



TASEK CORPORATION BERHAD  
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TASEK CORPORATION BERHAD / annual report 2008



annual  
report  
**2008**

[www.tasekcement.com](http://www.tasekcement.com)

## OUR MISSION

Tasek will be the leader in the building materials supply chain with the best innovative value added solution enhancing all stakeholders' value, operating in harmony with the environment.

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## CORPORATE PROFILE

Incorporated in 1962, Tasek Corporation Berhad is one of the four integrated cement manufacturers in Malaysia. The Company's plant in Ipoh, Perak, has an annual clinker production capacity of 2.3 million tonnes. The Company is listed on the Main Board of Bursa Malaysia Securities Berhad. As at 10 March 2009, it has a market capitalization of RM686.530 million.



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# corporate data

## BOARD OF DIRECTORS

Datuk Dr. Hussein Awang (Chairman)  
 Dato' Teo Tong Kooi (Executive Director)  
 Tan Keng Meng (Group Chief Executive Officer )  
 Kwek Leng Peck  
 Raja Dato' Seri Abdul Aziz bin Raja Salim  
 Ting Sii Tien @ Yao Sik Tien  
 Dato' Khoo Peng Lai  
 Tan Saik Hock  
*(Resigned 19 February 2009)*

## BOARD AUDIT & RISK MANAGEMENT COMMITTEE

Raja Dato' Seri Abdul Aziz bin Raja Salim  
 (Chairman)  
 Datuk Dr. Hussein Awang  
 Dato' Khoo Peng Lai  
*(Appointed 19 February 2009)*  
 Tan Saik Hock  
*(Resigned 19 February 2009)*

## REMUNERATION AND NOMINATION COMMITTEE

Datuk Dr. Hussein Awang (Chairman)  
 Kwek Leng Peck  
 Raja Dato' Seri Abdul Aziz bin Raja Salim

## DOMICILE AND LEGAL FORM

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

## SECRETARIES

Vincent Chow Poh Jin  
 Go Hooi Koon

## REGISTRAR

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

## AUDITORS

KPMG

## CORPORATE AND REGISTERED OFFICE

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

## FACTORY

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

## DISTRIBUTION TERMINAL

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

# financial highlights

## FINANCIAL DATA

	Year Ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000	% Change
Revenue	509,798	203,000	151.1
Profit before Taxation	98,612	45,603	116.2
Net Assets	854,211	778,726	9.7
Total Assets	931,902	823,284	13.2
Capital Expenditure	31,497	18,808	67.5
Depreciation	45,006	20,781	116.6
Profit before Taxation as a percentage of Revenue	19.3%	22.5%	-14.2
Net Return on capital employed	8.8%	4.8%	83.3
Earnings per share (sen)	40.6	20.2	101.0
Total Dividends (incl. Preference Dividend)	-	9,602	-100.0
Dividend Rate (excl. Preference Dividend)	0.0%	7.0%	-100.0
Net Asset per share	RM4.62	RM4.21	9.7

## FINANCIAL CALENDAR

Financial Year End	31 December
Announcement of 1st Quarter Results	30 April 2008
Announcement of 2nd Quarter Results	27 August 2008
Announcement of 3rd Quarter Results	14 November 2008
Announcement of 4th Quarter Results	19 February 2009
Issue of Year Ended 31.12.2008 Annual Report	6 April 2009
Annual General Meeting	28 April 2009
Closing of Record of Depositors for Final Dividend	15 May 2009
Date of payment of 2008 Final Dividend	12 June 2009

# profile of directors

## **DATUK DR. HUSSEIN AWANG**

(68 years of age – Malaysian)

**Independent Non-Executive Chairman**

Datuk Dr. Hussein was appointed to the Board on 15 December 1995. He is a Consultant Urologist at the Tawakal Specialist Centre, Kuala Lumpur. He is also Chairman of the Remuneration and Nomination Committee and a member of the Board Audit and Risk Management Committee.

Other Directorships:

Director of Hong Leong Bank Bhd, Hong Leong Assurance Bhd, KPJ Healthcare Bhd and Hong Leong Foundation.

Datuk Dr. Hussein attended all the eight Board Meetings held during the financial year.

## **DATO' TEO TONG KOOI**

(51 years of age – Malaysian)

**Executive Director**

Dato' Teo was appointed to the Board as Managing Director on 2 January 2003 and redesignated as Executive Director on 1 October 2004 due to his appointment as Chief Executive Officer of Hong Leong Asia Limited. He graduated with a B.Sc. in Marketing Management and a Masters in Business Administration from the Golden Gate University, San Francisco, California, USA. He has also completed the Executive Programme at the Stanford University's Graduate School of Business in California, USA. As Executive Director, Dato' Teo continues to oversee the Company. He has 18 years of corporate and commercial banking experience with 12 years in senior management positions in which he was the Head of Corporate Banking, Deutsche Bank Malaysia and later Chief Operating Officer of Hong Leong Bank Malaysia.

Other Directorships:

He holds directorships within Tasek Corporation Berhad's group. He is presently Chief Executive Officer of Hong Leong Asia Limited and hold directorships within Hong Leong Asia Limited Group of Companies. He also sits on the Board of Isyoda Corporation Berhad.

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

## **TAN KENG MENG**

(50 years of age – Malaysian)

**Group Chief Executive Officer**

Mr. Tan joined the Company on 4 August 2005. He was appointed to the Board on 25 August 2005. He holds a Bachelor of Engineering and a Diploma in Business Studies. He has held senior positions for more than 16 years with extensive Malaysian and international experience. Prior to joining Tasek Corporation Berhad, he was Managing Director-Asia with Friction Material Pacific Group, a joint venture company between Honeywell and Pacifica.

Other Directorships:

He holds directorships within Tasek Corporation Berhad's Group.

Mr. Tan attended all the eight Board Meetings held during the financial year.

## **KWEK LENG PECK**

(52 years of age – Singaporean)

**Non-Independent Non-Executive Director**

Mr. Kwek joined the Board on 4 June 1984. He holds a Diploma in Accountancy. He is a member of the Remuneration and Nomination Committee.

Other Directorships:

Director of City Developments Ltd, Hong Leong Asia Ltd, Hong Leong Finance Ltd, Singapore Finance Ltd, Millennium & Copthorne Hotels plc, City e-Solutions Ltd, China Yuchai International Ltd, Hong Leong Company (Malaysia) Berhad and Tasek Property Holdings Sdn Bhd (wholly-owned subsidiary of Tasek Corporation Berhad).

Mr. Kwek attended seven out of the eight Board Meetings held during the financial year.

## profile of directors (cont'd)

### **RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM**

(70 years of age – Malaysian)

**Independent Non-Executive Director**

Raja Dato' Seri Abdul Aziz was appointed to the Board on 17 April 2001. He is an accountant by profession and is a FCMA, FCCA, FMIT, member of the MIA and CA (Malaysia). He is Chairman of the Board Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

Other Directorships:

Director of Camerlin Group Bhd, K&N Kenanga Holdings Bhd, Jerneh Asia Bhd, Jerneh Insurance Bhd, Gamuda Berhad, Panasonic Manufacturing Malaysia Berhad, PPB Group Bhd and Southern Steel Bhd.

Raja Dato' Seri Abdul Aziz attended all the eight Board Meetings held during the financial year.

### **TING SIITIEN @YAO SIKTIEN**

(54 years of age – Malaysian/Singapore Permanent Resident)

**Non Independent Non-Executive Director**

Mr. Ting was appointed to the Board on 10 June 2005. He is a Chartered Accountant by training and an associate member of the Institute of Chartered Accountants in England and Wales. He is currently the Group General Manager of Hong Leong Corporation Holdings Pte Ltd. He was previously the Group Chief Financial Officer of Hong Leong Asia Ltd. Mr Ting has over 25 years of experience as a financial controller in various companies including Deutsche Bank AG (Singapore) and Bank of Montreal, Singapore.

Other Directorships:

Director of several companies within Hong Leong Asia Ltd.

Mr. Ting attended six out of the eight Board Meetings held during the financial year.

### **DATO' KHOO PENG LAI**

(55 years of age – Malaysian)

**Independent Non-Executive Director**

Dato' Khoo Peng Lai was appointed to the Board on 3 June, 2008. He is a member of the Malaysian Institute of Accountants – Chartered Accountants, Malaysia and a member of the Malaysian Institute of Certified Public Accountants. He is also a Fellow of the Malaysian Institute of Taxation. He is a member of the Board Audit and Risk Management Committee.

Dato' Khoo is currently the Managing Partner of Khoo & Co., a firm of Chartered Accountants. He sits on the board of several of his family owned private limited companies with business in property development, distribution of medical products and cosmetics, timber logging, teak plantation, sheep farming and large scale farming of fruits and vegetables.

Other Directorships:

Dato' Khoo does not have any directorship in public companies.

Dato' Khoo attended five out of the eight Board Meetings held during the financial year.

Note:

Except as otherwise stated in the individual Directors' Profile, none of the Directors have interest in the securities of Tasek Corporation Berhad or its subsidiaries nor have any family relationship with any director and/or major shareholder of the company and have no conflict of interest with the company and no convictions for offences (other than traffic offences) within the past 10 years.

# chairman's statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Accounts of Tasek Corporation Berhad ("the Company") and its Group for the financial year ended 31 December 2008.

## INDUSTRY TREND AND DEVELOPMENT

In line with the Malaysian Government's decision to liberalise the cement industry, the ceiling price of cement was removed in June, 2008. This allowed manufacturers of cement some room to recover some of their cost of production that the industry had to absorb since 1995. Despite demand for cement in Peninsular Malaysia increasing by about 7.6 per cent in 2008 compared with demand in 2007, the industry is still experiencing some surplus capacity since 1997. Demand for cement in Peninsular Malaysia is dependent largely on construction activities, in particular infrastructural activities and if there is any downturn in the construction industry, such surplus capacity could be prolonged further. Any shortage of construction projects this year would affect the demand for cement.

The Government of Malaysia in its effort to maintain and reinforce economic growth had announced a RM7.0 billion stimulus package in November last year. On top of the RM7.0 billion, the Malaysian Government is set to announce a second stimulus package to further stimulate the economy. The announcement of a cut in tariff for electricity beginning March this year due to lowering of the price of natural gas is a welcome start for the industry. Electricity still remains as one of the major component of energy cost for manufacturers of cement.

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2008, the Group achieved profit after tax of RM75.05 million on total revenue of RM509.80 million. For the six-month financial period ended 31 December 2007, the Group made a profit after tax of RM37.45 million on total revenue of RM203 million. Shareholders' funds for the financial year increased to RM854.21 million from RM778.73 million previously. At Company level, the profit after tax for the financial year was RM60.31 million





## chairman's statement (cont'd)

on revenue of RM402.77 million compared with profit after tax of RM78.52 million on revenue of RM176.31 million for the six-month financial period ended 31 December 2007.

The Group profit achieved for the financial year was due to increased revenue attributed to the overall increase and revision in the selling price of cement in June and August of the financial year, higher interest income and share of higher profit from the Company's associated company, Cement Industries (Sabah) Sdn Bhd. During the financial year, the Group was affected by increased inflationary pressure especially on the cost of transportation, escalating prices of raw materials, fuel and electricity. Improved sales volume and delivery of product mix of sales of cement and clinker and implementation of programmes to improve productivity and efficiency have mitigated these increases in cost.

### DIVIDENDS

For the financial year ended 31 December 2008, the Board has recommended a final dividend of 10 sen per share less Malaysian income tax of 25 per cent. Subject to approval of shareholders at the forthcoming Annual General Meeting, the final dividend of 10 sen per share will be payable on 12 June 2009.

### CHALLENGES AND PROSPECTS

The Board foresees 2009 may be a tough year for the Group in view of the changed landscape of the global economy. Such concern and the anticipated impact on Malaysia will weigh heavily on the overall sentiment of the domestic construction industry. Correspondingly, the demand for cement and concrete products would be affected thereby dampening the consumption of cement. The Board takes cognisance of the Group's strong balance sheet and cash flow, however it will continue to take the necessary measures to secure its markets both domestic and export and at the same time push for higher productivity and cost containment within the Group.

During the financial year, the Company has been certified under ISO 14001 and OHSAS 18001 in addition to its existing certification under ISO 9001. With these certifications, the Company is committed to a quality management system (ISO 9001) and committed to its efforts to step up responsibility in its manufacturing footprints and to minimise any adverse impact on the environment (ISO 14001) and safety in its operations (OHSAS 18001).

The 12th Collective Agreement with the Cement Industry Employees Union is in its second year and the Management continues to enjoy good and cordial relationship with the Union.

The proposed acquisition of the building materials business from Hong Leong Asia Ltd was terminated mutually by the Company and Hong Leong Asia Ltd as some of the conditions precedent had yet to be fulfilled and will not be fulfilled by the prescribed cut-off date.

During the last quarter of the financial year, the Board received a notice of conditional take-over offer from Hartwell Pte Ltd, a wholly-owned subsidiary of Hong Leong Asia Ltd at an offer price of RM3.80 per share. The offer closed on 20 January, 2009 and the Company is now a 72.63 per cent subsidiary of Hong Leong Asia Ltd.

### CHANGES IN BOARD OF DIRECTORS

On behalf of the Board, I welcome Dato' Khoo Peng Lai who joined the Board as Independent Non-Executive Director during the financial year. Our Non-Executive Director, Mr. Tan Saik Hock has resigned as a member of the Board of Directors and as a member of the Board Audit and Risk Management Committee. Together with the Board, I wish to express our sincere appreciation to Mr. Tan Saik Hock for his valuable contributions during his tenure with the Board and the Board Audit and Risk Management Committee.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank our shareholders, investors, distributors, business partners, transporters, management and staff, bankers, the Union and other stakeholders for their valued support to the Company and the Group. We look forward to your continuing support for the year ahead.

### DATUK DR. HUSSEIN AWANG

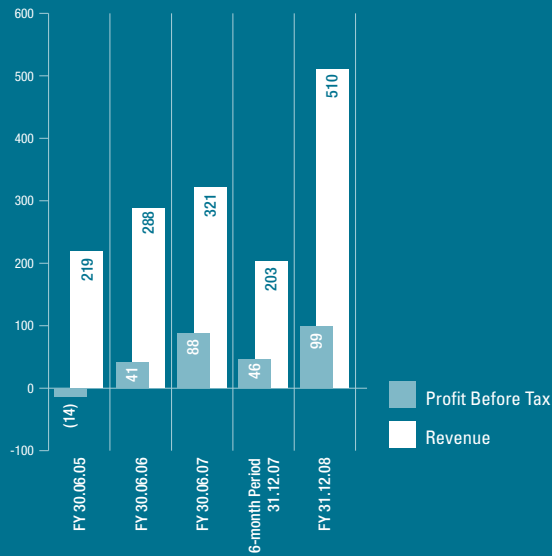
Independent Non-Executive Chairman  
19 February 2009

# 5 years financial summary

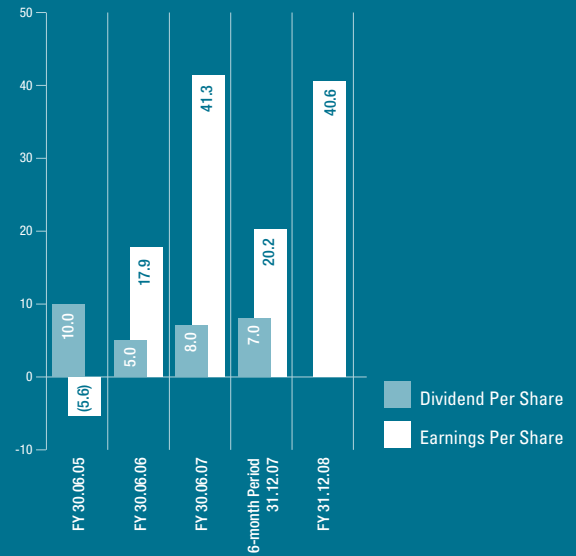
	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000	Year ended 30.6.2007 RM'000	Year ended 30.6.2006 RM'000	Year ended 30.6.2005 RM'000
Share Capital	185,088	184,935	184,747	184,277	184,264
Reserves	669,123	593,791	565,577	499,238	473,067
Shareholders' Funds	854,211	778,726	750,324	683,515	657,331
Deferred Taxation Liabilities/ (Assets)	7,285	(4,404)	(10,305)	(19,575)	(26,855)
	861,496	774,322	740,019	663,940	630,476
Property, Plant & Equipment	371,221	384,807	389,296	404,537	435,649
Intangibles	827	1,080	1,248	991	-
Prepaid Lease Payments	5,789	5,891	5,943	-	-
Associates	41,036	33,903	76,857	71,799	69,549
Investments	3,936	3,936	4,005	13,550	13,379
Development Expenditure	37	37	37	121	121
Other Receivables	38,829	48,729	2,300	4,700	-
Current Assets	470,227	340,497	307,036	202,244	139,275
Current Liabilities	(70,406)	(44,558)	(46,703)	(34,002)	(27,497)
Net Current Assets	399,821	295,939	260,333	168,242	111,778
	861,496	774,322	740,019	663,940	630,476
Revenue	509,798	203,000	320,847	287,623	219,476
Results from Operating Activities	83,568	37,058	75,017	33,565	(18,990)
Finance Cost	(157)	(15)	(40)	-	-
Interest Income	8,068	3,684	4,709	2,456	1,945
Share of Profits of Associates	7,133	4,876	8,111	5,191	2,491
Profit Before Tax	98,612	45,603	87,797	41,212	(14,554)
Taxation	(23,560)	(8,152)	(11,586)	(8,399)	4,265
Profit After Tax	75,052	37,451	76,211	32,813	(10,289)
Total Dividends	-	9,602	10,698	6,655	13,283

## 5 years financial summary (cont'd)

### REVENUE & PROFIT BEFORE TAX (RM Million)



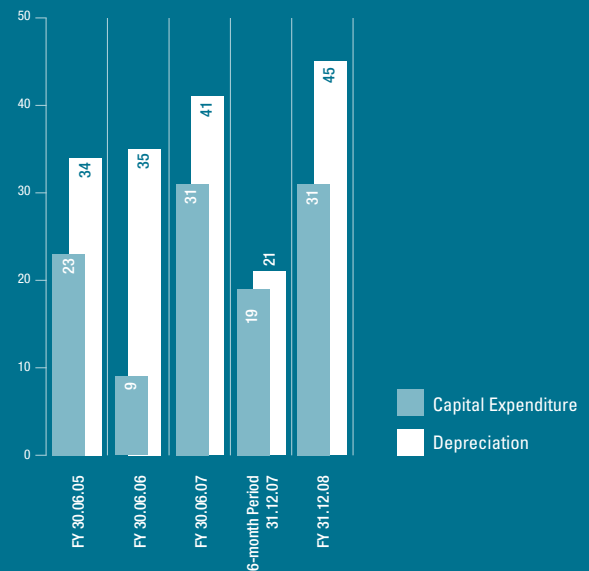
### EARNINGS & DIVIDEND PER SHARE



### TOTAL ASSETS & SHAREHOLDERS' FUND



### CAPITAL EXPENDITURE & DEPRECIATION



# board audit and risk management committee report

The Board Audit and Risk Management Committee of Tasek Corporation Berhad comprise three members, all are independent non-executive Directors. The members of the Committee are as follows:

- 1) Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman)  
*(Independent Non-Executive Director)*
- 2) Datuk Dr. Hussein Awang  
*(Independent Non-Executive Director)*
- 3) Dato' Khoo Peng Lai  
*(Independent Non-Executive Director)*  
*(Appointed 19 February 2009)*
- 4) Tan Saik Hock  
*(Non-Executive Director)*  
*(Resigned 19 February 2009)*

The Terms of Reference of the Committee are:

- I. The Committee shall consist of at least three Directors, a majority of whom shall be independent. The Chairman of the Committee shall be an independent non-executive Director. No alternate director shall be appointed as a member of the Committee. All members shall be non-executive Directors. The composition of the Committee shall fulfil the requirements of the Listing Requirements of Bursa Malaysia Securities Berhad as from time to time amended. The Committee shall meet at least four times a year and any two independent Directors present at a meeting shall form a quorum. The Company Secretary shall be the Secretary to the Committee.
- II. The duties of the Committee shall include the following:
  - (a) To nominate and recommend for the approval of the Board, a person or persons as external auditor(s) and to review the audit fees and any question of resignation or dismissal.
  - (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit and audit plan.
  - (c) To review the quarterly and year-end financial statements of the Company, focusing particularly on:-
    - Any change in or implementation of major accounting policies and practices;
    - Significant changes and unusual events;
    - The going concern assumption; and
    - Compliance with accounting standards and other legal requirements.
  - (d) To review, with the external auditors, the audit report and audit findings, the evaluation of the system of internal controls, management letter and management's response thereto.
  - (e) To review the assistance given by the employees of the Company to the external auditors.
  - (f) To do the following in respect of the Company's internal audit function:-
    - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

## board audit and risk management committee report (cont'd)

- Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendation of the internal audit function;
  - Review the report and findings of the internal audit department including any major findings of internal investigations and the management's response thereto;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointment or termination of senior staff members of the internal audit function; and
  - Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.
- (g) To review any related party transactions and conflict of interest situation that may arise within the Company or Group.
- (h) Other functions as may be agreed to by the Committee and Board of Directors.
- (i) To do the following in respect of the Company's Risk Management function:-
- Oversee and monitor the implementation of the Risk Management framework and activities adopted by the Company;
  - Evaluate and recommend to the Board, risk management policies and strategies proposed by the management; and
  - Review and report to the Board measures taken to identify and examine principal risks faced by the Company and to implement appropriate systems and internal controls to manage these risks.
- III. The Committee shall have explicit authority to investigate any matter within its terms of reference, the resources which it needs to do so and full access to information. The Committee should be able to obtain independent legal or other external professional advice if it considers necessary.
- IV. After each meeting, the Committee shall report and update the Board of Directors on significant issues and concerns discussed during the meeting and where appropriate, make necessary recommendations to the Board.

During the financial year ended 31 December 2008, the Committee held four meetings. Details of the attendance of the meetings by Members of the Committee are as follows:

Members	Total
1 Raja Dato' Seri Abdul Aziz bin Raja Salim	4/4
2 Datuk Dr. Hussein Awang	4/4
3 Dato' Khoo Peng Lai (Appointed 19 February 2009)	0/4
4 Tan Saik Hock (Resigned 19 February 2009)	4/4

The Committee has carried out its duties as set out in its Terms of Reference during the financial year ended 31 December 2008. The adequacy of the Company's existing risk management systems, internal controls and compliance with the Malaysian Code on Corporate Governance were discussed. The Committee has met twice with the Company's external auditors without the presence of the executive management.

The Internal Audit Department which is performed in-house, reports to the Committee and conducts regular audits on the internal controls, operations and processes with follow-up audits at the end of the year. Other main activities performed by Internal Audit Department are review and monitoring of the Company's risk management and corporate governance. Reports are issued to the Committee on a timely basis for appraisal at Committee's meetings. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2008 was RM170,000.00. There were no allocation of options under the Executive Share Option Scheme during the financial year ended 31 December 2008.

# statement on corporate governance

The Board of Directors ('Board') is responsible for the corporate governance of the Company. Corporate Governance is a matter of high importance and is undertaken with due regards to not only the Company's shareholders but its stakeholders as well. The Board encourages and supports good corporate governance to become a fundamental part of the culture and business practices of the Company. It considers that the Company has, throughout the financial year, complied with the Malaysian Code on Corporate Governance ('Code').

## Board Structure

The Company is headed by the Board that focuses, leads, strategise and controls the direction of the Company. It is also responsible for the Company's systems of internal control and risk management and for reviewing the effectiveness of those systems.

The Board operates as a single team. It has a balanced mix of executive, non-executive and independent non-executive directors so that there is no domination by a group or an individual in decision-making. The seven members of the Board comprise three independent non-executive directors, two executive directors and two non-executive directors. The Chairman of the Board is an independent non-executive director. The Independent Non-Executive Directors of the Board meets the criteria of the Code and the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities'). One-third of the Board is made up of independent non-executive directors who provide and bring with them experience and independent judgement gained at the most senior levels.

There is a clear division of responsibilities between the Independent Non-Executive Chairman and the Executive Directors to ensure a balance of power and authority. The Independent Non-Executive Chairman heads the Board while the Group Chief Executive Officer reports to the Executive Director and takes on the primary responsibility of executive management as authorised by the Board and to oversee the operations of the Company. Datuk Dr. Hussein Awang, the Independent Non-Executive Chairman is also the Senior Independent Non-Executive Director to whom concerns on issues affecting the Company may be conveyed.

Together, the Board bring with them a wide range of experience of international business operations and strategy, marketing, financial, technical and international affairs necessary to ensure effective Board processes. A brief profile of each member of the Board is listed on pages 4 to 5 of the Annual Report.

The process of any appointment to the Board is fundamental towards enhancing governance. The Board's Remuneration and Nomination Committee comprising a majority of independent non-executive directors, is responsible for proposing and assessing directors to recommend to the Board, candidates for all directorships. Under the Company's Articles of Association, all members of the Board are required to retire, by rotation, once every three years. The members to retire in each year are the members who have been longest in office since their appointment or re-appointment.

The individual members of the Board have attended various seminars, forums, talks and other programmes to keep abreast with relevant developments in the business environment as well as new regulatory requirements in their capacity as a director on the Board of the Company or as a director of other companies or listed issuers both local and foreign. In addition, the Board is kept updated through internal circulars by the Company Secretary of relevant changes in regulatory requirements.

## Meetings

The Board ordinarily meets four times per calendar year at quarterly intervals, with additional meetings convened when necessary. The meetings are scheduled at the beginning of the year. During the financial year ended 31 December 2008, eight meetings were convened and held. The attendance of each member of the Board is listed on the Director's Profile on pages 4 and 5 of the Annual Report. None of the members of the Board was absent for more than 50% of the total meetings of the Board during the financial year.

The Board is supplied with information for each meeting in a timely manner for it to discharge its duties. Together with the agenda and notice of meeting, a set of board papers is

## statement on corporate governance (cont'd)

issued to all members of the Board prior to and in advance of each meeting. All members of the Board have access to all 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.

### Board Committees

To assist in the execution of the Board's responsibilities, the Board Audit and Risk Management Committee and the Remuneration and Nomination Committee have been established by the Board. The Remuneration and Nomination Committee which is made up of a majority of non-executive independent directors takes on the task of proposing and assessing candidates for directorships. The Board Audit and Risk Management Committee are made up wholly of non-executive directors with a majority of independent non-executive directors. The Chairman of the Board Audit and Risk Management Committee is an independent non-executive director.

### Directors' Remuneration

The Remuneration and Nomination Committee was formed by the Board to evaluate and recommend to the Board the remuneration of the Executive Director, the Group Chief Executive Officer and remuneration of senior management members and the allocation of shares options under the existing Company's Executive Share Option Scheme. 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 deliberations and voting in respect of his own remuneration.

The aggregate remuneration of directors for the financial year is disclosed on page 68 of the financial statements in the Annual Report.

### Shareholders

The Board acknowledges the need for shareholders and investors to be informed in a timely manner of all material information in relation to the Company. Various corporate announcements and timely release of quarterly financial

results, the annual audited financial statements and annual report keep shareholders and investors fully informed about the performance and operations of the Company. The public, shareholders and investors can also access the Company's website at [www.tasekcement.com](http://www.tasekcement.com) through the Internet for information of the Company and current and past records of its financial performance.

The Company's Annual General Meeting is an open forum for the Board and shareholders to communicate with each other. It presents an opportunity for shareholders to ask questions or seek clarification on the performance of the Company. The Notice of Meeting is circulated to all shareholders at least 21 clear days before the Meeting and shareholders are encouraged to attend the meeting. The Company where it deems it practicable to do so will enter into a dialogue with its institutional shareholders based on mutual understanding of objectives and entertains visits from shareholders, other fund managers and or analysts.

### Accountability and Audit

#### Responsibility statement by Directors on the preparation of the financial statements

The Board is required by law to prepare financial statements for each accounting period according to prescribed accounting standards where applicable that give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the period then ended.

In preparing the financial statements, the Board has:

- adopted and consistently applied suitable accounting policies and any new prescribed standards;
- made judgements and estimates that are prudent and reasonable;
- followed applicable accounting standards, subject to any material departures disclosed and explained in the notes to the financial statements; and
- prepared the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

## statement on corporate governance (cont'd)

The Board is responsible for ensuring proper accounting records are kept, which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and to enable them 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 assets of the Group and of the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Relationship with the Auditors

A summary of the activities of the Board Audit and Risk Management Committee during the financial year are set out in the Board Audit and Risk Management Committee's Report on pages 10 to 11 of the Annual Report.

The Committee maintains an appropriate relationship with the external auditors that is formal and transparent. Key features underlying the relationship of the Board Audit and Risk Management Committee with the Company's external auditors are included in the Committee's terms of reference on pages 10 to 11 of the Annual Report. The Committee meets with the external auditors at least twice a year without the executive management present. From time to time, the external auditors highlight matters that require attention to the Board Audit and Risk Management Committee and the Board.

### Statement on Internal Control

The Statement on Internal Control, set out on pages 15 to 16 of the Annual Report, provides an overview of the Company's state of internal control. The Company's systems of internal control and risk management are designed to manage, rather than eliminate, the risk of failure to achieve business objectives; any system can provide only reasonable and not absolute assurance against material misstatement or loss.

### Material Contracts

Save for the following, Tasek has not entered into any contract which is or may be material, not being contracts entered into in the ordinary course of business, during the financial year:-

Share Sale and Purchase Agreement dated 28th April 2008 (as amended by the supplementary agreements dated 30th June 2008 and 22nd August 2008) between Tasek and Hong Leong Asia Ltd. ("HLA") for the purchase of Tasek of all of the HLA Group's building materials business for an aggregate consideration of SGD288.1 million to be satisfied by the issue and allotment of HLA of approximately 180.54 million fully-paid Tasek Ordinary Shares and a cash consideration of RM30.0 million at an issue price of RM3.54 (net of special dividend). This agreement was mutually terminated in a termination agreement dated 25th November 2008.

### Statement on Corporate Responsibility

The Company has and is practising corporate responsibility towards its employees and workers and to the environment in line with its mission statement of "Tasek Cement will be the leader in the building materials supply chain with the best innovative value added solution enhancing all stakeholders' value, operating in harmony with the environment."

The Company has achieved its ISO 14001 and OSHA 18001 certifications in its efforts to systematically address its responsibility for health, safety and environment. In its effort to enhance its manufacturing footprints and minimise any adverse impact on the environment and safety, it is continuously exploring and procuring suitable waste products from various companies to be used as alternative fuel or raw material in its cement manufacturing process. It is also concerned about dust emissions and heat generated by a cement plant and is constantly upgrading its plant to reduce the carbon footprints and emissions. Additionally, the Company has produced, sold and encourage customers to use bagged blended cement to reduce carbon emissions. During the year, the Company also made some significant donations for charitable courses.



# statement on internal control

## Introduction

The Malaysian Code on Corporate Governance requires public listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Company's assets. Equally, under paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities'), the Board of Directors of public listed companies is required to include in its annual reports, a statement on the Company's state of internal control. The Board of Directors recognises its responsibilities for and the importance of sound internal controls. Set out below is the Board's Statement on Internal Control, which provides an overview of the Company's state of internal control.

## Board Responsibility

The Board has ultimate responsibility for the system of internal control. 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 Company. The system of internal control is designed to meet the Company's particular needs and the risks to which it is exposed. This system covers not only financial controls but risk management, operational and compliance controls. 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 system is designed to manage, rather than eliminate, the risks of failure to achieve its business objectives.

The Company has in place an on-going process for identifying, evaluating and managing the significant risks affecting the achievement of its business objectives for the year and up to the date of approval of the annual report and financial statements. This process is on-going and reviewed by the Board on a quarterly basis and in accordance with Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance"). Furthermore, the Board has continued to extend the risk management process to its significant associated company during the year.

## Risk Management Framework

Part 2 of the Best Practices in the Malaysian Code on Corporate Governance states that the Board should identify principal risks and ensure the implementation of appropriate systems to manage these risks. The Board, in fulfilling its stewardship responsibilities, has established an organisation structure with clearly defined lines of accountability and delegated authority. The risk management functions and effectiveness of such controls were first formalised in May 2002. Each financial year, with the assistance of the Internal Audit Department, the Board undertook a review of its existing risk management processes and key components of its internal controls that were in place within the various operating business units.

The Company took the following initiatives:

- The Risk Management Policy was issued in August 2002, which outlines the risk management framework for the Company and offers practical guidance to all employees on risk management issues;
- 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 Company's business unit's objectives, aligned with the Company's strategic objectives, had been identified and assessed for likelihood of the risks occurring and the magnitude of impact using a self-assessment approach;
- Management's risk assessments had been moderated and reconfirmed; 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 Company 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 being submitted to the Board for consideration;

## statement on internal control (cont'd)

- Quarterly risk management reports were updated and submitted to the 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 internal control are continuously reviewed and improved upon by the Board Audit and Risk Management Committee.

### Internal Audit Function

The Company has its own internal audit function, which provides reports to the Board Audit and Risk Management Committee on a quarterly basis and provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. The Board Audit and Risk Management Committee reviews and approves the internal audit plan on an annual basis. The Internal Audit Department independently reviews the internal controls in the key activities of the Company's businesses implemented by the management.

### Other risks and control processes

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

- An organisational structure with clearly defined delegation of responsibilities 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;
- 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 and production volumes, staff turnover and cash flow performance;
- Regular internal quality inspection to monitor compliance with ISO requirements;
- 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 followed up and management action taken (where necessary); and
- Regular visits to operating units by the Executive Directors and key members of management.

### Weaknesses in internal controls that result in material losses

During the year, no weaknesses in internal control that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report were noted. Management continues to review and take measures to ensure the ongoing effectiveness and adequacy of internal controls, so as to safeguard shareholders' investments and the Company's assets.

# directors' report and statement

FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors have pleasure in submitting their report, statement and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the manufacture and sale of cement and related products, whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year	75,052	60,306

## DIVIDENDS

No dividend was paid during the year. The Directors have recommended the payment of a final dividend of 10 sen less tax at 25% on the cumulative participating preference shares and on ordinary shares and a further 6 sen less tax at 25% on preference shares as follows:-

	RM'000
Preference dividend of 6 sen less tax at 25%	23
Final dividend of 10 sen less tax at 25% on Cumulative Participating Preference Shares	38
Final dividend of 10 sen less tax at 25% on Ordinary Shares	13,844

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the year are shown in the notes to the financial statements.

## DIRECTORS

Directors who served since the date of the last report are:

Datuk Dr. Hussein Awang  
 Dato' Teo Tong Kooi  
 Kwek Leng Peck  
 Raja Dato' Seri Abdul Aziz bin Raja Salim  
 Ting Sii Tien @ Yao Sik Tien  
 Tan Keng Meng  
 Dato' Khoo Peng Lai (appointed w.e.f 3.6.2008)  
 Tan Saik Hock (resigned w.e.f. 19.2.2009)

## directors' report and statement (cont'd)

### DIRECTORS (CONT'D)

The particulars of the Directors' shareholdings in the Company as shown in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2008	Acquired	Disposed	At 31.12.2008
Tan Keng Meng	20,000	-	-	20,000
Tan Saik Hock	785,317	-	-	785,317

Shareholdings in the Company in which the Directors are deemed to have an interest are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2008	Acquired	Disposed	At 31.12.2008
Tan Saik Hock	405,362	463,666	-	869,028

The Director who held office at 31 December 2008 and is deemed to have an interest in the shares of the Company by virtue of options granted to him pursuant to the Executive Share Option Scheme is as follows:

	Number of options over ordinary shares of RM1 each			
	At 1.1.2008	Granted	Exercised	At 31.12.2008
Tan Keng Meng	180,000	-	-	180,000

Subsequent to 31 December 2008, Tan Keng Meng has exercised the balance of 180,000 options granted to him. Both Tan Keng Meng and Tan Saik Hock have accepted the take-over offer from Hartwell Pte. Ltd. which closed on 20 January 2009 and consequently disposed of 200,000 and 752,317 ordinary shares of RM1.00 each in the Company respectively.

Other than as disclosed above, none of the other directors who held office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Raja Dato' Seri Abdul Aziz bin Raja Salim, being over seventy years of age, retires in accordance with Section 129 of the Companies Act, 1965 and a separate resolution will be tabled for his re-appointment.

In accordance with the Articles of Association, Tan Keng Meng and Ting Sii Tien @ Yao Sik Tien retire by rotation from the Board at the Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with the Articles of Association, Dato' Khoo Peng Lai who was appointed during the year, retires from the Board at the Annual General Meeting and being eligible, offers himself for election.

## directors' report and statement (cont'd)

### DIRECTORS (CONT'D)

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the sales of concrete in the ordinary course of business by a subsidiary to a company in which a Director is deemed to have an interest as disclosed in Note 27 to the financial statements.

There were no arrangement during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate apart from the issue of share option under the Executive Share Option Scheme.

### ISSUE OF SHARES

During the financial year ended 31 December 2008, the Company issued 153,000 ordinary shares of RM1.00 each arising from the subscription of 153,000 ordinary shares of RM1.00 each under the Executive Share Option Scheme ("ESOS") at the option price of RM2.72 per share.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the ESOS.

At an Extraordinary General Meeting held on 9 February 2001, the Company's shareholders approved the establishment of an ESOS of not more than 10% of the issued and paid-up ordinary share capital of the Company or 18,248,000 new ordinary shares to eligible Directors and executives of the Group.

The option offered to take up unissued ordinary shares of RM1.00 each and the option price are as follows:

Date of offer	Option Price RM	Number of options over ordinary shares of RM1 each				Balance at 31.12.2008
		Balance at 1.1.2008	Granted	Lapsed	Exercised	
5.8.2004	2.72	299,600	-	(4,400)	(153,000)	142,200
14.2.2007	2.97	180,000	-	-	-	180,000

At an Extraordinary General Meeting held on 25 February 2003, the existing option holders and shareholders approved the extension of the duration of the scheme for another 5 years from 8 March 2006 to 7 March 2011. The Bye-Laws were also amended to include the offer of prime value or performance-based options ("PVO") to eligible executives, apart from the existing share options.

## directors' report and statement (cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The salient features of the ESOS scheme are as follows:

- (a) the maximum aggregate number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company;
- (b) to be eligible for participation in the scheme, a person must satisfy the following conditions:
  - (i) be of at least eighteen years of age; and
  - (ii) be an executive of the Group.
- (c) the Board may from time to time at its discretion select and identify Eligible Executives to be offered options;
- (d) an Executive Director of the Company shall only be eligible to participate in the scheme if he is involved in the day to day management and on the payroll of the Company or an Eligible Subsidiary;
- (e) an option holder may, in any particular year, exercise up to such maximum number of shares in the option certificate as determined by the Board or as specified in the option certificate;
- (f) the Board may at its discretion determine the share option price and the PVO price at any price provided that the share option price and the PVO price so fixed shall not be at a discount of more than ten percent (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares preceding the date of offer and shall in no event be less than the par value of the shares;
- (g) an option holder may exercise his option only during his employment with the Group and within the option period subject to any maximum limit as determined by the Board under Bye-Law 9.3 and any other terms and conditions as may be contained in the option certificates;
- (h) an option holder may exercise his option or the balance thereof, in full or such lesser number of shares as the option holder may decide to exercise provided that such lesser number shall be in multiples of and not less than a Board Lot;
- (i) a share option cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever, save as provided in Bye-Law 17.5 and an offer for a PVO cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever, unless with the prior consent of the Board or as provided in Bye-Law 17.5;
- (j) the Board may at its discretion offer share options and PVOs to eligible executives and shall also have the discretion to determine the number of shares and the terms and conditions to be comprised in an offer, subject to any adjustment which may be made under Bye-Laws 5.4, 5.5 and 13;
- (k) in the event the Board decides to satisfy the exercise of options by the transfer of existing shares to option holders:
  - (i) the Board may appoint a trustee or trust company upon such terms and conditions as the Board may deem fit to enable the trustee to acquire existing shares for the purpose of the scheme;

## directors' report and statement (cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

- (ii) the Company and any subsidiary may provide money or other permissible assistance under the Act to enable the trustee or trust company to acquire existing shares to be held for the purposes of the scheme; and
- (iii) the Company must fully comply with the provisions of the Act and the revamped Listing Requirements of Bursa Securities relating thereto; and
- (l) in the event of a takeover offer being made for the Company by a general offer or otherwise and resulting in a change of control, an option holder shall be entitled within six calendar months of the date on which such offer becomes or is declared unconditional to exercise in whole or in part up to the full extent of the PVO remaining unexercised as provided in Bye-Law 14.1. If an option holder elects to exercise only in respect of a portion of such PVO, then the PVO in relation to the balance thereof shall automatically lapse and shall thereafter be null and void.

Where an executive has participated in an employee share option scheme in a corporation related to the Company as defined by the Companies Act, 1965 (other than a subsidiary), the number of shares in any option that can be offered under this scheme to that executive shall be reduced by the number of shares in the option exercised by that executive under the previous scheme, provided always that no offer shall be made to that executive until and unless that executive produced evidence satisfactory to the Board to show that he has no further rights under the previous scheme.

### OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

## directors' report and statement (cont'd)

### OTHER STATUTORY INFORMATION (CONT'D)

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, and
- (ii) the financial statements set out on pages 27 to 72, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

### SIGNIFICANT EVENTS

Details of such events are disclosed in Note 31 to the financial statements.

### SUBSEQUENT EVENTS

Details of such events are disclosed in Note 32 to the financial statements.



## directors' report and statement (cont'd)

### AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**DATUK DR. HUSSEIN AWANG**  
CHAIRMAN

**DATO' TEO TONG KOOI**  
EXECUTIVE DIRECTOR

Date: 19 February 2009

# statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, LOO WAI WING, the officer primarily responsible for the financial management of Tasek Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 27 to 72 are, to the best of my knowledge and belief, 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 above named at Ipoh in the State of Perak Darul Ridzuan on 19 February 2009.

.....  
LOO WAI WING

BEFORE ME:

J. KAMALA MAHLINI (A121)  
Commissioner for Oaths  
Ipoh, Perak Darul Ridzuan

# independent auditors' report

TO THE MEMBERS OF TASEK CORPORATION BERHAD (4698-W)  
(Incorporated in Malaysia)

## **Report on the Financial Statements**

We have audited the financial statements of Tasek Corporation Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 72.

### ***Directors' Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

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

## independent auditors' report (cont'd)

- b) We have considered the unaudited management financial statements of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### KPMG

Firm Number: AF 0758  
Chartered Accountants

### NG SWEE WENG

Partner  
Approval Number: 1414/03/10 (J/PH)  
Chartered Accountant

Date: 19 February 2009

IPOH

# balance sheets

AS AT 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Assets</b>					
Property, plant and equipment	3	371,221	384,807	343,306	362,005
Intangible assets	4	827	1,080	436	691
Prepaid lease payments	5	5,789	5,891	5,789	5,891
Investment in subsidiaries	6	-	-	33,284	27,934
Investment in associates	7	41,036	33,903	20,392	20,392
Other investments	8	3,936	3,936	3,936	3,936
Development expenditure	9	37	37	-	-
Receivables, deposits and prepayments	10	38,829	48,729	38,829	47,829
Deferred tax assets	11	-	4,404	-	4,755
<b>Total non-current assets</b>		<b>461,675</b>	<b>482,787</b>	<b>445,972</b>	<b>473,433</b>
Inventories	12	120,799	66,034	118,906	65,473
Receivables, deposits and prepayments	10	85,678	62,188	67,546	52,168
Tax recoverable		58	129	-	-
Assets classified as held for sale	13	2,577	2,577	174	174
Cash and cash equivalents	14	261,115	209,569	251,720	207,777
<b>Total current assets</b>		<b>470,227</b>	<b>340,497</b>	<b>438,346</b>	<b>325,592</b>
<b>Total assets</b>		<b>931,902</b>	<b>823,284</b>	<b>884,318</b>	<b>799,025</b>
<b>Equity</b>					
Share capital	15	185,088	184,935	185,088	184,935
Reserves	15	261,735	261,455	261,735	261,455
Retained profits		407,388	332,336	378,868	318,562
<b>Total equity attributable to equity holders of the Company</b>		<b>854,211</b>	<b>778,726</b>	<b>825,691</b>	<b>764,952</b>
<b>Liabilities</b>					
Deferred tax liabilities	11	7,285	-	5,860	-
<b>Total non-current liabilities</b>		<b>7,285</b>	<b>-</b>	<b>5,860</b>	<b>-</b>
Payables and accruals	16	65,665	43,456	52,767	33,219
Bank borrowings	17	4,587	-	-	-
Provision for taxation		154	1,102	-	854
<b>Total current liabilities</b>		<b>70,406</b>	<b>44,558</b>	<b>52,767</b>	<b>34,073</b>
<b>Total liabilities</b>		<b>77,691</b>	<b>44,558</b>	<b>58,627</b>	<b>34,073</b>
<b>Total equity and liabilities</b>		<b>931,902</b>	<b>823,284</b>	<b>884,318</b>	<b>799,025</b>

The notes on pages 31 to 72 are an integral part of these financial statements.

# income statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	GROUP		COMPANY		
		Year ended	6-month	Year ended	6-month	
		31.12.2008	period ended	31.12.2008	period ended	
		RM'000	31.12.2007	RM'000	31.12.2007	RM'000
<b>Continuing operations</b>						
Revenue	19	509,798	203,000	402,766	176,309	
Cost of sales		(363,110)	(139,229)	(270,803)	(116,262)	
<b>Gross profit</b>		146,688	63,771	131,963	60,047	
Selling and distribution costs		(48,929)	(22,039)	(48,663)	(21,933)	
Administrative expenses		(20,200)	(6,552)	(16,093)	(5,429)	
Other operating income	10	6,009	1,878	5,814	67,305	
<b>Result from operating activities</b>		83,568	37,058	73,021	99,990	
Finance costs		(157)	(15)	-	-	
Interest income		8,068	3,684	7,957	3,651	
<b>Operating profit</b>	20	91,479	40,727	80,978	103,641	
Share of profit after tax of equity accounted associates		7,133	4,876	-	-	
<b>Profit before tax</b>		98,612	45,603	80,978	103,641	
Tax expense	22	(23,560)	(8,152)	(20,672)	(25,124)	
<b>Profit for the year/period</b>		75,052	37,451	60,306	78,517	
<b>Earnings per share (sen)</b>						
Basic	23	40.56	20.24	32.59	42.45	
Diluted	23	40.54	20.23	32.57	42.42	
<b>Gross dividend per share (sen)</b>						
6% Cumulative Participating Preference Share	24	16.00	-	16.00	-	
Ordinary Share	24	10.00	-	10.00	-	

The notes on pages 31 to 72 are an integral part of these financial statements.

# statements of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	<----- Non-distributable ----->			<--- Distributable --->		Total RM'000	
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Share option reserve RM'000	General reserve RM'000		Retained profits RM'000
<b>GROUP</b>								
At 1 July 2007		184,747	134,526	11,199	18	115,347	304,487	750,324
Issue of shares:								
Exercise of options	15	188	328	-	-	-	-	516
Share-based payments	18	-	-	-	37	-	-	37
Profit for the period		-	-	-	-	-	37,451	37,451
Dividends	24	-	-	-	-	-	(9,602)	(9,602)
At 31 December 2007		184,935	134,854	11,199	55	115,347	332,336	778,726
Issue of shares:								
Exercise of options	15	153	263	-	-	-	-	416
Share-based payments	18	-	-	-	17	-	-	17
Profit for the year		-	-	-	-	-	75,052	75,052
At 31 December 2008		185,088	135,117	11,199	72	115,347	407,388	854,211
		Note 15						
<b>COMPANY</b>								
At 1 July 2007		184,747	134,526	11,199	18	115,347	249,647	695,484
Issue of shares:								
Exercise of options	15	188	328	-	-	-	-	516
Share-based payments	18	-	-	-	37	-	-	37
Profit for the period		-	-	-	-	-	78,517	78,517
Dividends	24	-	-	-	-	-	(9,602)	(9,602)
At 31 December 2007		184,935	134,854	11,199	55	115,347	318,562	764,952
Issue of shares:								
Exercise of options	15	153	263	-	-	-	-	416
Share-based payments	18	-	-	-	17	-	-	17
Profit for the year		-	-	-	-	-	60,306	60,306
At 31 December 2008		185,088	135,117	11,199	72	115,347	378,868	825,691
		Note 15						

The notes on pages 31 to 72 are an integral part of these financial statements.

# cash flow statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		Year ended	6-month period ended	Year ended	6-month period ended
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Cash flows from operating activities</b>					
<i>Net cash from operating activities</i>	25	77,860	34,702	73,012	30,240
<b>Cash flows from investing activities</b>					
Dividends received		59	10	59	10
Purchase of property, plant and equipment		(31,497)	(18,808)	(24,090)	(9,498)
Purchase of intangible assets		(134)	(19)	(132)	(19)
Additional investment		-	-	(5,350)	(5,000)
Proceeds from disposal of investments		-	567	-	567
Proceeds from disposal of property, plant and equipment		255	196	28	-
<i>Net cash used in investing activities</i>		(31,317)	(18,054)	(29,485)	(13,940)
<b>Cash flows from financing activities</b>					
Drawdown/(Repayment) of borrowings		4,587	(927)	-	-
Proceeds from issuance of shares		416	516	416	516
Dividends paid		-	(9,602)	-	(9,602)
<i>Net cash from/(used in) financing activities</i>		5,003	(10,013)	416	(9,086)
<b>Net increase in cash and cash equivalents</b>		51,546	6,635	43,943	7,214
<b>Cash and cash equivalents at beginning of year/period</b>		209,569	202,934	207,777	200,563
<b>Cash and cash equivalents at end of year/period</b>	14	261,115	209,569	251,720	207,777

## Cash and cash equivalents:

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Short term deposits with licensed banks and financial institutions	247,380	205,270	244,048	205,270
Cash and bank balances	13,735	4,299	7,672	2,507
	261,115	209,569	251,720	207,777

The notes on pages 31 to 72 are an integral part of these financial statements.



# notes to the financial statements

31 DECEMBER 2008

Tasek Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal places of business of the Company are as follows:

**Registered office**

6th Floor, Office Block,  
Grand Millennium Kuala Lumpur  
160 Jalan Bukit Bintang  
55100 Kuala Lumpur

**Principal places of business**

Persiaran Tasek  
Tasek Industrial Estate  
31400 Ipoh

and

Lot 1552 Kg Jaya Industrial Area  
Off Jalan Hospital  
47000 Sungai Buloh  
Selangor

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 December 2008 do not include other entities.

The Company is principally engaged in the manufacture and sale of cement and related products activities while the principal activities of its subsidiaries and associates are as stated in Note 6 and Note 7 respectively.

The financial statements were approved by the Board of Directors on 19 February 2009.

**1. BASIS OF PREPARATION****(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 1. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

FRSs/Interpretations	Effective date
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/Interpretations except for FRS 4 from the annual period beginning 1 January 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

#### FRS 8, *Operating Segments*

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, no segmental information is disclosed as the Group engages mainly in the manufacture and sale of cement and related products in Malaysia. Under FRS 8, the Group will present segment information in respect of the manufacture and sale of cement and related products in Malaysia.

#### IC Interpretation 10, *Interim Financial Reporting and Impairment*

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 will become effective for the financial statements for the year ending 31 December 2010, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136 and FRS 139 respectively. The adoption of IC Interpretation 10 will not have any material impact on the Group.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the non-current asset held for sale which is explained in the accounting policy Note 2(j).

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 1. BASIS OF PREPARATION (CONT'D)

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following note:

- Note 13 - valuation of non-current asset held for sale

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (cont'd)

#### (ii) *Associates*

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale.

#### (iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and any accumulated impairment losses.

Freehold land, leasehold land and buildings at directors' valuation are based on an opinion of open market value expressed by a professional firm of Chartered Surveyors on 30 June 1985. Subsequent additions are shown at cost while deletions are at valuation, or cost, as appropriate.

The Group's policy is to state its property, plant and equipment at cost. Revaluation of leasehold land in 1985 was carried out primarily for the purpose of issuing bonus shares then and was not intended to effect a change in accounting policy to one of revaluation of properties. Hence, in accordance with the transitional provisions of Malaysian Accounting Standards Board (MASB) Approved Accounting Standard IAS 16: Property, Plant and Equipment, the valuation in 1985 has not been updated.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statement.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Property, plant and equipment (cont'd)

#### (ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

#### (iii) *Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land and capital work-in-progress are not depreciated.

The principal depreciation rates for the current and comparative periods are as follows:

Leasehold land	- Amortised by equal annual instalments over the remaining life of the leases which vary between 23 and 75 years.
Buildings	- 4 - 5% per annum
Plant and machinery	- 6 - 50% per annum
Vehicles, furniture and equipment	- 20% per annum

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

### e) Intangible assets

#### (i) *Goodwill*

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For business acquisitions beginning from 1 July 2006, 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 allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### e) Intangible assets (cont'd)

#### (ii) Development expenditure

Development expenditure is stated at cost and is incurred in respect of preparation for an industrial development project. This amount will be amortised when the subsidiary commences the said project.

#### (iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group are stated at cost less any accumulated amortisation and any accumulated impairment losses.

#### (iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### (v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised at 20% per annum.

### f) Leased assets

#### (i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

#### (ii) Operating lease

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### f) Leased assets (cont'd)

#### (ii) Operating lease (cont'd)

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A. Such prepaid lease payments is amortised over the lease term.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### (g) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries and associates are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

### (h) 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.



# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Inventories (cont'd)

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.

### (i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

### (j) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with licensed banks and financial institutions and highly liquid investments which have an insignificant risk of changes in value.

### (l) Impairment of assets

The carrying amounts of assets except for financial assets, inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected benefit from the synergies of the combination.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Impairment of assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

### (m) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

### (n) Employee benefits

#### (i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Employee benefits (cont'd)

#### (ii) *Share-based payment transactions*

The share option scheme allows Group Executive Directors and eligible executives to acquire shares of the Company. The grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### (o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### (p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### (q) Revenue recognition

#### (i) *Goods sold*

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and commission, trade discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (ii) *Dividend income*

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

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

### (s) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

### (t) Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

### (u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to eligible Directors and executives of the Group.

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold 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
<b>Cost/Valuation</b>							
At 1 July 2007	35,523	190,481	559,589	6,668	19,281	12,308	823,850
Additions	-	132	4,976	319	2,392	10,989	18,808
Transfers	-	380	5,748	-	2,135	(8,263)	-
Disposals	-	-	(194)	-	(106)	-	(300)
Transfer to assets held for sale	(2,403)	-	-	-	-	-	(2,403)
At 31 December 2007/							
1 January 2008	33,120	190,993	570,119	6,987	23,702	15,034	839,955
Additions	-	695	8,028	2,191	3,646	16,937	31,497
Transfers	-	379	17,881	-	1,796	(20,056)	-
Disposals	(76)	-	-	(102)	-	-	(178)
Written off	-	-	-	-	(149)	-	(149)
At 31 December 2008	33,044	192,067	596,028	9,076	28,995	11,915	871,125
<b>Analysis of Cost and Valuation at</b>							
<b>31 December 2007</b>							
Valuation	24,755	53,251	-	-	-	-	78,006
Cost	8,365	137,742	570,119	6,987	23,702	15,034	761,949
	33,120	190,993	570,119	6,987	23,702	15,034	839,955
<b>31 December 2008</b>							
Valuation	24,755	53,251	-	-	-	-	78,006
Cost	8,289	138,816	596,028	9,076	28,995	11,915	793,119
	33,044	192,067	596,028	9,076	28,995	11,915	871,125

# notes to the financial statements

31 DECEMBER 2008

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## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Freehold 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
<b>Depreciation</b>							
At 1 July 2007	-	95,248	322,076	5,849	11,381	-	434,554
Charge for the period	-	3,762	15,380	132	1,507	-	20,781
Disposals	-	-	(150)	-	(37)	-	(187)
At 31 December 2007/							
1 January 2008	-	99,010	337,306	5,981	12,851	-	455,148
Charge for the year	-	7,581	32,591	650	4,184	-	45,006
Disposals	-	-	-	(102)	-	-	(102)
Written off	-	-	-	-	(148)	-	(148)
At 31 December 2008	-	106,591	369,897	6,529	16,887	-	499,904
<b>Carrying amounts</b>							
At 1 July 2007	35,523	95,233	237,513	819	7,900	12,308	389,296
At 31 December 2007/							
1 January 2008	33,120	91,983	232,813	1,006	10,851	15,034	384,807
At 31 December 2008	33,044	85,476	226,131	2,547	12,108	11,915	371,221

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	Freehold 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
<b>Cost/Valuation</b>							
At 1 July 2007	25,651	190,001	556,737	6,221	17,884	10,020	806,514
Additions	-	61	322	162	1,873	7,080	9,498
Transfers	-	380	3,493	-	2,135	(6,008)	-
At 31 December 2007/							
1 January 2008	25,651	190,442	560,552	6,383	21,892	11,092	816,012
Additions	-	672	1,568	2,065	3,364	16,421	24,090
Transfers	-	379	13,939	-	1,796	(16,114)	-
Disposal	(34)	-	-	(102)	-	-	(136)
Written off	-	-	-	-	(149)	-	(149)
At 31 December 2008	25,617	191,493	576,059	8,346	26,903	11,399	839,817
<b>Analysis of Cost and Valuation at</b>							
<b>31 December 2007</b>							
Valuation	19,975	53,251	-	-	-	-	73,226
Cost	5,676	137,191	560,552	6,383	21,892	11,092	742,786
	25,651	190,442	560,552	6,383	21,892	11,092	816,012
<b>31 December 2008</b>							
Valuation	19,975	53,251	-	-	-	-	73,226
Cost	5,642	138,242	576,059	8,346	26,903	11,399	766,591
	25,617	191,493	576,059	8,346	26,903	11,399	839,817

# notes to the financial statements

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(cont'd)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	Freehold 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
<b>Depreciation</b>							
At 1 July 2007	-	95,001	322,048	5,708	11,000	-	433,757
Charge for the period	-	3,751	15,000	91	1,408	-	20,250
At 31 December 2007/							
1 January 2008	-	98,752	337,048	5,799	12,408	-	454,007
Charge for the year	-	7,558	30,672	585	3,939	-	42,754
Disposal	-	-	-	(102)	-	-	(102)
Written off	-	-	-	-	(148)	-	(148)
At 31 December 2008	-	106,310	367,720	6,282	16,199	-	496,511
<b>Carrying Amounts</b>							
At 1 July 2007	25,651	95,000	234,689	513	6,884	10,020	372,757
At 31 December 2007/							
1 January 2008	25,651	91,690	223,504	584	9,484	11,092	362,005
At 31 December 2008	25,617	85,183	208,339	2,064	10,704	11,399	343,306



## notes to the financial statements

31 DECEMBER 2008

(cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Revaluation

Land and buildings are stated at Directors' valuation based on professional valuations made by a Chartered Surveyor, on the open market basis conducted in June 1985.

Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year/period would be as follows:

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Freehold land	20,302	20,302	15,522	15,522
Buildings	26,602	27,606	26,602	27,606
	<u>46,904</u>	<u>47,908</u>	<u>42,124</u>	<u>43,128</u>

### 4. INTANGIBLE ASSETS

#### 4.1 Computer software

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000

#### Cost

Balance at 1 January 2008/1 July 2007	3,594	3,575	3,594	3,575
Additions	134	19	132	19
Written off	(7)	-	(7)	-
Balance at 31 December	<u>3,721</u>	<u>3,594</u>	<u>3,719</u>	<u>3,594</u>

#### Accumulated amortisation

Balance at 1 January 2008/1 July 2007	2,903	2,716	2,903	2,716
Charge for the year/period	387	187	387	187
Written off	(7)	-	(7)	-
Balance at 31 December	<u>3,283</u>	<u>2,903</u>	<u>3,283</u>	<u>2,903</u>
<b>Carrying amount</b>	<u>438</u>	<u>691</u>	<u>436</u>	<u>691</u>

# notes to the financial statements

31 DECEMBER 2008

(cont'd)

## 4. INTANGIBLE ASSETS (CONT'D)

### 4.2 Goodwill

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Cost/Carrying amount</b>				
Balance at 1 January 2008/1 July 2007/				
31 December	389	389	-	-
Total	827	1,080	436	691

The recoverable amount of the investment in subsidiary and goodwill was determined by discounting the future cash flows projected based on actual operating results and management's assessment of future trends in the ready-mix concrete industry. No impairment loss is recognised during the year as the recoverable amount is higher than the carrying amount.

## 5. PREPAID LEASE PAYMENTS

GROUP/COMPANY	Leasehold land		Total RM'000
	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	
<b>Cost</b>			
At 1 July 2007, at 31 December 2007/1 January 2008 and at 31 December 2008	147	8,060	8,207
<b>Amortisation</b>			
At 1 July 2007	98	2,166	2,264
Amortisation for the period	3	49	52
At 31 December 2007/1 January 2008	101	2,215	2,316
Amortisation for the year	4	98	102
At 31 December 2008	105	2,313	2,418
<b>Carrying amounts</b>			
At 1 July 2007	49	5,894	5,943
At 31 December 2007/1 January 2008	46	5,845	5,891
At 31 December 2008	42	5,747	5,789

The prepaid lease payments in respect of leasehold land with unexpired period of more than 50 years of the Company are shown at Director's valuation based on professional valuation made by a Chartered Surveyor, on the open market basis conducted in June 1985.

## notes to the financial statements

31 DECEMBER 2008

(cont'd)

### 6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000
Unquoted shares at cost		
Balance at 1 January 2008/1 July 2007	27,934	22,934
Additions	5,350	5,000
Balance at 31 December	33,284	27,934

The wholly-owned subsidiaries and their principal activities are:

	Place of incorporation	Unquoted shares at cost		Principal activities
		31.12.2008 RM	31.12.2007 RM	
Posek Pembangunan Sdn Bhd	Malaysia	7,000,002	7,000,002	Intention - Property development
Tasek Property Holdings Sdn Bhd	Malaysia	250,000	2	Intention - Investment holding
Tasek Plantation Sdn Bhd	Malaysia	9,600,002	9,600,002	Land cultivation, plantation and estate management
Tasek Concrete Sdn Bhd	Malaysia	16,334,251	11,334,251	Manufacture and trading of ready- mixed concrete
Tasek Industries Sdn Bhd	Malaysia	100,000	-	Intention - Investment holding, management administrative, supervisor business and investment services
Tasek Holdings Pte Ltd *	Singapore	2	-	Dormant

\* The Group's consolidated financial statements have included the unaudited management financial statements of this subsidiary.

## notes to the financial statements

31 DECEMBER 2008

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### 7. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Unquoted shares at cost	21,592	21,592	21,592	21,592
Add: Group's share of post acquisition reserves	20,644	13,511	-	-
Less: Allowance for diminution in value	(1,200)	(1,200)	(1,200)	(1,200)
	<u>41,036</u>	<u>33,903</u>	<u>20,392</u>	<u>20,392</u>
Represented by:				
Group's share of net assets other than goodwill	<u>41,036</u>	<u>33,903</u>		

The Group's share of net assets as at 31 December 2007 is net of dividend receivable from Cement Industries (Sabah) Sdn Bhd of RM47,829,600.

The associates, all incorporated in Malaysia, are:

	Group's Equity Interest		Financial year	Principal Activities
	31.12.2008	31.12.2007		
Cement Industries (Sabah) Sdn Bhd	30.00%	30.00%	31 December	Manufacture and sale of cement.
Padu-Wangsa Sdn Bhd	29.00%	29.00%	31 December	Intention to establish a clinker plant in Sabah.

The Group's share of post-acquisition reserves of associated companies is included in the consolidated financial statements and is based on unaudited management accounts and adjusted to the latest audited financial statements.

As disclosed in Note 32, the Company has accepted a proposal from an existing shareholder of the associates to purchase the entire investments held by the Company in the associates subsequent to year end. The associates were not a discontinued operation or classified as held for sale as at 31 December 2008.

## notes to the financial statements

31 DECEMBER 2008

(cont'd)

### 7. INVESTMENT IN ASSOCIATES (CONT'D)

Summary financial information on associates:

GROUP	Revenues (100%) RM'000	Profit/(Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
31.12.2008				
Cement Industries (Sabah) Sdn Bhd	339,521	23,744	255,798	159,828
Padu-Wangsa Sdn Bhd	-	34	49,857	7,596
	<u>339,521</u>	<u>23,778</u>	<u>305,655</u>	<u>167,424</u>
31.12.2007				
Cement Industries (Sabah) Sdn Bhd	154,143	21,906	255,734	183,509
Padu-Wangsa Sdn Bhd	-	59	48,769	6,543
	<u>154,143</u>	<u>21,965</u>	<u>304,503</u>	<u>190,052</u>

#### Contingent liabilities

There is no share of associates' contingent liabilities incurred jointly with other investors.

### 8. OTHER INVESTMENTS

	GROUP/COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000
<b>Shares – at cost</b>		
In Malaysian unquoted corporation	<u>3,936</u>	<u>3,936</u>

### 9. DEVELOPMENT EXPENDITURE

	GROUP	
	31.12.2008 RM'000	31.12.2007 RM'000
Balance at 1 July 2007, at 31 December 2007/ 1 January 2008 and 31 December 2008	<u>37</u>	<u>37</u>

# notes to the financial statements

31 DECEMBER 2008

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## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	GROUP		COMPANY	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Other receivables		-	900	-	-
Amount due from associate		38,829	47,829	38,829	47,829
		<u>38,829</u>	<u>48,729</u>	<u>38,829</u>	<u>47,829</u>
<b>Current</b>					
<b>Trade</b>					
Trade receivables		78,323	56,264	26,094	31,087
Allowance for doubtful debts		(1,357)	(3,342)	(1,357)	(3,342)
		<u>76,966</u>	<u>52,922</u>	<u>24,737</u>	<u>27,745</u>
Trade receivables owing by					
- subsidiaries	(a)	-	-	27,927	13,258
- associates		2,325	2,178	2,325	2,178
		<u>79,291</u>	<u>55,100</u>	<u>54,989</u>	<u>43,181</u>
<b>Non-trade</b>					
Amount due from subsidiaries	(b)	-	-	8,920	4,962
Other receivables		5,599	6,985	3,484	3,922
Deposits		427	88	43	88
Prepayments		361	15	110	15
		<u>6,387</u>	<u>7,088</u>	<u>12,557</u>	<u>8,987</u>
		<u>85,678</u>	<u>62,188</u>	<u>67,546</u>	<u>52,168</u>

The currency profile of trade receivables are as follows:

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Ringgit Malaysia	74,923	53,755	22,694	28,578
US Dollar	2,611	2,034	2,611	2,034
Singapore Dollar	789	475	789	475
	<u>78,323</u>	<u>56,264</u>	<u>26,094</u>	<u>31,087</u>

## notes to the financial statements

31 DECEMBER 2008

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### 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

#### *Other receivables*

Included in other receivables of the Group are:

- (i) the balance of the sales proceeds of RM900,000 (31.12.2007: RM3,300,000) from the sale of freehold land by a subsidiary company to a developer for commercial development and/or housing scheme. This amount is repayable by 3 (31.12.2007: 15) monthly instalments of RM200,000 and a final instalment of RM300,000.
- (ii) an advance by a subsidiary to a Joint Venture company of RM1,021,000 (31.12.2007: RM NIL) as initial expenditure for a proposed future development of approximately 7.4 acres of a commercial site. The advance is interest free, unsecured and has no fixed terms of repayment.

#### *Amount due from subsidiaries*

- (a) The trade receivables due from the wholly-owned subsidiaries are subject to the normal credit terms.
- (b) The amounts due from the wholly-owned subsidiaries are interest free, unsecured and have no fixed terms of repayment.

#### *Amount due from associates*

The amount due from associate of RM38,829,600 (31.12.2007: RM47,829,600) is in respect of dividend receivable from Cement Industries (Sabah) Sdn Bhd. The amount is interest free, unsecured and terms of repayment has not been confirmed by the Board of Cement Industries (Sabah) Sdn Bhd at the date of issuance of this report. The dividend was declared by the associate on 31 December 2007 so as to utilise its available S108 tax credit balance in full before the change to the single tier tax system from 2008 onwards.

### 11. DEFERRED TAXATION

#### **Recognised deferred tax assets and liabilities**

Deferred tax assets/(liabilities) are attributable to the following:

GROUP	Assets		Liabilities		Net	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Property, plant and equipment	-	-	(45,540)	(51,042)	(45,540)	(51,042)
Unabsorbed reinvestment allowances	38,067	54,610	-	-	38,067	54,610
Allowance for doubtful debts	188	836	-	-	188	836
Tax (liabilities)/ assets	38,255	55,446	(45,540)	(51,042)	(7,285)	4,404
Set off of tax	(38,255)	(51,042)	38,255	51,042	-	-
Net tax (liabilities)/ assets	-	4,404	(7,285)	-	(7,285)	4,404

# notes to the financial statements

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## 11. DEFERRED TAXATION (CONT'D)

COMPANY	Assets		Liabilities		Net	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Property, plant and equipment	-	-	(44,102)	(50,691)	(44,102)	(50,691)
Unabsorbed reinvestment allowances	38,067	54,610	-	-	38,067	54,610
Allowance for doubtful debts	175	836	-	-	175	836
Tax (liabilities)/ assets	38,242	55,446	(44,102)	(50,691)	(5,860)	4,755
Set off of tax	(38,242)	(50,691)	38,242	50,691	-	-
Net tax (liabilities)/assets	-	4,755	(5,860)	-	(5,860)	4,755

Movement in recognised deferred tax (liabilities)/assets during the year/period

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Balance at 1 January 2008/1 July 2007	4,404	10,305	4,755	10,460
Recognised in the income statement (Note 22)	(11,689)	(5,901)	(10,615)	(5,705)
Balance at 31 December	(7,285)	4,404	(5,860)	4,755

## 12. INVENTORIES

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Finished goods	6,478	3,272	6,478	3,272
Work-in-progress	19,292	4,735	19,292	4,735
Raw materials	4,814	4,093	4,814	4,093
Consumable stores	90,215	53,934	88,322	53,373
	120,799	66,034	118,906	65,473

Work-in-progress of RM6.4 million (31.12.2007: RM2.1 million) of the Group and of the Company are carried at net realisable value.



## notes to the financial statements

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### 13. ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Balance at 1 January 2008/1 July 2007	2,577	174	174	174
Transfer from property, plant and equipment (Note 3)	-	2,403	-	-
Balance at 31 December	2,577	2,577	174	174

### 14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Deposits are placed with:				
licensed banks	247,380	173,089	244,048	173,089
financial institutions	-	32,181	-	32,181
	247,380	205,270	244,048	205,270
Cash and bank balances	13,735	4,299	7,672	2,507
	261,115	209,569	251,720	207,777

### 15. CAPITAL AND RESERVES

Share capital	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Authorised:				
6% cumulative participating preference shares of RM1 each	500	500	500	500
Ordinary shares of RM1 each	299,500	299,500	299,500	299,500
	300,000	300,000	300,000	300,000

# notes to the financial statements

31 DECEMBER 2008

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## 15. CAPITAL AND RESERVES (CONT'D)

Share capital	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Issued and fully paid:				
6% cumulative participating preference shares of RM1 each	500	500	500	500
Ordinary shares of RM1 each				
As at 1 January 2008/1 July 2007	184,435	184,247	184,435	184,247
Issue during the year/period arising from Executive Share Option Scheme	153	188	153	188
As at 31 December	184,588	184,435	184,588	184,435
	185,088	184,935	185,088	184,935

During the financial year ended 31 December 2008, the Company issued 153,000 ordinary shares of RM1.00 each arising from the subscription of 153,000 ordinary shares of RM1.00 under the Executive Share Option Scheme ("ESOS") at the option price of RM2.72 per share.

The cumulative participating preference shares have the following rights attached to them:

- (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 balance sheets and attending general meetings of the Company.
- (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 affect rights attached to the share;
  - (v) On a proposal to wind up the Company; and
  - (vi) During the winding up of the Company.

### General reserve

General reserve was transferred from retained profits in previous years.

# notes to the financial statements

31 DECEMBER 2008

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## 15. CAPITAL AND RESERVES (CONT'D)

### Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

### Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained profits.

### Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient credit under Section 108 of the Income Tax Act, 1967 to frank RM476,616,000 (31.12.2007: ALL) of its distributable reserves at 31 December 2008 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six year transitional period on 31 December 2013, which ever is earlier.

The Company also has approximately RM141,369,000 (31.12.2007: RM69,483,000) of tax exempt income arising from tax waived income in 1999 and from incentives claimed under the Income Tax Act, 1967, Promotion of Investments Act, 1986 and Investment Incentive Act, 1968 available for distribution as tax exempt dividends subject to agreement by the Inland Revenue Board.

## 16. PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Trade</b>				
Trade payables	37,326	27,145	24,885	17,005
<b>Non-trade</b>				
Amount due to a subsidiary	-	-	8,005	3,018
Other payables	14,688	10,881	14,169	10,397
Accruals	13,651	5,430	5,708	2,799
	28,339	16,311	27,882	16,214
<b>Total</b>	<b>65,665</b>	<b>43,456</b>	<b>52,767</b>	<b>33,219</b>

The amount due to subsidiary is interest free, unsecured and under normal credit terms.

# notes to the financial statements

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## 17. BANK BORROWINGS

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Bankers' acceptance (unsecured)	4,587	-	-	-

The bank facilities of a subsidiary are subject to the fulfilment 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 banker's acceptance bears interest ranging from 3.6% to 4.9% per annum.

## 18. EMPLOYEE BENEFITS

### Share-based payments

The Group offers vested share options over ordinary shares to Executive Directors and eligible executives who are at least eighteen years of age and is an executive of the Group. A share option arrangement granted before 1 January 2005 exist. As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to this grant.

Movements in the number of share options held by employees are as follows:

	GROUP/COMPANY	
	31.12.2008 '000	31.12.2007 '000
Outstanding at 1 January 2008/1 July 2007	480	670
Granted	-	-
Exercised	(153)	(188)
Lapsed	(5)	(2)
Outstanding at 31 December	322	480

Details of share options exercised during the year/period:

Expiry date	4 August 2009	4 August 2009
Option price per ordinary share (RM)	2.72	2.72
Aggregate issue proceeds (RM'000)	416	516
Fair value at date of issue (RM'000)	579	740

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## 18. EMPLOYEE BENEFITS (CONT'D)

Terms of the options outstanding at 31 December 2008:

Expiry date	Option price	
	RM	Number
4 August 2009*	2.72	142,200
7 March 2011	2.97	<u>180,000</u>

\* The recognition and measurement principles in FRS 2 have not been applied to this grant as it was granted prior to the effective date of FRS 2.

The Group received proceeds of RM416,000 in respect of the 153,000 options exercised during the year ended 31 December 2008, RM153,000 was credited to share capital and RM263,000 was credited to share premium.

At an Extraordinary General Meeting held on 25 February 2003, the existing option holders and shareholders approved the extension of the duration of the scheme for another 5 years from 8 March 2006 to 7 March 2011.

As disclosed in Note 31(b), the conditional take-over offer from Hartwell Pte. Ltd. had been declared unconditional on 6 January 2009. Any remaining options under the ESOS that are not exercised within the period of 6 months effective from this date shall lapse and thereafter be null and void.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

Fair value of share options and assumptions	On 14 February 2007
Fair value at grant date	RM0.18
Weighted average share price	RM3.11
Exercise price	RM2.97
Expected volatility	18.0%
Option life	2 years
Expected dividends	2.75%
Risk-free interest rate (based on Malaysian government bonds)	<u>3.63%</u>

	GROUP/COMPANY	
	31.12.2008	31.12.2007
	RM'000	RM'000

### Employee expenses

Total expenses recognised as share-based payments for share options granted in 2007

17

37

# notes to the financial statements

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## 19. REVENUE

Revenue represents the net invoiced value of cement and related products, net of commission and fresh fruit bunches sold, less returns and rebates.

## 20. OPERATING PROFIT

	Note	GROUP		COMPANY	
		Year ended	6-month period ended	Year ended	6-month period ended
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000

### Operating profit is arrived at:

After charging:

Auditors' remuneration:

- Statutory audit by KPMG					
- current year		67	43	46	33
- overprovision in previous year		1	-	-	-
- Other services by KPMG		24	15	24	15
Allowance for doubtful debts		545	-	545	-
Amortisation of intangible assets	4	387	187	387	187
Amortisation of prepaid lease payments	5	102	52	102	52
Depreciation of property, plant and equipment	3	45,006	20,781	42,754	20,250
Interest expense		157	15	-	-
Loss on disposal of property, plant and equipment		6	-	6	-
Personnel expenses (including key management personnel):					
- Contribution to Employees Provident Fund		2,452	1,300	2,058	1,187
- share-based payments		17	37	17	37
- wages, salaries and others		28,544	10,982	21,512	9,391
Plant and equipment written off		1	-	1	-
Rental of machinery		936	429	936	429
Rental of premises		1,070	-	78	-

## notes to the financial statements

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### 20. OPERATING PROFIT (CONT'D)

	Note	GROUP		COMPANY	
		Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000
and after crediting:					
Bad debts recovered		2,535	265	2,531	258
Gain on disposal of investments		-	498	-	498
Gain on disposal of property, plant and equipment		161	82	-	-
Gain on foreign exchange		262	-	262	-
Gross dividends received from associates					
- unquoted	10	-	-	-	65,520
Gross dividends received from investments					
- quoted in Malaysia		81	13	81	13
Rental income		1,202	494	1,202	494
Rental of equipment		-	2	-	-

### 21. KEY MANAGEMENT PERSONNEL COMPENSATION

	GROUP		COMPANY	
	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000
Directors:				
- Fees - non-executive directors	356	197	356	197
- executive directors	40	20	40	20
- Salaries - executive directors	528	252	528	252
- Bonuses and allowances - executive directors	190	116	190	116
- Share-based payments - executive director	17	37	17	37
Total short-term employee benefits	1,131	622	1,131	622
Other key management personnel:				
- Short term employee benefits	1,895	559	1,477	510
	3,026	1,181	2,608	1,132

# notes to the financial statements

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(cont'd)

## 21. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The estimated monetary value of Directors' benefits-in-kind is RM117,726 (31.12.2007: RM28,316).

## 22. TAX EXPENSE

	GROUP		COMPANY	
	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000

### Recognised in the income statement

#### Current tax expense

Current year/period	11,835	2,237	10,057	19,405
Prior year	36	14	-	14
	11,871	2,251	10,057	19,419

#### Deferred tax expense

Origination and reversal of temporary differences	12,208	7,344	11,079	7,140
Effect of changes in tax rate	(519)	(1,443)	(464)	(1,435)
	11,689	5,901	10,615	5,705

#### Tax expense

Share of tax on equity accounted associates	3,193	1,713	-	-
Total tax expense recognised	26,753	9,865	20,672	25,124

The Group and the Company has unabsorbed reinvestment allowances amounting to RM152,416,000 (31.12.2007: RM218,400,000), subject to agreement by the Inland Revenue Board.

	Year ended 31.12.2008 %	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 %	6-month period ended 31.12.2007 RM'000
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### Reconciliation of effective tax rate/expense:

#### GROUP

Profit for the year/period		75,052		37,451
Total tax expense		26,753		9,865
Profit before taxation	100	101,805	100	47,316



## notes to the financial statements

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### 22. TAX EXPENSE (CONT'D)

	Year ended 31.12.2008 %	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 %	6-month period ended 31.12.2007 RM'000
Income tax using Malaysian tax rate	26.0	26,469	26.0	12,302
Effect of change in tax rate *	(1.0)	(517)	(3.0)	(1,962)
Recognition of previously unrecognised deferred tax	(1.0)	(854)	-	-
Non-deductible expenses	2.0	1,911	1.0	318
Non-taxable income	-	(50)	-	(130)
Other items	(1.0)	(752)	(6.0)	(670)
Under provision in prior years	1.0	546	-	7
<b>Tax expense</b>	<b>26.0</b>	<b>26,753</b>	<b>18.0</b>	<b>9,865</b>
<b>COMPANY</b>				
Profit before taxation	100	80,978	100	103,641
Income tax using Malaysian tax rate	26.0	21,054	26.0	26,948
Effect of change in tax rate*	(0.6)	(462)	(1.0)	(1,435)
Non-deductible expenses	2.2	1,759	-	360
Non-taxable income	-	-	-	(130)
Recognition of previously unrecognised deferred tax	(1.1)	(913)	-	-
Other items	(0.9)	(766)	(1.0)	(633)
Under provision in prior years	-	-	-	14
<b>Tax expense</b>	<b>25.6</b>	<b>20,672</b>	<b>24.0</b>	<b>25,124</b>

\* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

### 23. EARNINGS PER SHARE

#### *Basic earnings per share*

The earnings per share is calculated by dividing the Group's profit after taxation of RM75,052,000 (31.12.2007: RM37,451,000) and the Company's profit after taxation of RM60,306,000 (31.12.2007: RM78,517,000) and deducting preference dividend of RM22,000 (31.12.2007: RM22,000) and the proportion of profit attributable to preference shareholders of RM203,000 (31.12.2007: RM101,000) for the Group and RM163,000 (31.12.2007: RM212,000) for the Company by the weighted average number of ordinary shares in issue during the year/period of 184,480,000 (31.12.2007: 184,407,000).

# notes to the financial statements

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## 23. EARNINGS PER SHARE (CONT'D)

### *Diluted earnings per share*

The diluted earnings per share is calculated by dividing the Group's profit after taxation of RM75,052,000 and the Company's profit after taxation of RM60,306,000 and deducting preference dividend of RM22,000 and the proportion of profit attributable to preference shareholders of RM203,000 for the Group and RM163,000 for the Company by the weighted average number of ordinary shares (diluted) during the year of 184,567,000 as calculated below:

Weighted average number of ordinary shares as above	184,480,000
Effect of share options	87,000
Weighted average number of ordinary shares (diluted)	<u>184,567,000</u>

## 24. DIVIDENDS

Dividends recognised in the previous financial period by the Company are:

	Sen per share (Net of tax)	Total amount RM'000	Date of payment
<b>31.12.2007</b>			
Final 30.6.2007 ordinary	5.18	9,554	14.12.2007
Final 30.6.2007 preference	4.44	22	14.12.2007
Final 30.6.2007 cumulative participating preference	5.18	<u>26</u>	14.12.2007
Total amount		<u>9,602</u>	

After the balance sheet date the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share (Net of tax)	Total amount RM'000
Final ordinary shares	7.50	13,844
Final preference shares	4.50	23
Final cumulative participating preference shares	7.50	<u>38</u>
Total amount		<u>13,905</u>

# notes to the financial statements

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## 25. NOTES TO THE CASH FLOW STATEMENTS

	GROUP		COMPANY	
	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000	Year ended 31.12.2008 RM'000	6-month period ended 31.12.2007 RM'000
Profit before tax	98,612	45,603	80,978	103,641
Adjustments for:				
Amortisation of intangible assets	387	187	387	187
Amortisation of prepaid lease payments	102	52	102	52
Depreciation of property, plant and equipment	45,006	20,781	42,754	20,250
Dividend income	(81)	(13)	(81)	(65,533)
Gain on disposal of quoted investments	-	(498)	-	(498)
(Gain)/Loss on disposal of property, plant and equipment	(179)	(82)	6	-
Interest income	(8,068)	(3,684)	(7,957)	(3,651)
Finance costs	157	15	-	-
Plant and equipment written off	1	-	1	-
Profit retained in associates	(7,133)	(4,876)	-	-
Share-based payments	17	37	17	37
	30,209	11,919	35,229	(49,156)
Operating profit before changes in working capital	128,821	57,522	116,207	54,485
Changes in receivables, deposits and prepayments	(13,590)	(12,572)	(4,053)	(9,518)
Changes in inventories	(54,765)	(10,388)	(53,433)	(10,177)
Changes in payables	22,209	(2,064)	17,223	(7,182)
Cash generated from operations	82,675	32,498	75,944	27,608
Interest received	8,068	3,684	7,957	3,651
Taxation paid	(12,726)	(1,465)	(10,889)	(1,019)
Finance costs	(157)	(15)	-	-
	(4,815)	2,204	(2,932)	2,632
Net cash from operating activities	77,860	34,702	73,012	30,240

## notes to the financial statements

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### 26. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Capital expenditure commitments</b>				
<b>Plant and equipment</b>				
Contracted but not provided for and payable	14,672	21,670	14,672	21,670
Authorised but not contracted for	3,211	450	3,211	450
	<u>17,883</u>	<u>22,120</u>	<u>17,883</u>	<u>22,120</u>

### 27. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

#### *Related party transactions*

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

	GROUP Transactions amount for the year ended RM'000	COMPANY Transactions amount for the year ended RM'000	Gross balance outstanding at RM'000	Net balance outstanding at RM'000
<b>31.12.2008</b>				
<b>Subsidiaries</b>				
Sales of cement	-	77,202	30,670	27,927
<b>Related companies</b>				
Maintenance fees for company register	18	18	3	3
Maintenance fees - Administering company's (ESOS)	18	18	5	5
Management fees	140	-	140	140
Plant rental for Petaling Jaya	305	-	-	-
Corporate office rental	78	78	-	-
Sales of cement	<u>41,718</u>	<u>41,718</u>	<u>6,509</u>	<u>6,372</u>

## notes to the financial statements

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### 27. RELATED PARTIES (CONT'D)

#### Related party transactions (cont'd)

	GROUP Transactions amount for the year ended RM'000	COMPANY Transactions amount for the year ended RM'000	Gross balance outstanding at RM'000	Net balance outstanding at RM'000
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#### 31.12.2008 (cont'd)

##### Associated companies

Sales of clinker	1,183	1,183	1,183	1,183
Sales of cement	7,044	7,044	1,142	1,142

##### Company in which a Director is deemed to have interest

Sale of concrete	4,937	-	1,835	1,835
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	GROUP Transactions amount for 6-month period ended RM'000	COMPANY Transactions amount for 6-month period ended RM'000	Gross balance outstanding at RM'000	Net balance outstanding at RM'000
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#### 31.12.2007

##### Subsidiaries

Sales of cement	-	21,078	15,986	13,258
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##### Related companies

Raw coal freight	1,293	1,293	137	137
Raw coal handling charges	743	743	-	-
Gypsum freight	422	422	24	24
Clinker freight and handling charges	2,084	2,084	-	-
Cement freight	3,853	3,853	1,531	1,531
	8,395	8,395	1,692	1,692
Less: Stacking charges	(46)	(46)	-	-
	8,349	8,349	1,692	1,692
Rental of Lumut jetty	391	391	-	-
Rental of office lot	25	25	-	-
Fire, Group personal accident, cargo public liability, motor vehicle, electrical equipment, cash-in-transit, erection all risk, etc.	61	61	-	-
Security service	38	38	38	38
Maintenance fees for company register	9	9	4	4
Maintenance fees - Administering company's (ESOS)	9	9	5	5
Plant rental for Petaling Jaya	144	-	-	-
Sales of cement	28,873	28,873	6,692	6,357

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## 27. RELATED PARTIES (CONT'D)

### Related party transactions (cont'd)

	GROUP Transactions amount for 6-month period ended RM'000	COMPANY Transactions amount for 6-month period ended RM'000	Gross balance outstanding at RM'000	Net balance outstanding at RM'000
<b>Associated companies</b>				
Sales of clinker	928	928	-	-
Sales of cement	10,640	10,640	-	-

The above transactions have been entered in the normal course of business and have been negotiated on arms length basis.

## 28. DIRECTORS' REMUNERATION

Directors' remuneration for the year ended 31 December 2008 in successive bands of RM50,000 are as follows:

Directors' remuneration	Number of Directors			
	Executive directors	Non- executive directors	Total Year ended 31.12.2008	Total 6-month period ended 31.12.2007
RM0 to RM50,000	-	3	3	6
RM50,001 to RM100,000	-	3	3	1
RM100,001 to RM150,000	1	-	1	-
RM150,001 to RM200,000	-	-	-	-
RM200,001 to RM250,000	-	-	-	-
RM250,001 to RM300,000	-	-	-	-
RM300,001 to RM350,000	-	-	-	1
RM350,001 to RM400,000	-	-	-	-
RM400,001 to RM450,000	-	-	-	-
RM450,001 to RM500,000	-	-	-	-
RM500,001 to RM550,000	-	-	-	-
RM550,001 to RM600,000	-	-	-	-
RM600,001 to RM650,000	1	-	1	-
	2	6	8	8

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## 29. SEGMENTAL INFORMATION

No segmental information is disclosed as the Group engages mainly in the manufacture and sale of cement and related products in Malaysia.

## 30. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

Exposure to credit, currency and interest rate risks arises in the normal course of the Group's and 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 and the Company's policy guidelines are adhered to.

### *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 over a certain amount.

At balance sheet 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 balance sheet.

### *Foreign exchange risk*

The Group and the Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk is primarily US Dollar and Euro.

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

### *Interest rate risk*

The Group and Company are exposed to interest rate risk in respect of their short term deposits with licensed banks and financial institutions and the floating rate borrowings. 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.

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## 30. FINANCIAL INSTRUMENTS (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 balance sheet date and the periods in which they mature, or if earlier, reprice.

	Effective interest rate %	Total RM'000	Within 1 year RM'000
<b>GROUP</b>			
<b>31.12.2008</b>			
<b>Fixed rate instruments</b>			
Short term deposits with licensed banks and financial institutions	2.0 - 3.7	247,380	247,380
Bankers' acceptances	3.6 - 4.9	4,587	4,587
<b>31.12.2007</b>			
<b>Fixed rate instrument</b>			
Short term deposits with licensed banks and financial institutions	3.0 - 5.0	205,270	205,270
<b>COMPANY</b>			
<b>31.12.2008</b>			
<b>Fixed rate instrument</b>			
Short term deposits with licensed banks and financial institutions	3.0 - 3.7	244,048	244,048
<b>31.12.2007</b>			
<b>Fixed rate instrument</b>			
Short term deposits with licensed banks and financial institutions	3.4 - 5.0	205,270	205,270

### **Fair value**

#### *Recognised financial instruments*

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and amount due from subsidiary and associated companies, approximate fair values due to the relatively short term nature of these financial instruments.



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## 30. FINANCIAL INSTRUMENTS (CONT'D)

### *Unrecognised financial instruments*

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount of financial instruments not recognised in the balance sheet as at 31 December are:

	GROUP/COMPANY	
	31.12.2008	31.12.2007
	RM'000	RM'000
Forward foreign exchange contracts	-	4,221

All the above forward foreign exchange contracts mature within 1 year.

The fair value of the forward foreign exchange contract is RM NIL (31.12.2007: RM15,560).

## 31. SIGNIFICANT EVENTS

- (a) On 28 April 2008, the Company entered into a Sale and Purchase Agreement ("Principal Agreement") with Hong Leong Asia Ltd ("HLA") to acquire all of HLA's building material business and HL Karimun Granite Pte Ltd for a total consideration of SGD323.5 million (equivalent to RM751.361 million) to be satisfied through the issuance of 212.249 million new ordinary shares of RM1.00 each at an issue price of RM3.54 per new ordinary share after adjustment of a proposed special dividend. The Principal Agreement was amended by the Supplementary Agreements dated 30 June 2008 and 22 August 2008 for the purchase by the Company of all of the HLA's Group building material business for an aggregate consideration of SGD288.1 million to be satisfied by the issue and allotment of HLA of approximately 180.54 million fully paid-up Ordinary Shares of the Company and a cash consideration of RM30.0 million at an issue price of RM3.54 (net of special dividend) ("Proposals").

On 25 November 2008, the Company and HLA entered into a termination agreement to mutually terminate the Principal Agreement dated 28 April 2008 as amended by the Supplementary Agreements dated 30 June 2008 and 22 August 2008 relating to the Proposals.

The Board of Directors of the Company and HLA and mutually agreed not to proceed with the Proposals as some of the conditions precedent of the Agreement had not been fulfilled by 1 December 2008, being the cut-off date provided for in the Agreement.

- (b) On 27 November 2008, the Company received a notice of conditional take-over offer ("Offer") from Hartwell Pte. Ltd., ("Hartwell") a wholly owned subsidiary of HLA to acquire:
- (i) the remaining ordinary shares of the Company which are not already held by Hartwell, HLA and certain subsidiaries of HLA;

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## 31. SIGNIFICANT EVENTS (CONT'D)

- (ii) any new ordinary shares that may be issued and allotted by the Company before the close of the Offer, arising from the exercise of option granted by the Company under ESOS; and.
- (iii) the remaining 6% cumulative participating preference shares of RM1.00 each in the Company which are not already held by Hartwell, HLA and certain subsidiaries of HLA

(collectively referred to as "Offer Shares"), at an offer price of RM3.80 for each Offer Share to be satisfied by cash.

On 6 January 2009, with the level of acceptances of the Offer for the remaining offer shares had been reached, the Offer had been declared unconditional as to further acceptances and closed on 20 January 2009.

(c) During the year, the following companies were incorporated:

- (i) Tasek Industries Sdn Bhd was incorporated on 18 April 2008, a wholly-owned subsidiary of the Company, with paid-up share capital of RM100,000 ordinary shares of RM1.00 each.
- (ii) Tasek Holdings Pte Ltd, a wholly owned subsidiary of the Company was incorporated in Singapore on 25 July 2008, with a paid-up share capital of S\$1.00.

## 32. SUBSEQUENT EVENTS

On 21 January 2009, Tasek Property Holdings Sdn Bhd, a subsidiary of the Company entered into a conformed Joint Venture Agreement with two other parties for a proposed future development of approximately 7.4 acres of a commercial site.

On 27 February 2009, the Company has accepted a proposal from:

- (i) an existing shareholder of Cement Industries (Sabah) Sdn Bhd ("CIS") to purchase the Company's investment of 30% equity interest comprising 8.4 million ordinary shares of RM1.00 each in CIS for a cash consideration of RM92.0 million including the right on the balance dividend due and payable; and
- (ii) an existing shareholder of Padu-Wangsa Sdn Bhd ("PWSB") to purchase the Company's investment of 29% equity interest comprising 11,992,209 ordinary shares of RM1.00 each in PWSB for a cash consideration of RM12.0 million.

# analysis of shareholdings

AS AT 10 MARCH 2009

## SHARE CAPITAL

Authorised Share Capital : RM300,000,000 comprising 299,500,000 Ordinary Shares of RM1.00 each and 500,000 6% Cumulative Participating Preference Shares of RM1.00 each

Issued and Paid-up Capital : RM185,402,600 comprising 184,902,600 Ordinary Shares of RM1.00 each and 500,000 6% Cumulative Participating Preference Shares of RM1.00 each

Class of Shares : 184,902,600 Ordinary Shares of RM1.00 each and 500,000 6% Cumulative Participating Preference Shares of RM1.00 each

Voting rights : 1 vote for every Ordinary Share  
1 vote for every 6% Cumulative Participating Preference Shares

## 6% CUMULATIVE PARTICIPATING PREFERENCE SHARES OF RM1.00 EACH

### Distribution Schedule of Shareholders

Size of Holdings	No. of		No. of Shares	
	Shareholders	%		%
Less than 100	1	4.35	93	0.02
100 – 1,000	5	21.74	1,291	0.26
1,001 – 10,000	9	39.13	27,920	5.58
10,001 – less than 5% of issued shares	2	8.69	38,000	7.60
5% and above of issued shares	6	26.09	432,696	86.54
	23	100.00	500,000	100.00

## 30 LARGEST 6% CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS AS AT 10 MARCH 2009

Name of Shareholders	No. of Shares	%
1. Cimsec Nominees (Asing) Sdn Bhd - Hartwell Pte. Ltd.	287,274	57.45
2. Mayban Securities Nominees (Asing) Sdn Bhd - UOB-Kay Hian Pte Ltd for Chua Geok Choo	35,000	7.00
3. Yeoh Ghim Cheow Holding Sdn Bhd	30,000	6.00
4. Tan Eng Han	27,059	5.41
5. Tan Seck Yeow	26,936	5.39
6. Chon Moi	26,427	5.28
7. Ewe Poh Kim	20,000	4.00
8. Hong Leong Asia Ltd.	18,000	3.60
9. Singapore Cement Industrial Company (Private) Limited	10,000	2.00
10. Tan Seck Chuan	3,200	0.64

# analysis of shareholdings

AS AT 10 MARCH 2009

(cont'd)

## 30 LARGEST 6% CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS AS AT 10 MARCH 2009 (CONT'D)

Name of Shareholders	No. of Shares	%
11. Tan Seck Kang	3,200	0.64
12. Tan Sek Thong	3,200	0.64
13. Tan Siak Hai	3,200	0.64
14. Peh Choon Leong	1,280	0.26
15. Tan Bee Choo	1,280	0.26
16. Tan Lay Hoon	1,280	0.26
17. Tan Poh Choo	1,280	0.26
18. Tan Eng Soon Holdings Sdn Bhd	405	0.08
19. Goh Geok Eng @ Tan Geok Eng	386	0.07
20. Koh Boon Lin	200	0.04
21. Ng Chan Fai	200	0.04
22. Sasitharan A/L A Mathavan	100	0.02
23. Wong Gek Keong	93	0.02
	500,000	100.00

## ORDINARY SHARES OF RM1.00 EACH

### Distribution Schedule of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	146	11.61	4,540	0.00
100 – 1,000	388	30.87	303,586	0.16
1,001 – 10,000	538	42.80	2,079,889	1.13
10,001 – 100,000	147	11.69	3,823,673	2.07
100,001 – less than 5% of issued shares	31	2.47	28,587,597	15.46
5% and above of issued shares	7	0.56	150,103,315	81.18
	1,257	100.00	184,902,600	100.00

## 30 LARGEST ORDINARY SHAREHOLDERS AS AT 10 MARCH 2009

Name of Shareholders	No. of Shares	%
1. Cimsec Nominees (Asing) Sdn Bhd - Pledged Securities Account for Hartwell Pte Ltd.	34,550,487	18.69
2. CIMB Nominees (Tempatan) Sdn Bhd - Hayford Holdings Sdn Bhd	29,543,814	15.98
3. Cimsec Nominees (Asing) Sdn Bhd - Exempt AN for CIMB-GK Securities Pte Ltd (Retail Clients)	25,503,988	13.79

# analysis of shareholdings

AS AT 10 MARCH 2009

(cont'd)

## 30 LARGEST ORDINARY SHAREHOLDERS AS AT 10 MARCH 2009

	Name of Shareholders	No. of Shares	%
4.	Hong Leong Asia Ltd.	17,213,525	9.31
5.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	15,816,000	8.55
6.	Cimsec Nominees (Asing) Sdn Bhd - Hartwell Pte. Ltd.	15,531,501	8.40
7.	Lembaga Tabung Haji	11,944,000	6.46
8.	Malaysia Nominees (Tempatan) Sendirian Berhad - Boon Siew Sdn Berhad (00-00198-000)	6,975,653	3.77
9.	Lydale Pte Ltd	6,496,561	3.51
10.	CIMB Nominees (Asing) Sdn Bhd - Lydale Pte Ltd	5,171,667	2.80
11.	HDM Nominees (Asing) Sdn Bhd - Lim & Tan Securities Pte Ltd for Jurong Cement Limited	1,718,000	0.93
12.	Mayban Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for The Employees' Provident Fund Board (250416)	968,700	0.52
13.	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Aberdeen Malaysia Equity Fund	961,000	0.52
14.	Jurong Cement Limited	770,017	0.42
15.	Amsec Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	712,000	0.38
16.	HSBC Nominees (Asing) Sdn Bhd - UBS AG Zurich for LGT Capital Management Ltd.	491,000	0.27
17.	Island Concrete (Private) Limited	390,000	0.21
18.	Quek Leng Chan	347,752	0.19
19.	Mayban Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Endowment Fund)	331,000	0.18
20.	Mayban Securities Nominees (Asing) Sdn Bhd - UOB-Kay Hian Pte Ltd for Chua Geok Choo	300,732	0.16
21.	Mayban Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan) (FD 1-280305)	278,700	0.15
22.	Goh Thong Beng	254,000	0.14
23.	KAF Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Lim Sin Hoon	250,000	0.14
24.	Sam Securities Sdn Berhad	218,884	0.12

# analysis of shareholdings

AS AT 10 MARCH 2009

(cont'd)

## 30 LARGEST ORDINARY SHAREHOLDERS AS AT 10 MARCH 2009 (CONT'D)

	Name of Shareholders	No. of Shares	%
25.	Amsec Nominees (Tempatan) Sdn Bhd - AmFraser Securities Pte Ltd for Tan Kah Lay (1922)	185,000	0.10
26.	Wong Yoon Chyuan	185,000	0.10
27.	Mayban Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Operating Fund)	180,000	0.10
28.	Nam San Sendirian Berhad	141,133	0.08
29.	Ong Swee Chan Sdn. Berhad	138,000	0.07
30.	Chan Kwai Peng	135,125	0.07
		177,703,239	96.11

## SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 10 March 2009:

	Name of Substantial Shareholders	No. of Shares	%
1.	Lydale Private Limited	11,668,228	6.33
2.	Lembaga Tabung Haji	11,944,000	6.46
3.	Amanah Raya Berhad – Skim Amanah Saham Bumiputera	15,816,000	8.55
4.	Hayford Holdings Sdn Bhd	29,543,814	15.98
5.	Hartwell Pte. Ltd.	75,429,644	40.79
6.	Hong Leong Asia Ltd.	134,302,811*	72.63
7.	Hong Leong Corporation Holdings Pte Ltd	134,302,811#	72.63
8.	Hong Leong Enterprises Pte. Ltd.	134,302,811#	72.63
9.	Davos Investment Holdings Private Limited	134,302,811#	72.63
10.	Kwek Leng Kee	134,302,811#	72.63
11.	Quek Leng Chye	134,302,811#	72.63
12.	Hong Leong Investment Holdings Pte. Ltd.	134,302,811#	72.63
13.	Kwek Holdings Pte. Ltd.	134,302,811#	72.63
14.	Kwek Leng Beng	134,302,811#	72.63
15.	Tan Sri Quek Leng Chan	134,650,563@	72.82

### Notes:

\* Direct and deemed interest through CIMB Nominees (Tempatan) Sdn Bhd – Hayford Holdings Sdn Bhd, Island Concrete (Private) Limited (390,000 ordinary shares), Kiang Chiang Granite Quarry Company (Pte.) Limited (57,600 ordinary shares), CIMB Nominees (Asing) Sdn Bhd – Lydale Pte Ltd, Lydale Pte Ltd and CIMSEC Nominees (Asing) Sdn Bhd – Hartwell Pte. Ltd.

# Deemed interest through Hong Leong Asia Ltd., CIMB Nominees (Tempatan) Sdn Bhd – Hayford Holdings Sdn Bhd, Island Concrete (Private) Limited (390,000 ordinary shares), Kiang Chiang Quarry Company (Pte) Limited (57,600 ordinary shares), CIMB Nominees (Asing) Sdn Bhd – Lydale Pte Ltd, Lydale Pte Ltd and CIMSEC Nominees (Asing) Sdn Bhd – Hartwell Pte. Ltd.

@ Direct and deemed interest through Hong Leong Asia Ltd., CIMB Nominees (Tempatan) Sdn Bhd – Hayford Holdings Sdn Bhd, Island Concrete (Private) Limited (390,000 ordinary shares), Kiang Chiang Granite Quarry Company (Pte.) Limited (57,600 ordinary shares), CIMB Nominees (Asing) Sdn Bhd – Lydale Pte Ltd, Lydale Pte Ltd and CIMSEC Nominees (Asing) Sdn Bhd – Hartwell Pte. Ltd.

# list of properties held

BY THE GROUP AS AT 31 DECEMBER 2008

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition*
<b>A</b>	<b>Owned by Tasek Corporation Berhad</b>						
1	Lot 15667 (CT.15208) Chemor Mukim Ulu Kinta Perak	Freehold	97a 2r 35p	-	Agricultural/Clay extraction	391	1985
2	Lot 44409 (CT.25294) Tasek Mukim Ulu Kinta Perak	Freehold	9a 3r 16p	-	Agricultural/Future Development	857	1985
3	Lot 15030 (CT.3500) Tasek Mukim Ulu Kinta Perak	Freehold	2a 3r 21p	-	Agricultural/Storage Yard	276	1985
4	Lot 13777 (CT.8522) Tasek Mukim Ulu Kinta Perak	Freehold	8a 3r 28p	-	Agricultural/Future Development	840	1985
5	Lot 24861 (CT.5398) Tasek Mukim Ulu Kinta Perak	Freehold	3a 0r 20p	-	Agricultural/Future Development	184	1985
6	Lot 44410 (CT.25295) Tasek Mukim Ulu Kinta Perak	Freehold	9a 3r 12p	-	Agricultural/Storage Yard	1,069	1985
7	Lot 15033 (CT.15395) Tasek Mukim Ulu Kinta Perak	Freehold	3a 3r 24p	-	Agricultural/Storage Yard	357	1985
8	Lot 9112N/601 (G.8466) Jln Kuala Kangsar Mukim Ulu Kinta Perak	Freehold	26.81035a	-	Agricultural/Storage Yard	3,539	1985
9	Lot 16908 (G.8447) Tasek Mukim Ulu Kinta Perak	Freehold	4a 1r 19p	-	Agricultural/Future Development	177	1985
10	Lot 24863 (G.8449) Tasek Mukim Ulu Kinta Perak	Freehold	1.4085a	-	Agricultural/Future Development	120	1985
11	Lot 9114/233 (PN.2306) Jln Kuala Kangsar Mukim Ulu Kinta Perak	Freehold	18.13714a	-	Agricultural/Future Development	2,587	1985
12	Lot 208413/208414/15627 (CT.9378) Tasek Mukim Ulu Kinta Perak	Freehold	1.81322a	-	Agricultural/Future Development	196	1985
13	Lot 19899 (CT.11746) Tasek Mukim Ulu Kinta Perak	Freehold	5a 2r 32p	-	Agricultural/Storage Yard	496	1985
14	Lot 17127 (CT.10917) Tasek Mukim Ulu Kinta Perak	Freehold	3a 3r 29p	-	Agricultural/Future Development	360	1985
15	Lot 15032 (CT.9247) Tasek Mukim Ulu Kinta Perak	Freehold	3a 3r 27p	-	Agricultural/Future Development	369	1985
16	Lot 208410/208411/21354 (CT.14706) Tasek Mukim Ulu Kinta Perak	Freehold	3.0393a	-	Agricultural/Future Development	214	1985
17	Lot 44411 (CT.25296) Tasek Mukim Ulu Kinta Perak	Freehold	20a 1r 5p	-	Industrial/Future Development	3,094	1985

## list of properties held

BY THE GROUP AS AT 31 DECEMBER 2008

(cont'd)

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition*
18	Lot 43100 (CT.28442) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta Perak Factory Building	Freehold	5a 0r 0p	1 to 45	Industrial/Factory Site	1,151	1985
19	Lot 43101 (CT.28443) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta Perak Factory Building	Freehold	4a 3r 39p	-	Industrial/Factory Site	1,087	1985
20	Lot 22548 (CT.8990) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta Perak Factory Building	Freehold	2a 1r 39p	1 to 45	Industrial/Factory Site	866	1985
21	Lot 22547 (CT.8448) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta Perak Factory Building	Freehold	2a 1r 39p	1 to 45	Industrial/Factory Site	2,125	1985
22	Lot 14661 (CT.9236) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta Perak Factory Building	Freehold	4a 3r 33p	-	Industrial/Factory Site	1,402	1985
23	Lot 14662 (G.9002) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta Perak Factory Building	Freehold	8a 1r 36p	1 to 45	Industrial/Factory Site	2,315	1985
24	Lot 15029 (G.9245) Tasek Mukim Ulu Kinta Perak	Freehold	3a 0r 32p	-	Agricultural/Future Development	368	1985
25	Lot 14870 (G.8977) Tasek Mukim Ulu Kinta Perak	Freehold	4a 3r 5p	-	Agricultural/Future Development	576	1985
26	Lot 15031 (G.22300) Tasek Mukim Ulu Kinta Perak	Freehold	3.9242a	-	Agricultural/Future Development	366	1985
27	Lot 21989 (G.22303) Chemor Mukim Ulu Kinta Perak	Freehold	47a 3r 35p	-	Agricultural/Future Development	759	1985
28	Lot 1552 (MG.136) Sungai Buloh Mukim Gombak Selangor Factory Building	Freehold	2a 3r 20p	13	Bulk Terminal/Storage Packing	10,654	1995*
29	Lot 47435 (QT(R) 2/66) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta Perak Factory Building	Leasehold Expiring in 2062	29a 0r 0p	1 to 45	Industrial/Factory Site	77,040	1985



## list of properties held

BY THE GROUP AS AT 31 DECEMBER 2008

(cont'd)

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition*
30	Lot PT.59 (HS (D) 1865/83) Kampung Acheh Mukim Lumut Perak Store	Leasehold Expiring in 2082	25a 1r 24.8p	26	Industrial/Storage Yard & Jetty	1,812	1985
31	Lot 25065 (PT.160443 (HS(D) KA 83030)) Batu 3 1/2 Jln Kuala Kangsar Mukim Ulu Kinta Perak	Leasehold Expiring in 2030	38.77a	-	Limestone Quarry	196	1985
32	Lot 17177, 25227, 47432 PT.160403, 160402 & 160404 HS(D)KA 83028, 83027 & 83029 Batu 3 1/2 Jln Kuala Kangsar Mukim Ulu Kinta Perak	Leasehold Expiring in 2030	3.38a ) 24.93a) 17.22a)	-	Limestone Quarry	25	1985
<b>B Owned by Posek Pembangunan Sdn Berhad</b>							
1	Lot 399 (CT.MK1) Seberang Perai Mukim Perai Pulau Pinang	Freehold	2a 2r 4p	-	Vacant Land/Future Development	943	2001
<b>C Owned by Tasek Plantation Sdn Berhad</b>							
1	Lot 12397 (GT.15229) Chemor Mukim Ulu Kinta Perak	Freehold	144a 2r 19p	-	Agricultural/Future Development	1,139	2001
2	Lot 15474 (GT.9401) Chemor Mukim Ulu Kinta Perak	Freehold	15a 1r 2p	-	Agricultural/Future Development	124	2001
3	Lot 17286 (GT.10417) Chemor Mukim Ulu Kinta Perak	Freehold	9a 1r 13p	-	Agricultural	106	2001
4	Lot 19705 (GT.12138) Chemor Mukim Ulu Kinta Perak	Freehold	0a 2r 37p	-	Agricultural/Future Development	6	2001
5	Lot 34057 & 34059 (GT.14286) Chemor Mukim Ulu Kinta Perak	Freehold	237a 1r 12p	-	Agricultural	3,658	2001
6	Lot 34582 (GT.19216) Chemor Mukim Ulu Kinta Perak	Freehold	4a 2r 30p	-	Agricultural	52	2001
7	Lot 36233 (GT.16280) Chemor Mukim Ulu Kinta Perak	Freehold	579a 3r 0p	-	Agricultural/Future Development	4,425	2001

# notice of the 48th annual general meeting

**NOTICE IS HEREBY GIVEN** that the 48th Annual General Meeting of the Company will be held at Millennium 1, Lobby Level, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 28 April 2009 at 10:00 a.m. to transact the following business: -

## **AS ORDINARY BUSINESS:**

1. To receive the Audited Accounts together with the Directors' Report and Auditors' Report for the financial year ended 31 December 2008. **(Resolution 1 – Ordinary)**
2. To declare a final dividend of 10 sen per share less Malaysian income tax of 25% for the financial year ended 31 December 2008. **(Resolution 2 – Ordinary)**
3. To approve the increase and payment of Directors' fees totalling RM396,333.33 to be divided among the Directors in such manner as the Directors may determine (2007: RM216,500). **(Resolution 3 – Ordinary)**
4. To elect the following Director who was appointed during the year, retiring under Article 85 of the Articles of Association: -
  - (a) Dato' Khoo Peng Lai **(Resolution 4 – Ordinary)**
5. To re-elect the following Directors who retire by rotation under Article 94 of the Articles of Association: -
  - (a) Tan Keng Meng **(Resolution 5 – Ordinary)**
  - (b) Ting Sii Tien @ Yao Sik Tien **(Resolution 6 – Ordinary)**
6. To consider and, if thought fit, pass the following resolution: -
  - (a) "That Raja Dato' Seri Abdul Aziz bin Raja Salim who retires in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting". **(Resolution 7 – Ordinary)**
7. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8 – Ordinary)**

## **AS SPECIAL BUSINESS:**

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

## notice of the 48th annual general meeting (cont'd)

### Ordinary Resolution

#### (a) Authority to Directors To Issue Shares

(Resolution 9 – Ordinary)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue 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 pursuant to this resolution in any one financial year does not exceed 10% of the issued capital 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 Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

### Ordinary Resolution

#### (b) Proposed Renewal of Authority for the Purchase of Own Shares by the Company

(Resolution 10 – Ordinary)

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and requirements of Bursa Securities and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital subject to the following:-

1. the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up ordinary share capital 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 and/or the share premium account of the Company. As of 31 December 2008 the audited retained profits and share premium of the Company were RM378.87 million and RM135.12 million respectively;
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 in treasury; or
  - (iii) retain part of the Ordinary Shares so purchased as treasury Ordinary Shares and cancel the remainder;

the treasury Ordinary 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 listing requirements of Bursa Securities and any other relevant authority for the time being in force;

## notice of the 48th annual general meeting (cont'd)

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 Shares."

### Ordinary Resolution

#### (c) Proposed Shareholders' Mandate on Recurrent Related Party Transactions

(Resolution 11 – Ordinary)

"THAT the renewal of and new 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 a revenue or trading nature as set out in the Company's Circular to Shareholders dated 6 April 2009 ("the Circular") with any person who is a related party as described in the Circular be and is hereby approved 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 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) whichever is the earlier"

9. To transact any other business of which due notice shall have been received.

By Order of the Board  
**VINCENT CHOW POH JIN**  
**GO HOOI KOON**  
Company Secretaries  
Kuala Lumpur  
6 April 2009

## notice of the 48th annual general meeting (cont'd)

### Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. 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 must be deposited at the Registered Office of the Company, 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
- (4) **Resolution On Authority To Directors To Issue Shares**  
The Company is continuously looking into prospective areas to broaden its operating base and earnings potential. As the expansion/diversification 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 issued capital. In order 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 now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued shares capital of the Company for the time being for such purposes as they consider would be in the 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.
- (5) **Resolution On Proposed Renewal of Authority for the 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 the Purchase of Own Shares by the Company are set out in the Circular dated 6 April 2009 which is despatched together with the Company's Annual Report 2008.
- (6) **Resolution on Proposed Shareholders' Mandate on Recurrent Related Party Transactions**  
The approval for renewal of and new 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 6 April 2009 which is despatched together with the Company's Annual Report 2008.

# statement accompanying notice of 48th annual general meeting

Directors standing for re-election at the 48th Annual General Meeting of the Company.

Director's retiring by rotation under Article 85 of the Articles of Association and standing for election is:

- a) Dato' Khoo Peng Lai

Directors' retiring by rotation under Article 94 of the Articles of Association and standing for re-election are:

- a) Tan Keng Meng; and
- b) Ting Sii Tien @ Yao Sik Tien

Director over seventy years of age, retiring under Section under Section 129 of the Companies Act, 1965 and standing for re-appointment is:

- a) Raja Dato' Seri Abdul Aziz bin Raja Salim

Further details of Dato' Khoo Peng Lai, Tan Keng Meng, Ting Sii Tien @ Yao Sik Tien and Raja Dato' Seri Abdul Aziz bin Raja Salim are set out in the Profile of Directors on pages 4 to 5 of the Annual Report.

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I/We, \_\_\_\_\_  
(BLOCK LETTERS)

of \_\_\_\_\_

being a member of Tasek Corporation Berhad, hereby appoint \_\_\_\_\_

\_\_\_\_\_ or failing him

\_\_\_\_\_ as my/our

proxy to attend and to vote for me/us on my/our behalf at the 48th Annual General Meeting of the Company to be held in Kuala Lumpur on Tuesday, 28 April 2009 at 10.00 a.m. or at any adjournment thereof.

My/Our Proxy is to vote as indicated below :-

RESOLUTIONS		FOR	AGAINST
	Ordinary Business		
1	To receive the Accounts and Reports for the year ended 31 December 2008		
2	To declare a Final Dividend of 10% per share less income tax of 25%		
3	To approve the increase and payment of Directors' fees		
4	To elect Dato' Khoo Peng Lai, who was appointed during the year, retiring under Article 85 of the Articles of Association		
	To re-elect the following Directors who retire by rotation under Article 94 of the Articles of Association:-		
5	Tan Keng Meng		
6	Ting Sii Tien @ Yao Sik Tien		
7	To re-appoint the Raja Dato' Seri Abdul Aziz bin Raja Salim under Section 129 of the Companies Act, 1965		
8	To re-appoint Messrs. KPMG as Auditors & authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
	To approve the following ordinary resolutions:-		
9	Authority to Directors to Issue Shares (Ordinary)		
10	Renewal of authority for the Purchase of Own Shares by the Company (Ordinary)		
11	Mandate on Recurrent Related Party Transactions (Ordinary)		

(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).

Number of Shares Held	
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Date \_\_\_\_\_ 2009

\_\_\_\_\_  
Signature of Shareholder

Notes

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. 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 must be deposited at the Registered Office of the Company, 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

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AFFIX  
STAMP  
HERE

THE COMPANY SECRETARY  
**TASEK CORPORATION BERHAD**  
6th Floor, Office Block  
Grand Millennium Kuala Lumpur  
160 Jalan Bukit Bintang  
55100 Kuala Lumpur

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