel make scheduled visits to our customer sites to gain better understanding of their operations and needs. In the unlikely event that there is a quality issue with our products, the QAQC managers along with the sales and production managers investigate the root of the issue and resolve them together with the customer.

Daily, our sales and production managers communicate with our customers over the phone. They also meet up with our customers face-to-face regularly to discuss any issues which may have come up during regular operations. It is not uncommon that some of our customers need to rush their projects into the wee-hours, and our operations seek to complement the demands of our customers where permits have been granted.

While there is constant interaction with the customers throughout the year, annually, our cement and RMC business units will conduct a Group-wide satisfaction survey with our customers. This formal evaluation is a means to obtain honest and genuine feedback from our customers on our performance as a supplier over the year. Every comment is deliberated upon by the Management, and every compliment is a source of motivation for the Group's employees to strive for greater heights when working with the customer.

Performance & Target

As the cement and RMC industries are quite different, the customer satisfaction criteria and benchmarks are set and monitored separately for the business units. From the customer survey results, both the cement and RMC business units saw improvements in almost all categories. The cement business unit received better feedback with regard to quality, delivery and competence of sales staff. The RMC business unit customers were more satisfied with the ordering process and service by the Sales & Marketing teams. However, due to the increase in traffic congestion within the Klang Valley there was a slight dip in satisfaction level on the aspect of on-time delivery time as it affects the workability of the concrete. To address this, the Management team frequently conducts dialogues with our delivery fleet to brainstorm and implement solutions. In addition, the R&D Department has piloted concrete with features to increase the setting duration, allowing our customers to have sufficient time to use the concrete.

The Group takes a serious approach in building and protecting our reputation as a company that makes quality products and efficient in meeting the schedules of our customers. We endeavour to continually work on our products and services to improve our customers' experience with us.

LOOKING AFTER OUR PEOPLE

Management Approach

Our people are the fundamental drivers of our business; without their contribution the Group would not be able to operate the business and service our customers. Their well-being and safety is the Group's utmost concern. We look after our people well not only because it is what a good organisation should strive to do, but also because happy employees result in happy customers. When our employees are motivated, they are likely to perform better and this brings about greater value creation throughout the business' value chain. Therefore, we have various official avenues for employees to voice their concerns, such as through the unions, 2-way feedback during appraisals, and the whistle-blowing channel.

The manufacturing industry is one which has more safety-hazards at the workplace, hence, the Group takes a no-nonsense approach when it comes to dealing with safety issues. The SHE Department is mainly responsible for identifying and addressing any safety and health hazards, and it works with the local government agencies to ensure compliance to all safety and health requirements. One of the major considerations in hazard identification and categorisation is the consequence of potential injuries or illnesses that comes with the particular work step. The SHE Department works with other departments involved in the work step to reduce the risk level to an acceptable range such that with appropriate Personal Protective Equipment ("PPE") and safety training, that work step is safe enough for our employees to perform.

Safety and health trainings are provided to employees where gaps are identified within the operations by the SHE Department. Such trainings can be either in-house or out-sourced depending on the availability of resources and expertise requirements. Ad hoc checks are conducted by the SHE team members and any non-compliance is reported to the Management and addressed immediately.

Performance & Target

As at the end of the year, the Group employed 579 full-time staff (Table 2), of whom approximately half are covered by collective bargaining agreement. Following the restructuring exercise within the Group in 2017, the turnover rate in 2018 was relatively lower as the Group operated at an ideal size for the business growth. We monitored labour productivity along with business growth plans for the RMC division to make adjustments to new headcount on top of replacement positions, hence an increase in overall headcount by 4.9%.

To reward long-serving staff, every year, the Management gives out a token of appreciation to employees who have contributed to the growth of the Group over the years. In 2018, more than 50 awards were distributed to Group employees in an appreciation ceremony.

Table 2: Summary of People Performance

Employee Profile		
Gender	**Permanent**	**Temporary**
Male	490	21
Female	65	3

Employee Movement										
Region	**New Hires**					**Turnover**				
	Age Group			**Gender**		**Age Group**			**Gender**	
	<30	**30-50**	**>50**	**Male**	**Female**	**<30**	**30-50**	**>50**	**Male**	**Female**
Malaysia	64	39	10	100	13	35	43	8	74	12
(Rate[3])	11%	7%	2%	17%	2%	6%	7%	1%	13%	2%

Our cement plant has obtained the OHSAS 18001 certification, which is the international occupational health and safety management system that covers any person on the site, including employees, contractors and visitors. There has been a decrease in employee injury rates since 2016 mainly because of the reinforcement by Management as well as increase in awareness of hazards and prevention measures by employees (Table 3).

The Group has also been encouraging our contractors to be transparent in disclosing to us any injury requiring medical attention so that we can work together to make our worksites a safer place for all. As such, the Group's contractor injury rates saw a four-fold increase between 2017 and 2018, as 2017 was the first year of formal reporting and many contractors had not yet adopted the culture of disclosing their injury rates to our SHE Department. Common injuries sustained by employees and contractors included cuts by equipment and bruises or fractures from falls or traffic accidents. There were no high-consequence injuries and fatalities reported within the Group in 2018.

During the year, the Group also invited the Social Security Organization (SOCSO) government agency to give seminars to our employees on the latest updates regarding the benefits of their contributions to their social security protection insurance. The talks were very well received and the Group will look to organising more of such talks for our employees.

Table 3: Summary of Safety Statistics[4]

Safety Statistics	Employees			Contractors		
	2018	**2017**	**2016**	**2018**	**2017**	**2016**
Recordable Work Injuries	11	13	17	10	3	Data not collected
Number of Hours Worked	1,551,455	1,544,949	1,459,120	796,211	917,413	
Injury Rate[5]	7.1	8.4	11.7	12.6	3.3	

[3] According to GRI Standards 401-1 requirement, the reporting organization shall use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover.

[4] GRI Standards 403-9 is being reported for the first time; the Group will improve on this reporting requirement in due course.

[5] Rates have been calculated based on 1 million hours worked.

CARING FOR THE PHYSICAL ENVIRONMENT

Management Approach

As a manufacturer of cement and RMC, the Group is keenly aware of the environmental issues that are associated with our industry. Cement manufacturing requires a significant amount of energy and the Group endeavours to find a manufacturing process which will minimise the impacts to both the environment and the bottom line. To this end, we established the Industrial Ecology Department ("IED") in 2016. The IED is tasked to explore alternative raw materials to manufacture cement with as well as alternative fuel sources. The intention of the former is to decrease the proportion of clinker consumed in cement production which will reduce carbon emissions from calcination, while the latter is our contribution towards being part of the circular economy by using the by-products of another industrial manufacturing process. We have been using ISO 14064 within the Group to measure our GHG emissions as a means to evaluate existing and new approaches towards managing our emissions.

The Group has been experimenting on using alternative raw materials and fuels in the production chain over the past few years in an attempt to build a more sustainable cement manufacturing process. This also involved testing various combinations of our cement plant's energy sources between different types and grades of coal, electricity and alternative fuels. On top of that, priority had been placed on reducing dust emissions in the past year as the Group worked towards the upcoming mandatory regulations, limiting dust emissions from 100 mg/Nm^3 to 50 mg/Nm^3, effective from 1 June 2019.

As the above projects all require expertise across departments, the Group established multi-department collaborations to implement and review the different combinations. The Group will continue to research and test for an optimal mix for our business and the environment.

Performance & Target

As production capacity of the industry has increased over the past few years, coupled with a slow-down in the global and local economies, the business climate has been challenging. The availability of alternative fuels has decreased as it has become more commonplace for industries to use these fuels in their manufacturing process. Together with an increase in clinker production by approximately 11%, we have reverted to using more coal to fire our kilns, leading to an overall increase in energy derived from coal and a corresponding increase in Scope 1 emissions. The Group has been focusing on managing our energy, electricity and emissions intensities as they are the best indicators for a volatile economy. Our efforts to reduce energy and electricity intensity has shown some results as the cement division seeks to rebalance production needs, energy demands, and carbon emissions (Table 4). This has led to a stable Scope 1 and Scope 2 emissions intensities as well.

With the new dust emissions benchmark coming into effect soon, the Group is in the midst of upgrading the dust collectors at the cement plant from electrostatic precipitator ("ESP") to an Italian filter bag technology which will reduce dust emissions to below 50 mg/Nm^3. The conversion to filter bag system commenced in January 2019, and the first phase of installation and result of its operation has been very satisfactory. The Group will monitor the performance of the equipment already in place and execute the second phase of the installation during the year, enabling us to meet the new regulatory requirements.

Table 4: Group Environmental (Non-renewable) Footprint [6, 7, 8]

	2018	2017	2016
Energy Consumption (By Fuel Type)			
Coal (TJ)	6,962	6,461	6,560
Gas & Diesel (TJ)	110	104	66
Others (TJ)	856	1,485	989
Total Energy Consumption (TJ)	**7,928**	**8,050**	**7,615**
Overall Energy Intensity (TJ / kTon Cementitious Products)	**3.61**	**4.06**	**3.73**
Total Electricity Consumption (MWh)	**250,975**	**224,922**	**239,567**
Overall Electricity Intensity (MWh / kTon Cementitious Products)	**114**	**113**	**117**
Scope 1 Total Emissions (Including Calcination) (tCO_2)	**1,825,268**	**1,709,539**	**1,691,848**
Scope 1 Emissions Intensity (tCO_2 / kTon Cementitious Products)	**830**	**862**	**828**
Scope 2 Total Emissions (tCO_2)	**174,177**	**156,096**	**166,259**
Scope 2 Emissions Intensity (tCO_2 / kTon Cementitious Products)	**79**	**79**	**81**

LOOKING AHEAD

Since the Group embarked on sustainability reporting in 2016, we have successfully created a sustainable development culture within the organisation and with other stakeholders. The roadmap on reducing dust emissions at our cement manufacturing plant in Ipoh in 2019 has been established and the Group will continue to implement and improve on our sustainability performance to bring about greater value for our key stakeholders.

[6] Source of default net calorific values for fuels used: 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

[7] Source of Scope 1 emissions factors: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, GHG Protocol and Cement Sustainability Initiative database.

[8] Source of Scope 2 emissions factors: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Singapore Energy Statistics, and International Energy Agency's CO2 Emissions from Fuel Combustion Highlights.

GRI STANDARDS CONTENT INDEX FOR 'IN ACCORDANCE' - CORE

GRI Standards Disclosure Number	Description	Page Reference / Reasons for Omission, if Applicable
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102-1	Name of the organization	Cover Page
102-2	Activities, brands, products, and services	7
102-3	Location of headquarters	2
102-4	Location of operations	2
102-5	Ownership and legal form	2
102-6	Markets served	7
102-7	Scale of the organization	7, 29
102-8	Information on employees and other workers	29
102-9	Supply chain	27
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary Principle or approach	25-26
102-12	External initiatives	None
102-13	Membership of associations	Cement & Concrete Association of Malaysia (C&CA)
Strategy		
102-14	Statement from senior decision-maker	24
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Corporate Governance Overview Statement
Governance		
102-18	Governance structure	24-25
Stakeholder Engagement		
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102-43	Approach to stakeholder engagement	26-30
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Reporting Practice		
102-45	Entities included in the consolidated financial statements	Notes 14 and 15 of the Financial Statements
102-46	Defining report content and topic Boundaries	26
102-47	List of material topics	26
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	24
102-51	Date of most recent report	2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	sustainability@tasek.com.my
102-54	Claims of reporting in accordance with the GRI Standards	24
102-55	GRI content index	31
102-56	External assurance	We have not sought external assurance for this sustainability statement
TOPIC SPECIFIC DISCLOSURES		
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103-2	The management approach and its components	30
103-3	Evaluation of the management approach	30
302-1	Energy consumption within the organization	30
302-3	Energy intensity	30
305-4	GHG emissions intensity	30

FINANCIAL STATEMENTS & INDEPENDENT AUDITORS' REPORT

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The principal activity of the Company consists of the manufacture and sale of cement and related products.

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

Immediate and ultimate holding companies

The directors regard HL Cement (Malaysia) Sdn. Bhd. ("HLCM") and Hong Leong Investment Holdings Pte Ltd ("HLIH"), as the immediate and ultimate holding companies respectively. HLCM is incorporated in Malaysia while HLIH is incorporated in the Republic of Singapore.

Results

	Group RM'000	Company RM'000
Loss net of tax	21,802	28,415
Loss attributable to:		
Equity holders of the Company	21,802	28,415

There was no material transfer 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.

Dividends

The amounts of dividends paid by the Company since 31 December 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2017 as reported in the directors' report of that year:	
Final dividend of 20 sen per share, on 121,142,931 ordinary shares	24,229
Preference dividend of 6 sen per share and final dividend of 20 sen per share, on 335,000 6% Cumulative Participating Preference Shares	87
	24,316

	RM'000
In respect of the financial year ended 31 December 2018:	
Preference dividend of 6 sen per share, on 335,000 6% Cumulative Participating Preference Shares	20

The directors do not recommend the payment of any final dividend to ordinary shareholders in respect of the current financial year.

The financial statements for the current financial year do not reflect the preference dividend. Such dividends, when declared and paid, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2019.

Issue of shares

There were no changes to the issued and paid-up capital of the Company during the year.

Share buy-back

During the year, the Company did not purchase its own shares nor cancel any treasury shares.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Kwek Leng Peck
Lim Eng Khoon
Dato' Chong Pah Aung
Dato' Mohammed Bin Haji Che Hussein
Tan Eng Kwee (Appointed on 2 January 2019)
Ting Sii Tien @ Yao Sik Tien (Resigned on 6 January 2019)

The persons who are directors of the subsidiaries of the Company during the year are:

Lian Ka Siew
Chow Poh Jin
Tan Eng Kwee (Appointed on 2 January 2019)
Ting Sii Tien @ Yao Sik Tien (Resigned on 12 December 2018)

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 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 remuneration received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

Directors' interest

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	← Number of ordinary shares →		
	As at 1.1.2018	Acquired	As at 31.12.2018
Shares Held in the Company			
Direct interest:			
Ting Sii Tien @ Yao Sik Tien	51,200	-	51,200

Directors' interest (cont'd.)

	Number of ordinary shares		
	As at 1.1.2018	Acquired	As at 31.12.2018
Related Corporations			
Interest of Kwek Leng Peck in:			
Hong Leong Asia Ltd	1,913,300	1,913,300	3,826,600
City Developments Limited	43,758	-	43,758
Hong Leong Finance Limited	517,359	-	517,359
Hong Leong Investment Holdings Pte Ltd	10,921	-	10,921
Hong Leong Holdings Limited	381,428	-	381,428
Hong Realty (Private) Limited	150	-	150
Interest of Ting Sii Tien @ Yao Sik Tien in:			
Hong Leong Asia Ltd	280,000	280,000	560,000

Options granted and exercised over ordinary shares of a related corporation, Hong Leong Asia Ltd ("HLA") under the Share Option Scheme of HLA are as follows:

	Date of offer	Option price SGD	Number of options over ordinary shares			
			As at 1.1.2018	Granted	Cancelled	As at 31.12.2018
Kwek Leng Peck	15.5.2008	2.36	170,000	-	170,000	-
	5.1.2011	3.17	300,000	-	-	300,000
Ting Sii Tien @ Yao Sik Tien	15.5.2008	2.36	300,000	-	300,000	-
	28.1.2014	1.31	200,000	-	200,000	-

Other than as disclosed above, none of the directors in office had any interest in shares or options in the Company or its related corporations during the financial year.

Indemnity

During the financial year, the amount of insurance indemnity for directors and officers of the Company is RM20,000,000.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

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 allowance for doubtful debts in the financial statements of the Group and of the Company debts inadequate to any substantial extent; and

  (ii) the values attributed to the 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 in the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As 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;

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

Auditors and auditors' remuneration

The auditors, Ernst & Young, have given their consent to continue in office, if re-appointed.

Auditors' remuneration is disclosed in Note 6 to the financial statements.

Signed on behalf of the Board in accordance with a resolution in writing of the directors dated 28 March 2019.

Kwek Leng Peck **Tan Eng Kwee**

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Kwek Leng Peck and Tan Eng Kwee, being two of the directors of Tasek Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 42 to 95 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution in writing of the directors dated 28 March 2019.

Kwek Leng Peck

Tan Eng Kwee

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lian Ka Siew, being the officer primarily responsible for the financial management of Tasek Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 95 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 Lian Ka Siew
at Kuala Lumpur in the Federal
Territory on 28 March 2019.

Lian Ka Siew
(MIA 8107)

TAN SEOK KETT (W530)
Commissioner for Oaths
Kuala Lumpur, Malaysia

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tasek Corporation Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 95.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By - Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

Refer to Note 2.19 (accounting policy on revenue recognition) and Note 4 (description of revenue) to the financial statements.

Revenue from sale of cement and related products recognized by the Group and the Company during the year amounted to RM554,777,000 and RM413,541,000 respectively. We assessed the risk of material misstatement in respect of revenue recognition to be higher and therefore identified it as an area of audit focus as the key performance indicators for the key management personnel are measured based on the financial performance (where revenue is the key determinant of the overall financial performance) of the Group and of the Company. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

Key Audit Matters (cont'd.)

How our audit addressed the matter

In addressing this area of focus, we performed, amongst others, the following procedures:

a. Obtained an understanding of the management's internal control over the timing and amount of revenue recognized;

b. Tested the Group's internal controls over timing and amount of revenue recognized;

c. Tested the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether transactions were recorded in the correct accounting period; and

d. Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

Impairment of property, plant and equipment

Refer to Note 3.2 (key sources of estimation uncertainty) and Note 11 (property, plant and equipment).

The Group's and the Company's property, plant and equipment in respect of cement operations as at 31 December 2018 amounted to RM223,482,000 and RM223,482,000 respectively, representing 35% and 43% of the Group's and Company's total assets.

The Group and the Company are required to perform impairment test of Cash Generating Unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount.

The significant decline in gross profit and the operating cash flows in the current year indicates that the carrying amount of the related property, plant and equipment of the Group and the Company may be impaired. Accordingly, the Group and the Company estimated the recoverable amount of the related property, plant and equipment using Value-In-Use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate.

This impairment review is significant to our audit because it is based on assumptions that are highly judgmental.

How our audit addressed the matter

In addressing this area of focus, we performed, amongst others, the following procedures:

a. Obtained an understanding of the relevant internal control over estimating the recoverable amount of the CGU;

b. Evaluated the assumptions applied in the determination of estimated selling prices to assess whether the average net selling prices of cement are supportable when compared to the past trends and future market outlook; and

c. Evaluated whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

Impairment on the cost of investment in a subsidiary - Tasek Cement Quarries Sdn. Bhd. ("TCQSB")

Refer to Note 14 on the disclosures on investment in subsidiaries.

The continued losses reported by the Company's subsidiary, Tasek Cement Quarries Sdn. Bhd., indicated that the carrying amount of the investment in subsidiary may be impaired. Accordingly, the Company engaged a firm of independent valuers to estimate the fair value of the leasehold lands of the subsidiary using the Income Method, which involves estimating the gross operating revenue, quarry product prices, gross operating costs, tenant's share, discount rate and period. Due to the significance of the cost of investment in Tasek Cement Quarries Sdn. Bhd. of RM15,700,000, we identified the impairment review as an area of audit focus.

This impairment review is complex and is based on assumptions that are highly judgmental, in particular, the assumptions on the remaining quarry reserves, quantities of quarry products to be extracted for the remaining leasehold period, future quarry product prices, operating costs and discount rate.

Key Audit Matters (cont'd.)

How our audit address the matter

In addressing this risk, we considered the objectivity, independence and expertise of the firm of independent valuers engaged by the Company. We obtained an understanding of the methodology adopted by the independent valuers in estimating the remaining quarry reserves and assessed whether such methodology is consistent with those used in the industry.

We evaluated the management's assumption on the quantities of quarry products to be extracted for the remaining leasehold period, future quarry product prices and operating costs by comparing to past actual outcomes.

We have involved an internal specialist to assist us in assessing the appropriateness of the valuation methodology applied and the reasonableness of the discount rate.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a. Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

d. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 14 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

Adeline Chan Su Lynn
No. 03082/07/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 28 March 2019

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	4	554,777	549,112	413,541	398,977
Cost of sales		(459,971)	(429,584)	(361,496)	(330,645)
Gross profit		94,806	119,528	52,045	68,332
Other items of income					
- Interest income		3,109	5,512	3,311	5,252
- Dividend income		-	-	9,750	3,000
- Net gain on disposal of property, plant and equipment		181	196	4	127
- Other income		4,163	2,521	5,700	3,921
Other items of expense					
- Marketing and distribution		(109,388)	(103,171)	(78,485)	(68,395)
- Administrative expenses		(23,776)	(25,055)	(28,022)	(16,863)
- Finance costs	5	(411)	(558)	(29)	(28)
Share of results of associates, net of tax		3,012	2,668	-	-
(Loss)/Profit before tax	6	(28,304)	1,641	(35,726)	(4,654)
Income tax benefit/(expense)	9	6,502	(630)	7,311	1,563
(Loss)/Profit net of tax, for the year		(21,802)	1,011	(28,415)	(3,091)
Other comprehensive income:					
Items that will not be reclassified subsequently to profit and loss:					
Net fair value changes in quoted investments at fair value through Other Comprehensive Income ("FVOCI")		(8,838)	99	-	-
Total comprehensive income for the year		(30,640)	1,110	(28,415)	(3,091)
(Loss)/Profit attributable to:					
Equity holders of the Company		(21,802)	1,011	(28,415)	(3,091)
Total comprehensive income attributable to:					
Equity holders of the Company		(30,640)	1,110	(28,415)	(3,091)
(Loss)/Earnings per share attributable to equity holders of the Company (sen per share)					
- Basic and diluted	10	(18.01)	0.82		

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

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Non-Current Assets					
Property, plant and equipment	11	243,536	242,578	223,482	220,878
Prepaid lease payments	12	-	-	-	-
Intangible assets	13	1,114	1,285	625	830
Investment in subsidiaries	14	-	-	29,635	35,284
Investment in associates	15	75,561	80,048	21,592	21,592
Investment in equity investment	16	4,165	9,617	-	-
Other receivables	18	329	242	4,165	6,728
Total Non-Current Assets		**324,705**	**333,770**	**279,499**	**285,312**
Current Assets					
Inventories	17	130,335	130,072	129,885	129,467
Trade and other receivables	18	108,541	99,645	50,946	47,655
Tax recoverable		12,110	11,339	11,746	11,339
Cash and bank balances	19	60,534	132,832	51,873	120,689
Total Current Assets		**311,520**	**373,888**	**244,450**	**309,150**
Total Assets		**636,225**	**707,658**	**523,949**	**594,462**
Equity and Liabilities					
Current Liabilities					
Provisions	20	575	745	-	-
Income tax payable		-	658	-	-
Loans and borrowings	21	11,366	9,061	-	-
Trade and other payables	22	79,616	90,196	50,114	60,577
Total Current Liabilities		**91,557**	**100,660**	**50,114**	**60,577**
Non-current Liabilities					
Provisions	20	1,763	1,572	762	733
Deferred tax liabilities	23	10,036	17,601	9,890	17,238
Total Non-current Liabilities		**11,799**	**19,173**	**10,652**	**17,971**
Total Liabilities		**103,356**	**119,833**	**60,766**	**78,548**
Equity attributable to Equity Holders of the Company					
Share capital	24	258,300	258,300	258,300	258,300
Treasury shares	24	(20,633)	(20,633)	(20,633)	(20,633)
Reserves	25	295,202	350,158	225,516	278,247
Total Equity		**532,869**	**587,825**	**463,183**	**515,914**
Total Equity and Liabilities		**636,225**	**707,658**	**523,949**	**594,462**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to equity holders of the Company							
		Non-distributable						Distributable	
	Note	Total equity RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Treasury shares RM'000	General reserve RM'000	Retained profits RM'000
Group									
At 1 January 2017		659,622	123,956	133,946	398	-	(20,633)	115,347	306,608
Total comprehensive income		1,110	-	-	-	99	-	-	1,011
Transactions with owners									
Dividends	**26**	(72,907)	-	-	-	-	-	-	(72,907)
Effect of implementation of Companies Act 2016	**24(d) & 25(a)**	-	134,344	(133,946)	(398)	-	-	-	-
At 1 January 2018		587,825	258,300	-	-	99	(20,633)	115,347	234,712
Total comprehensive income		(30,640)	-	-	-	(8,838)	-	-	(21,802)
Transaction with owners									
Dividends	**26**	(24,316)	-	-	-	-	-	-	(24,316)
At 31 December 2018		**532,869**	**258,300**	**-**	**-**	**(8,739)**	**(20,633)**	**115,347**	**188,594**

		Attributable to equity holders of the Company						
		Non-distributable					Distributable	
	Note	Total equity RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	General reserve RM'000	Retained profits RM'000
Company								
At 1 January 2017		591,912	123,956	133,946	398	(20,633)	115,347	238,898
Total comprehensive income		(3,091)	-	-	-	-	-	(3,091)
Transactions with owners								
Dividends	**26**	(72,907)	-	-	-	-	-	(72,907)
Effect of implementation of Companies Act 2016	**24(d) & 25(a)**	-	134,344	(133,946)	(398)	-	-	-
At 1 January 2018		515,914	258,300	-	-	(20,633)	115,347	162,900
Total comprehensive income		(28,415)	-	-	-	-	-	(28,415)
Transaction with owners								
Dividends	**26**	(24,316)	-	-	-	-	-	(24,316)
At 31 December 2018		**463,183**	**258,300**	**-**	**-**	**(20,633)**	**115,347**	**110,169**

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating activities				
(Loss)/Profit before tax	(28,304)	1,641	(35,726)	(4,654)
Adjustments for:				
Allowance for impairment on loan to subsidiary	-	-	6,409	-
Amortisation of intangible assets	364	396	334	370
Amortisation of prepaid lease payments	-	3	-	3
Depreciation of property, plant and equipment	35,184	48,575	29,890	42,844
Dividend income	-	-	(9,750)	(3,000)
Finance costs	411	558	29	28
Interest income	(3,109)	(5,512)	(3,311)	(5,252)
Inventories written off	414	364	414	364
Intangible assets written off	1	5	1	5
Net gain on disposal of property, plant and equipment	(181)	(196)	(4)	(127)
Property, plant and equipment written off	247	142	6	54
Provision for impairment loss on investment in subsidiaries	-	-	5,649	-
Reversal of provision for voluntary separation scheme	-	(40)	-	(40)
Reversal of provision for restoration costs	(14)	(128)	-	-
Share of results of associates	(3,012)	(2,668)	-	-
Struck-off investment in subsidiary	-	-	-	67
Waiver of advances to subsidiaries	-	-	26	32
Total adjustments	30,305	41,499	29,693	35,348
Operating cash flows before changes in working capital	2,001	43,140	(6,033)	30,694
Changes in working capital				
- inventories	(677)	(29,815)	(832)	(30,169)
- trade and other receivables	(8,983)	14,608	(7,163)	6,395
- trade and other payables	(10,597)	1,893	(10,463)	3,154
Total changes in working capital	(20,257)	(13,314)	(18,458)	(20,620)
Cash flows (used in)/generated from operations	(18,256)	29,826	(24,491)	10,074
Interest received	3,109	5,512	3,311	5,252
Interest paid	(359)	(479)	-	-
Income taxes paid	(2,493)	(11,302)	(444)	(9,080)
Net cash flows (used in)/generated from operating activities	(17,999)	23,557	(21,624)	6,246

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Investment in equity investment (Note 16)	(3,386)	(9,518)	-	-
Increase in investment in subsidiaries (Note 14)	-	-	-	(4,000)
Purchase of property, plant and equipment	(37,049)	(29,464)	(32,500)	(27,885)
Purchase of intangible assets	(194)	(61)	(130)	(28)
Net proceeds from disposal of property, plant and equipment	841	432	4	242
Withdrawal/(Placement) of short term deposits more than three months	40,000	(19,000)	40,000	(20,000)
Dividend income received	7,500	3,000	9,750	3,000
Net cash flows generated from/(used in) investing activities	7,712	(54,611)	17,124	(48,671)
Financing activities				
Dividends paid (Note 26)	(24,316)	(72,907)	(24,316)	(72,907)
Net proceeds from/(repayment to) loans and borrowings	2,305	(4,757)	-	-
Net cash flows used in financing activities	(22,011)	(77,664)	(24,316)	(72,907)
Net decrease in cash and cash equivalents	**(32,298)**	**(108,718)**	**(28,816)**	**(115,332)**
Cash and cash equivalents at 1 January	**92,832**	**201,550**	**80,689**	**196,021**
Cash and cash equivalents at 31 December (Note 19)	**60,534**	**92,832**	**51,873**	**80,689**

Changes in liability arising from financing activity:

	Group	
	2018	2017
	RM	RM
Loans and borrowings (Note 21)		
At 1 January	9,061	13,818
Cash flows	2,305	(4,757)
At 31 December	11,366	9,061

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

1. Corporate information

Tasek Corporation Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is situated at 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

Its factory is located at Persiaran Tasek, Tasek Industrial Estate, 31400 Ipoh, Perak, Malaysia and its distribution terminal is at Lot 1552 Kg Jaya Industrial Area, Off Jalan Hospital, 47000 Sungai Buloh, Selangor, Malaysia.

The immediate and ultimate holding companies are HL Cement (Malaysia) Sdn. Bhd. ("HLCM") and Hong Leong Investment Holdings Pte Ltd ("HLIH") respectively. HLCM is incorporated in Malaysia while HLIH is incorporated in the Republic of Singapore.

The principal activity of the Company is the manufacture and sale of cement and related products.

The principal activities of the subsidiaries are described in Note 14.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution in writing of the directors on 28 March 2019.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs which are mandatory for financial period beginning on or after the dates as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except where otherwise disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

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

On 1 January 2018, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after the dates stated below:

Description	Effective for annual financial periods beginning on or after
MFRS 2 : Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
MFRS 140 : Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration	1 January 2018

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

The nature and impact of the new and amended MFRSs are described below:

MFRS 2 : Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

The amendments to MFRS 2 address three main areas:

(a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;

(b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and

(c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The Group and the Company do not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments. The application of these amendments has had no impact to the Group and the Company.

MFRS 9: Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group and the Company applied prospectively, the Group and the Company have applied MFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

The effect of adopting MFRS 9 is, as follows:

(i) Classification and Measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's and the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under MFRS 139.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

MFRS 9: Financial Instruments (cont'd.)

(i) Classification and Measurement (cont'd.)

The following are the changes in the classification of the Group's financial assets:

- Trade receivables and other non-current financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Quoted equity shares previously held as available-for-sale ("AFS") financial assets are now classified and measured as equity instruments designated at fair value through other comprehensive income. The Group and the Company elected to classify irrevocably their quoted equity shares under this category as they intend to hold these investments for the foreseeable future. There were no impairment losses recognized in profit or loss for these investments in prior periods.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement of the Group's and the Company's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The adoption of MFRS 9 does not have any impact to the Group and the Company.

MFRS 15 : Revenue from contracts with customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group adopted MFRS 15 using the full retrospective method of adoption. The adoption of MFRS 15 does not have any impact to the Group and the Company.

Annual Improvements to MFRS Standards 2014 - 2016 Cycle

MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's and the Company's financial statements.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to MFRS Standards 2014 - 2016 Cycle (cont'd.)

Amendments to MFRS 128 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3-E7 of MFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's and the Company's financial statements.

IC Interpretation 22 : Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's and the Company's financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 9 : Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 : Leases	1 January 2019
MFRS 119 : Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
MFRS 128 : Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 - Definition of a Business	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

MFRS 9 : Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest' on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments must be applied retrospectively. Earlier application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

MFRS 16 : Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-statement of financial position model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group and the Company plan to adopt the new standard on the required effective date using the modified retrospective approach. The Group and the Company elected to measure all of their right-of-use assets at the date of initial application at an amount equal to the lease liability.

The Group and the Company have completed a detailed impact assessment of this standard. Upon the adoption of the standard, the Group and the Company will recognise a right-of-use asset and a corresponding lease liability of approximately RM8,509,000 and RM527,000 respectively at date of initial application.

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

MFRS 128 : Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that an entity applies MFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in MFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying MFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group and the Company do not have such long-term interests in its associate and joint venture, the amendments will not have an impact on their financial statements.

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

These improvements include:

- **MFRS 3 : Business Combinations**

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

- **MFRS 11 : Joint Arrangements**

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group and the Company but may apply to future transactions.

- **MFRS 112 : Income Taxes**

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's and the Company's current practice are in line with these amendments, the Group and the Company do not expect any effect on their financial statements.

- **MFRS 123 : Borrowing Costs**

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's and the Company's current practice are in line with these amendments, the Group and the Company do not expect any effect on their financial statements.

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Amendments to MFRS 3 - Definition of a Business

Under MFRS 3, the amendments to the definition of a business is to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the following:

- Minimum requirements to be a business;
- Market participants' ability to replace missing elements;
- Assessing whether an acquired process is substantive;
- Narrowed the definitions of outputs; and
- Introduced an optional concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Group does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 101 and 108 - Definition of Material

Under MFRS 101 and MFRS 108, the amendments were made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

2.4 Basis of consolidation

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

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

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

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

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

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

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

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Business combinations

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.7(a).

2.5 Foreign currency

(a) 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. Summary of significant accounting policies (cont'd.)

2.5 Foreign currency (cont'd.)

(b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

- Leasehold land - Amortised by equal annual instalments over the remaining life of the leases which vary between 13 and 64 years
- Buildings: 4% - 5% per annum
- Plant and machinery: 3.33% - 33.33% per annum
- Motor vehicles, furniture and equipment: 6.67% - 20% per annum

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd.)

2.7 Intangible assets

(a) Goodwill

Goodwill represents the 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 of the acquiree.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating-unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit and where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within the cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(c) Computer software

Computer softwares have a finite useful life and are amortised over the period of estimated useful life of 5 years on a straight line basis.

2.8 Impairment of non-financial assets

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

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

2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of non-financial assets (cont'd.)

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

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.9 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

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

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.10 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

2. Summary of significant accounting policies (cont'd.)

2.10 Investments in associates and joint ventures (cont'd.)

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets designated at fair value through OCI and at amortised cost.

(a) Financial assets at fair value through OCI

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its quoted shares investments under this category.

2. Summary of significant accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

(b) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss through the amortization process and when the financial assets are impaired or derecognised.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2.12 Impairment of financial assets

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group and the Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and deposits with licensed banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2. Summary of significant accounting policies (cont'd.)

2.14 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and relevant fixed and variable factory overheads which include depreciation charges.

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.

2.15 Provisions

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

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

2.16 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

(b) Other financial liabilities

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

2. Summary of significant accounting policies (cont'd.)

2.16 Financial liabilities (cont'd.)

(b) Other financial liabilities (cont'd.)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.17 Employee benefits

(a) 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. 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 absence. Short term non-accumulating compensated balances such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

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

2.18 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(d).

2. Summary of significant accounting policies (cont'd.)

2.19 Revenue from contracts wih customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for the goods or services. The Group and the Company have generally concluded that it is the principal in its revenue arrangements.

(a) Sale of cement and related products

Revenue from sale of cement and related products is recognized at the point in time when control of the goods is transferred to the customer. Sale of cement and related products are generally on 30 to 90-days (2017 : 30 to 90-days) credit terms.

The Group and the Company consider whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of cement and related products, the Group and the Company consider the effects of variable consideration.

Variable consideration

If the consideration in a contract includes a variable amount, the Group and the Company estimate the amount of consideration to which they will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of cement and related products provide customers with prompt payment rebates and volume rebates. The early payment rebates, prompt payment rebates and volume rebates give rise to variable consideration.

i. Early payment rebates and prompt payment rebates

The Group and the Company provide early payment rebates and prompt payment rebates to customer who settle the payments within certain period of time specified in the contract.

ii. Volume rebates

The Group and the Company provide retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract.

Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group and the Company apply the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group and the Company then apply the requirements on constraining estimates of variable consideration.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

2. Summary of significant accounting policies (cont'd.)

2.20 Taxes

(a) Current tax

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

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

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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

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

2. Summary of significant accounting policies (cont'd.)

2.20 Taxes (cont'd.)

(c) Sales and service tax

Revenue, expenses and assets are recognised net of the amount of sales and service tax, except:

(i) When the sales and service tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales and service tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable, and

(ii) When receivables and payables are stated with the amount of sales and service tax included.

The net amount of sales and service tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures in each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Borrowing costs

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

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

2.23 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in which they are declared.

2.24 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2. Summary of significant accounting policies (cont'd.)

2.25 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level inputs that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted available-for-sale financial assets, and for non-recurring measurement, such as assets held for distribution in the discontinued operation.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Summary of significant accounting policies (cont'd.)

2.26 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.27 Goods and Services Tax ("GST")

The net amount of GST being the difference between output and input GST, payable to or receivable from the relevant authority at the reporting date, is included in other payables or other receivables in the statement of financial position.

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

No critical judgement is made by management in the process of applying the Group's accounting policies that have significant effects on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Significant accounting judgements and estimates (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(b) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The significant decline in gross profit in the current year indicates that the carrying amount of the related property, plant and equipment of the Group and the Company may be impaired. The Group and the Company carried out the impairment test based on the value in use ("VIU") of the cash-generating-units ("CGU") to which the property, plant and equipment are allocated. Estimating the VIU requires the Group to make an estimate of the net selling price, expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes could differ from these estimates and assumptions.

(c) Impairment of investments in subsidiaries and associates

The Company assesses whether there are any indicators of impairment for its investments in subsidiaries and associates at each reporting date.

In assessing whether there is any indication that its investments in subsidiaries and associates may be impaired, the Company considers external and internal sources of information. The external sources include the market value of the investments, the significant changes in the technological, market, economic or legal environment in which the subsidiaries and associates operate, market interest rate or other market rates of return on investments. The internal sources include corporate plan and evidence of internal reporting of the subsidiaries and associates.

Based on the Company's impairment review, impairment losses of RM2,416,000 (2017 : RMNil) and RM3,233,000 (2017 : RMNil) were provided for its wholly-owned subsidiaries, Tasek Cement Quarries Sdn Bhd ("TCQSB") and Tasek Property Holdings Sdn Bhd ("TPHSB") respectively for the financial year ended 31 December 2018.

No impairment loss was provided for the financial years ended 31 December 2018 and 31 December 2017 for its investment in associates.

4. Revenue

	For the year ended 31 December 2018		
	Cement products RM'000	**Concrete products RM'000**	**Total RM'000**
Segment			
Group			
Type of goods and service			
Sales of goods, representing revenue from contracts with customers	334,842	219,935	554,777
Geographical markets			
Malaysia	318,619	219,935	538,554
Other countries	16,223	-	16,223
Total revenue from contracts with customers	334,842	219,935	554,777
Timing of revenue recognition			
Goods transferred at a point in time	334,842	219,935	554,777

4. **Revenue (cont'd.)**

	Cement products RM'000	For the year ended 31 December 2018 Concrete products RM'000	Total RM'000
Company			
Type of goods and service			
Sales of goods, representing total revenue from contracts with customers	413,541	-	413,541
Geographical markets			
Malaysia	397,318	-	397,318
Other countries	16,223	-	16,223
Total revenue from contracts with customers	413,541	-	413,541
Timing of revenue recognition			
Goods transferred at a point in time	413,541	-	413,541

	Cement products RM'000	For the year ended 31 December 2017 Concrete products RM'000	Total RM'000
Segment			
Group			
Type of goods and service			
Sales of goods, representing revenue from contracts with customers	310,041	239,071	549,112
Geographical markets			
Malaysia	306,502	239,071	545,573
Other countries	3,539	-	3,539
Total revenue from contracts with customers	310,041	239,071	549,112
Timing of revenue recognition			
Goods transferred at a point in time	310,041	239,071	549,112
Company			
Type of goods and service			
Sales of goods, representing total revenue from contracts with customers	398,977	-	398,977
Geographical markets			
Malaysia	395,438	-	395,438
Other countries	3,539	-	3,539
Total revenue from contracts with customers	398,977	-	398,977
Timing of revenue recognition			
Goods transferred at a point in time	398,977	-	398,977

5. Finance cost

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interest expense on:				
Bankers' acceptance	359	479	-	-
Interest expense capitalised in:				
Unwinding of discount (Note 20)	52	79	29	28
	411	558	29	28

6. (Loss)/Profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
After charging:				
Auditors' remuneration:				
- Statutory audit	140	140	97	97
- Other services	5	6	5	6
Struck-off investment in subsidiary	-	-	-	67
Allowance for impairment on loan to subsidiary	-	-	6,409	-
Amortisation of intangible assets	364	396	334	370
Amortisation of prepaid lease payments	-	3	-	3
Depreciation of property, plant and equipment	35,184	48,575	29,890	42,844
Impairment loss on investment in subsidiaries	-	-	5,649	-
Inventories written off	414	364	414	364
Intangible assets written off	1	5	1	5
Property, plant and equipment written off	247	142	6	54
Rental of premises:				
- third parties	5,656	5,182	19	19
- a related company	173	168	173	168
Waiver of advances to subsidiaries	-	-	26	32
and after crediting:				
Gain on disposal of property, plant and equipment	181	196	4	127
Gross dividends received from investments:				
- subsidiary	-	-	2,250	-
- associate	-	-	7,500	3,000
Interest income:				
- deposits with licensed banks	3,109	5,512	2,852	5,183
- subsidiary	-	-	459	69
Rental income:				
- third parties	1,044	994	980	922
- subsidiary	-	-	210	210
Reversal of provision for voluntary separation scheme	-	40	-	40
Reversal of provision for restoration costs	14	128	-	-

7. Employee benefits expense

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Wages and salaries	41,354	39,834	30,233	29,022
Contributions to defined contribution plan	3,774	4,165	2,972	3,373
	45,128	43,999	33,205	32,395

Included in employee benefits expense of the Group and of the Company is the executive director's remuneration as disclosed in Note 8.

8. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Salaries and other emoluments RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Total RM'000
Group and Company					
2018					
Executive:					
Ting Sii Tien @ Yao Sik Tien	441	70	-	36	547
Non- Executive:					
Dato' Chong Pah Aung	7	113	-	-	120
Dato' Mohammed Bin Haji Che Hussein	6	110	-	-	116
Kwek Leng Peck	5	132	-	-	137
Lim Eng Khoon	7	122	-	-	129
	25	477	-	-	502
Total directors' remuneration	**466**	**547**	**-**	**36**	**1,049**
Group and Company					
2017					
Executive:					
Ting Sii Tien @ Yao Sik Tien	432	70	200	38	740
Non- Executive:					
Dato' Chong Pah Aung	7	112	-	-	119
Dato' Mohammed Bin Haji Che Hussein	5	92	-	-	97
Kwek Leng Peck	5	133	-	-	138
Lim Eng Khoon	7	122	-	-	129
Tan Sri Ir (Dr) Mohamed Al Amin Bin Abdul Majid	-	9	-	-	9
	24	468	-	-	492
Total directors' remuneration	**456**	**538**	**200**	**38**	**1,232**

During the financial year, the amount of insurance indemnity for directors and officers of the Company is RM20,000,000.

9. Income tax (benefit)/expense

Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2018 and 31 December 2017 are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	1,115	5,359	-	2,557
- (Over)/Under provision in respect of prior years	(52)	174	37	242
	1,063	5,533	37	2,799
Deferred income tax (Note 23):				
- Reversal of temporary differences	(7,618)	(4,707)	(7,323)	(4,085)
- Under/(Over) provision in respect of prior years	53	(196)	(25)	(277)
	(7,565)	(4,903)	(7,348)	(4,362)
Income tax (benefit)/expense recognised in profit or loss	(6,502)	630	(7,311)	(1,563)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 : 24%) of the estimated assessable profit for the year.

Reconciliation between tax (benefit)/expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 31 December 2017 is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before tax	(28,304)	1,641	(35,726)	(4,654)
Income tax at Malaysian statutory tax rate of 24% (2017 : 24%)	(6,793)	394	(8,574)	(1,117)
Adjustments:				
Non-deductible expenses	957	898	3,231	309
Utilisation of current year business loss for group relief	-	-	360	-
Deferred tax asset not recognised on unutilised tax losses	56	-	-	-
Income not subject to taxation	-	-	(2,340)	(720)
(Over)/Under provision of income tax in respect of previous years	(52)	174	37	242
Under/(Over) provision of deferred taxation in respect of prior years	53	(196)	(25)	(277)
Share of result of associates	(723)	(640)	-	-
Income tax (benefit)/expense recognised in profit or loss	(6,502)	630	(7,311)	(1,563)
Tax savings recognised during the year arising from:				
Utilisation of current year's tax losses	2,444	-	2,084	-

10. (Loss)/Earnings per share

(i) Basic

The basic earnings per share are calculated by dividing (loss)/profit for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2018 RM'000	2017 RM'000
(Loss)/Profit net of tax attributable to equity holders of the Company	(21,802)	1,011
Less: 6% Preference dividend	(20)	(20)
Proportion of profit attributable to preference shareholders	-	(3)
(Loss)/Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	(21,822)	988
Weighted average number of ordinary shares in issue	121,143	121,143
Basic (loss)/earnings per share (sen) for the year	(18.01)	0.82

(ii) Diluted

There is no dilutive effects on earnings per share as the Company has no potential issue of ordinary shares.

11. Property, plant and equipment

	Freehold land RM '000	Long term leasehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Furniture and equipment RM '000	Capital work in progress RM '000	Total RM '000
Group								
Cost:								
At 1 January 2017	27,005	22,696	196,887	757,912	22,579	40,161	7,289	1,074,529
Additions	-	195	112	830	807	818	26,702	29,464
Transfers	-	-	394	9,672	71	236	(10,373)	-
Disposals	-	-	-	(1,024)	(271)	(42)	-	(1,337)
Write off	-	-	-	(2,888)	(201)	(488)	-	(3,577)
At 31 December 2017	27,005	22,891	197,393	764,502	22,985	40,685	23,618	1,099,079
At 1 January 2018	27,005	22,891	197,393	764,502	22,985	40,685	23,618	1,099,079
Additions	-	60	231	643	179	996	34,940	37,049
Transfers	-	-	3,555	19,453	-	1,526	(24,534)	-
Disposals	-	-	-	(3,516)	(137)	-	-	(3,653)
Write off	-	-	-	(6,061)	(332)	(736)	-	(7,129)
At 31 December 2018	27,005	22,951	201,179	775,021	22,695	42,471	34,024	1,125,346

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

	Freehold land RM '000	Long term leasehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Furniture and equipment RM '000	Capital work in progress RM '000	Total RM '000
Group								
Accumulated depreciation:								
At 1 January 2017	-	6,263	149,910	608,430	13,746	34,113	-	812,462
Charges for the year	-	650	5,751	38,496	1,354	2,324	-	48,575
Disposals	-	-	-	(904)	(158)	(39)	-	(1,101)
Write off	-	-	-	(2,751)	(201)	(483)	-	(3,435)
At 31 December 2017	-	6,913	155,661	643,271	14,741	35,915	-	856,501
At 1 January 2018	-	6,913	155,661	643,271	14,741	35,915	-	856,501
Charges for the year	-	655	5,359	25,787	1,336	2,047	-	35,184
Disposals	-	-	-	(2,869)	(124)	-	-	(2,993)
Write off	-	-	-	(5,810)	(331)	(741)	-	(6,882)
At 31 December 2018	-	7,568	161,020	660,379	15,622	37,221	-	881,810
Net carrying amount:								
At 31 December 2017	27,005	15,978	41,732	121,231	8,244	4,770	23,618	242,578
At 31 December 2018	27,005	15,383	40,159	114,642	7,073	5,250	34,024	243,536
Company								
Cost:								
At 1 January 2017	27,005	8,060	196,887	723,584	21,738	37,990	7,259	1,022,523
Additions	-	-	112	760	807	818	25,388	27,885
Transfers	-	-	394	8,437	71	168	(9,070)	-
Disposals	-	-	-	(134)	(271)	(30)	-	(435)
Write off	-	-	-	(1,579)	(201)	(461)	-	(2,241)
At 31 December 2017	27,005	8,060	197,393	731,068	22,144	38,485	23,577	1,047,732
At 1 January 2018	27,005	8,060	197,393	731,068	22,144	38,485	23,577	1,047,732
Additions	-	-	231	121	179	995	30,974	32,500
Transfers	-	-	3,555	16,310	-	1,461	(21,326)	-
Disposals	-	-	-	-	(57)	-	-	(57)
Write off	-	-	-	(3,712)	(332)	(706)	-	(4,750)
At 31 December 2018	27,005	8,060	201,179	743,787	21,934	40,235	33,225	1,075,425
Accumulated depreciation:								
At 1 January 2017	-	3,103	149,909	587,948	13,120	32,437	-	786,517
Charges for the year	-	99	5,751	33,593	1,273	2,128	-	42,844
Disposals	-	-	-	(132)	(158)	(30)	-	(320)
Write off	-	-	-	(1,530)	(201)	(456)	-	(2,187)
At 31 December 2017	-	3,202	155,660	619,879	14,034	34,079	-	826,854
At 1 January 2018	-	3,202	155,660	619,879	14,034	34,079	-	826,854
Charges for the year	-	99	5,359	21,269	1,278	1,885	-	29,890
Disposals	-	-	-	-	(57)	-	-	(57)
Write off	-	-	-	(3,712)	(332)	(700)	-	(4,744)
At 31 December 2018	-	3,301	161,019	637,436	14,923	35,264	-	851,943
Net carrying amount:								
At 31 December 2017	27,005	4,858	41,733	111,189	8,110	4,406	23,577	220,878
At 31 December 2018	27,005	4,759	40,160	106,351	7,011	4,971	33,225	223,482

12. Prepaid lease payments

Leasehold lands with unexpired period less than 50 years:

	Group and Company 2018 RM'000	Group and Company 2017 RM'000
Cost		
At 1 January and 31 December:	147	147
Accumulated amortisation		
At 1 January	147	144
Amortisation for the year	-	3
At 31 December	147	147
Net carrying amount	-	-

The fully amortised leasehold lands are still in use and have an unexpired lease period of 12 years (2017 : 13 years) as at 31 December 2018.

13. Intangible assets

	Group			Company
	Computer software RM'000	Goodwill RM'000	Total RM'000	Computer software RM'000
Cost:				
At 1 January 2017	5,239	389	5,628	5,137
Additions	61	-	61	28
Write off	(541)	-	(541)	(540)
At 31 December 2017 and 1 January 2018	4,759	389	5,148	4,625
Additions	194	-	194	130
Write off	(40)	-	(40)	(40)
At 31 December 2018	4,913	389	5,302	4,715
Accumulated amortisation:				
At 1 January 2017	4,003	-	4,003	3,960
Amortisation	396	-	396	370
Write off	(536)	-	(536)	(535)
At 31 December 2017 and 1 January 2018	3,863	-	3,863	3,795
Amortisation	364	-	364	334
Write off	(39)	-	(39)	(39)
At 31 December 2018	4,188	-	4,188	4,090
Net carrying amount:				
At 31 December 2017	896	389	1,285	830
At 31 December 2018	725	389	1,114	625

14. Investment in subsidiaries

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost		
In Malaysia	35,384	35,384
Outside Malaysia *	-	-
	35,384	35,384
Less: Accumulated impairment losses	(5,749)	(100)
	29,635	35,284

* Negligible

Movement in the cost of investment

	Company 2018 RM'000	Company 2017 RM'000
Cost:		
As at 1 January	35,384	40,984
Add: Capital injection		
- Tasek Property Holdings Sdn. Bhd.	-	3,000
- Tasek Cement Quarries Sdn. Bhd.	-	1,000
	35,384	44,984
Less: Subsidiary struck-off		
- Tasek Plantation Sdn. Bhd. ^^	-	(9,600)
As at 31 December	35,384	35,384
Accumulated impairment losses:		
As at 1 January	100	9,633
Add: Struck-off in investment		
- Tasek Plantation Sdn. Bhd. ^^	-	67
Add: Impairment loss on investment in subsidiaries (Note 6)	5,649	-
	5,749	9,700
Less: Subsidiary struck-off		
- Tasek Plantation Sdn. Bhd. ^^	-	(9,600)
As at 31 December	5,749	100
Net cost of investment	29,635	35,284

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2018	Proportion (%) of ownership interest 2017
Tasek Property Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Tasek Concrete Sdn. Bhd.	Malaysia	Manufacture and trading of ready-mixed concrete	100	100
Tasek Industries Sdn. Bhd.	Malaysia	Dormant	100	100
Tasek Cement Quarries Sdn. Bhd.	Malaysia	Quarry operation	100	100
Tasek Holdings Pte. Ltd. **	Singapore	Dormant	100	100

** Not audited by Ernst & Young.

^^ On 20 March 2017, the Companies Commission of Malaysia had issued the notice to strike the name of Tasek Plantation Sdn. Bhd. off the register of companies under Section 308 of the Companies Act 1965.

The strike off process was completed and published in the Gazette on 29 November 2017.

15. Investment in associates

(a) Details of the Company's associates are as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	21,592	21,592	21,592	21,592
Group's share of post-acquisition reserves	53,969	58,456	-	-
	75,561	80,048	21,592	21,592

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Accounting model applied	% of ownership interest held by the Group* 2018	2017
Cement Industries (Sabah) Sdn. Bhd. ("CIS")	Malaysia	Manufacture and sale of cement	Equity method	30	30
Padu-Wangsa Sdn. Bhd.	Malaysia	Intention to establish a clinker plant in Sabah (Dormant)	Equity method	29	29

* equals to the proportion of voting rights held

These associates have the same reporting period as the Group.

(b) Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

(I) Summarised statements of financial position

	Padu-Wangsa Sdn. Bhd. 2018 RM'000	Padu-Wangsa Sdn. Bhd. 2017 RM'000	CIS 2018 RM'000	CIS 2017 RM'000	Total 2018 RM'000	Total 2017 RM'000
Assets and liabilities						
Current assets	124	152	145,021	139,322	145,145	139,474
Non-current assets	34,133	34,579	122,517	128,688	156,650	163,267
Total assets	34,257	34,731	267,538	268,010	301,795	302,741
Current liabilities	21,647	21,271	24,323	7,901	45,970	29,172
Non-current liabilities	-	-	7,533	10,292	7,533	10,292
Total liabilities	21,647	21,271	31,856	18,193	53,503	39,464
Total net assets	12,610	13,460	235,682	249,817	248,292	263,277

15. Investment in associates (cont'd.)

(b) Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts (cont'd.).

(II) Summarised statements of comprehensive income

	Padu-Wangsa Sdn. Bhd.		CIS		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	-	-	362,759	334,992	362,759	334,992
(Loss)/Profit before tax	(708)	(775)	14,619	13,421	13,911	12,646
(Loss)/Profit for the year	(850)	(913)	10,865	9,777	10,015	8,864
Total comprehensive (loss)/income	(850)	(913)	10,865	9,777	10,015	8,864
Dividend received from the associates during the year	-	-	7,500	3,000	7,500	3,000

(III) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Padu-Wangsa Sdn. Bhd.		CIS		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net assets at 1 January	13,460	14,373	249,817	250,040	263,277	264,413
(Loss)/Profit for the year	(850)	(913)	10,865	9,777	10,015	8,864
Dividend	-	-	(25,000)	(10,000)	(25,000)	(10,000)
Net assets at 31 December	12,610	13,460	235,682	249,817	248,292	263,277
Interest in associates	29%	29%	30%	30%		
	3,656	3,903	70,705	74,945	74,361	78,848
Goodwill	1,200	1,200	-	-	1,200	1,200
Carrying value of Group's interest in associates	4,856	5,103	70,705	74,945	75,561	80,048

16. Investment in equity investment

	Group	
	2018 RM'000	2017 RM'000
Non-current		
Equity instruments (quoted in Malaysia):		
At carrying amount	4,165	9,617
At market value	4,165	9,617

17. Inventories

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
At cost				
Raw materials	13,829	13,285	13,492	12,806
Work-in-progress	26,055	19,997	26,055	19,997
Finished goods	5,473	6,656	5,473	6,656
Consumable stores	84,978	90,134	84,865	90,008
	130,335	130,072	129,885	129,467

During the year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM247,777,000 (2017 : RM222,790,000) and RM176,579,000 (2017 : RM151,077,000) respectively.

18. Trade and other receivables

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current				
Other receivables				
Other receivables	329	242	-	-
Loan to a subsidiary	-	-	10,574	6,728
	329	242	10,574	6,728
Less: Allowance for impairment				
- Subsidiary	-	-	(6,409)	-
Other receivables, net	329	242	4,165	6,728
Current				
Trade receivables				
Third parties	92,105	88,669	19,020	17,322
Amounts due from:				
- Subsidiary	-	-	20,195	23,849
- Related companies	3,813	2,507	3,813	2,507
Trade receivables, net	95,918	91,176	43,028	43,678
Other receivables				
Amounts due from subsidiaries	-	-	257	94
Goods and Services Tax receivable	2,860	316	2,390	315
Other receivables	5,341	4,009	4,185	2,443
Deposits	3,507	3,354	534	539
Prepayments	1,300	1,175	937	971
	13,008	8,854	8,303	4,362
Less: Allowance for impairment				
- third parties	(385)	(385)	(385)	(385)
Other receivables, net	12,623	8,469	7,918	3,977
Trade and other receivables	108,541	99,645	50,946	47,655
Total trade and other receivables (current and non-current)	108,870	99,887	61,520	54,383
Less: Goods and Services Tax receivable	(2,860)	(316)	(2,390)	(315)
Less: Prepayments	(1,300)	(1,175)	(937)	(971)
Add: Cash and bank balances (Note 19)	60,534	132,832	51,873	120,689
Total financial assets carried at amortised cost	165,244	231,228	110,066	173,786

18. Trade and other receivables (cont'd.)

Trade receivables are non-interest bearing and are generally on 30 to 90-days (2017 : 30 to 90-days) credit terms.

(a) Related party balances

Loan to a subsidiary

Loan to a subsidiary is unsecured and bears interests ranging from 5.08% - 5.18% (2017 : 5.08%) per annum and shall be repaid at year 3 (2017 : 3 year) on principal sum together with the interest upon maturity.

Amounts due from subsidiaries (non-trade)

The non-trade balances with subsidiaries are unsecured, non-interest bearing and are repayable within 60 to 90-days.

(b) Other receivables (non-current and current)

Included in other receivables are amounts owing from third parties for the disposal of a subsidiary's mixer trucks under the lorry-owned driver ("LOD") schemes on a deferred payment basis totalling RM839,000 (2017: RM1,195,000).

19. Cash and bank balances

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash at banks and on hand	16,004	40,432	8,343	28,289
Short term deposits with licensed banks	44,530	92,400	43,530	92,400
	60,534	132,832	51,873	120,689

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total cash and bank balances	60,534	132,832	51,873	120,689
Less: Short-term deposits more than three months	-	(40,000)	-	(40,000)
	60,534	92,832	51,873	80,689

Short-term deposits with licensed banks are made with maturity periods of 4 to 90 days (2017 : 4 to 184 days) and earn interests at the rate of 3.10% to 3.70% (2017 : 2.85% to 4.18%) per annum.

20. Provisions

	Group			Company		
	Restoration and other environmental cost RM'000	Voluntary separation scheme RM'000	Total RM'000	Restoration and other environmental cost RM'000	Voluntary separation scheme RM'000	Total RM'000
At 1 January 2017	1,883	665	2,548	-	665	665
Arose during the year	850	-	850	705	-	705
Unwinding of discount (Note 5)	79	-	79	28	-	28
Reversal during the year	(128)	(40)	(168)	-	(40)	(40)
Payments during the year	(367)	(625)	(992)	-	(625)	(625)
At 31 December 2017 and 1 January 2018	2,317	-	2,317	733	-	733
Arose during the year	559	-	559	-	-	-
Unwinding of discount (Note 5)	52	-	52	29	-	29
Reversal during the year	(14)	-	(14)	-	-	-
Payments during the year	(576)	-	(576)	-	-	-
At 31 December 2018	2,338	-	2,338	762	-	762
At 31 December 2017						
Current	745	-	745	-	-	-
Non-current:						
Later than 1 year but not later than 2 years	764	-	764	-	-	-
Later than 2 years but not later than 5 years	75	-	75	-	-	-
More than 10 years	733	-	733	733	-	733
	1,572	-	1,572	733	-	733
	2,317	-	2,317	733	-	733
At 31 December 2018						
Current	575	-	575	-	-	-
Non-current:						
Later than 1 year but not later than 2 years	135	-	135	-	-	-
Later than 2 years but not later than 5 years	866	-	866	-	-	-
More than 10 years	762	-	762	762	-	762
	1,763	-	1,763	762	-	762
	2,338	-	2,338	762	-	762

A provision is recognised for restoration cost associated with the obligations to restore the lands at the end of the tenancy period. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within three years from the reporting date. Assumptions used to calculate the expected cost to dismantle and remove the plants from the site and the cost of restoring the land to its original state were based on the management's best estimates.

Other environmental cost is recognised on the basis of legal or constructive obligation and the expected cost is based on management's best estimates.

Provision for voluntary separation scheme

The voluntary separation scheme amount has been fully paid during the previous financial year.

21. Loans and borrowings

	Group 2018 RM'000	Group 2017 RM'000
Current		
Unsecured:		
Bankers' acceptance	11,366	9,061

Bankers' acceptance

The bank facilities of a subsidiary are subject to the fulfillment of the following significant covenants:

(i) No dilution or divestment in the present 100% shareholding of the Company in the subsidiary without the lender bank's prior consent.

(ii) Gearing and minimum interest cover ratio of 2:1 at all times.

(iii) The subsidiary must be technically solvent at all times.

The bankers' acceptance bears interest ranging from 3.60% to 4.24% (2017 : 3.62% to 3.99%) per annum.

22. Trade and other payables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Trade payables				
Third parties	41,965	48,502	20,208	25,813
Amounts due to a subsidiary	-	-	2	1,119
	41,965	48,502	20,210	26,932
Other payables				
Accrued operating expenses	11,871	11,120	4,210	3,291
Goods and Services Tax payable	-	112	-	-
Other payables	25,723	30,310	25,694	30,254
Security deposits received	-	100	-	100
Amounts due to related companies	57	52	-	-
	37,651	41,694	29,904	33,645
	79,616	90,196	50,114	60,577
Total trade and other payables	79,616	90,196	50,114	60,577
Less: Goods and Services Tax payable	-	(112)	-	-
Add: Loans and borrowings (Note 21)	11,366	9,061	-	-
Total financial liabilities carried at amortised cost	90,982	99,145	50,114	60,577

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90-days (2017 : 30 to 90-days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (2017 : average term of three months).

(c) Related party balances

Amounts due to related companies

Amounts due to related companies are unsecured, non-interest bearing and repayable upon demand.

23. Deferred tax

Deferred income tax as at 31 December relates to the following:

	As at 1 January 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2017 RM'000	Recognised in profit or loss RM'000	As at 31 December 2018 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	(24,091)	5,313	(18,778)	1,820	(16,958)
Deferred tax assets:					
Impairment loss on receivables	96	(4)	92	-	92
Provisions	1,491	(406)	1,085	(174)	911
Unutilised tax losses	-	-	-	180	180
Unutilised capital allowance	-	-	-	5,739	5,739
	1,587	(410)	1,177	5,745	6,922
	(22,504)	4,903	(17,601)	7,565	(10,036)
Company					
Deferred tax liabilities:					
Property, plant and equipment	(22,725)	4,917	(17,808)	1,380	(16,428)
Deferred tax assets:					
Impairment loss on receivables	96	(4)	92	-	92
Provisions	1,029	(551)	478	49	527
Unutilised tax losses	-	-	-	180	180
Unutilised capital allowance	-	-	-	5,739	5,739
	1,125	(555)	570	5,968	6,538
	(21,600)	4,362	(17,238)	7,348	(9,890)

24. Share capital, share premium and treasury shares

	Group and Company			
	2018		2017	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Share capital				
<u>Authorised:</u>				
6% cumulative participating preference shares	-	-	500	500
Ordinary shares	-	-	299,500	299,500
At 1 January	-	-	300,000	300,000
Less:				
Effect of implementation of Companies Act 2016	-	-	(300,000)	(300,000)
At 31 December	-	-	-	-

24. Share capital, share premium and treasury shares (cont'd.)

	Group and Company			
	2018		2017	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Issued and fully paid:				
6% cumulative participating preference shares	335	335	335	335
Ordinary shares	123,621	257,965	123,621	123,621
At 1 January	123,956	258,300	123,956	123,956
Add:				
Effect of implementation of Companies Act 2016:				
- Share premium	-	-	-	133,946
- Capital redemption reserve	-	-	-	398
At 31 December	123,956	258,300	123,956	258,300

	Group and Company	
	2018 RM'000	2017 RM'000
Share premium		
At 1 January	-	133,946
Less: Effect of implementation of Companies Act 2016	-	(133,946)
At 31 December	-	-
Treasury shares		
At 1 January/31 December	(20,633)	(20,633)

(a) Share capital

The Companies Act 2016 which came into operation on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.

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

(b) 6% cumulative participating preference shares

The salient features of the 6% cumulative participating preference shares issued by the Company are as follows:

(a) The right to a fixed cumulative preference dividend of 6% per annum;

(b) The right to further participation in the profits and in the assets in case of liquidation with the ordinary shares;

(c) Entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up;

(d) Have the same rights as ordinary shareholders as regards receiving notices, reports and statements of financial position and attending general meetings of the Company; and

24. Share capital, share premium and treasury shares (cont'd.)

(b) 6% cumulative participating preference shares (cont'd.)

(e) Have the right to vote in each of the following circumstances:

(i) When the dividend or part of the dividend on the share is in arrears for more than 6 months;
(ii) On a proposal to reduce the Company's share capital;
(iii) On a proposal for the disposal of the whole of the Company's property, business and undertaking;
(iv) On a proposal that affects rights attached to the share;
(v) On a proposal to wind up the Company; and
(vi) During the winding up of the Company.

(c) Treasury shares

In the financial year 2012, the Company bought back 2,478,300 of its issued ordinary shares from the open market at an average price of RM8.33 per share. The total consideration paid for the share buy-back including transaction cost was RM20,633,000. The shares bought back were held as treasury shares in accordance with Section 67A of the Companies Act, 1965 (Revised as Section 127 of the Companies Act 2016).

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(d) Share premium

In accordance with Section 74 of the Companies Act 2016 in Malaysia, the Company's shares no longer have a par or nominal value with effect from 31 January 2017.

Pursuant to Section 618 of the Companies Act 2016 in Malaysia, the amount standing to the credit of the Company's share premium account became part of the Company's share capital. There was no impact on the number of shares in issue or the relative entitlement of any members of the Company as a result of this transition. The Company may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the Act in a manner as specified by the Act.

25. Reserves

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-distributable:				
Capital redemption reserve				
At 1 January	-	398	-	398
Less: Effect of implementation Companies Act 2016	-	(398)	-	(398)
At 31 December	-	-	-	-
Fair value adjustment reserve				
At 1 January	99	-	-	-
Add: (Loss)/Gain on fair value changes	(8,838)	99	-	-
At 31 December	(8,739)	99	-	-
Distributable:				
General reserve	115,347	115,347	115,347	115,347
Retained profits	188,594	234,712	110,169	162,900
	303,941	350,059	225,516	278,247
Total	295,202	350,158	225,516	278,247

25. Reserves (cont'd.)

(a) Capital redemption reserve

The capital redemption reserve arises from the cancellation of treasury shares in accordance with Section 67A of the Companies Act, 1965.

Nominal value in shares have been abolished with effect 31 January 2017 by Section 74 of the Companies Act 2016. Effectively, any amount standing to the credit of the capital redemption reserve shall become part of the share capital. The Company may exercise its right to use the credit amounts transferred from the capital redemption reserve account within 24 months after the commencement of the Act in a manner as specified by the Act.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial assets designated at fair value through other comprehensive income until they are disposed of or impaired.

(c) General reserve

General reserve was transferred from retained profits in previous years. The Company may distribute dividends out of its entire general reserve as at 31 December 2018 and 31 December 2017 under the single tier system.

(d) Retained profits

The Company can distribute dividends out of its entire retained profits under the single tier system.

26. Dividends

	Group and Company	
	2018 RM'000	**2017 RM'000**
Recognised during the financial year:		
Dividends on Ordinary Shares:		
- Final dividend for 2017 : 20 sen (2016 : 40 sen) per share	24,229	48,457
- Interim dividend for 2018 : Nil sen (2017 : 20 sen) per share	-	24,229
Dividends on 6% Cumulative Participating Preference Shares:		
- Cumulative dividend for 2017 : 6 sen (2016 : 6 sen) per share	20	20
- Final dividend for 2017 : 20 sen (2016 : 40 sen) per share	67	134
- Interim dividend for 2018 : Nil sen (2017 : 30 sen) per share	-	67
	24,316	72,907

Proposed but not recognised as a liability as at 31 December:

At the forthcoming Annual General Meeting, the following dividends will be proposed for shareholders' approval:

	Group and Company	
	2018 RM'000	**2017 RM'000**
Dividends on Ordinary Shares:		
- Final dividend for 2018 : Nil sen (2017 : 20 sen) per share	-	24,229
Dividends on 6% Cumulative Participating Preference Shares:		
- Cumulative dividend for 2018 : 6 sen (2017 : 6 sen) per share	20	20
- Final dividend for 2018 : Nil sen (2017 : 20 sen) per share	-	67

The directors do not recommend the payment of any final dividend to ordinary shareholders in respect of the current financial year.

The financial statements for the current financial year do not reflect the preference dividends. Such dividends, when declared and paid, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2019.

27. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sale of finished goods to:				
- Companies in which major shareholders have interests	21,441	13,543	21,441	13,543
- A subsidiary	-	-	78,699	88,936
- An associate	26,533	3,603	26,533	3,603
Purchase of raw materials from:				
- A subsidiary	-	-	1,342	4,776
Purchase of finished goods from:				
- A related company	-	1,847	-	1,847
Dividends received from:				
- A subsidiary	-	-	2,250	-
- An associate	7,500	3,000	7,500	3,000
Interest income from:				
- Subsidiaries	-	-	459	69
Support service charged to a subsidiary	-	-	8	12
Management fees charged to subsidiaries	-	-	1,385	1,517
Rental of premises received from/(paid to):				
- A subsidiary	-	-	210	210
- A related company	(173)	(168)	(173)	(168)
Registrar fees and expenses paid to a related company	(31)	(18)	(31)	(18)

(b) Account balances with related parties

Account balances with related parties of the Group and of the Company at year end are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amount due from				
Account balances with companies in which major shareholders have interests				
Hume Marketing Co Sdn. Bhd.	3,158	1,646	3,158	1,646
Kimsik Company Sdn. Bhd.	152	266	152	266
HL-Manufacturing Industries Sdn. Bhd.	503	594	503	594

(c) Compensation of key management personnel

The remuneration of executive director and other member of key management during the year were as follows:

	Group and Company	
	2018 RM'000	2017 RM'000
Employee benefits - short term	966	1,274

27. Related party disclosures (cont'd.)

(c) Compensation of key management personnel (cont'd.)

The number of the key management personnel whose total remuneration during the financial year fall within the following bands are analysed below:

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Group Chief Operating Officer/Chief Financial Officer:		
Lian Ka Siew		
RM500,001 - RM550,000	1	1

The key management personnel for the Group and the Company comprise the Group Chief Executive Officer and the Group Chief Operating Officer who is also the Chief Financial Officer. Since the Group Chief Executive Officer is also a board member of the Group and the Company, the details of his remuneration are shown in Note 8.

28. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	6,595	13,936	5,026	13,848
Approved but not contracted for:				
Property, plant and equipment	9,775	4,661	8,013	2,435
	16,370	18,597	13,039	16,283

(b) Operating lease commitments - as lessee

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than 1 year	4,514	1,997	168	-
Later than 1 year but not later than 5 years	5,215	377	70	-
	9,729	2,374	238	-

The Group and the Company leases plant site and corporate office respectively under operating leases. The leases typically run for a period of one to three years, with an option to renew the leases after that date. None of the leases include contingent rentals.

29. Fair value of financial instruments

A. Quantitative disclosures of fair value measurement hierarchy for assets

	Quoted prices in active markets for identical instruments Level 1 RM'000	Significant other observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
Group				
At 31 December 2018				
Financial assets:				
Investment in equity investment (Note 16)				
- Equity instruments (quoted in Malaysia)	4,165	-	-	4,165
At 31 December 2017				
Financial assets:				
Investment in equity investment (Note 16)				
- Equity instruments (quoted in Malaysia)	9,617	-	-	9,617

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements as disclosed in Note 2.25.

B. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables (current)	18
Cash and bank balances	19
Loans and borrowings (current)	21
Trade and other payables (current)	22

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

30. Financial risk management objectives and policies

Exposure to credit, market, interest rate and liquidity risks arises in the normal course of the Group's and of the Company's business. The Group and the Company have written risk management policies and guidelines which sets out their overall business strategies, their tolerance to risk and their general risk management philosophy. Such written policies are reviewed annually by the Board of Directors, and quarterly reviews are undertaken to ensure that the Group's and the Company's policy guidelines are adhered to.

(a) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit terms.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, and product type, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

(a) Credit risk (cont'd.)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. At 31 December 2018, 81% (2017 : 96%) of the Group trade receivables are covered by letters of credit and other forms of credit insurance.

Set out below is the information about the credit risk exposure on the Group's trade receivables and loan to a subsidiary using a provision matrix:

(i) Trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

	Group		
	Gross carrying amount RM'000	Expected credit loss RM'000	Net carrying amount RM'000
Current (not past due)	86,856	-	86,856
1 to 30 days past due	4,023	-	4,023
31 to 60 days past due	1,746	-	1,746
61 to 90 days past due	3,293	-	3,293
	95,918	-	95,918

	Company		
	Gross carrying amount RM'000	Expected credit loss RM'000	Net carrying amount RM'000
Current (not past due)	43,028	-	43,028

(ii) Loan to a subsidiary

	Company	
	2018 RM'000	2017 RM'000
Gross carrying amount	10,574	6,728
Expected credit loss	(6,409)	-
Net carrying amount	4,165	6,728

(b) Market risk

Foreign exchange risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar. ("USD").

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case by case basis.

At reporting date, the Group's and the Company's financial assets and liabilities balances that have exposures to foreign currencies are as follows:

	Group and Company	
	2018 RM'000	2017 RM'000
United States Dollar ("USD")		
Cash and bank balances	19	153

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

(b) Market risk (cont'd.)

Sensitivity analysis

A 10% strengthening of the USD against the functional currency of the Group and of the Company at the reporting date would increase/(decrease) profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	◄ Group and Company ► Profit before tax	
	2018 RM'000	2017 RM'000
United States Dollar	2	15

A 10% weakening of the above would have equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(c) Interest rate risk

The Group and the Company are exposed to interest rate risk in respect of their short term deposits with licensed banks and the contractual borrowing rate for bankers' acceptance. However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group and of the Company.

(d) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in short term deposits with licensed banks.

At the reporting date, the Group held short term deposits of RM43,530,000 (2017 : RM52,300,000) net of security deposits received from customers and cash and bank balances of RM16,004,000 (2017 : RM40,432,000) that are expected to readily generate cash inflows for managing risk.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 3 and 4 years RM'000	Over 5 years RM'000
Group				
At 31 December 2018				
Loan and borrowings	11,366	-	-	-
Trade and other payables	79,616	-	-	-
At 31 December 2017				
Loan and borrowings	9,061	-	-	-
Trade and other payables	90,196	-	-	-
Company				
At 31 December 2018				
Trade and other payables	50,114	-	-	-
At 31 December 2017				
Trade and other payables	60,577	-	-	-

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

(d) Liquidity risk (cont'd.)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they mature, or if earlier, repriced.

	Effective interest rate %	Total RM'000	Within 1 year RM'000
Group			
2018			
Fixed rate instruments			
Short term deposit with licensed banks	3.10 - 3.70	44,530	44,530
Bankers' acceptance	3.60 - 4.24	11,366	11,366
2017			
Fixed rate instruments			
Short term deposit with licensed banks	2.85 - 4.18	92,400	92,400
Bankers' acceptance	3.62 - 3.99	9,061	9,061
Company			
2018			
Fixed rate instruments			
Short term deposit with licensed banks	3.10 - 3.70	43,530	43,530
2017			
Fixed rate instruments			
Short term deposit with licensed banks	2.85 - 4.18	92,400	92,400

31. Segmental information

For management purposes, the Group is organised into business units based on their products and has two reportable operating segments as follows:

I. The cement segment is in cement manufacturing and sales of cement business.
II. The ready mix concrete segment is in the supply of ready-mixed concrete business.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31. Segmental information (cont'd.)

The segment information provided to the Chief Operating Decision Maker for the current financial year to date is as follows:

	Cement RM'000	Ready mixed concrete RM'000	All other segments RM'000	Total RM'000	Adjustments and eliminations Total RM'000	Note	Per consolidated financial statement Total RM'000
31 December 2018							
Revenue:							
External customers	334,842	219,935	-	554,777	-		554,777
Inter - segment	78,699	-	1,342	80,041	(80,041)	A	-
Total revenue	413,541	219,935	1,342	634,818	(80,041)		554,777
Results:							
Interest income	3,311	255	2	3,568	(459)		3,109
Finance costs	(29)	(382)	(459)	(870)	459		(411)
Dividend income	9,750	-	-	9,750	(9,750)	B	-
Gain on disposal of property, plant and equipment	4	177	-	181	-		181
Depreciation and amortisation	(30,224)	(4,758)	(566)	(35,548)	-		(35,548)
Share of results of associates, net of tax	3,012	-	-	3,012	-		3,012
Reportable segment profit/(loss) before income tax	(35,726)	3,436	(1,249)	(33,539)	5,235	B	(28,304)
Reportable segment profit/(loss) after income tax	(28,415)	2,627	(1,249)	(27,037)	5,235	B	(21,802)
Other non-cash items:							
Property, plant and equipment written off	(6)	(241)	-	(247)	-		(247)
Unwinding of discounts	(29)	(23)	-	(52)	-		(52)
Assets and liabilities:							
Reportable segment assets	523,949	97,920	15,052	636,921	(696)	C	636,225
Investment in associates	21,592	-	-	21,592	53,969		75,561
Additions to non-current assets	32,630	4,552	61	37,243	-	D	37,243
Reportable segment liabilities	60,766	62,703	10,915	134,384	(31,028)	E	103,356

31. Segmental information (cont'd.)

	Cement RM'000	Ready mixed concrete RM'000	All other segments RM'000	Total RM'000	Adjustments and eliminations Total RM'000	Note	Per consolidated financial statement Total RM'000
31 December 2017							
Revenue:							
External customers	310,041	239,071	-	549,112	-		549,112
Inter - segment	88,936	-	4,776	93,712	(93,712)	A	-
Total revenue	398,977	239,071	4,776	642,824	(93,712)		549,112
Results:							
Interest income	5,252	323	6	5,581	(69)		5,512
Finance costs	(28)	(570)	(29)	(627)	69		(558)
Dividend income	3,000	-	-	3,000	(3,000)	B	-
Gain on disposal of property, plant and equipment	127	69	-	196	-		196
Depreciation and amortisation	(43,217)	(5,196)	(561)	(48,974)	-		(48,974)
Share of results of associates, net of tax	2,668	-	-	2,668	-		2,668
Reportable segment profit/(loss) before income tax	(4,654)	7,161	(369)	2,138	(497)		1,641
Reportable segment profit/(loss) after income tax	(3,091)	4,968	(369)	1,508	(497)	B	1,011
Other non-cash items:							
Property, plant and equipment written off	(54)	(88)	-	(142)	-		(142)
Unwinding of discounts	(28)	(51)	-	(79)	-		(79)
Assets and liabilities:							
Reportable segment assets	594,462	100,036	22,104	716,602	(8,944)	C	707,658
Investment in associates	21,592	-	-	21,592	58,456		80,048
Additions to non-current assets	27,913	1,417	195	29,525	-	D	29,525
Reportable segment liabilities	78,548	65,197	7,878	151,623	(31,790)	E	119,833

31. Segmental information (cont'd.)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment profit to arrive at "Profit before tax and Profit after tax" presented in the consolidated statement of comprehensive income:

	2018 RM'000	2017 RM'000
Movement of unrealised gain in inventories	(85)	(232)
Impairment loss on investment in subsidiaries	5,649	-
Impairment loss on loan to subsidiary	6,409	-
Inter-segment dividends elimination	(9,750)	(3,000)
Reversal of impairment in a subsidiary on struck off	-	67
Share of results of associates	3,012	2,668
	5,235	(497)

C The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Elimination of unrealised gain in inventories	(85)	(232)
Goodwill on consolidation	389	389
Inter-segment assets elimination	(54,969)	(67,557)
Investment in associates	53,969	58,456
	(696)	(8,944)

D Additions to non-current assets consist of:

	2018 RM'000	2017 RM'000
Intangible assets	194	61
Property, plant and equipment	37,049	29,464
	37,243	29,525

E The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Inter-segment liabilities elimination		
- Impairment loss on loan to subsidiary	(6,409)	-
- subsidiaries	(24,619)	(31,790)
	(31,028)	(31,790)

Analysis of revenue by geographical segment

The revenue information based on the geographical location of customers are as follows:

	2018 RM'000	2017 RM'000
Malaysia	538,554	545,573
Outside Malaysia	16,223	3,539
	554,777	549,112

31. Segmental information (cont'd.)

Major customers

There are two major customers with revenue of RM125,334,000 (2017 : RM142,872,000), with both contributing approximately 19% and 11% respectively (2017 : 21% and 15% each) to the total revenue of the Group, from the sale of cement segment.

32. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The Group's strategy is to maintain the gearing ratio at a very low level. There is no long term borrowing for the Group in 2018 and 2017.

		Group	
	Note	2018 RM'000	2017 RM'000
Loans and borrowings	21	11,366	9,061
Less: Cash and bank balances	19	(60,534)	(92,832)
Net debt		(49,168)	(83,771)
Equity attributable to the equity holders		532,869	587,825
Total capital		532,869	587,825
Gearing ratio		0%	0%

LIST OF PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2018

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition *
A.	OWNED BY TASEK CORPORATION BERHAD						
1	Lot 15667 Geran 63243 (Geran 9754) Chemor, Mukim Ulu Kinta, Perak	Freehold	97a 2r 35p	-	Agricultural/Clay extraction	391	1985
2	Lot 44409 Geran 63912 (Geran 13838) Tasek, Mukim Ulu Kinta, Perak	Freehold	9a 3r 16p	-	Limestone Quarry	857	1985
3	Lot 13777 Geran 62110 (Geran 7885) Tasek, Mukim Ulu Kinta, Perak	Freehold	8a 3r 28p	-	Agricultural (Idle land)	840	1985
4	Lot 208407 Geran 148453 (Lot 24861 Geran 64209) Tasek, Mukim Ulu Kinta, Perak	Freehold	3a 0r 20p	-	Quarry Safety Buffer	184	1985
5	Lot 44410 Geran 63913 Tasek, Mukim Ulu Kinta, Perak	Freehold	9a 3r 12p	-	Limestone Quarry	1,069	1985
6	Lot 107309 Geran 178187 Previously under Lot 9112N Geran 147377 (Lot 601 Geran 8446) Jalan Kuala Kangsar, Mukim Ulu Kinta, Perak	Freehold	31a 3r 31p	-	Agricultural/ Storage yard	3,539	1985
7	Lot 16908 Geran 8447 Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 1r 19p	-	Agricultural/Future Development	177	1985
8	Lot 208408 Geran 148454 (Lot 24862 Geran 9420) Lot 208409 Geran 148455 (Lot 24863 Geran 8449) Tasek, Mukim Ulu Kinta, Perak	Freehold	1a 2r 9p (0.6298h)	-	Agricultural/Future Development	120	1985
9	Lot 107310 PN.416111 Previously under Lot 9114N PN.367950 (Lot 233 PN.2306) Jalan Kuala Kangsar, Mukim Ulu Kinta, Perak	Pajakan Negeri 999 tahun Habis Tempoh 14/11/2893	30a 2r 24p	-	Quarry Safety Buffer	2,587	1985
10	Lot 208413 Geran 148458 & Lot 208414 Geran 148459 (Lot 15627 CT.9378) Tasek, Mukim Ulu Kinta, Perak	Freehold	3a 1r 21p	-	Quarry Safety Buffer	196	1985
11	Lot 17127 Geran 22972 Tasek, Mukim Ulu Kinta, Perak	Freehold	3a 3r 29p (1.5909h)	-	Limestone Quarry	360	1985
12	Lot 522308 Geran 177856 Previously under Lot 208411 Geran 148457 (Lot 21354 Geran 12693) Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 2r 39p	-	Quarry Safety Buffer	214	1985

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition *
13	Lot 44411 Geran 63914 (Geran 13838) Tasek, Mukim Ulu Kinta, Perak	Freehold	20a 1r 5p	-	Limestone Quarry	3,094	1985
14	Lot 43100 Geran 51153 (Geran 7886) Persiaran Tasek, Kwsn Perindustrian Tasek, Mukim Ulu Kinta, Perak Factory Building	Freehold	5a 0r 0p	1 to 55	Industrial/ Storage yard	3,872	1985
15	Lot 43101 Geran 51154 (Geran 7886) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak	Freehold	4a 3r 39p	-	Industrial/ Factory Site	1,087	1985
16	Lot 22548 Geran 8990 Persiaran Tasek, Kwsn Perindustrian Tasek, Mukim Ulu Kinta, Perak Factory Building	Freehold	2a 1r 39p	1 to 55	Industrial/ Factory Site	719	1985
17	Lot 22547 Geran 8448 Persiaran Tasek, Kwsn Perindustrian Tasek, Mukim Ulu Kinta, Perak Factory Building	Freehold	2a 1r 39p	1 to 55	Industrial/ Storage yard	1,039	1985
18	Lot 14661 Geran 64880 (Geran 9236) Persiaran Tasek, Kwsn Perindustrian Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 3r 33p	-	Industrial/ Storage yard	1,402	1985
19	Lot 14662 Geran 50949 (Geran 9002) Persiaran Tasek, Kwsn Perindustrian Tasek, Mukim Ulu Kinta, Perak Factory Building	Freehold	8a 1r 36p	1 to 55	Industrial/ Factory Site	1,879	1985
20	Lot 14870 Geran 23165 Tasek, Mukim Ulu Kinta, Perak	Freehold	5a 0r 1p	-	Agricultural/ Storage yard	576	1985
21	Lot 210289 Geran 45751 (Lot 15031 Geran 22300) Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 1r 37p	-	Quarry Safety Buffer	366	1985
22	Lot 21989 Geran 22303 Chemor, Mukim Ulu Kinta, Perak	Freehold	47a 3r 35p	-	Agricultural/Future Development	771	1985
23	Lot 1552 HSM 21254 Sungai Buloh, Mukim Gombak, Selangor Factory Building	Freehold	2.875a (1.163h)	23	Bulk Terminal/ Storage & Packing	4,864	1995*

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition *
24	Lot 47495 PN 352221 (Lot 47435, HS(D)KA 123/83) Persiaran Tasek, Kwsn Perindustrian Tasek, Mukim Ulu Kinta, Perak Factory Building	Leasehold Expiring in 2062	29a 0r 0p	1 to 55	Industrial/Factory Site	36,028	1985
25	Lot PT.59 (HS(D) 1865/83) Kampung Acheh, Mukim Lumut, Perak Store	Leasehold Expiring in 14/11/2082	25.404a	36	Industrial/Storage Yard & Jetty	1,457	1985
26	Lot 320170 PN 292071 (Lot 25065 PT.160443, HS(D)KA 83030) Batu 3½, Jln Kuala Kangsar, Mukim Ulu Kinta, Perak	Leasehold Expiring in 14/03/2030	38.77a (15.69h)	-	Limestone Quarry	725	1985
27	Lot 320135 PN 293869 (Lot 160403 HS(D)KA 83028) Lot 320136 PN 293865 (Lot 160402 HS(D)KA 83027) Lot 320137 PN 293870 (Lot 160404 HS(D)KA 83029) Batu 3½, Jln Kuala Kangsar, Mukim Ulu Kinta, Perak	Leasehold Expiring in 14/03/2030	3.38a (1.37h) 25.02a (10.13h) 17.31a (7.00h)	-	Limestone Quarry	0	1985
28	Lot 22953 Geran 50426 Persiaran Tasek, Kwsn Perindustrian Tasek, Mukim Ulu Kinta, Perak	Freehold	1a 0r 28p	-	Limestone Quarry	375	2009
29	P.T. 235249 HS(D) 197392 Tasek, Mukim Ulu Kinta, Perak	Freehold	0.829h	-	Agriculture/TNB Substation	301	2011
30	P.T. 235250 HS(D) 197393 Tasek, Mukim Ulu Kinta, Perak	Freehold	4.9373h	-	Limestone Quarry	1,792	2011
31	P.T. 235251 HS(D) 197394 Tasek, Mukim Ulu Kinta, Perak	Freehold	2.165h	-	Limestone Quarry	786	2011
B.	**OWNED BY TASEK CEMENT QUARRIES SDN. BHD.**						
1	P.T. 21302 HS(D) 180252 P.T. 21303 HS(D) 180253 Mukim, Sungai Raya, Perak	Leasehold 30yrs expiring in 23/11/2038	1.3833h 8.873h	-	Limestone Hill	10,624	2010*

SHARE CAPITAL

Class of Shares	:	123,621,231 Ordinary Shares and 335,000 6% Cumulative Participating Preference Shares
Treasury Shares	:	2,478,300 Ordinary Shares
Adjusted issued & paid-up Capital (after deducting Treasury Shares)	:	121,142,931 Ordinary Shares and 335,000 6% Cumulative Participating Preference Shares
Voting rights	:	Ordinary Share - 1 vote for 1 share 6% Cumulative Participating Preference Shares - 1 vote for 1 share

6% CUMULATIVE PARTICIPATING PREFERENCE SHARES

DISTRIBUTION SCHEDULE OF SHAREHOLDERS AS AT 28 FEBRUARY 2019

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	6	13.95	150	0.05
100 - 1,000	21	48.84	11,571	3.45
1,001 - 10,000	10	23.26	24,576	7.34
10,001 - less than 5% of issued shares	1	2.32	13,400	4.00
5% and above of issued shares	5	11.63	285,303	85.16
	43	100.00	335,000	100.00

30 LARGEST 6% CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS AS AT 28 FEBRUARY 2019

	Name of Shareholders	No. of Shares	%
1.	HL Cement (Malaysia) Sdn Bhd	211,050	63.00
2.	Yeoh Ghim Cheow Holding Sdn. Bhd.	20,100	6.00
3.	Tan Eng Han	18,129	5.41
4.	Tan Seck Yeow	18,047	5.39
5.	Chon Moi	17,977	5.36
6.	Ewe Poh Kim	13,400	4.00
7.	Yap Man Chan	4,800	1.43
8.	Gotco Holdings Sdn Bhd	4,400	1.31
9.	Tan Lee Jyek	4,000	1.19
10.	Tan Seck Chuan	2,144	0.64
11.	Tan Seck Kang	2,144	0.64
12.	Tan Sek Thong	2,144	0.64
13.	Tan Siak Hai	2,144	0.64
14.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gan Keng Leong @ Gan Per	1,600	0.47
15.	Koh Boon Yoke	1,200	0.36

30 LARGEST 6% CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS AS AT 28 FEBRUARY 2019 (CONT'D.)

	Name of Shareholders	No. of Shares	%
16.	Choong Kin Foong	1,000	0.30
17.	Ng Teng Teong	1,000	0.30
18.	Quay Geok Neo	1,000	0.30
19.	Adlina Ho Binti Abdullah	980	0.29
20.	Tan Bee Choo	858	0.26
21.	Tan Lay Hoon	858	0.26
22.	Tan Poh Choo	858	0.26
23.	Seah Toong Choon	700	0.21
24.	Yik Tuck Pew	700	0.21
25.	Peh Choon Guan (Bai Junyuan)	572	0.17
26.	Koh Seng Chuan	400	0.12
27.	Maybank Nominees (Tempatan) Sdn Bhd - Chong Soon Onn	400	0.12
28.	Chan Ah See @ Susie Chan	300	0.09
29.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for David Ong Yu Beng (E-Kpg)	300	0.09
30.	Yew Wan Wei	300	0.09
		333,505	99.55

ORDINARY SHARES

DISTRIBUTION SCHEDULE OF SHAREHOLDERS AS AT 28 FEBRUARY 2019

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	204	7.57	4,659	0.00
100 - 1,000	1,222	45.38	785,543	0.65
1,001 - 10,000	1,077	39.99	3,616,059	2.99
10,001 - 100,000	168	6.24	4,229,677	3.49
100,001 - less than 5% of issued shares	21	0.78	22,524,110	18.59
5% and above of issued shares	1	0.04	89,982,883	74.28
	2,693	100.00	121,142,931	100.00

* Excluding 2,478,300 shares bought back and retained by the Company as Treasury Shares

30 LARGEST ORDINARY SHAREHOLDERS AS AT 28 FEBRUARY 2019

	Name of Shareholders	No. of Shares	%
1.	HL Cement (Malaysia) Sdn Bhd	89,982,883	74.28
2.	HSBC Nominees (Asing) Sdn Bhd - BPSS Lux for Aberdeen Global - Asian Smaller Companies Fund	4,683,160	3.87
3.	Malaysia Nominees (Tempatan) Sendirian Berhad - Boon Siew Sdn Berhad (00-00198-000)	4,673,688	3.86
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	2,667,729	2.20
5.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,326,100	1.92
6.	HSBC Nominees (Asing) Sdn Bhd - BPSS Ldn for Aberdeen Standard Asia Focus PLC	1,790,000	1.48
7.	CIMSEC Nominees (Asing) Sdn Bhd - CGS-CIMB Securities (Singapore) Pte. Ltd. (Stock Account)	1,500,000	1.24
8	AmanahRaya Trustees Berhad - Public Dividend Select Fund	931,700	0.77
9.	AmanahRaya Trustees Berhad - Public Islamic Opportunities Fund	891,800	0.74
10.	Maybank Nominees (Tempatan) Sdn Bhd - MTrustee Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen) (419500)	579,500	0.48
11.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AberIslamic)	497,400	0.41
12.	HSBC Nominees (Asing) Sdn Bhd - BPSS Sin for Aberdeen Standard Malaysia Equity Fund (BPTSSL)	281,270	0.23
13.	AmanahRaya Trustees Berhad - Public Smallcap Fund	268,400	0.22
14.	YBhg Tan Sri Quek Leng Chan	232,994	0.19
15.	CIMB Commerce Trustee Berhad - Public Focus Select Fund	210,500	0.17
16.	Maybank Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Operating Fund)	192,000	0.16
17.	Citaria Sdn Bhd	188,600	0.16
18.	AmanahRaya Trustees Berhad - Public Strategic Smallcap Fund	146,700	0.12
19.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	138,433	0.12
20.	AMSEC Nominees (Tempatan) Sdn Bhd - KGI Securities (Singapore) Pte. Ltd. for Tan Kah Lay (1922)	123,950	0.10
21.	Chan Kwai Peng	100,134	0.08
22.	Sam Securities Sdn. Berhad	100,052	0.08
23.	Ooi Cheng Chuan	100,000	0.08
24.	Nam San Sdn Bhd	97,239	0.08
25.	Malaysia Nominees (Tempatan) Sendirian Berhad - Bayview Hotel Sendirian Berhad (00-00199-000)	87,519	0.07

30 LARGEST ORDINARY SHAREHOLDERS AS AT 28 FEBRUARY 2019 (CONT'D.)

	Name of Shareholders	No. of Shares	%
26.	Ewe Poh Kim	86,480	0.07
27.	Ong Swee Chan Sdn. Berhad	85,760	0.07
28.	Poh Cheng Wee & Sons Sendirian Berhad	84,769	0.07
29.	Teo Xian-Hui, Amanda Marie (Zhang Xianhui, Amanda Marie)	77,050	0.06
30.	Maybank Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Endowment Fund)	75,000	0.06
		113,200,810	93.44

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 28 February 2019:

	Name of Substantial Shareholders	No. of Shares	%
1.	Aberdeen Standard Investments (Malaysia) Sdn Bhd	6,337,729 i	5.23
2.	Aberdeen Standard Investments (Asia) Limited	6,754,430 i	5.58
3.	Aberdeen Asset Management PLC	13,092,159 i	10.81
4.	Standard Life Aberdeen PLC	13,092,159 i	10.81
5.	HL Cement (Malaysia) Sdn Bhd	89,982,883	74.28
6.	HL Cement (Labuan) Limited	89,982,883*	74.28
7.	HL Cement (HK) Limited	89,982,883*	74.28
8.	Hong Leong Asia Ltd.	89,982,883*	74.28
9.	Hong Leong Corporation Holdings Pte Ltd	89,982,883*	74.28
10.	Hong Leong Enterprises Pte. Ltd.	89,982,883*	74.28
11.	Davos Investment Holdings Private Limited	89,982,883*	74.28
12.	Kwek Leng Kee	89,982,883*	74.28
13.	Hong Leong Investment Holdings Pte. Ltd.	89,982,883*	74.28
14.	Kwek Holdings Pte. Ltd.	89,982,883*	74.28
15.	Kwek Leng Beng	89,982,883*	74.28
16.	Salvador Pte. Ltd.	89,982,883*	74.28

Notes:

i Disclosures include holdings of mandates delegated from other subsidiaries of Standard Life Aberdeen PLC.

* Deemed interest through HL Cement (Malaysia) Sdn Bhd by virtue of Section 8 of the Companies Act 2016

NOTICE IS HEREBY GIVEN that the 58th

Annual General Meeting of the Company will be held at Millennium I, Lobby Level, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Tuesday, 30 April 2019 at 9:30 a.m. to consider the following business: -

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Report and the Independent Auditors' Report.

2. To approve Directors' fees of RM547,000 for the financial year ended 31 December 2018 and the payment thereof. **(Resolution 1 - Ordinary)**

3. To approve payment of meeting allowances to the Directors from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting of the Company. **(Resolution 2 - Ordinary)**

4. To re-elect Dato' Chong Pah Aung who retires by rotation under Article 94 of the Articles of Association. **(Resolution 3 - Ordinary)**

5. To elect Mr. Tan Eng Kwee who retires under Article 85 of the Articles of Association. **(Resolution 4 - Ordinary)**

6. To re-appoint Ernst & Young as Auditors of the Company until conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 5 - Ordinary)**

7. Other Business as Special Business to consider and if thought fit, to pass the following resolutions:-

7.1 **Annual Retention of Director as an Independent Director**

"THAT pursuant to the Malaysian Code on Corporate Governance, approval be and is hereby given for Dato' Chong Pah Aung, whose tenure as an independent director cumulatively reached nine years on 28 April 2018, to continue as an Independent Director of the Company." **(Resolution 6 - Ordinary)**

7.2 **Retention of Director as an Independent Director**

"THAT pursuant to the Malaysian Code on Corporate Governance, approval be and is hereby given for Mr. Lim Eng Khoon, whose tenure as an independent director cumulatively reaches nine years on 13 December 2019, to continue as an Independent Director of the Company." **(Resolution 7 - Ordinary)**

7.3 **Authority to Directors to Issue and Allot Shares**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue and allot shares in the Company at any time 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 issued and allotted pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until conclusion of the next Annual General Meeting of the Company." **(Resolution 8 - Ordinary)**

7.4 **Renewal of Authority for the Purchase of Own Shares by the Company**

"THAT subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company's issued ordinary share capital subject to the following:-

1. the maximum number of ordinary shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the total number of issued ordinary shares of the Company ("Ordinary Shares");

2. the maximum fund to be allocated by the Company for the purpose of purchasing the Ordinary Shares shall not exceed the retained profits of the Company. As of 31 December 2018, the audited retained profits of the Company was RM110.169 million;

3. the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM after that date is required by law to be held) in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

4. upon completion of the purchase(s) of the Ordinary Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Ordinary Shares in the following manner:-

   (i) cancel the Ordinary Shares so purchased; or
   (ii) retain the Ordinary Shares so purchased as treasury shares; or
   (iii) retain part of the Ordinary Shares so purchased as treasury shares and cancel the remainder; and

   the treasury shares may be distributed as dividends to the shareholders and/or resold and/or subsequently cancelled; and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Ordinary Shares." **(Resolution 9 - Ordinary)**

7.5 **Shareholders' Mandate on Recurrent Related Party Transactions**

"THAT the new and renewal of general mandate for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of revenue or trading nature as set out in the Company's Circular to Shareholders dated 8 April 2019 ("the Circular") with any person who is a related party as described in the Circular be and is hereby approved and renewed provided that such transactions are undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders of the Company; and that such approval, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act) whichever is the earlier." **(Resolution 10 - Ordinary)**

7.6 **Proposed Alteration or Amendment of the Existing Memorandum and Articles of Association of the Company to be the Constitution of the Company**

"THAT the existing Memorandum and Articles of Association of the Company be and is hereby altered or amended by replacing with the Constitution of the Company as set out in Part C of the Circular to Shareholders dated 8 April 2019 with immediate effect AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to take all such steps as they deem fit, expedient and/ or appropriate in order to complete and give full effect to such alteration or amendment with full powers to assent to any condition, modification, variation and/or amendment as may be required by any relevant authority." **(Resolution 11 - Special)**

By Order of the Board
CHOW POH JIN, FCIS
GO HOOI KOON, ACIS
Company Secretaries
Kuala Lumpur, Malaysia

8 April 2019

Notes:

(1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 April 2019 shall be entitled to attend, speak and vote at this 58th Annual General Meeting.

(2) A member entitled to attend and vote at the meeting is entitled to appoint one or more than one proxy to attend, participate, speak and vote instead of him and the member shall specify the proportion of his shares to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with shares in the Company standing to the credit of the said securities account.

(3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(4) The Form of Proxy or the instrument appointing the Proxy and the power of attorney (if any) under which it is signed or notarised certified copy thereof must be deposited at the Registered Office of the Company situated at 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

(5) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions will be put to vote by way of a poll.

(6) **Resolution 6 - Annual Retention of Director as an Independent Director**
The Board recognises that an individual's independence should not be determined solely based on tenure of service. It is of the view that continued service of directorship for an independent director brings considerable stability to the Board and the Company. The Company in turn benefits from the director who has over time gained valuable insight into the Company, its market and the industry. The Board had assessed Dato' Chong Pah Aung's role and came to a consensus that he is independent in character and judgement; and has provided independent views, objective assessments and opinions. His wide business knowledge and experience and familiarity with the Company's business operations and the industry will continue to bring value to the Company.

(7) **Resolution 7 - Retention of Director as an Independent Director**
The Board recognises that an individual's independence should not be determined solely based on tenure of service. It is of the view that continued service of directorship for an independent director brings considerable stability to the Board and the Company. The Company in turn benefits from the director who has over time gained valuable insight into the Company, its market and the industry. The Board had reviewed and assessed Mr. Lim Eng Khoon's role and determined that he is independent in character and judgement; and has provided independent views, objective assessments and opinions. His wide business knowledge and experience and familiarity with the Company's business operations and the industry will continue to bring value to the Company.

(8) **Resolution 8 - Authority to Directors to Issue and Allot Shares**
The Company wishes to renew the previous authority approved by shareholders at the 57th Annual General Meeting. The previous authority granted by the shareholders had not been utilized. The renewal is to authorise Directors to issue shares pursuant to the Sections 75 and 76 of the Companies Act 2016. The Company is continuously looking into opportunities and prospective areas to broaden its operating base and earnings potential. These opportunities and prospects may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the total number of issued shares (excluding treasury shares). To provide flexibility and to avoid any delay and cost involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(9) **Resolution 9 - Renewal of Authority for Purchase of Own Shares by the Company**
The purchase of own shares of the Company will enable the Company to utilise its financial resources not immediately required for use to purchase its ordinary shares. The purchase of own shares is expected to have the effect of stabilising the supply and demand as well as the price of the ordinary shares. Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company are set out in the Statement to Shareholders contained in the Circular dated 8 April 2019 which is despatched together with the Company's Annual Report 2018.

(10) **Resolution 10 - Shareholders' Mandate on Recurrent Related Party Transactions**
The approval for new and renewal of general mandate will permit the Company to enter into all recurrent related party transactions of revenue or trading nature which are necessary for day-to-day operations in the ordinary course of business. Further information on the Proposed Shareholders' Mandate on Recurrent Related Party Transactions are set out in the Circular dated 8 April 2019 which is despatched together with the Company's Annual Report 2018.

(11) **Resolution 11 - Proposed Alteration or Amendment of the Existing Memorandum and Articles of Association of the Company to be the Constitution of the Company**
The approval for alteration or amendment of the existing Memorandum and Articles of Association of the Company to be the Constitution of the Company is in accordance and/ or to be in line with the relevant provisions of the Companies Act 2016 and the relevant Chapters/Paragraphs of the Main Market Listing Requirements of Bursa Securities. The Proposed Altered or Amended Constitution is set out in Part C of the Circular dated 8 April 2019 which is despatched together with the Company's Annual Report 2018.

FORM OF PROXY

TASEK CORPORATION BERHAD (4698-W)
(Incorporated in Malaysia)

Number of Ordinary Shares Held	
Number of Preference Shares Held	

I/We ....
(BLOCK LETTERS)

of ....

being a member of **Tasek Corporation Berhad**, hereby appoint ....

.... NRIC No. / Passport No: .... or failing him

.... NRIC No. / Passport No: .... as my/our

Proxy to attend and to vote for me/us on my/our behalf at the 58th Annual General Meeting of the Company to be held at Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on the 30th day of April, 2019 at 9.30 a.m. and at any adjournment thereof.

My/our Proxy is to vote as indicated below:-

Resolution		For	Against
Ordinary			
1	To approve Directors' fees and payment thereof.		
2	To approve payment of meeting allowances to Directors.		
3	To re-elect Dato' Chong Pah Aung who retires by rotation under Article 94 of the Articles of Association.		
4	To elect Mr. Tan Eng Kwee who retires under Article 85 of the Articles of Association.		
5	To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
6	**Special Business** To approve Dato' Chong Pah Aung to continue as Independent Director under the Malaysian Code on Corporate Governance.		
7	To approve Mr. Lim Eng Khoon to continue as Independent Director under the Malaysian Code on Corporate Governance.		
8	To authorise Directors to Issue and Allot Shares.		
9	To renew authority for the Purchase of Own Shares by the Company.		
10	To approve new and renewal of general mandate on Recurrent Related Party Transactions.		
Special			
11	To alter or amend the existing Memorandum and Articles of Association of the Company to be the Constitution of the Company		

Please indicate with an "**x**" or "√" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.

Date 2019

Signature of Shareholdar ....

NOTES :

(1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate, speak and vote instead of him and the member shall specify the proportion of his shares to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with shares in the Company standing to the credit of the said securities account.

(2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(3) The Form of Proxy or the instrument appointing the Proxy and the power of attorney (if any) under which it is signed or notarised certified copy thereof must be deposited at the Registered Office of the Company situated at 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

(4) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions will be put to vote by way of a poll.

Fold this flap for sealing

Fold Here

Affix
stamp

The Company Secretary

TASEK CORPORATION BERHAD (4698-W)
6th Floor, Office Block
Grand Millennium Kuala Lumpur
160 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

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www.tasekcement.com