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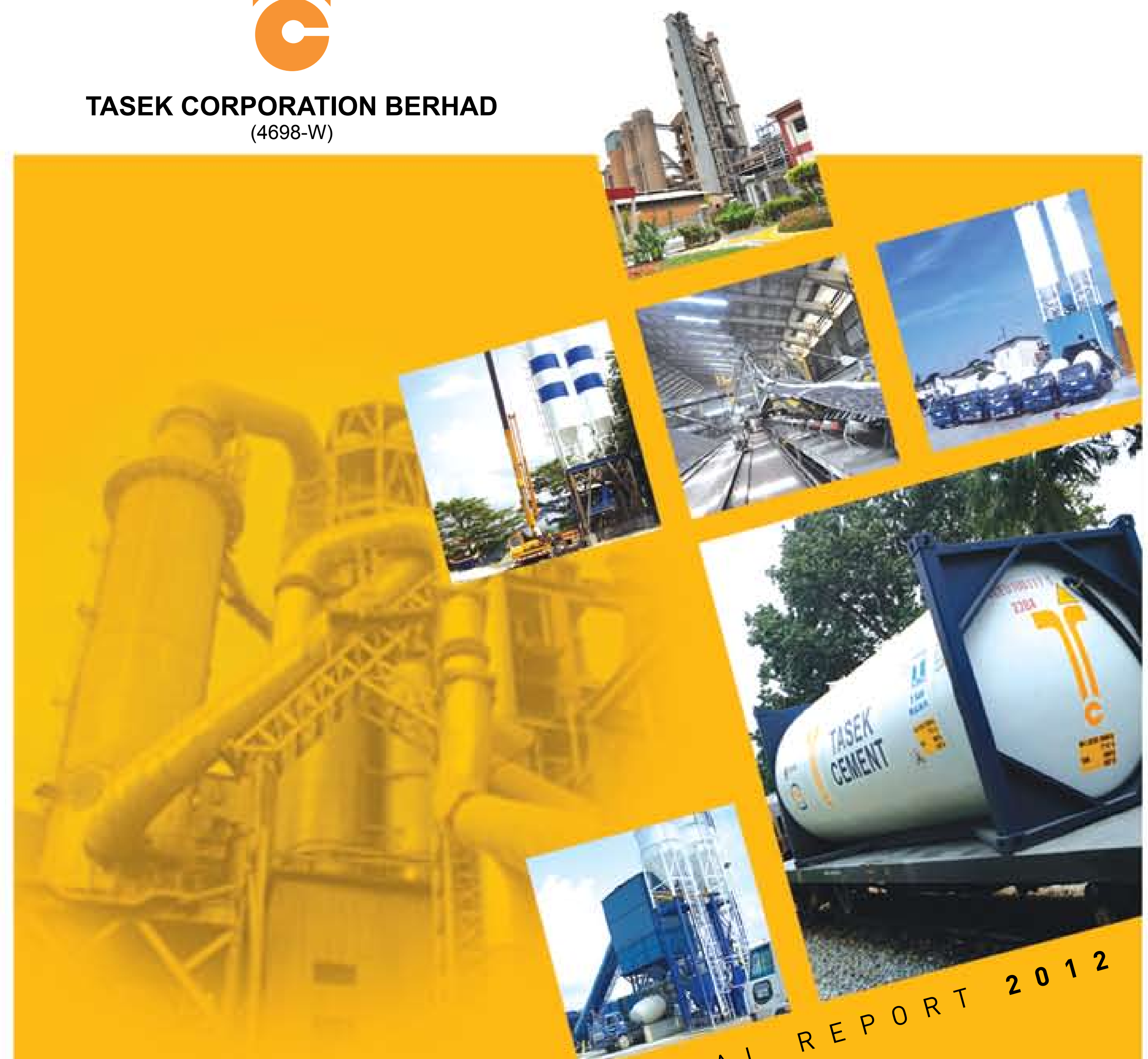
TASEK CORPORATION BERHAD (4698-W) • ANNUAL REPORT 2012

TASEK CORPORATION BERHAD
(4698-W)



ANNUAL REPORT 2012

ENVISIONING CONTINUOUS **GROWTH**

CORPORATE RESPONSIBILITY

THE BURSARY 2011/2012 INITIATIVE

On 12th June, 2012, staff of Tasek Corporation Berhad (TCB) visited students at Sekolah Rendah Jalan Tasek, Sekolah Rendah Jenis Kebangsaan Cina Chung Tack and Sekolah Rendah Jenis Kebangsaan Tamil Kg Simee for the second Bursary disbursement. The objective of this event is to appraise the students, their financial condition, academic progress, co-curriculum interest and welfare.

Positive feedback received from teachers from all the three schools is that the Bursary program really helped the students. Students also showed their gratitude for the financial assistance given and it was also mentioned that they really hoped Tasek Corporation Berhad will continue with its Bursary program in future.

Tasek Corporation Berhad believes that even small efforts put in will make a difference in people's lives.

Sekolah Rendah Jenis Kebangsaan Cina Chung Tack

Sekolah Rendah Jenis Kebangsaan Tamil Kg Simee

Sekolah Rendah Jalan Tasek

1ST MAY, 2012 LABOUR DAY CHARITY VISIT

It is a tradition for Tasek Corporation Berhad (TCB) to give and share happiness to the less fortunate during Labour Day. Once again on 1st May, 2012, delegates from the company comprising Management and TCB's Union Committee team visited Sekolah Semangat Maju Tasek, Asrama Anak-Anak Yatim Ar-Raudhah Chepor, Good Shepherd Family Home Silibin and Rumah Sejahtera Jelapang.

All homes visited received donations of food and daily essential items. On that day as well, TCB's delegates spent time with residents of the Homes. For the donation recipients, a visit like this not only brings them joy but also brighten their days as some of them have neither families nor friends.

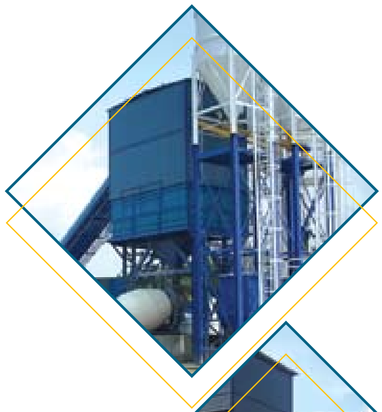
This year's charity program marks another successful event not only through the amount given but also the feeling shared among all the TCB's delegates and the people at the Homes visited.

Sekolah Semangat Maju, Kg Tawas

Good Shepherd Family Home, Silibin

Rumah Sejahtera Jelapang

Asrama Anak-Anak Yatim Ar-Raudhah, Chepor



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- Kwek Leng Peck *(Chairman)*
- Ting Sii Tien @ Yao Sik Tien
- Dato' Chong Pah Aung
- Wan Mohd Shukri bin Ariffin
- Kwek Kon Chun
- Lim Eng Khoon
- Yuen Kin Pheng *(resigned on 14 January 2013)*
- Spencer Lee Tien Chye *(appointed on 1 March 2013)*

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

- Lim Eng Khoon *(Chairman)*
- Dato' Chong Pah Aung
- Wan Mohd Shukri bin Ariffin

REMUNERATION AND NOMINATION COMMITTEE

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

COMPANY SECRETARIES

- Chow Poh Jin
- Go Hooi Koon

AUDITORS

Ernst & Young

DOMICILE AND LEGAL FORM

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

REGISTRAR

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

CORPORATE OFFICE AND REGISTERED OFFICE

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

PLANT

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

DISTRIBUTION TERMINAL

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

Financial Highlights

	Year Ended 31.12.2012 RM'000	Year Ended 31.12.2011 RM'000	% Change
FINANCIAL DATA			
Revenue	564,540	566,185	-0.3
Profit before Taxation	119,319	132,291	-9.8
Net Assets	952,775	981,852	-3.0
Total Assets	1,064,124	1,111,305	-4.2
Capital Expenditure	30,645	42,740	-28.3
Depreciation and Amortisation	42,988	43,458	-1.1
Profit before Taxation as a percentage of Revenue	21.1%	23.4%	-9.5
Net Return on Capital Employed	9.6%	10.5%	-8.2
Earnings per Share (sen)	75.50	83.20	-9.3
Total Dividends (incl. Preference Dividend)	100,331	93,071	7.8
Dividend Rate (excl. Preference Dividend)	110.0%	100.0%	10.0
Net Asset per Share	RM7.69	RM7.92	-2.9

FINANCIAL CALENDAR	
Financial Year End	31 December
Announcement of 1st Quarter Results	30 April 2012
Announcement of 2nd Quarter Results	26 July 2012
Announcement of 3rd Quarter Results	25 October 2012
Announcement of 4th Quarter Results	18 February 2013
Issue of Annual Report for the Year Ended 31.12.2012	5 April 2013
Annual General Meeting	29 April 2013
Closing of Record of Depositors for Final and Special Dividend	15 May 2013
Date of Payment of Final and Special Dividend	31 May 2013

Directors' Profile

KWEK LENG PECK
(Age 56, Singaporean)
Chairman, Non-Executive

Mr. Kwek was appointed as a director of the Company on 4 June 1984. He was elected as Chairman of the Board of Directors on 28 April 2009. He is also Chairman of the Remuneration and Nomination Committee.

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

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

TING SII TIEN @ YAO SIK TIEN
(Age 58, Malaysian)
Executive Director / Group Chief Executive Officer

Mr. Ting was appointed as a director of the Company on 10 June 2005. He was re-designated as Executive Director on 18 November 2010. He assumed the position of Acting Group Chief Executive Officer of Tasek Corporation Berhad on 7 January 2011 and subsequently on 28 July 2011, was re-designated as Executive Director/Group Chief Executive Officer. He is a Chartered Accountant by profession and training; and he is an associate member of the Institute of Chartered Accountants in England and Wales. Presently he is also Director and Chief Executive Officer of Hong Leong Asia Ltd and 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.

Mr. Ting has direct interest of 0.04% or 50,000 ordinary shares in the Company.

Other Directorships:
He holds directorships within Tasek Corporation Berhad's group and is also a director of several companies within the Hong Leong Asia Ltd group.

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

DATO' CHONG PAH AUNG
(Age 58, Malaysian)
Director, Independent

Dato' P A Chong was appointed an independent director of the Company on 28 April 2009. He holds a Bachelor of Science degree in Estate Management. He is also a Fellow of The Royal Institution of Chartered Surveyors (FRICS); a Fellow of The Royal Institution of Surveyors Malaysia (FISM) and a Registered Valuation Surveyor and Estate Agent. He is a member of the Board Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

He joined C H Williams Talhar & Wong in 1981 and was appointed as Partner and Director in June 1989. He was subsequently appointed as Senior Executive Director in January 2004 until his retirement in April 2009. He remained as Consultant for C H Williams Talhar & Wong Sdn Bhd until 2 May 2012. Currently, he is the Managing Director of Compass Real Estate Sdn. Bhd.

Other Directorships:
Dato' P A Chong is a director of Malaysian Resources Corporation Berhad and several other private limited companies.

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

WAN MOHD SHUKRI BIN ARIFFIN
(Age 56, Malaysian)
Director, Independent

Mr. Wan Mohd Shukri was appointed an independent director of the Company on 28 April 2009. He holds a Diploma in Business Studies from University Technology Mara, a Bachelor of Science degree in Marketing from Syracuse University, New York and a Master's in Business Administration in International Management from Golden Gate University, San Francisco. He is a member of the Board Audit and Risk Management Committee.

He was previously a manager in Bumiputra Merchant Bankers Berhad; Director of Corporate Affairs and Human Resources in Bescorp Industries Berhad and Director and Audit Committee Member/Chairman of the Remuneration Committee in Bintai Kinden Corporation Berhad. Currently, he is the Chief Executive Officer of PMCare Sdn Bhd.

Other Directorships:
Mr. Wan Mohd Shukri is a director of BIB Insurance Brokers Sdn Bhd (a subsidiary of a public company) and several other private limited companies.

Mr. Wan Mohd Shukri attended all the four Board Meetings held during the financial year.

Directors' Profile
(cont'd.)

KWEK KON CHUN
(Age 34, Singaporean)
Director, Non-Executive

Mr. Kwek Kon Chun was appointed as a director of the Company on 11 November 2009. He holds a Master's in Electrical and Electronic Engineering with Management from the University of London (Imperial College of Science, Technology and Medicine).

Mr. Kwek is Vice President, Corporate Management of Hong Leong Asia Ltd. He oversees the Group's strategic management's initiatives and is responsible for the corporate development and management of business plans. Mr. Kwek also assists in overseeing some of the Group's overseas investments. Prior to that, he was with Credit Suisse First Boston Singapore in global foreign exchange and Salomon Smith Barney Singapore in investment banking.

He is the nephew of Mr. Kwek Leng Peck.

Other Directorships:
Mr. Kwek does not have any directorship in other public companies.

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

LIM ENG KHOON
(Age 70, Malaysian)
Director, Independent

Mr. Lim was appointed an independent director of the Company on 13 December 2010. He is Chairman of the Board Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

Mr. Lim is a Fellow of The Institute of Chartered Accountants in Australia and has more than 48 years of experience in Australia, Singapore and Malaysia in the public accounting sector and in commerce and industries. He was a Senior Manager with KPMG Peat Marwick, Financial Controller and Company Secretary of Cycle & Carriage Bintang Berhad and was an Executive Director of Tasek Corporation Berhad.

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

Other Directorships:
Mr. Lim does not have any directorship in other public companies.

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

SPENCER LEE TIEN CHYE
(Age 61, Malaysian)
Director, Independent

Mr. Lee was appointed an independent director of the Company on 1 March 2013.

He is a Fellow of the Institute of Chartered Accountants (England and Wales) and Member of the Malaysian Institute of Accountants. He has 37 years in the financial industry covering internal audit, regional office, retail/consumer banking, project management, information technology and international (including country head, Singapore) with the largest bank in Malaysia. He is also a Trustee of Maybank Foundation (Tabung Kebajikan Kumpulan Maybank).

Other Directorships:
Maybank (Cambodia) plc, PT Bank Internasional Indonesia Tbk and Boardroom Limited.

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 (excluding traffic offences) the past 10 years.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Tasek Corporation Berhad and its Group for the financial year ended 31 December 2012.

OVERVIEW OF THE INDUSTRY

For the year 2012, the domestic demand for cement in Peninsular Malaysia grew more than 5% from 2011. This was the result of increase in the domestic demand for cement arising from the growth in construction activities for the year which was driven mainly by the Malaysian government's infrastructure projects under its Economic Transformation Programme ("ETP") and private sector projects. The increase in demand was significantly felt in the second half partly due to the implementation of some of the packages of the Klang Valley MY Rapid Transit ("MRT") system under the ETP and the development of Iskandar Malaysia in the State of Johor. Together, the MRT system and the development of Iskandar Malaysia benefited the construction sector during the year.

We anticipate more roll out and implementation of the other packages for the MRT lines in addition to other projects under the ETP in 2013 and these will further benefit the country's overall construction sector. We also expect more contracts to be inked in 2013 to be spearheaded by projects like Wawasan Merdeka, the Tun Razak Exchange, the Klang Valley MRT 2 and Circle lines, the River of Life project and the planned development of government initiated land projects. Depending on the actual physical implementation of these projects, we forecast that the demand for cement will grow by about 5% in 2013. However, the Board is cautiously positive for growth of the construction sector in 2013, as the economic growth of Malaysia may be hindered if the long-running Eurozone debt crisis is not resolved or the United States of America does not emerge from its sluggish recovery or the slowdown of the emerging economies continues.

FINANCIAL PERFORMANCE

In 2012, the Group achieved a profit after tax of RM91.9 million on total revenue of RM564.5 million, a marginal decrease from the previous year's total revenue of RM566.2 million. The decrease in the Group's profit after tax compared to the previous year's profit after tax of RM103.6 million was due mainly to lower profit achieved for the last quarter of the year as compared to the first three quarters of the year where the Group performed well with profit after tax and revenue surpassing the quarters of previous year's corresponding period. Sales revenue for the last quarter was also adversely affected by intense competition and pricing from other manufacturers. In addition, deliveries of cement in the domestic market were hampered by the wet weather conditions encountered during the last quarter of the year. Production cost was higher during the same quarter due to downtime in production when the Company's cement plant underwent some major maintenance. Profitability of the Group was further affected by the ready-mixed concrete operations of the Company's subsidiary which reported an after tax loss of RM4.0 million for the year. The operating loss for the concrete segment was due to lower sales volume and higher cost of production resulting from the increased cost of sand and aggregates. Share of profit from the Company's associate which was significantly lower during the year further contributed to the Group's lower profit after tax compared to the previous year. The lower profit recorded for the year by the Company's associate was due to higher cost of raw materials with no corresponding increase in its selling price of cement.

Chairman's Statement
(cont'd.)

Despite the Group achieving a lower profit after tax for the year than the previous year, the Balance Sheet remains healthy with shareholders' funds of RM952. 8 million and cash reserves of RM465.6 million as at 31 December 2012. The Company has sufficient liquidity to support its capital expenditure and operations and the Board and Management will ensure the Company does so. Cement manufacturing will continue to be the core business and main contributor to the Group's revenue while the ready-mixed concrete business provides the Group with inroad into the construction sector. By vertically integrating the cement and ready-mix concrete business, it will enable the Group to capture a greater portion of the cement value chain. During the year, the Company paid a final dividend of 30 sen per share less Malaysian income tax of 25% and special dividend of 50 sen per share less Malaysian income tax of 25% to its shareholders of ordinary shares and preference shares on 15 June 2012 in respect of the financial year 2011.

DIVIDENDS

An interim dividend of 30 sen per share less Malaysian income tax of 25% was declared together with its announcement of the Group's financial results for the second quarter ended 30 June 2012. The interim dividend was paid to shareholders of ordinary shares and preference shares on 6 September 2012.

For the financial year ended 31 December, 2012, the Board has recommended a final dividend of 30 sen per share less Malaysian income tax of 25% and a special dividend of 60 sen per share less Malaysian income tax of 25%. Subject to approval of shareholders at the forthcoming Annual General Meeting, such dividend will be payable on 31 May 2012.

CHALLENGES AND PROSPECTS

The financial year 2013 will be more challenging than the previous year. The Board and Management are nevertheless cautiously optimistic and will endeavour to position the Company to weather any unexpected crisis. However, with the determination and decisiveness of the Board and its Management in knowing what they want to achieve for the financial year 2013 and where their goals lie, the challenges will be easier to manage. Maintaining profitability, strengthening the balance sheet, improving cash flow generation and maintaining financial flexibility are critical to the Group's future, and the Board and Management have continued to make good progress on these. The Board and Management will constantly look for ways to reduce costs and maximise the plant's operating efficiency. In a rapidly changing and challenging business environment, we will continually adapt the Group's operations to keep pace with such environment while ensuring cost effectiveness and right returns. Getting closer to our distributors and customers is central to the Group's future success. Management's initiatives, among others, in designing services aimed at grooming our distributors and customers as business partners have helped grow their business and more profitably.

The 13th Collective Agreement with the Cement Industry Employees' Union is in its third year and expires 30 June 2013. The Management enjoys good and cordial relationship with the Union and the Board is confident that the negotiation and conclusion for the 14th Collective Agreement will be completed in the same spirit of understanding and cooperation towards achieving the Company's goal and objectives mutually beneficial to both the Union members and the Company.

CHANGES IN BOARD OF DIRECTORS

Our non-independent non-executive Director, Mr. Yuen Kin Pheng resigned as a member of the Board on 14 January 2013 to attend to his family commitments. On behalf of the Board, I welcome Mr. Spencer Lee Tien Chye who joined the Board as an independent director on 1 March 2013. Mr. Wan Mohd Shukri bin Ariffin has indicated that he will not be standing for re-election as Director of the Company at the forthcoming Annual General Meeting. Together with the Board, I wish Mr. Yuen Kin Pheng and Mr. Wan Mohd Shukri bin Ariffin all the best in their future endeavours.

ACKNOWLEDGEMENT

On behalf of the Board and our Management team, I thank our employees, Union members, shareholders, distributors, customers, business partners, suppliers and transporters for their continuing support and confidence in us.

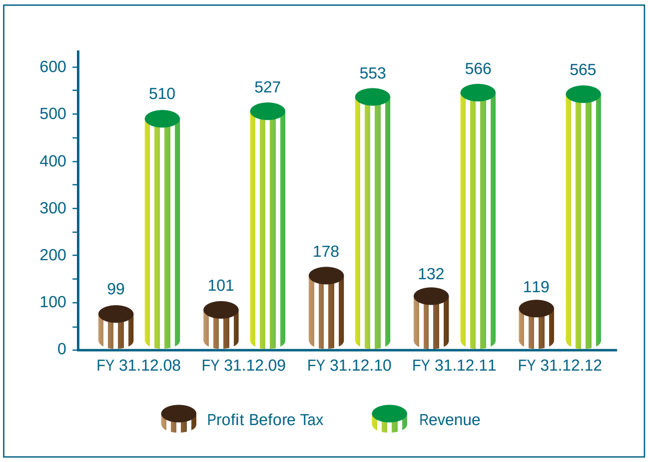
KWEK LENG PECK
Chairman
25 March 2013

5-Year Financial Summary

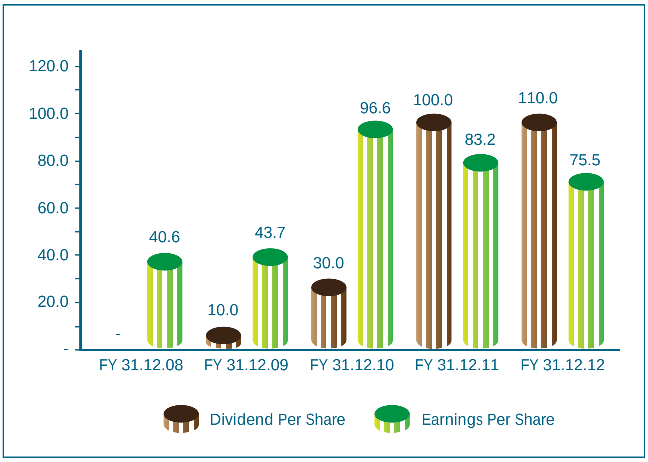
	Year ended 31.12.2012 RM'000	Year ended 31.12.2011 RM'000	Year ended 31.12.2010 RM'000	Year ended 31.12.2009 RM'000	Year ended 31.12.2008 RM'000
Share Capital	123,956	123,956	123,956	185,407	185,088
Reserves	828,819	857,896	847,809	736,589	669,123
Shareholders' Funds	**952,775**	**981,852**	**971,765**	**921,996**	**854,211**
Provision for restoration costs	1,044	998	908	-	-
Deferred Taxation Liabilities	34,085	34,940	28,516	16,116	7,285
	987,904	1,017,790	1,001,189	938,112	861,496
Property, Plant & Equipment	334,481	348,886	350,861	366,922	376,968
Intangibles	1,352	1,254	898	755	827
Prepaid Lease Payments	22	27	32	37	42
Investment in Associates	95,489	90,793	78,097	56,316	41,036
Investment in Joint Venture	-	55	6	6	-
Other Investment	-	-	-	-	3,936
Development Expenditure	-	-	-	37	37
Other Receivables	-	1,072	-	-	38,829
Total Non-Current Assets	**431,344**	**442,087**	**429,894**	**424,073**	**461,675**
Current Assets	632,780	669,218	639,361	572,445	470,227
Current Liabilities	(76,220)	(93,515)	(68,066)	(58,406)	(70,406)
Net Current Assets	**556,560**	**575,703**	**571,295**	**514,039**	**399,821**
Total Net Assets	**987,904**	**1,017,790**	**1,001,189**	**938,112**	**861,496**
Revenue	564,540	566,185	553,038	526,770	509,798
Profit before Tax	119,319	132,291	178,053	101,074	98,612
Retained Profits	599,761	608,205	586,919	474,482	407,388
Total Dividends	100,331	93,071	41,695	13,945	-

5-Year Financial Summary
(cont'd.)

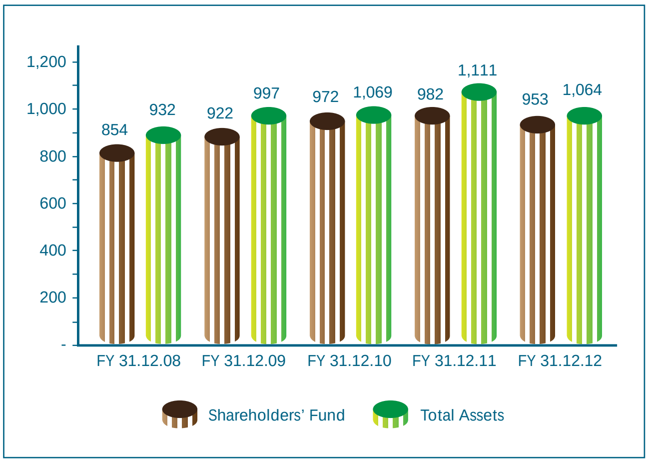
REVENUE & PROFIT BEFORE TAX (RM Million)



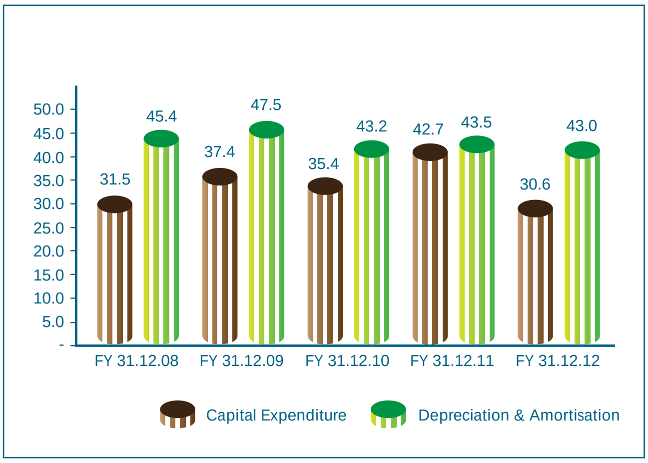
EARNINGS & DIVIDEND PER SHARE (Sen)



TOTAL ASSETS & SHAREHOLDERS' FUND (RM Million)



CAPITAL EXPENDITURE, DEPRECIATION & AMORTISATION (RM Million)



Board Audit and Risk Management Committee's Report

The Board Audit and Risk Management Committee of Tasek Corporation Berhad ("Committee") comprises three members who are independent Directors. The members of the Committee are as follows:-

1)	Mr. Lim Eng Khoon	*(Chairman, Independent Director)*
2)	Dato' Chong Pah Aung	*(Independent Director)*
3)	Mr. Wan Mohd Shukri bin Ariffin	*(Independent Director)*

The Terms of Reference of the Committee are:-

I. The Committee shall consist of at least three Directors, the majority of whom shall be independent. The Chairman of the Committee shall be an independent 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 fulfill the requirements of the Main Market 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 independent external auditor(s) and to review the audit fees and any question of resignation or dismissal.

(b) To review and monitor the suitability and independence of external auditors, in particular the provision of non-audit services by the external auditors to the Company.

(c) To discuss with the independent external auditor before the audit commences, the nature and scope of the audit and audit plan.

(d) 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 adjustments arising from the audit, changes and unusual events;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(e) To review, with the independent external auditors, the audit report and audit findings, the evaluation of the system of internal controls, management letter and management's response thereto.

(f) To review the assistance given by the employees of the Company to the independent external auditors.

(g) 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;
- 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.

Board Audit and Risk Management Committee's Report
(cont'd.)

(h) To review any related party transaction and conflict-of-interest situation that may arise within the Company or Group.

(i) Other functions as may be agreed to by the Committee and Board of Directors.

(j) 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 on risk management policies and strategies proposed by the management; and
- Review and report to the Board on 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 2012, the Committee held four meetings. Details on the attendance of the meetings by Members of the Committee were as follows:-

	Members	Total
1)	Mr. Lim Eng Khoon	4/4
2)	Dato' Chong Pah Aung	3/4
3)	Mr. Wan Mohd Shukri bin Ariffin	4/4

The Committee has carried out its duties as set out in its Terms of Reference during the financial year ended 31 December 2012. The adequacy of the Company's existing risk management framework, system of internal controls and compliance with the Malaysian Code on Corporate Governance was discussed. The Committee also met with the Company's independent external auditors twice during the financial year 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 financial year. Other main activities performed by Internal Audit Department were review and monitoring of the Company's risk management framework and corporate governance. Reports were issued to the Committee on a timely basis for appraisal at Committee's meetings. The cost incurred for the in-house internal audit function in respect of the financial year ended 31 December 2012 was RM222,725.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors to establish a sound risk management framework and internal controls system to safeguard shareholders' investments and the Group's assets. Under paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Malaysia'), the Board of Directors of listed issuers is required to include in its annual report, a statement on the Group's state of internal control. The Board of Directors ('Board') recognises its responsibilities for and the importance of a sound system of risk management and internal controls. Set out below is the Board's Statement on Risk Management and Internal Control, which provides an overview of the Group's state of risk management and internal control system.

BOARD'S RESPONSIBILITY

The Board has ultimate responsibility for the system of risk management and internal controls. Overall, the Board has established a risk management framework with the objective of setting clear guidelines in relation to the levels of risk acceptable to the Group. The system of risk management and internal controls is designed to meet the Group's objectives and strategies, and the risks to which it is exposed. This system covers the risk areas on financial, operational and compliance, and controls put in place to manage the risks. It should be appreciated that, however effective a system is, it can only provide reasonable, not absolute, assurance against material misstatement, loss or irregularities. It should be further noted that such a system is designed to manage, rather than eliminate, the risks of failure to achieve its business objectives and strategies.

The Group has in place an on-going process for identifying, evaluating and managing the significant risks affecting the achievement of its business objectives and strategies for the year under review and up to the date of approval of this statement for inclusion in the annual report. This process is on-going and reviewed by the Board on a quarterly basis and in accordance with the guidelines stated in the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines")* issued by the Taskforce on Risk Management and Internal Control with the support of Bursa Malaysia and the Securities Commission Malaysia.

RISK MANAGEMENT FRAMEWORK

Recommendation 6.1 of Principle 6 in the Malaysian Code on Corporate Governance 2012 states that the Board should establish a sound framework to manage risks. The Board, in fulfilling its stewardship responsibilities, has established an organisation structure with clearly defined lines of accountability and delegated authority.

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 Group took the following initiatives:

- The Risk Management Policy was issued in August 2002, which outlines the risk management framework for the Group 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 Group's business unit's objectives, aligned with the Group's strategic objectives, had been identified and assessed for likelihood of the risks occurring and the magnitude of impact using a self-assessment approach;

Statement on Risk Management and Internal Control
(cont'd.)

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

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

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

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

INTERNAL AUDIT FUNCTION

The Group 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 controls. 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 Group'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 system 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;

- Code of Ethics and Conduct to all directors, officers and staff, and a whistleblowing policy to facilitate disclosure of any improper conduct within the Group;

- Regular internal audit reviews to monitor compliance with procedures and assess the integrity of financial information provided;

- Regular and comprehensive information provided to Management, covering financial performance and key business indicators, such as sales, production volumes, staff turnover and cash flow performance;

- Regular internal quality inspection to monitor compliance with ISO and OHSAS 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 Director and key members of management.

Statement on Risk Management and Internal Control
(cont'd.)

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

The Board is satisfied with the Group's on-going process for identifying, evaluating, controlling and managing the risks of the business, including the scope and frequency of reports on both risk management and internal control that were received and reviewed during the year by the Board Audit and Risk Management Committee and the Board, important risk and control matters discussed and associated actions taken by Management.

The review was also extended to its significant subsidiaries and associated company.

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

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

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

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 18 February 2013.

Statement on Corporate Governance

The Malaysian Code on Corporate Governance 2007 ("MCCG 2007") has been replaced by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") as announced by the Securities Commission in March 2012. The Board has upheld and applied the principles and best practices of the MCCG 2007 and is accountable to the Company's shareholders for good corporate governance. With the introduction of the MCCG 2012, the Board remains committed to inculcating good corporate governance for the Company. The statement on corporate governance will set out how the Company has applied the principles and recommendations, and the approach the Board will take to steer the Company to apply such principles and recommendations to governance as prescribed by the MCCG 2012.

THE BOARD OF DIRECTORS

The Board is collectively responsible and accountable to the Company's shareholders for the long term sustainability and overall success of the Company through good governance and stewardship. Its governance is broadly based on the Company's corporate values of integrity, accountability and ownership, teamwork, customer focus, embrace change and innovation.

The Board provides leadership and strategic direction for the Company to meet its business objectives within the framework of internal controls. It leads and controls the risk management and internal controls, financial and operational management, resource management and strategic planning of the Company. The Board is headed and lead by the Chairman while the Executive Director/Group Chief Executive Officer leads the senior management team and takes on the primary responsibility of executive management and oversees the operations of the Company. Their roles are separate with clearly defined responsibilities. The Chairman is responsible for leadership of the Board, ensures effectiveness of the Board as a whole and facilitates the productive contribution of all directors. He is also responsible for ensuring shareholders' interests are safeguarded and there is effective communication with them. The Executive Director/Group Chief Executive Officer is responsible for the overall performance and profitable operation of the Company and its group. He provides leadership to enable the successful planning and execution of the objectives and strategies agreed and set by the Board.

The Board's responsibilities, among others, include:-

- Adoption of strategic plans and giving strategic direction to the Company.
- Retaining full and effective control over the Company, appoints the executive director and/or group chief executive officer and ensuring planned succession of senior management.
- Monitoring management in implementing board plans and strategies.
- Monitoring operational performance of the Company.
- Ensuring preparation and integrity of the annual financial statements and all related information.
- Determining of policy and processes to ensure the integrity of the Company's risk management and internal control procedures.
- Implementing proper systems of internal control which are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements.
- Assessing the Board's composition to consider whether its size, diversity and demographics makes it effective.
- Director selection, orientation and evaluation.
- Defining and monitoring information needs of the Board.
- Ensuring the Board is supported by a suitably qualified and competent company secretary.
- Delegating any of its responsibilities to committees of the Board.

The Board may amend its charter and the charter is subject to annual review by the Board. The charter is available for viewing on the Company's website. To sustain good corporate governance, the Board has formulated and adopted a code of ethics and conduct symbiotically with the Company's corporate values and such code will be one of the underlying foundations for the Company's vision statement. The Company's Code of Ethics and Conduct ("Code") applies to all directors, management and staff of the Company and its group. In addition, the Board has put in place a whistleblowing policy to complement the Code. A summary of the Code and whistleblowing policy is available on the Company's website.

Statement on Corporate Governance
(cont'd.)

THE BOARD OF DIRECTORS (cont'd.)

The Directors are remunerated according to the size and profitability of the Company and the group, the responsibilities of the Board as reviewed from time to time by the Board, the business strategy and long-term objectives and the complexity of the Company and its group's activities. Determination of such 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 63 of the financial statements in the Annual Report.

As at the date of the Annual Report, the Board comprises two non-executive directors including the Chairman, an executive director and three independent directors. The number of independent directors on the Board makes up more than the required one-third of board membership to be independent. The Company is a 74.28% owned subsidiary of Hong Leong Asia Ltd and as a member of the Hong Leong Asia Ltd Group, the Board operates with a balanced mix of non-executive, executive and independent directors representing the interest of the significant shareholder. Being a nominee director of the holding company, the Chairman is non-independent and non-executive. The role of the non-executive directors is to help the Board to develop strategy and to provide constructive challenge to proposals by management. They are responsible for scrutinising management's performance in meeting the goals and objectives set by the Board. The Board considers that all its independent directors are independent in that they are free from any business or other relationships which could materially interfere with or appear to affect the exercise of their judgement and have not within the last 2 years and is not an officer (except as a non-executive director) been involved or served in the management of the Company and or its group. The requirement of independence of the Company's independent directors satisfies the independence criteria and other applicable requirements prescribed by the Listing Requirements. As at the date of the Annual Report, all the independent directors have served the Company for less than nine years. Under the Company's articles of association, all directors are required to retire by rotation once every three years and to submit themselves for re-election at annual general meetings. The directors to retire in each year are the directors who have been the longest in office since their appointment, last election or re-election as the case may be. The Board in carrying out its roles and responsibilities is supported by a company secretary who is qualified and competent with many years of experience in a listed environment.

All newly appointed directors are required to undergo the Mandatory Accreditation Programme prescribed and conducted by Bursa Malaysia Securities Berhad. On joining the Board, the directors will receive induction covering the Company and its group's businesses, plant tours and briefings. To update knowledge to enhance skills, the individual members of the Board have attended various seminars, forums, talks and other programmes in their capacity as a director of the Company or as a director of other companies or listed issuers, both local and foreign. The Company Secretary ensures that directors are kept informed and updated on changes in regulation or law, as circumstances require and informs the Directors of seminars, training programmes, forums, talks and others for their participation and attendance. The directors are encouraged to attend these seminars, programmes, forums or talks or any other courses of their choice, the costs of which will be borne or reimbursed by the Company. The independent directors and non-executive directors are encouraged to visit the Company's plants and operations periodically.

In 2012, the directors of the Company had attended, among others, the "4th Annual Corporate Governance Summit KL 2012 – Bringing Asia onto the Board", "Advocacy Sessions on Disclosure for Chief Executive Officers and Chief Financial Officers", "Blue Ocean Strategy", "Enterprises Tax Risk Management and the Board", "Risk Management Essentials", "Audit Committee Essentials", "Tax and Financial Reporting Standards", "Investor and Media Relations" and "KPMG Presentation on Personal Data Protection Act".

Statement on Corporate Governance
(cont'd.)

COMMITTEES OF THE BOARD

The Board has the Board Audit and Risk Management Committee ("BARC") and the Remuneration and Nomination Committee ("RNC") to assists the Board in the execution of its responsibilities. Each of the Committees has its own terms of reference set by the Board and these terms of reference will be reviewed and updated periodically to ensure practicality and alignment to any change in the regulatory framework. The BARC is manned wholly by independent directors and the chairman is a member of the Institute of Chartered Accountants in Australia. The BARC ensures, among others, the reliability of financial statements issued by the Company and that the financial statements comply with applicable financial reporting standards. The BARC's policies and procedures to assess the suitability and independence of the Company's external auditors have been formalised and adopted by the Board. The activities of the BARC during the financial year are summarised and set out in its Report on pages 10 to 11 of the Annual Report. The BARC maintains an appropriate formal and transparent relationship with the Company's external auditors. Key features underlying the relationship are included in BARC's terms of reference on pages 10 to 11 of the Annual Report. The BARC has met with the external auditors twice during the financial year without the presence of executive management. The RNC, which comprises exclusively of non-executive directors, a majority of whom are independent directors, takes on the task of proposing, assessing and recommending candidates for directorships to be filled by the significant shareholder or the Board and reviews the remuneration of the executive director and year-end bonus and increment of staff for the approval of the Board. The RNC will formalise an assessment criteria in line with the holding company's criteria for recruitment and annual assessment of directors including the issue of diversity and to formalise the criteria to assess independence to ensure effectiveness of independent directors to be endorsed by the Board.

MEETINGS

The meetings of the Board, the Board Audit and Risk Management Committee ("BARC") are held four times per financial year and additionally when required or when deemed necessary. The Remuneration and Nomination Committee ("RNC") meets at least once a year and as and when necessary. During 2012, the Board and BARC held four meetings as scheduled. The RNC held its scheduled meeting in 2012. A structured schedule of matters reserved for consideration and decision of the Board has been established in the agenda for the meetings. The members of the Board are supplied with such information for each meeting in a timely manner in order for the members to discharge their fiduciary duties. All members of the Board have access to information of the Company and to the advice and services of the Company Secretary for any further information that they may require and, if need be, the Board can obtain independent professional or other advice from external resources at the cost of the Company. During the financial year ended 31 December 2012, four 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.

RISK MANAGEMENT AND CONTROL

The Board is responsible for the Company's system of internal control and for reviewing its adequacy and integrity. It has in place an enterprise wide risk framework for such risk management and control. The Company's internal audit department assist the Board in facilitating the process of identification and assessment of key risks and controls and management's plans to mitigate or eliminate the significant risks identified. The Company's internal audit department is headed by a qualified chief internal auditor who reports directly to the Board Audit and Risk Management Committee ("BARC"). The BARC is delegated with the task of reviewing such risks at every meeting of the Committee and to report to the Board. Where weaknesses are identified, the BARC ensures that management takes appropriate action. An enterprise risk management committee chaired by the Executive Director/Group Chief Executive Officer meets monthly together with the chief internal auditor to conduct, review, mitigate or eliminate and update the significant risks of the Company and the Group. The Company's system of risk management and internal controls are designed to manage, rather than eliminate, the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss. The Statement on Risk Management and Internal Control, set out on pages 12 to 14 of the Annual Report, provides an overview of the Company's state of risk management and internal control.

Statement on Corporate Governance
(cont'd.)

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Board is responsible and required by law to prepare financial statements for each accounting period in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, that gives a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the year then ended. It is also 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.

MATERIAL CONTRACTS

The Company 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.

SHAREHOLDER ENGAGEMENT

The Board practices timely disclosure of material information to shareholders of the Company. The Board is supported by a qualified and competent company secretary in ensuring such disclosures are done accurately in accordance with the Listing Requirements in a timely manner. The Board ensures that shareholders are kept fully informed through information provided on the Company's website at www.tasekcement.com. All the Company's announcements are posted on its website, including corporate information, board charter, the quarterly reports and the annual report. The Board and management take into cognisance the "Corporate Disclosure Guide 2011" issued and advocated by Bursa Malaysia Securities Berhad to assist listed issuers to elevate their standards of disclosure. Where applicable to the Company's circumstances, the Board and management will take into account the guidance in the Corporate Disclosure Guide.

The Board advocates attendance and participation of shareholders at all the Company's general meetings. The meetings are held at a venue with access to public transportation and parking. The Board considers the annual general meeting as an open forum for the Board and shareholders to meet and communicate with each other. This presents an opportunity for shareholders to ask questions or seek clarification on the performance of the Company. The notice of meeting is circulated to all shareholders at least 21 clear days before the meeting and shareholders are encouraged to attend the meeting. The Executive Director/Group Chief Executive Officer and senior management of the Company, where it deems it practicable to do so, will engage with its institutional shareholders based on mutual understanding of objectives and entertains visits from shareholders, other fund managers or analysts. Dato' Chong Pah Aung is the senior independent director to whom concerns on issues affecting the Company that have been unable to resolve through normal channels, may be conveyed. The Chairman of the Board will announce before the start of all general meetings the right of the shareholders to demand a poll in accordance with the Company's articles of association. Although the Board is not adverse to electronic poll voting as recommended in the MCCG 2012 but having a small base of shareholders, the Board at this time do not see the need for employing electronic poll voting at general meetings.

Statement on Corporate Governance
(cont'd.)

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

The Company has in place various programmes on corporate responsibility and sustainability. Of the most significant is the Bursary Programme which focuses on needy school children particularly primary school students by providing bursaries to deserving students to ease the financial burden of the parents so that their children will continue to concentrate and do well in their studies. In addition, it has started an undergraduate scholarship programme that will provide financial aid to students enrolled in undergraduate engineering courses as part of the Company's succession planning to sustain a steady of pool of engineers for the future. The Company maintains its various ISO certifications to systematically address its responsibility for safety, health and environment. To help minimise its carbon footprints and to safeguard and sustain the environment, the Company procures and uses suitable waste products from various sources for use as alternative fuel or raw material in the manufacturing process. The Company regularly maintains and upgrades its plant to optimize use of energy and to ensure dust emissions are below the prescribed limits.

This Statement on Corporate Governance is established by the Board in conjunction with the Board's approach and consideration of how the Company has, throughout the financial year, applied the principles and recommendations in the MCCG 2012 in conjunction with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. It considers that this Statement provides the information necessary on how the MCCG 2012 has been applied throughout the financial year.

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

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

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

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	91,887	92,840
Profit attributable to:		
Equity holders of the Company	91,887	92,840

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
Final dividend of 30 sen per share less 25% taxation, on 121,142,931 ordinary shares	27,256
Special dividend of 50 sen per share less 25% taxation on 121,142,931 ordinary shares	45,429
Single tier preference dividend of 6 sen per share and single tier final ordinary dividend of 30 sen per share, on 335,000 6% Cumulative Participating Preference Shares	121
Single tier special dividend of 50 sen per share, on 335,000 6% Cumulative Participating Preference Shares	168

DIVIDENDS (cont'd.)

	RM'000
In respect of the financial year ended 31 December 2012:	
Interim dividend of 30 sen per share less 25% taxation, on 121,142,931 ordinary shares	27,256
Single tier interim dividend of 30 sen per share, on 335,000 6% Cumulative Participating Preference Shares	101
	100,331

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

	RM'000
In respect of the financial year ended 31 December 2012:	
Final dividend of 30 sen per share less 25% taxation, on 121,142,931 ordinary shares	27,256
Special dividend of 60 sen per share less 25% taxation on 121,142,931 ordinary shares	54,514
Single tier preference dividend of 6 sen per share and single tier final ordinary dividend of 30 sen per share, on 335,000 6% Cumulative Participating Preference Shares	121
Single tier special dividend of 60 sen per share, on 335,000 6% Cumulative Participating Preference Shares	201

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2013.

DIRECTORS

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

Kwek Leng Peck
Ting Sii Tien @ Yao Sik Tien
Dato' Chong Pah Aung
Wan Mohd Shukri bin Ariffin
Kwek Kon Chun
Lim Eng Khoon
Yuen Kin Pheng (resigned on 14 January 2013)

Directors' Report
(cont'd.)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

DIRECTORS' INTEREST

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

	<------ Number of ordinary shares of RM1 each ------>		
	As at 1.1.2012	Acquired	As at 31.12.2012
Shares Held in the Company			
Direct Interest:			
Ting Sii Tien @ Yao Sik Tien	-	50,000	50,000

	<-------------- Number of ordinary shares -------------->		
	As at 1.1.2012	Acquired	As at 31.12.2012
Related Corporations			
Interest of Kwek Leng Peck in:			
Hong Leong Asia Ltd	1,680,000	-	1,680,000
City Developments Limited	43,758	-	43,758
Hong Leong Finance Limited	517,359	-	517,359
Hong Leong Investment Holdings Pte Ltd	10,921	-	10,921
City e-Solutions Limited #	2,082,200	-	2,082,200
Hong Leong Holdings Limited	381,428	-	381,428
Hong Realty (Private) Limited	150	-	150
Interest of Ting Sii Tien @ Yao Sik Tien in:			
Hong Leong Asia Ltd	280,000	-	280,000
Interest of Kwek Kon Chun in:			
Hong Leong Asia Ltd	50,000	-	50,000
Interest of Yuen Kin Pheng in:			
Hong Leong Asia Ltd	30,000	-	30,000

Incorporated in the Cayman Islands and domiciled in Hong Kong. The par value of its ordinary shares is HKD1.00 each.

DIRECTORS' INTEREST (cont'd.)

All related corporations except City e-Solutions Limited are incorporated and domiciled in the Republic of Singapore. On the date of commencement of the Republic of Singapore's Companies (Amendment) Act 2005 on 30 January 2006, the shares of the related corporations ceased to have par value.

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

			<-------- Number of options over ordinary shares -------->			
	Date of offer	Option price SGD	As at 1.1.2012	Granted	Exercised	As at 31.12.2012
Kwek Leng Peck	15.5.2008	2.36	170,000	-	-	170,000
	5.1.2011	3.17	300,000	-	-	300,000
Ting Sii Tien @ Yao Sik Tien	15.5.2008	2.36	300,000	-	-	300,000
Kwek Kon Chun	5.1.2011	3.17	50,000	-	-	50,000
Yuen Kin Pheng	18.5.2011	2.62	200,000	-	-	200,000

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

TREASURY SHARES

During the financial year, the Company repurchased 2,478,300 of its issued ordinary shares from the open market at an average price of RM8.30 per share. The total consideration paid for the repurchase including transaction cost was RM20,633,000. The shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2012, the Company held as treasury shares a total of 2,478,300 of its 123,621,231 issued ordinary shares. Such treasury shares are held at carrying amount of RM20,633,000 and further relevant details are disclosed in Note 26 to the financial statements.

OTHER STATUTORY INFORMATION

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

Directors' Report
(cont'd.)

OTHER STATUTORY INFORMATION (cont'd.)

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

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

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

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

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

(e) As at the date of this report, there do not exist:

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

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

(f) In the opinion of the directors:

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

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

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 February 2013.

Kwek Leng Peck | Ting Sii Tien @ Yao Sik Tien

Kuala Lumpur, Malaysia

Statement by Directors

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

We, Kwek Leng Peck and Ting Sii Tien @ Yao Sik Tien, being two of the directors of Tasek Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 28 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 to the financial statements on page 104 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 February 2013.

Kwek Leng Peck

Ting Sii Tien @ Yao Sik Tien

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, Lian Ka Siew, being the officer primarily responsible for the financial management of Tasek Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 104 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Lian Ka Siew
at Kuala Lumpur in the Federal Territory
on 18 February 2013.

Lian Ka Siew

TAN SEOK KETT (W530)
Commissioner for Oaths

Kuala Lumpur, Malaysia

Independent Auditors' Report

to the members of Tasek CorporationBerhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Tasek Corporation Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 103.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("Act"), 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
to the members of Tasek CorporationBerhad
(Incorporated in Malaysia) (cont'd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd.)

(b) We have considered the financial statements of the subsidiary of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 to the financial statements on page 104 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2.2 to the financial statements, Tasek Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 18 February 2013

Statements of Comprehensive Income for the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	4	564,540	566,185	470,385	448,364
Cost of sales		(375,415)	(370,296)	(307,849)	(287,594)
Gross Profit		189,125	195,889	162,536	160,770
Other items of income					
- Interest income		16,105	14,133	16,304	14,073
- Dividend income		-	-	8,700	51,407
- Gain on disposal of property, plant and equipment		57	235	90	17
- Gain on disposal of asset held for sale		-	155	-	155
- Waiver of advances by subsidiaries		-	-	-	16,598
- Other income		1,541	1,466	1,649	1,729
Other items of expense					
- Marketing and distribution		(77,355)	(77,072)	(53,228)	(50,238)
- Administrative expenses		(22,104)	(20,715)	(14,954)	(14,676)
- Impairment loss on investment in subsidiaries		-	-	-	(16,633)
- Finance costs	5	(191)	(543)	-	(357)
Share of results of jointly controlled entity, net of tax		(55)	49	-	-
Share of results of associates, net of tax		12,196	18,694	-	-
Profit before tax	6	119,319	132,291	121,097	162,845
Income tax expense	9	(27,432)	(29,133)	(28,257)	(28,233)
Profit net of tax, representing total comprehensive income for the year		91,887	103,158	92,840	134,612
Profit attributable to:					
Equity holders of the Company		91,887	103,158	92,840	134,612
Total comprehensive income attributable to:					
Equity holders of the Company		91,887	103,158	92,840	134,612
Earnings per share attributable to equity holders of the Company (sen per share)					
- Basic	10	75.50	83.20		
- Diluted	10	-	-		

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

Statements of Financial Position
as at 31 December 2012

		<------ Group	------>		<------ Company	------>	
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>							
Non-current Assets							
Property, plant and equipment	11	334,481	348,886	350,861	302,743	311,423	319,023
Prepaid lease payments	12	22	27	32	22	27	32
Intangible assets	13	1,352	1,254	898	963	865	509
Investment in subsidiaries	14	-	-	-	31,351	30,851	47,484
Investment in joint venture	15	-	55	6	-	-	-
Investment in associates	16	95,489	90,793	78,097	20,392	20,392	20,392
Other receivables	18	-	1,072	-	2,320	4,046	-
Total Non-current Assets		431,344	442,087	429,894	357,791	367,604	387,440
Current Assets							
Inventories	17	101,675	89,164	115,222	100,897	87,497	114,270
Trade and other receivables	18	65,231	84,942	86,651	44,538	49,533	56,341
Derivatives	19	-	-	61	-	-	61
Cash and bank balances	20	465,577	494,529	436,904	457,145	487,146	429,414
Tax recoverable		297	583	349	-	-	-
Assets classified as held for sale	21	-	-	174	-	-	174
Total Current Assets		632,780	669,218	639,361	602,580	624,176	600,260
Total Assets		1,064,124	1,111,305	1,069,255	960,371	991,780	987,700

Statements of Financial Position
as at 31 December 2012 (cont'd.)

		Group			Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Equity and Liabilities</u>							
Current Liabilities							
Provision	22	228	534	210	-	-	-
Income tax payable		3,223	7,019	2,117	3,223	7,019	1,973
Loans and borrowings	23	3,843	6,195	4,127	-	-	-
Trade and other payables	24	68,926	79,767	61,612	52,483	51,719	99,810
Total Current Liabilities		76,220	93,515	68,066	55,706	58,738	101,783
Non-current Liabilities							
Provision	22	1,044	998	908	-	-	-
Deferred tax liabilities	25	34,085	34,940	28,516	31,645	31,898	26,314
Total Non-current Liabilities		35,129	35,938	29,424	31,645	31,898	26,314
Total Liabilities		111,349	129,453	97,490	87,351	90,636	128,097
Equity attributable to Equity Holders of the Company							
Share capital	26	123,956	123,956	123,956	123,956	123,956	123,956
Share premium	26	133,946	133,946	133,946	133,946	133,946	133,946
Treasury shares	26	(20,633)	-	-	(20,633)	-	-
Reserves	27	715,506	723,950	713,863	635,751	643,242	601,701
Total Equity		952,775	981,852	971,765	873,020	901,144	859,603
Total Equity and Liabilities		1,064,124	1,111,305	1,069,255	960,371	991,780	987,700

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

Statements of Changes in Equity

for the financial year ended 31 December 2012

2012 Group	Note	<-- Attributable to equity holders of the Company --> Equity total RM'000	<-- Non-distributable --> Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	<-- Distributable --> General reserve RM'000	Retained profits RM'000
Opening balance at 1 January 2012 (as previously stated)		981,852	123,956	133,946	398	-	11,199	115,347	597,006
Effects of adopting MFRS 1		-	-	-	-	-	(11,199)	-	11,199
Opening balance at 1 January 2012 (restated)		981,852	123,956	133,946	398	-	-	115,347	608,205
Total comprehensive income		91,887	-	-	-	-	-	-	91,887
Transactions with owners									
Purchase of treasury shares	26(c)	(20,633)	-	-	-	(20,633)	-	-	-
Dividends	28	(100,331)	-	-	-	-	-	-	(100,331)
Total transactions with owners		(120,964)	-	-	-	(20,633)	-	-	(100,331)
Closing balance at 31 December 2012		952,775	123,956	133,946	398	(20,633)	-	115,347	599,761

Statements of Changes in Equity
for the financial year ended 31 December 2012 (cont'd.)

		<---- Attributable to equity holders of the Company ---->							
			<---- Non-distributable ---->					<---- Distributable ---->	
2011 Group	Note	Equity total RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	General reserve RM'000	Retained profits RM'000
Closing balance at 31 December 2010		936,070	123,956	133,946	398	-	11,199	115,347	551,224
Adjustment arising from reclassification of non-current assets held for sale		35,695	-	-	-	-	-	-	35,695
Opening balance at 1 January 2011 (as previously stated)		971,765	123,956	133,946	398	-	11,199	115,347	586,919
Effects of adopting MFRS 1		-	-	-	-	-	(11,199)	-	11,199
Opening balance at 1 January 2011 (restated)		971,765	123,956	133,946	398	-	-	115,347	598,118
Total comprehensive income		103,158	-	-	-	-	-	-	103,158
Transactions with owners									
Dividends	28	(93,071)	-	-	-	-	-	-	(93,071)
Total transactions with owners		(93,071)	-	-	-	-	-	-	(93,071)
Closing balance at 31 December 2011		981,852	123,956	133,946	398	-	-	115,347	608,205

Statements of Changes in Equity

for the financial year ended 31 December 2012 (cont'd.)

		<------ Attributable to equity holders of the Company ------>							
			<------ Non-distributable ------>					<----- Distributable ----->	
2012 Company	Note	Equity total RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	General reserve RM'000	Retained profits RM'000
Opening balance at 1 January 2012 (as previously stated)		901,144	123,956	133,946	398	-	11,199	115,347	516,298
Effects of adopting MFRS 1		-	-	-	-	-	(11,199)	-	11,199
Opening balance at 1 January 2012 (restated)		901,144	123,956	133,946	398	-	-	115,347	527,497
Total comprehensive income		92,840	-	-	-	-	-	-	92,840
Transactions with owners									
Purchase of treasury shares	26(c)	(20,633)	-	-	-	(20,633)	-	-	-
Dividends	28	(100,331)	-	-	-	-	-	-	(100,331)
Total transactions with owners		(120,964)	-	-	-	(20,633)	-	-	(100,331)
Closing balance at 31 December 2012		873,020	123,956	133,946	398	(20,633)	-	115,347	520,006

Statements of Changes in Equity
for the financial year ended 31 December 2012 (cont'd.)

		<---------- Attributable to equity holders of the Company ----------						---------->
			<---------- Non-distributable			---------->		<----- Distributable ----->	
2011 Company	Note	Equity total RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	General reserve RM'000	Retained profits RM'000
Opening balance at 1 January 2011 (as previously stated)		859,603	123,956	133,946	398	-	11,199	115,347	474,757
Effects of adopting MFRS 1		-	-	-	-	-	(11,199)	-	11,199
Opening balance at 1 January 2011 (restated)		859,603	123,956	133,946	398	-	-	115,347	485,956
Total comprehensive income		134,612	-	-	-	-	-	-	134,612
Transactions with owners									
Dividends	28	(93,071)	-	-	-	-	-	-	(93,071)
Total transactions with owners		(93,071)	-	-	-	-	-	-	(93,071)
Closing balance at 31 December 2011		901,144	123,956	133,946	398	-	-	115,347	527,497

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

Statements of Cash Flows
for the financial year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before tax	119,319	132,291	121,097	162,845
Adjustments for:				
Amortisation of intangible assets	285	257	285	257
Amortisation of prepaid land lease payments	5	5	5	5
Bad debts written off	2	1	-	-
Depreciation of property, plant and equipment	42,698	43,196	37,217	38,193
Dividend income	-	-	(8,700)	(51,407)
Finance costs	191	543	-	357
Gain on disposal of assets held for sale	-	(155)	-	(155)
Impairment loss on receivables	-	13	-	-
Impairment loss on investment in subsidiaries	-	-	-	16,633
Interest income	(16,105)	(14,133)	(16,304)	(14,073)
Intangible assets written off	1	-	1	-
Inventories written down	127	444	127	444
Net (gain)/loss on disposal of property, plant and equipment	(57)	192	(90)	(17)
Property, plant and equipment written off	1,591	471	279	463
Reversal on impairment loss on receivables	(10)	(167)	-	-
Reversal of provision for restoration costs	(781)	-	-	-
Reversal of provision for obsolete inventories	(413)	-	(413)	-
Share of results of jointly controlled entity	55	(49)	-	-
Share of results of associates	(12,196)	(18,694)	-	-
Unrealised foreign exchange loss	-	57	-	57
Waiver of advances by subsidiaries	-	-	-	(16,598)
Total adjustments	15,393	11,981	12,407	(25,841)
Operating cash flows before changes in working capital	134,712	144,272	133,504	137,004
Changes in working capital				
- inventories	(12,225)	26,058	(13,114)	26,329
- trade and other receivables	21,116	408	7,078	2,409
- trade and other payables	(10,349)	18,127	764	(31,493)
Total changes in working capital	(1,458)	44,593	(5,272)	(2,755)
Cash flows from operations	133,254	188,865	128,232	134,249

Statements of Cash Flows
for the financial year ended 31 December 2012 (cont'd.)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Operating activities (cont'd.)				
Interest received	15,780	14,133	15,947	14,073
Interest paid	(162)	(158)	-	-
Income taxes paid	(31,797)	(18,044)	(32,006)	(17,603)
Net cash flows from operating activities	117,075	184,796	112,173	130,719
Investing activities				
Purchase of property, plant and equipment	(30,261)	(42,127)	(28,816)	(31,057)
Net proceeds from disposal of property, plant and equipment	434	243	90	18
Net cash outflow on purchase of additional shares in a subsidiary	-	-	(500)	-
Dividend income received	7,500	6,000	8,400	51,407
Net proceeds from disposal of assets held for sale	-	329	-	329
Purchase of intangible assets	(384)	(613)	(384)	(613)
Net cash flows (used in)/from investing activities	(22,711)	(36,168)	(21,210)	20,084
Financing activities				
Dividends paid	(100,331)	(93,071)	(100,331)	(93,071)
Purchase of treasury shares (Note 26(c))	(20,633)	-	(20,633)	-
Net (repayment)/proceeds from loans and borrowings	(2,352)	2,068	-	-
Net cash flows used in financing activities	(123,316)	(91,003)	(120,964)	(93,071)
Net (decrease)/increase in cash and cash equivalents	(28,952)	57,625	(30,001)	57,732
Cash and bank balances at 1 January	494,529	436,904	487,146	429,414
Cash and bank balances at 31 December (Note 20)	465,577	494,529	457,145	487,146

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

Notes to the Financial Statements
31 December 2012

1. CORPORATE INFORMATION

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

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

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

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

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

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 February 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

For all periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) in Malaysia. These financial statement for the year ended 31 December 2012 are the first the Group and the Company have prepared in accordance with MFRS. Refer to Note 2.2 for information on how the Group and the Company have adopted MFRS.

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

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

2.2 First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These financial statements, for the year ended 31 December 2012, are the first the Group and the Company have prepared in accordance with MFRS as issued by the Malaysian Accounting Standards Board (MASB). For the periods up to and including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards (“FRS”).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

Accordingly, the Group and the Company have prepared financial statements which comply with MFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2011, the Group's and the Company's date of transition to MFRS. Note 2.3 explains the principal adjustments made by the Group and the Company in restating its FRS statements of financial position as at 1 January 2011 and as at and for the year ended 31 December 2011.

MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain requirements under MFRS. The Company has applied the exemptions stated in note 2.3.

2.3 Explanation of transition to MFRS

The audited financial statements of the Group and of the Company for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below.

(a) Business combination

MFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under MFRS.

The Group has applied the following exemption:

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill, if any, recognised under FRS is not adjusted.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(b) Property, plant and equipment

The Group and the Company have previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group and the Company had recorded certain lands and buildings at revalued amount but had not adopted a policy of revaluation and continued to carry those land and buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group and the Company have elected to measure all its property, plant and equipment using the cost model under MFRS 116 *Property, Plant and Equipment*. At the date of transition to MFRS, the Group and the Company have elected to:

- regard the revalued amounts of the buildings as at 30 June 1985 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM3,059,000 (1 January 2011: RM3,059,000; 31 December 2011: RM3,059,000) was transferred to retained profits on date of transition to MFRS.

- regard fair value of freehold land at date of transition as its deemed cost at that date. The revaluation surplus of RM1,520,000 (1 January 2011: RM1,520,000; 31 December 2011: RM1,520,000) was transferred to retained profits on date of transition to MFRS.

- regard the revalued amount of the leasehold land at date of transition as its deemed cost at that date. The revaluation surplus of RM6,620,000 (1 January 2011: RM6,620,000; 31 December 2011: RM6,620,000) was transferred to retained profits on date of transition to MFRS.

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Company to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and at 31 December 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

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

(a) Reconciliation of equity as at 1 January 2011 and 31 December 2011

Group	FRS as at 1 January 2011 RM'000	Adjustments RM'000	MFRS as at 1 January 2011 RM'000	FRS as at 31 December 2011 RM'000	Adjustments RM'000	MFRS as at 31 December 2011 RM'000
Assets						
Non-current Assets						
Property, plant and equipment	350,861	-	350,861	348,886	-	348,886
Prepaid lease payments	32	-	32	27	-	27
Intangible assets	898	-	898	1,254	-	1,254
Investment in joint venture	6	-	6	55	-	55
Investment in associates	78,097	-	78,097	90,793	-	90,793
Other receivables	-	-	-	1,072	-	1,072
Total non-current Assets	429,894		429,894	442,087		442,087
Current Assets						
Inventories	115,222	-	115,222	89,164	-	89,164
Trade and other receivables	86,651	-	86,651	84,942	-	84,942
Derivatives	61	-	61	-	-	-
Cash and bank balances	436,904	-	436,904	494,529	-	494,529
Tax recoverable	349	-	349	583	-	583
Assets classified as held for sale	174	-	174	-	-	-
Total Current Assets	639,361		639,361	669,218		669,218
Total Assets	1,069,255		1,069,255	1,111,305		1,111,305

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(a) Reconciliation of equity as at 1 January 2011 and 31 December 2011 (cont'd.)

Group	FRS as at 1 January 2011 RM'000	Adjustments RM'000	MFRS as at 1 January 2011 RM'000	FRS as at 31 December 2011 RM'000	Adjustments RM'000	MFRS as at 31 December 2011 RM'000
Equity and Liabilities						
Current Liabilities						
Provision	210	-	210	534	-	534
Income tax payable	2,117	-	2,117	7,019	-	7,019
Loans and borrowings	4,127	-	4,127	6,195	-	6,195
Trade and other payables	61,612	-	61,612	79,767	-	79,767
Total Current Liabilities	68,066		68,066	93,515		93,515
Non-current Liabilities						
Provisions	908	-	908	998	-	998
Deferred tax liabilities	28,516	-	28,516	34,940	-	34,940
Total Non-current Liabilities	29,424		29,424	35,938		35,938
Total Liabilities	97,490		97,490	129,453		129,453
Equity attributable to Equity Holders of the Company						
Share capital	123,956	-	123,956	123,956	-	123,956
Share premium	133,946	-	133,946	133,946	-	133,946
Revaluation reserve	11,199	(11,199)	-	11,199	(11,199)	-
Capital redemption reserve	398	-	398	398	-	398
Revenue reserves	702,266	11,199	713,465	712,353	11,199	723,552
Total Equity	971,765		971,765	981,852		981,852
Total Equity and Liabilities	1,069,255		1,069,255	1,111,305		1,111,305

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(a) Reconciliation of equity as at 1 January 2011 and 31 December 2011 (cont'd.)

Company	FRS as at 1 January 2011 RM'000	Adjustments RM'000	MFRS as at 1 January 2011 RM'000	FRS as at 31 December 2011 RM'000	Adjustments RM'000	MFRS as at 31 December 2011 RM'000
Assets						
Non-current Assets						
Property, plant and equipment	319,023	-	319,023	311,423	-	311,423
Prepaid lease payments	32	-	32	27	-	27
Intangible assets	509	-	509	865	-	865
Investment in subsidiaries	47,484	-	47,484	30,851	-	30,851
Investment in associates	20,392	-	20,392	20,392	-	20,392
Other receivables	-	-	-	4,046	-	4,046
Total Non-current Assets	387,440		387,440	367,604		367,604
Current Assets						
Inventories	114,270	-	114,270	87,497	-	87,497
Trade and other receivables	56,341	-	56,341	49,533	-	49,533
Derivatives	61	-	61	-	-	-
Cash and bank balances	429,414	-	429,414	487,146	-	487,146
Assets classified as held for sale	174	-	174	-	-	-
Total Current Assets	600,260		600,260	624,176		624,176
Total Assets	987,700		987,700	991,780		991,780

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(a) Reconciliation of equity as at 1 January 2011 and 31 December 2011 (cont'd.)

Company	FRS as at 1 January 2011 RM'000	Adjustments RM'000	MFRS as at 1 January 2011 RM'000	FRS as at 31 December 2011 RM'000	Adjustments RM'000	MFRS as at 31 December 2011 RM'000
Equity and Liabilities						
Current Liabilities						
Income tax payable	1,973	-	1,973	7,019	-	7,019
Trade and other payables	99,810	-	99,810	51,719	-	51,719
Total Current Liabilities	101,783		101,783	58,738		58,738
Non-current Liabilities						
Deferred tax liabilities	26,314	-	26,314	31,898	-	31,898
Total Non-current Liabilities	26,314		26,314	31,898		31,898
Total Liabilities	128,097		128,097	90,636		90,636
Equity attributable to Equity Holders of the Company						
Share capital	123,956	-	123,956	123,956	-	123,956
Share premium	133,946	-	133,946	133,946	-	133,946
Revaluation reserve	11,199	(11,199)	-	11,199	(11,199)	-
Capital redemption reserve	398	-	398	398	-	398
Revenue reserves	590,104	11,199	601,303	631,645	11,199	642,844
Total Equity	859,603		859,603	901,144		901,144
Total Equity and Liabilities	987,700		987,700	991,780		991,780

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(b) Reconciliation of total comprehensive income

The transition from FRS to MFRS has not had a material impact on the total comprehensive income of the Group and of the Company.

(c) Cash flows

There are no material differences between the statement of cash flows presented under MFRS and the statement of cash flows presented under FRS.

2.4 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for annual periods beginning on or after 1 January 2013

MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 128 Investment in Associates and Joint Ventures
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1 Government Loans
Amendments to MFRS contained in the document entitled "Annual Improvements 2009-2011 Cycle"
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB* in March 2004)
Amendments to MFRS 10, MFRS 11 and MFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB* in December 2003)

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities

Effective for annual periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB* in November 2009 and October 2010)

* International Accounting Standards Board

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

Except for Amendments to MFRS 101, MFRS 10, MFRS 11, MFRS 12 and MFRS 13, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period initial application. The nature of the impending changes in accounting policy on adoption of Amendments to MFRS 101, MFRS 10, MFRS 11, MFRS 12 and MFRS 13 are described below:

(a) Amendments to MFRS 101: Presentation of items of Other Comprehensive Income

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first financial statements after becoming effective.

(b) MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

Based on the preliminary analysis performed, MFRS 10 is not expected to have any impact on the currently held investments of the Group.

(c) MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly- Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

(c) MFRS 11 Joint Arrangements (cont'd.)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Based on the preliminary analysis performed, MFRS 11 is not expected to have any impact on the currently held investments of the Group.

(d) MFRS 12 Disclosures of Interest in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

(e) MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on preliminary analysis, no material impact is expected.

2.5 Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.5 Basis of consolidation (cont'd.)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.6 Foreign currency (cont'd.)

(b) Foreign currency transactions (cont'd.)

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

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

- Leasehold land - Amortised by equal annual instalments over the remaining life of the leases which vary between 19 and 71 years
- Buildings: 4% - 5% per annum
- Plant and machinery: 3.33% - 33.33% per annum
- Motor vehicles, furniture and equipment: 6.67% - 20% per annum

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

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

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

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

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

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

(b) Other intangible assets

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

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes to the Financial Statements
31 December 2012 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.8 Intangible assets (cont'd.)

(b) Other intangible assets (cont'd.)

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

(c) Computer software

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

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

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

2.12 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using equity method. Under the equity method, the investment in joint venture is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

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

Notes to the Financial Statements
31 December 2012 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.12 Joint venture (cont'd.)

In the Company's separate financial statements, its investment in joint venture is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.13 Financial assets (cont'd.)

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date such as the date that the Group and the Company commit to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equality securities carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and deposits with licensed banks.

2.16 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.16 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.

2.17 Provisions

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

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

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(b) Other financial liabilities

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

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

Notes to the Financial Statements
31 December 2012 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.18 Financial liabilities (cont'd.)

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absence. Short term non-accumulating compensated balances such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

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

2.20 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.20 Leases (cont'd.)

(a) As lessee (cont'd.)

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d).

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

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 terms.

(b) Dividend income

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

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.22 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

2. SIGNIICANT ACCOUNTING POLICIES (cont'd.)

2.22 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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

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

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

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures in each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Borrowing costs

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

2.25 Share capital and share issuance expenses

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

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

2.26 Treasury shares

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of plant and equipment

The cost of plant and equipment for the manufacture of cement and ready-mixed concrete is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 11.

(b) Impairment of goodwill

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

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 13.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default of significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 18.

(d) Provision for restoration costs

The Group has recognised a provision for restoration cost associated with the obligations to restore the lands at the end of the tenancy period. In determining the amount of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the plants from the site and the cost of restoring the land to its original state. The amount of the provision provided for as at 31 December 2012 was RM1,272,000 (2011 : RM1,532,000).

4. REVENUE

Revenue represents the net invoiced value of cement and related products, net of returns and commission, trade discounts and rebates.

5. FINANCE COST

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Bankers' acceptance	162	158	-	-
Others	-	325	-	357
Interest expense capitalised in:				
Unwinding of discount (Note 22)	29	60	-	-
	191	543	-	357

6. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- Statutory audit	120	112	86	80
- Other services	33	5	6	5
Amortisation of intangible assets	285	257	285	257
Amortisation of prepaid land lease payments	5	5	5	5
Bad debts written off	2	1	-	-
Depreciation of property, plant and equipment	42,698	43,196	37,217	38,193
Impairment loss on receivables	-	13	-	-
Inventories written down	127	444	127	444
Property, plant and equipment written off	1,591	471	279	463
Intangible assets written off	1	-	1	-
Loss on disposal of property, plant and equipment	33	209	-	-
Unrealised foreign exchange loss	-	57	-	57
Rental of premises	1,549	1,680	197	188
Impairment loss on investment in subsidiaries (Note 14)	-	-	-	16,633

6. PROFIT BEFORE TAX (cont'd.)

The following items have been included in arriving at profit before tax: (cont'd.)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Gain on disposal of property, plant and equipment	90	17	90	17
Gain on disposal of assets held for sale	-	155	-	155
Gross dividends received from investments				
- subsidiaries	-	-	1,200	45,407
- associate	-	-	7,500	6,000
Interest income				
- deposits with licensed banks	15,780	14,133	15,750	14,073
- subsidiary	-	-	197	-
- others	325	-	357	-
Realised foreign exchange gain	-	278	-	278
Rental income	746	894	980	1,044
Reversal of provision for obsolete inventories	413	-	413	-
Reversal of provision for restoration costs	781	-	-	-
Reversal on impairment loss on receivables	10	167	-	-
Waiver of advances by subsidiaries	-	-	-	16,598

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	29,525	31,000	23,550	23,482
Contributions to defined contribution plan	3,080	3,151	2,530	2,396
	32,605	34,151	26,080	25,878

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

8. DIRECTORS' REMUNERATION

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

	Group and Company	
	2012	2011
	RM'000	RM'000
Executive:		
Salaries and other emoluments	1,016	916
Fees	60	60
Total executive director's remuneration (excluding benefits-in-kind)	1,076	976
Estimated money value of benefits in kind	-	-
Total executive director's remuneration (including benefits-in-kind)	1,076	976
Non-Executive:		
Fees	530	515
Other emoluments	21	21
Total non-executive directors' remuneration	551	536
Total directors' remuneration	1,627	1,512

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are analysed below:

	Number of directors	
	2012	2011
Executive directors:		
RM500,001 - RM1,500,000	1	1
Non-Executive directors:		
Below RM50,000	-	2
RM50,001 - RM100,000	4	3
RM100,001 - RM150,000	2	2

Notes to the Financial Statements
31 December 2012 (cont'd.)

9. INCOME TAX EXPENSE

Major components of income tax expense

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	29,035	22,838	29,223	22,725
- Over provision in respect of prior years	(748)	(129)	(713)	(76)
	28,287	22,709	28,510	22,649
Deferred income tax (Note 25):				
- Origination and reversal of temporary differences	(1,369)	6,137	(714)	5,411
- Under provision in respect of prior years	514	287	461	173
	(855)	6,424	(253)	5,584
Income tax expense recognised in profit or loss	27,432	29,133	28,257	28,233

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

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit before tax	119,319	132,291	121,097	162,845
Tax at Malaysian statutory tax rate of 25%	29,830	33,073	30,274	40,711
Adjustments:				
Non-deductible expenses	1,055	8,700	199	4,465
Income not subject to taxation	(170)	(8,119)	(1,964)	(17,040)
Other items	-	(5)	-	-
Over provision of income tax in respect of previous years	(748)	(129)	(713)	(76)
Under provision of deferred taxation in respect of prior years	514	287	461	173
Share of result of associates	(3,049)	(4,674)	-	-
Income tax expense recognised in profit or loss	27,432	29,133	28,257	28,233

10. EARNINGS PER SHARE

(i) Basic

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

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

	Group	
	2012	2011
	RM'000	RM'000
Profit net of tax attributable to equity holders of the Company	91,887	103,158
Less: 6% Preference dividend	(20)	(20)
Proportion of profit attributable to preference shareholders	(246)	(279)
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	91,621	102,859
Weighted average number of ordinary shares in issue *	121,349	123,621

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Basic earnings per share (sen) for Profit for the year	75.50	83.20

(ii) Diluted

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

Notes to the Financial Statements
31 December 2012 (cont'd.)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM '000	Long term leasehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Furniture and equipment RM '000	Capital work in progress RM '000	Total RM '000
Cost:								
At 1 January 2011	26,941	22,260	192,304	646,583	9,404	33,508	5,601	936,601
Additions	-	-	65	2,260	133	1,831	37,838	42,127
Transfers	-	-	2,330	26,658	2,615	960	(32,563)	-
Disposals	-	-	-	(660)	(107)	(5)	-	(772)
Write off	-	-	(426)	(2,777)	-	(444)	-	(3,647)
Reclassification	-	-	-	483	102	7	-	592
At 31 December 2011	26,941	22,260	194,273	672,547	12,147	35,857	10,876	974,901
At 1 January 2012	26,941	22,260	194,273	672,547	12,147	35,857	10,876	974,901
Additions	64	-	140	3,808	315	1,041	24,893	30,261
Transfers	-	-	328	18,933	8,398	436	(28,095)	-
Disposals	-	-	-	(370)	(253)	-	-	(623)
Write off	-	-	(1,200)	(6,028)	(60)	(1,968)	-	(9,256)
At 31 December 2012	27,005	22,260	193,541	688,890	20,547	35,366	7,674	995,283

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Group	Freehold land RM '000	Long term leasehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Furniture and equipment RM '000	Capital work in progress RM '000	Total RM '000
Accumulated depreciation:								
At 1 January 2011	-	2,811	120,412	431,268	7,155	24,094	-	585,740
Charges for the year	-	612	5,552	32,404	976	3,652	-	43,196
Disposals	-	-	-	(228)	(107)	(2)	-	(337)
Write off	-	-	(130)	(2,612)	-	(434)	-	(3,176)
Reclassification	-	-	-	483	102	7	-	592
At 31 December 2011	-	3,423	125,834	461,315	8,126	27,317	-	626,015
At 1 January 2012	-	3,423	125,834	461,315	8,126	27,317	-	626,015
Charges for the year	-	612	5,538	32,186	1,316	3,046	-	42,698
Disposals	-	-	-	(38)	(208)	-	-	(246)
Write off	-	-	(924)	(4,917)	(33)	(1,791)	-	(7,665)
At 31 December 2012	-	4,035	130,448	488,546	9,201	28,572	-	660,802
Net carrying amount:								
At 1 January 2011	26,941	19,449	71,892	215,315	2,249	9,414	5,601	350,861
At 31 December 2011	26,941	18,837	68,439	211,232	4,021	8,540	10,876	348,886
At 31 December 2012	27,005	18,225	63,093	200,344	11,346	6,794	7,674	334,481

Notes to the Financial Statements
31 December 2012 (cont'd.)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Company	Freehold land RM '000	Long term leasehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Furniture and equipment RM '000	Capital work in progress RM '000	Total RM '000
Cost:								
At 1 January 2011	26,941	8,060	192,304	622,258	8,717	31,041	5,283	894,604
Additions	-	-	65	1,743	133	1,794	27,322	31,057
Transfers	-	-	2,330	17,952	2,422	510	(23,214)	-
Disposals	-	-	-	-	(96)	(2)	-	(98)
Write off	-	-	(426)	(2,770)	-	(439)	-	(3,635)
At 31 December 2011	26,941	8,060	194,273	639,183	11,176	32,904	9,391	921,928
At 1 January 2012	26,941	8,060	194,273	639,183	11,176	32,904	9,391	921,928
Additions	64	-	140	3,673	315	1,041	23,583	28,816
Transfers	-	-	328	16,824	8,281	398	(25,831)	-
Disposals	-	-	-	-	(162)	-	-	(162)
Write off	-	-	(1,200)	(1,210)	(4)	(1,169)	-	(3,583)
At 31 December 2012	27,005	8,060	193,541	658,470	19,606	33,174	7,143	946,999

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Company	Freehold land RM '000	Long term leasehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Furniture and equipment RM '000	Capital work in progress RM '000	Total RM '000
Accumulated depreciation:								
At 1 January 2011	-	2,512	120,411	422,707	7,004	22,947	-	575,581
Charges for the year	-	99	5,552	28,270	875	3,397	-	38,193
Disposals	-	-	-	-	(96)	(1)	-	(97)
Write off	-	-	(130)	(2,609)	-	(433)	-	(3,172)
At 31 December 2011	-	2,611	125,833	448,368	7,783	25,910	-	610,505
At 1 January 2012	-	2,611	125,833	448,368	7,783	25,910	-	610,505
Charges for the year	-	99	5,538	27,617	1,164	2,799	-	37,217
Disposals	-	-	-	-	(162)	-	-	(162)
Write off	-	-	(924)	(1,210)	(4)	(1,166)	-	(3,304)
At 31 December 2012	-	2,710	130,447	474,775	8,781	27,543	-	644,256
Net carrying amount:								
At 1 January 2011	26,941	5,548	71,893	199,551	1,713	8,094	5,283	319,023
At 31 December 2011	26,941	5,449	68,440	190,815	3,393	6,994	9,391	311,423
At 31 December 2012	27,005	5,350	63,094	183,695	10,825	5,631	7,143	302,743

Notes to the Financial Statements
31 December 2012 (cont'd.)

12. PREPAID LEASE PAYMENTS

Leasehold land with unexpired period less than 50 years:

	Group and Company		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Cost			
At 1 January and 31 December:	147	147	147
Accumulated amortisation			
At 1 January	120	115	110
Amortisation for the year	5	5	5
At 31 December	125	120	115
Net carrying amount	22	27	32
Amount to be amortised			
- Not later than one year	5	5	5
- Later than one year but not later than five years	17	20	20
- Later than five years	-	2	7

13. INTANGIBLE ASSETS

	<------------------------ Group	------------------------>		Company
	Computer software	Goodwill	Total	Computer software
	RM'000	RM'000	RM'000	RM'000
Cost:				
At 1 January 2011	2,968	389	3,357	2,968
Additions	613	-	613	613
Write off	(24)	-	(24)	(24)
At 31 December 2011 and 1 January 2012	3,557	389	3,946	3,557
Additions	384	-	384	384
Write off	(392)	-	(392)	(392)
At 31 December 2012	3,549	389	3,938	3,549

13. INTANGIBLE ASSETS (cont'd.)

	Group			Company
	Computer software	Goodwill	Total	Computer software
	RM'000	RM'000	RM'000	RM'000
Accumulated amortisation and impairment:				
At 1 January 2011	2,459	-	2,459	2,459
Amortisation (Note 6)	257	-	257	257
Write off	(24)	-	(24)	(24)
At 31 December 2011 and 1 January 2012	2,692	-	2,692	2,692
Amortisation (Note 6)	285	-	285	285
Write off	(391)	-	(391)	(391)
At 31 December 2012	2,586	-	2,586	2,586
Net carrying amount:				
At 1 January 2011	509	389	898	509
At 31 December 2011	865	389	1,254	865
At 31 December 2012	963	389	1,352	963

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-mixed concrete industry. No impairment loss is recognised during the year as the recoverable amount is higher than the carrying amount.

14. INVESTMENT IN SUBSIDIARIES

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Unquoted shares, at cost			
In Malaysia	47,984	47,484	47,484
Outside Malaysia *	-	-	-
	47,984	47,484	47,484
Less: Accumulated Impairment losses	(16,633)	(16,633)	-
	31,351	30,851	47,484

* Negligible

Notes to the Financial Statements
31 December 2012 (cont'd.)

14. INVESTMENT IN SUBSIDIARIES (cont'd.)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 31.12.2012	31.12.2011	1.1.2011
Held by the Company					
Posek Pembangunan Sdn Bhd	Malaysia	Dormant	100	100	100
Tasek Property Holdings Sdn Bhd	Malaysia	Investment holding	100	100	100
Tasek Plantation Sdn Bhd	Malaysia	Dormant	100	100	100
Tasek Concrete Sdn Bhd	Malaysia	Manufacture and trading of ready-mixed concrete	100	100	100
Tasek Industries Sdn Bhd	Malaysia	Dormant	100	100	100
Tasek Cement Quarries Sdn Bhd	Malaysia	Quarry operation	100	100	100
Tasek Holdings Pte Ltd **	Singapore	Dormant	100	100	100

** Not audited by Ernst & Young.

15. INVESTMENT IN JOINT VENTURE

	<------------------------ Group	------------------------>	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unquoted shares at cost	*	*	*
Group's share of post acquisition reserves	-	55	6
	-	55	6

* RM150

A subsidiary has an investment in a joint controlled entity, North Plaza Sdn Bhd ("NPSB"). The Group has an effective ownership interest of 15% (31.12.2011 : 15% ; 1.1.2011 : 15%) in NPSB. The intended principal activity of NPSB is property development. The Group's share of post acquisition reserves of the jointly controlled entity is included in the consolidated financial statements and is based on unaudited management accounts.

15. INVESTMENT IN JOINT VENTURE (cont'd.)

The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entity are as follows:

	<------------------------ Group ------------------------>		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Assets and liabilities			
Current assets	7,901	8,807	9,139
Non-current assets	-	-	-
Total assets	7,901	8,807	9,139
Current liabilities	8,442	8,394	8,764
Non-current liabilities	-	-	-
Total liabilities	8,442	8,394	8,764
Income and expenses:			
Income	41	-	
Expenses	(1,179)	(232)	

16. INVESTMENT IN ASSOCIATES

	<------------------- Group ------------------->			<----------------- Company ----------------->		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	21,592	21,592	21,592	21,592	21,592	21,592
Group's share of post-acquisition reserves	75,097	70,401	57,705	-	-	-
	96,689	91,993	79,297	21,592	21,592	21,592
Less: Accumulated impairment losses	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
	95,489	90,793	78,097	20,392	20,392	20,392

16. INVESTMENT IN ASSOCIATES (cont'd.)

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 31.12.2012	31.12.2011	1.1.2011
Cement Industries (Sabah) Sdn Bhd	Malaysia	Manufacture and sale of cement	30	30	30
Padu-Wangsa Sdn Bhd	Malaysia	Intention to establish a clinker plant in Sabah	29	29	29

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assets and liabilities			
Current assets	128,821	119,875	165,400
Non-current assets	172,361	209,187	179,493
Total assets	301,182	329,062	344,893
Current liabilities	14,756	19,473	75,828
Non-current liabilities	7,904	5,523	7,315
Total liabilities	22,660	24,996	83,143
Results:			
Revenue	436,397	404,230	
Profit for the year	57,529	62,300	

17. INVENTORIES

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost						
Raw materials	10,987	8,073	7,544	10,262	6,425	6,592
Work-in-progress	12,427	12,075	12,033	12,427	12,075	12,033
Finished goods	4,808	4,535	4,561	4,808	4,535	4,561
Consumable stores	73,453	64,481	91,084	73,400	64,462	91,084
	101,675	89,164	115,222	100,897	87,497	114,270

18. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current						
Other receivables	-	1,072	-	-	-	-
Amounts due from a subsidiary						
- non-interest bearing	-	-	-	-	1,177	-
- interest bearing	-	-	-	2,320	2,869	-
	-	1,072	-	2,320	4,046	-
Current						
Trade receivables						
Third parties	49,851	76,374	65,922	14,432	17,349	19,044
Amounts due from:						
Subsidiary	-	-	-	15,297	23,842	17,094
Associates	-	-	3,305	-	-	3,305
Related companies	7,225	4,089	515	7,225	4,089	515
	57,076	80,463	69,742	36,954	45,280	39,958
Less: Allowance for impairment						
- third parties	(411)	(421)	(1,276)	-	-	(701)
Trade receivables, net	56,665	80,042	68,466	36,954	45,280	39,257
Other receivables						
Amounts due from:						
Subsidiaries						
- non-interest bearing	-	-	-	742	373	1,519
- interest bearing	-	-	-	773	717	-
Associates	-	-	13,329	-	-	13,329
Other receivables	3,325	2,646	4,133	2,216	2,496	2,516
Deposits	929	1,009	777	271	26	26
Prepayments	4,697	1,630	331	3,967	1,026	79
	8,951	5,285	18,570	7,969	4,638	17,469
Less: Allowance for impairment						
- third parties	(385)	(385)	(385)	(385)	(385)	(385)
Other receivables, net	8,566	4,900	18,185	7,584	4,253	17,084
Trade and other receivables	65,231	84,942	86,651	44,538	49,533	56,341

18. TRADE AND OTHER RECEIVABLES (cont'd.)

	<---- Group	---->		<---- Company	---->	
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total trade and other receivables (current and non-current)	65,231	86,014	86,651	46,858	53,579	56,341
Less: Prepayments	(4,697)	(1,630)	(331)	(3,967)	(1,026)	(79)
Add: Cash and bank balances (Note 20)	465,577	494,529	436,904	457,145	487,146	429,414
Total loans and receivables	526,111	578,913	523,224	500,036	539,699	485,676

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2011 : 30 to 90 days ; 1.1.2011 : 30 to 90 days) terms. They 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 impairment of doubtful debts. Receivables are not held for the purpose of trading.

(a) Trade receivables

Ageing analysis of trade receivables

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

	<---- Group	---->		<---- Company	---->	
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	53,155	78,209	68,130	36,954	45,280	39,244
1 to 30 days past due not impaired	2,454	1,453	275	-	-	6
31 to 60 days past due not impaired	460	312	61	-	-	7
61 to 90 days past due not impaired	188	68	-	-	-	-
91 to 120 days past due not impaired	408	-	-	-	-	-
	3,510	1,833	336	-	-	13
Impaired	411	421	1,276	-	-	701
	57,076	80,463	69,742	36,954	45,280	39,958

18. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

During the financial year, the Group and the Company took possession of collateral it held as security as follows:

	<-------------- Group and Company -------------->		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Nature of assets			
Security deposits received	1,900	200	1,200

At reporting date, the Group and the Company also accepted bankers' guarantee issued by reputable banks from their customers amounting to RM12,690,000 (31.12.2011 : RM12,800,000 ; 1.1.2011 : RM12,150,000) and RM12,110,000 (31.12.2011 : RM11,790,000 ; 1.1.2011 : RM11,920,000) respectively to secure against trade credit facilities extended to customers.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 60% (31.12.2011 : 50% ; 1.1.2011 : 50%) of the Group's trade receivables arise from customers with more than three years of experience with the Group and losses have occurred infrequently.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,510,000 (31.12.2011 : RM1,833,000 ; 1.1.2011 : RM336,000) that are past due at the reporting date but not impaired because there has been no significant change in credit quality and the amount of receivables are considered recoverable.

18. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

Receivables that are impaired

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

	Group								
	Collectively impaired			Individually impaired			Total		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables - nominal amounts	-	-	-	411	421	1,276	411	421	1,276
Less : Allowance for impairment	-	-	-	(411)	(421)	(1,276)	(411)	(421)	(1,276)
	-	-	-	-	-	-	-	-	-

	Company								
	Collectively impaired			Individually impaired			Total		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables - nominal amounts	-	-	-	-	-	701	-	-	701
Less : Allowance for impairment	-	-	-	-	-	(701)	-	-	(701)
	-	-	-	-	-	-	-	-	-

18. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

Movement in allowance accounts:

	<---- Group	---->		<---- Company	---->	
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	421	1,276	910	-	-	701
Charge for the year (Note 6)	-	13	366	-	-	-
Reversal of impairment losses	(10)	(167)	-	-	-	-
Impairment losses written-off	-	(701)	-	-	-	(701)
At 31 December	411	421	1,276	-	-	-

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

b) Related party balances

Non-current

Amount due from a subsidiary (non-trade)

(i) Non-interest bearing

In previous financial year, the amount owing from a subsidiary was unsecured, non-interest bearing and shall be repaid within 5 years.

The amount had been initially measured at fair value and the difference between the fair value and the cost of advances of RM357,000 is recognised as interest expenses in profit or loss in prior year. Subsequent to initial recognition, the amount is measured at amortised cost.

During the financial year, the Company received RM1,238,000 from the subsidiary. The remaining balance has been reclassified as current at reporting date as the Company expects that the amount will be repayable on demand.

(ii) Interest bearing

The amount due from a subsidiary is unsecured, bear interest at 5.73% (31.12.2011: 5.73%) per annum and shall be repaid within 4 years via monthly installments.

18. TRADE AND OTHER RECEIVABLES (cont'd.)

b) Related party balances (cont'd.)

Current

Amounts due from subsidiaries (trade and non-trade - non-interest bearing)

The trade balance with subsidiaries is subject to normal trade credit terms. The non-trade balances with subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

Amounts due from a subsidiary (non-trade - interest bearing)

The amount due from a subsidiary is unsecured, bear interest at 5.73% (31.12.2011 : 5.73%) per annum and shall be repaid within 4 years via monthly instalments.

c) Other receivables - current and non-current

Included in other receivables of the Group is an advance by a subsidiary to a jointly controlled entity of RM187,000 (31.12.2011 : RM1,072,000) as initial expenditure for a proposed future development of approximately 7.4 acres of a commercial site. The advances are interest free, unsecured and have no fixed terms of repayment.

The amount was classified as non-current in previous financial year as the amount shall be repaid within 5 years. During the financial year, the subsidiary received RM1,238,000 from the jointly controlled entity. The remaining balance has been reclassified as current at reporting date as the subsidiary expects that the amount will be repaid within the period of next twelve months.

19. DERIVATIVES

	Group and Company								
	31.12.2012 RM'000			31.12.2011 RM'000			1.1.2011 RM'000		
	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Non-hedging derivatives:									
Current									
Forward currency contracts	-	-	-	-	-	-	1,909	61	-

The Group and the Company use forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

As at year end, the Group and the Company do not have any forward currency contracts (31.12.2011 : NIL).

20. CASH AND BANK BALANCES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cash at banks and on hand	20,955	24,974	24,887	12,923	17,591	19,397
Short term deposits with:						
Licensed banks	444,622	469,555	412,017	444,222	469,555	410,017
	465,577	494,529	436,904	457,145	487,146	429,414

Short-term deposits are made for varying periods of between one month and six months depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The effective interest rates for the year ended 31 December 2012 of the Group and of the Company are 2.00% - 3.50% (31.12.2011 : 2.00% - 3.55% ; 1.1.2011 : 1.72% - 3.10%) per annum.

Short term deposits with licensed banks of the Group and of the Company included amounts of RM1,900,000 (31.12.2011 : RM200,000 ; 1.1.2011 : RM1,200,000) representing security deposits received from customers to secure against trade credit facilities granted.

21. ASSETS CLASSIFIED AS HELD FOR SALE

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Investment property	-	-	174

On 4 November 2011, the Company entered into a sale and purchase agreement with an individual, to dispose off its investment property for a total cash consideration of RM329,000.

The disposal has resulted in a gain on disposal of RM155,000 in the previous financial year.

22. PROVISION

	Group		
	Restoration cost		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At 1 January	1,532	1,118	-
Arose during the year	492	354	1,051
Unwinding of discount (Note 5)	29	60	67
Reversal of provision	(781)	-	-
At 31 December	1,272	1,532	1,118

24. TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current						
Trade payables						
Third parties	34,670	46,606	32,164	19,437	28,875	14,108
Amounts due to:						
Subsidiary	-	-	-	1,200	-	-
	34,670	46,606	32,164	20,637	28,875	14,108
Other payables						
Accrued operating expenses	8,467	16,945	13,048	5,886	6,652	7,936
Other payables	23,866	15,996	15,198	23,849	15,988	16,310
Security deposits received	1,900	200	1,200	1,900	200	1,200
Amounts due to:						
Related companies	23	20	2	-	4	2
Subsidiaries	-	-	-	211	-	60,254
	34,256	33,161	29,448	31,846	22,844	85,702
	68,926	79,767	61,612	52,483	51,719	99,810
Total trade and other payables	68,926	79,767	61,612	52,483	51,719	99,810
Add: Loans and borrowings (Note 23)	3,843	6,195	4,127	-	-	-
Total financial liabilities carried at amortised cost	72,769	85,962	65,739	52,483	51,719	99,810

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (31.12.2011 : 30 to 90 days ; 1.1.2011 : 30 to 90 days) terms

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (31.12.2011 : average term of three months ; 1.1.2011 : average term of three months).

(c) Related party balances

Amounts due to related companies

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

Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and repayable on demand.

25. DEFERRED TAX

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

Group	As at 1 January 2011 RM'000	Recognised in profit or loss RM'000	As at 31 December 2011 RM'000	Recognised in profit or loss RM'000	As at 31 December 2012 RM'000
Deferred tax liabilities:					
Property, plant and equipment	(37,722)	939	(36,783)	791	(35,992)
Deferred tax assets:					
Derivative assets	(15)	15	-	-	-
Impairment loss on receivables	271	-	271	(175)	96
Others	1,449	123	1,572	239	1,811
Unabsorbed reinvestment allowances	7,501	(7,501)	-	-	-
	9,206	(7,363)	1,843	64	1,907
	(28,516)	(6,424)	(34,940)	855	(34,085)

Company	As at 1 January 2011 RM'000	Recognised in profit or loss RM'000	As at 31 December 2011 RM'000	Recognised in profit or loss RM'000	As at 31 December 2012 RM'000
Deferred tax liabilities:					
Property, plant and equipment	(35,520)	1,779	(33,741)	688	(33,053)
Deferred tax assets:					
Derivative assets	(15)	15	-	-	-
Impairment loss on receivables	271	-	271	(175)	96
Others	1,449	123	1,572	(260)	1,312
Unabsorbed reinvestment allowances	7,501	(7,501)	-	-	-
	9,206	(7,363)	1,843	(435)	1,408
	(26,314)	(5,584)	(31,898)	253	(31,645)

25. DEFERRED TAX (cont'd.)

Presented after appropriate offsetting as follows:

	<---- Group ----		---->	<---- Company ----		---->
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	1,907	1,843	9,206	1,408	1,843	9,206
Deferred tax liabilities	(35,992)	(36,783)	(37,722)	(33,053)	(33,741)	(35,520)
	(34,085)	(34,940)	(28,516)	(31,645)	(31,898)	(26,314)

<u>Tax consequences of proposed dividends</u>

There are no income tax consequences (31.12.2011 : Nil ; 1.1.2011 : Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

26. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	<---- Group and Company ----					---->
	<---- Number of shares of RM1.00 ---->			<---- Amount ---->		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	'000	'000	'000	RM'000	RM'000	RM'000
Share capital						
Authorised:						
6% cumulative participating preference shares of RM1.00 each	500	500	500	500	500	500
Ordinary shares of RM1.00 each	299,500	299,500	299,500	299,500	299,500	299,500
	300,000	300,000	300,000	300,000	300,000	300,000
Issued and fully paid:						
6% cumulative participating preference shares of RM1.00 each						
At 1 January/31 December	335	335	335	335	335	335
Ordinary shares of RM1.00 each						
At 1 January/31 December	123,621	123,621	123,621	123,621	123,621	123,621
Total	123,956	123,956	123,956	123,956	123,956	123,956

Notes to the Financial Statements
31 December 2012 (cont'd.)

26. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd.)

	<-------------- Group and Company -------------->		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Share premium			
At 1 January / 31 December	133,946	133,946	133,946
Treasury shares			
At 1 January	-	-	(223)
Cancellation of treasury shares	-	-	1,838
Purchase of treasury shares	(20,633)	-	(1,615)
At 31 December	(20,633)	-	-

a) Share capital

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

b) 6% cumulative participating preference shares

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

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

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

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

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

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

(i) When the dividend or part of the dividend on the share is in arrears for more than 6 months;

(ii) On a proposal to reduce the Company's share capital;

(iii) On a proposal for the disposal of the whole of the Company's property, business and undertaking;

(iv) On a proposal that affects rights attached to the share;

(v) On a proposal to wind up the Company; and

(vi) During the winding up of the Company.

26. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd.)

c) Treasury shares

During the financial year, the Company repurchased 2,478,300 of its issued ordinary shares from the open market at an average price of RM8.30 per share. The total consideration paid for the repurchase including transaction cost was RM20,633,000. The shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

27. RESERVES

	<------------------- Group	------------------->		<----------------- Company	----------------->	
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non distributable:						
Capital redemption reserve	398	398	398	398	398	398
Distributable:						
General reserve	115,347	115,347	115,347	115,347	115,347	115,347
Retained profits	599,761	608,205	598,118	520,006	527,497	485,956
	715,108	723,552	713,465	635,353	642,844	601,303
Total	715,506	723,950	713,863	635,751	643,242	601,701

(a) Capital redemption reserve

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

(b) General reserve

General reserve was transferred from retained profits in previous years.

(c) Retained profits

As at 31 December 2012, the Company has tax exempt profits available for distribution of RM311,942,000 (31.12.2011 : RM281,951,000 ; 1.1.2011 : RM205,209,000).

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

Notes to the Financial Statements
31 December 2012 (cont'd.)

27. RESERVES (cont'd.)

(c) Retained profits (cont'd.)

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2012 and 2011, the Company has sufficient credit in the 108 balance and tax-exempt income account to pay dividends out of its entire general reserve and retained profits.

28. DIVIDENDS

	Group and Company	
	2012	2011
	RM'000	RM'000
Recognised during the financial year:		
Dividends on Ordinary Shares:		
- Final net dividend for 2011 : 22.5 sen (2010 : 22.5 sen) per share	27,256	27,815
- Special net dividend for 2011 : 37.5 sen (2010 : 37.5 sen) per share	45,429	46,358
- Interim net dividend for 2012 : 22.5 sen (2011 : 15 sen) per share	27,256	18,542
Dividends on 6% Cumulative Participating Preference Shares:		
- Cumulative dividend for 2011 : 6 sen (2010 : 6 sen) per share	20	20
- Single tier final ordinary dividend for 2011 : 30 sen (2010 : 30 sen) per share	101	101
- Single tier special dividend for 2011 : 50 sen (2010 : 50 sen) per share	168	168
- Interim dividend for 2012 : 30 sen (2011 : 20 sen) per share	101	67
	100,331	93,071

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

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

	Group and Company	
	2012	2011
	RM'000	RM'000
Dividends on Ordinary Shares:		
- Final net dividend for 2012 : 22.5 sen (2011 : 22.5 sen) per share	27,256	27,815
- Special net dividend for 2012 : 45 sen (2011 : 37.5 sen) per share	54,514	46,358
Dividends on 6% Cumulative Participating Preference Shares:		
- Cumulative dividend for 2012 : 6 sen (2011 : 6 sen) per share	20	20
- Single tier final ordinary dividend for 2012 : 30 sen (2011 : 30 sen) per share	101	101
- Single tier special dividend for 2012 : 60 sen (2011 : 50 sen) per share	201	168

28. DIVIDENDS (cont'd.)

The financial statements for the current financial year do not reflect the proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2013.

29. RELATED PARTY DISCLOSURES

a) Sale and purchase of goods and services

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of finished goods to:				
- Companies in which major shareholders have interests	53,863	50,787	49,047	41,228
- Associates	1,325	13,500	1,325	13,500
- A subsidiary	-	-	67,459	85,816
Purchase of raw material from:				
- A subsidiary	-	-	4,906	-
Dividends received from:				
- A subsidiary	-	-	1,200	45,407
- Associates	-	-	7,500	6,000
Interest income from:				
- A subsidiary	-	-	197	-
Rental of premises received from/(paid to):				
- A subsidiary	-	-	252	150
- Related companies	(275)	(515)	(191)	(185)
Registrar fees and expenses paid to a related company	(18)	(18)	(18)	(18)
Waiver of advances on amount owing to subsidiaries	-	-	-	16,598

29. RELATED PARTY DISCLOSURE (cont'd.)

b) Account balances with related parties

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Amount due from/(to)				
Account balances with companies in which major shareholders have interests				
Hong Leong Asia Ltd.	-	(16)	-	-
Hong Leong Share Registration Services Sdn Bhd	-	(4)	-	(4)
Hong Leong Marketing Co Berhad	4,108	3,036	4,108	3,036
Kimsik Company Sdn Bhd	171	366	158	366
Hume Industries (Malaysia) Sdn Bhd	485	-	25	-
Account balances with related company				
HL-Manufacturing Industries Sdn Bhd	377	687	377	687
HL Building Materials Pte Ltd	2,557	-	2,557	-
Account balances with jointly controlled entity				
North Plaza Sdn Bhd	187	1,072	-	-
Account balances with subsidiaries				
Tasek Concrete Sdn Bhd	-	-	18,179	27,534
Tasek Plantation Sdn Bhd	-	-	15	5
Tasek Industries Sdn Bhd	-	-	10	7
Posek Pembangunan Sdn Bhd	-	-	12	10
Tasek Property Holdings Sdn Bhd	-	-	328	1,177
Tasek Cement Quarries Sdn Bhd	-	-	(822)	245

c) Compensation of key management personnel

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	2,589	2,469	2,367	2,175

30. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	13,520	11,289	13,250	10,388
Approved but not contracted for:				
Property, plant and equipment	12,926	4,454	10,704	3,210
	26,446	15,743	23,954	13,598

(b) Operating lease commitments - as lessee

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

	Group	
	2012	2011
	RM'000	RM'000
Not later than 1 year	1,149	1,538
Later than 1 year but not later than 5 years	993	1,856
	2,142	3,394

The Group leases plant site under operating leases. The leases typically run for a period of one to three years, with an option to renew the lease after that date. None of the lease includes contingent rentals.

31. CONTINGENT LIABILITIES

(a) The Group is providing continuing financial support to NPSB, a joint venture company up to the percentage of shareholding the Group holds in NPSB so as to enable NPSB to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operation.

(b) The Company monitors the performance of its subsidiary closely to ensure it meets all its financial obligations. In view that, there is minimal risk of default, the Company has not recognised the value of the obligation under the financial guarantee in the statement of financial position.

	Company	
	2012	2011
	RM'000	RM'000
Unsecured:		
Corporate guarantee given to a third party in respect of rental of property by a subsidiary	238	188

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments that are carried at fair value

As at 31 December 2012 and 2011, the Group and the Company held the following financial assets that are measured at fair value:

Group and Company	Level 2 2012 RM'000	Level 2 2011 RM'000	Level 2 1.1.2011 RM'000
Forward currency contracts (Note 19)	-	-	61

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs that are based on observable market data, either directly or indirectly
Level 3 - Inputs that are not based on observable market data

Determination of fair value

Derivatives

The fair value of forward currency contracts are calculated by reference to marked-to-market ("MTM") rates as supplied by banks.

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

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

	Note
Trade and other receivables	18
Cash and bank balances	20
Loans and borrowings	23
Trade and other payables	24

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

a) Credit risk

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

Exposure to credit risk

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18(a).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

b) Market risk

(i) 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 are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

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

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

	Group and Company	
	2012	2011
	RM'000	RM'000
United States Dollar ("USD")		
Trade and other receivables	1,382	2,422
Cash and bank balances	1,222	948
	2,604	3,370
Singapore Dollar ("SGD")		
Trade and other receivables	2,557	-
	5,161	3,370

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

b) Market risk (cont'd.)

(i) Foreign exchange risk (cont'd.)

Sensitivity analysis

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

	Group and Company Profit before tax	
	2012 RM'000	2011 RM'000
United States Dollar	260	337
Singapore Dollar	256	-

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

c) Interest rate risk

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

d) Liquidity risk

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

At the reporting date, the Group held short term deposits of RM442,722,000 (2011 : RM469,355,000) net of security deposits received from customers and cash and bank balances of RM20,955,000 (2011 : RM24,974,000) that are expected to readily generate cash inflows for managing risk.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

d) Liquidity risk (cont'd.)

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

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 3 and 4 years RM'000	Over 5 years RM'000
Group				
At 31 December 2012				
Loan and borrowings	3,843	-	-	-
Trade and other payables	68,926	-	-	-
At 31 December 2011				
Loan and borrowings	6,195	-	-	-
Trade and other payables	79,767	-	-	-
Company				
At 31 December 2012				
Trade and other payables	52,483	-	-	-
At 31 December 2011				
Trade and other payables	51,719	-	-	-

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

d) Liquidity risk (cont'd.)

Effective interest rates and repricing analysis.

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

	Effective interest rate %	Total RM'000	Within 1 year RM'000
Group			
2012			
Fixed rate instruments			
Short term deposit with licensed banks	2.00% - 3.50%	444,622	444,622
Bankers' acceptance	2.94% - 3.55%	3,843	3,843
2011			
Fixed rate instruments			
Short term deposit with licensed banks	2.00% - 3.55%	469,555	469,555
Bankers' acceptance	2.76% - 3.50%	6,195	6,195
Company			
2012			
Fixed rate instruments			
Short term deposit with licensed banks	2.00% - 3.50%	444,222	444,222
2011			
Fixed rate instruments			
Short term deposit with licensed banks	2.00% - 3.55%	469,555	469,555

34. SEGMENTAL INFORMATION

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

I. The cement segment is a supplier of cement.
II. The ready mix concrete segment is a supplier of ready-mixed concrete.

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

34. SEGMENTAL INFORMATION (cont'd.)

Management monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below is measured differently from operating profit or loss in the consolidated financial statements. Group financial (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

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

	Cement RM'000	Ready mix concrete RM'000	All other segments RM'000	Total RM'000	Adjustments and eliminations Total RM'000	Note	Per consolidated financial statement Total RM'000
31 December 2012							
Revenue:							
External customers	402,927	161,613	-	564,540	-		564,540
Inter - segment	67,458	-	5,149	72,607	(72,607)	A	-
Total revenue	470,385	161,613	5,149	637,147	(72,607)		564,540
Results:							
Interest income	16,304	24	331	16,659	(554)		16,105
Finance costs	-	(388)	(357)	(745)	554		(191)
Dividend income	8,700	-	-	8,700	(8,700)	A	-
Gain/(loss) on disposal of property, plant and equipment	90	(33)	-	57	-		57
Depreciation and amortisation	(37,507)	(4,968)	(513)	(42,988)	-		(42,988)
Reportable segment profit before income tax	121,097	(4,689)	(287)	116,121	3,198	B	119,319
Reportable segment profit after income tax	92,840	(4,059)	(392)	88,389	3,498	C	91,887

34. SEGMENTAL INFORMATION (cont'd.)

	Cement RM'000	Ready mix concrete RM'000	All other segments RM'000	Total RM'000	Adjustments and eliminations Total RM'000	Note	Per consolidated financial statement Total RM'000
31 December 2012 (cont'd.)							
Other non-cash items:							
Property, plant and equipment written off	(279)	(1,312)	-	(1,591)	-		(1,591)
Bad debts written off	-	(2)	-	(2)	-		(2)
Unwinding of discounts	-	(29)	-	(29)	-		(29)
Assets and liabilities							
Reportable segment assets	960,371	64,939	15,269	1,040,579	23,545	D	1,064,124
Investment in jointly controlled entity	-	-	-	-	-		-
Investment in associates	95,489	-	-	95,489	-		95,489
Additions to non-current assets	29,200	1,445	-	30,645	-	E	30,645
Reportable segment liabilities	87,351	42,464	1,864	131,679	(20,330)	F	111,349

34. SEGMENTAL INFORMATION (cont'd.)

	Cement RM'000	Ready mix concrete RM'000	All other segments RM'000	Total RM'000	Adjustments and eliminations Total RM'000	Note	Per consolidated financial statement Total RM'000
<u>31 December 2011</u>							
Revenue:							
External customers	362,548	203,637	-	566,185	-		566,185
Inter - segment	85,816	-	-	85,816	(85,816)	A	-
Total revenue	448,364	203,637	-	652,001	(85,816)		566,185
Results:							
Interest income	14,073	60	-	14,133	-		14,133
Finance costs	(325)	(218)	-	(543)	-		(543)
Dividend income	51,407	-	-	51,407	(51,407)	A	-
Gain on disposal of property, plant and equipment	17	218	-	235	-		235
Gain on disposal of assets held for sale	155	-	-	155	-		155
Depreciation and amortisation	(38,455)	(4,466)	(514)	(43,435)	(23)		(43,458)
Reportable segment profit before income tax	162,845	2,655	(17,178)	148,322	(16,031)	B	132,291
Reportable segment profit after income tax	134,612	1,722	(17,145)	119,189	(16,031)	C	103,158

34. SEGMENTAL INFORMATION (cont'd.)

	Cement RM'000	Ready mix concrete RM'000	All other segments RM'000	Total RM'000	Adjustments and eliminations Total RM'000	Note	Per consolidated financial statement Total RM'000
31 December 2011 (cont'd.)							
Other non-cash items:							
Impairment loss on receivables	-	(13)	-	(13)	-		(13)
Property, plant and equipment written off	(463)	(8)	-	(471)	-		(471)
Impairment loss on investment in subsidiaries	(16,633)	-	-	(16,633)	16,633	C	-
Waiver of advances on amount owing to/(from)	16,598	-	(16,598)	-	-		-
Bad debts written off	-	(1)	-	(1)	-		(1)
Unwinding of discounts	-	(60)	-	(60)	-		(60)
Assets and liabilities							
Reportable segment assets	960,371	93,757	46,164	1,100,292	11,013	D	1,111,305
Investment in jointly controlled entity	-	-	55	55	-		55
Investment in associates	90,793	-	-	90,793	-		90,793
Additions to non-current assets	31,670	11,070	-	42,740	-	E	42,740
Reportable segment liabilities	90,636	66,323	1,473	158,432	(28,979)	F	129,453

34. SEGMENTAL INFORMATION (cont'd.)

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

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

	Note	2012 RM'000	2011 RM'000
Share of results of associates and jointly controlled entity		12,141	18,743
Inter-segment dividends elimination	A	(8,700)	(51,407)
Impairment loss on investment in subsidiaries		-	16,633
Elimination of unrealised gain in inventories		(243)	-
		3,198	(16,031)

C The following items are added to/(deducted from) segment profit to arrive at "Profit, net of tax" presented in the consolidated statement of comprehensive income.

		2012 RM'000	2011 RM'000
Elimination of unrealised gain in inventories		(243)	-
Inter-segment dividends elimination	A	(8,400)	(51,407)
Impairment loss on investment in subsidiaries	B	-	16,633
Share of results of associates and jointly entity		12,141	18,743
		3,498	(16,031)

Notes to the Financial Statements
31 December 2012 (cont'd.)

34. SEGMENTAL INFORMATION (cont'd.)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements. (cont'd.)

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2012 RM'000	2011 RM'000
Inter-segment assets elimination	A	(51,698)	(59,832)
Goodwill on consolidation		389	389
Investment in joint venture		-	55
Investment in associates		75,097	70,401
Elimination of unrealised gain in inventories		(243)	-
		23,545	11,013

E Additions to non-current assets consist of:

	Note	2012 RM'000	2011 RM'000
Property, plant and equipment		30,261	42,127
Intangible assets		384	613
Inter-segment assets elimination	A	-	-
		30,645	42,740

F The following items are added to/(deducted from) segment liabilities to arrive at total assets reported in the consolidated statement of financial position:

	Note	2012 RM'000	2011 RM'000
Inter-segment liabilities elimination			
- subsidiaries	A	(20,330)	(28,979)

34. SEGMENTAL INFORMATION (cont'd.)

Analysis of revenue by geographical segment

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

	2012 RM'000	2011 RM'000
Malaysia	501,169	507,232
Outside Malaysia	63,371	58,953
	564,540	566,185

Major customers

There are two major customers with revenue of RM162,189,000 (2011: Nil) from the sale of cement segment.

35. CAPITAL MANAGEMENT

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

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

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

The Group's strategy is to maintain the gearing ratio at a very low level. There is no long term borrowing for the Group in 2012 and 2011.

36. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	557,019	557,492	551,651	559,395
- Unrealised	(34,085)	(34,940)	(31,645)	(31,898)
	522,934	522,552	520,006	527,497
Total share of realised retained profits from associates and jointly controlled entity				
- Realised	77,468	72,113	-	-
- Unrealised	(2,371)	(1,657)	-	-
	598,031	593,008	520,006	527,497
Add:				
Consolidation adjustments	1,730	15,197	-	-
Retained profits as per financial statements	599,761	608,205	520,006	527,497

List of Properties
held by the Group as at 31 December 2012

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition*
A	OWNED BY TASEK CORPORATION BERHAD						
1	Lot 15667 (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 13777 (CT.8522) Tasek, Mukim Ulu Kinta, Perak	Freehold	8a 3r 28p	-	Agricultural/ Future Development	840	1985
4	Lot 24861 (CT.5398) Tasek, Mukim Ulu Kinta, Perak	Freehold	3a 0r 20p	-	Agricultural/ Future Development	184	1985
5	Lot 44410 Geran 63913 Tasek, Mukim Ulu Kinta, Perak	Freehold	9a 3r 12p	-	Quarry	1,069	1985
6	Lot 9112N/601 (G.8446) Jalan Kuala Kangsar, Mukim Ulu Kinta, Perak	Freehold	31a 3r 31p	-	Agricultural/ Storage Yard	3,539	1985
7	Lot 16908 (G.8447) Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 1r 19p	-	Agricultural/ Future Development	177	1985
8	Lot 24863 (G.8449) Tasek, Mukim Ulu Kinta, Perak	Freehold	1.4085a	-	Agricultural/ Future Development	120	1985
9	Lot 9114N/233 (PN.2306) Jalan Kuala Kangsar, Mukim Ulu Kinta, Perak	Pajakan Negeri 999 tahun Expiring in 14.11.2893	30a 2r 24p	-	Agricultural/ Future Development	2,587	1985
10	Lot 208414 (CT.9378 Lot 15627) Tasek, Mukim Ulu Kinta, Perak	Freehold	3a 1r 21p	-	Agricultural/ Future Development	196	1985

List of Properties
held by the Group as at 31 December 2012 (cont'd.)

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition*
A	OWNED BY TASEK CORPORATION BERHAD (cont'd)						
11	Lot 17127 (Geran 22972) Tasek, Mukim Ulu Kinta, Perak	Freehold	3a 3r 29p (1.5909h)	-	Quarry/Future Development	360	1985
12	Lot 208410/208411 (CT.14706 Lot 21354) Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 2r 39p	-	Agricultural/ Future Development	214	1985
13	Lot 44411 (CT.25296) Tasek, Mukim Ulu Kinta, Perak	Freehold	20a 1r 5p	-	Industrial/Future Development	3,094	1985
14	Lot 43100 (CT.28442) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	5a 0r 0p	1 to 49	Industrial/ Factory Site	1,201	1985
15	Lot 43101 (CT.28443) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak	Freehold	4a 3r 39p	-	Industrial/ Factory Site	1,087	1985
16	Lot 22548 (Geran 8990) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	2a 1r 39p	1 to 49	Industrial/ Factory Site	788	1985
17	Lot 22547 (Geran 8448) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	2a 1r 39p	1 to 49	Industrial/ Factory Site	1,661	1985
18	Lot 14661 (CT.9236) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak	Freehold	4a 3r 33p	-	Industrial/ Factory Site	1,402	1985

List of Properties
held by the Group as at 31 December 2012 (cont'd.)

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition*
A	OWNED BY TASEK CORPORATION BERHAD (cont'd)						
19	Lot 14662 (G.9002) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	8a 1r 36p	1 to 49	Industrial/ Factory Site	2,163	1985
20	Lot 14870 (Geran 23165) Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 3r 5p	-	Agricultural/ Future Development	576	1985
21	Lot 15031 (G.22300) Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 1r 37p	-	Agricultural/ Future Development	366	1985
22	Lot 21989 (G.22303) Chemor, Mukim Ulu Kinta, Perak	Freehold	47a 3r 35p	-	Agricultural/ Future Development	759	1985
23	Lot 1552 (HS(M)21254) Sungai Buloh Mukim Gombak, Selangor Factory Building	Freehold	2.875a (1.163h)	17	Bulk Terminal/ Storage Packing	11,116	1995*
24	Lot 47435 (HS(D)KA 123/83) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Leasehold Expiring in 2062	29a 0r 0p	1 to 49	Industrial/ Factory Site	55,364	1985
25	Lot PT.59 (HS (D) 1865/83) Kampung Acheh Mukim Lumut, Perak Store	Leasehold Expiring in 14.11.2082	25.404a	30	Industrial/ Storage Yard & Jetty	1,592	1985
26	Lot 25065 (PT.160443 (HS(D)KA 83030)) Batu 3 ½ Jln Kuala Kangsar Mukim Ulu Kinta, Perak	Leasehold Expiring in 14.3.2030	38.77a (15.69h)	-	Limestone Quarry	138	1985

List of Properties
held by the Group as at 31 December 2012 (cont'd.)

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition*
A	OWNED BY TASEK CORPORATION BERHAD (cont'd)						
27	Lot PT.160403,160402 & 160404 HS(D)KA 83028, 83027 & 83029 Batu 3 ½ Jln Kuala Kangsar Mukim Ulu Kinta, Perak	Leasehold Expiring in 14.3.2030	3.38a (1.37h) 25.02a (10.13h) 17.31a (7.00h)	-	Limestone Quarry	13	1985
28	Lot.22953 (Geran 50426) Persiaran Tasek Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak	Freehold	1a 0r 28p	-	Agriculture/ Factory Site	375	2009
29	P.T. 235249 H.S.(D) 197392 Tasek, Mukim Ulu Kinta, Perak	Freehold	0.829 hectare	-	Agriculture/ TNB substation	301	2011
30	P.T. 235250 H.S.(D) 197393 Tasek, Mukim Ulu Kinta, Perak	Freehold	4.9373 hectares	-	Limestone Quarry	1,792	2011
31	P.T. 235251 H.S.(D) 197394 Tasek, Mukim Ulu Kinta, Perak	Freehold	2.165 hectares	-	Agriculture/ clay stockpile	786	2011
B	OWNED BY TASEK CEMENT QUARRIES SDN BHD						
1	P.T 21302 & P.T. 21303 H.S(D) 180252 & 180253 Mukim, Sungai Raya, Perak	Leasehold 30 yrs expiring in 23.11.2038	10.2563 hectares	-	Limestone Hill	12,874	2010*

Note:
The lots P.T. 235249, P.T. 235250 & P.T.235251 were replacement for lots 15029, 15030, 15032, 15033 & 19899.

Analysis of Shareholdings
as at 8 March 2013

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	:	RM123,956,231 comprising 123,621,231 Ordinary Shares of RM1.00 each and 335,000 6% Cumulative Participating Preference Shares of RM1.00 each
Adjusted issued & paid-up Capital (after deducting treasury shares pursuant to Section 67A, Companies Act, 1965)	:	RM121,477,931 comprising 121,142,931 Ordinary Shares of RM1.00 each and 335,000 6% Cumulative Participating Preference Shares of RM1.00 each
Class of Shares	:	123,621,231 Ordinary Shares of RM1.00 each and 335,000 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 Shareholders	%	No. of Shares	%
Less than 100	7	17.50	222	0.07
100 - 1,000	19	47.50	9,891	2.95
1,001 - 10,000	7	17.50	15,984	4.77
10,001 - less than 5% of issued shares	2	5.00	23,600	7.04
5% and above of issued shares	5	12.50	285,303	85.17
	40	100.00	335,000	100.00

Analysis of Shareholdings
as at 8 March 2013 (cont'd.)

30 LARGEST 6% CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS AS AT 8 MARCH 2013

	Name of Shareholders	No. of Shares	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Investment Bank Berhad for HL Cement (Malaysia) Sdn Bhd (SSA)	211,050	63.00
2.	Yeoh Ghim Cheow Holding Sdn Bhd	20,100	6.00
3.	Tan Eng Han	18,129	5.41
4.	Tan Seck Yeow	18,047	5.39
5.	Chon Moi	17,977	5.37
6.	Ewe Poh Kim	13,400	4.00
7.	Kong Pih Shean	10,200	3.04
8.	Khoo Kok Beng	3,100	0.92
9.	Koh Boon Yoke	2,308	0.69
10.	Tan Seck Chuan	2,144	0.64
11.	Tan Seck Kang	2,144	0.64
12.	Tan Sek Thong	2,144	0.64
13.	Tan Siak Hai	2,144	0.64
14.	Sasitharan A/L A Mathavan	2,000	0.60
15.	Wee Yock Yan	1,000	0.30
16.	Yeow Ho Huat	1,000	0.30
17.	Tan Bee Choo	858	0.26
18.	Tan Lay Hoon	858	0.26
19.	Tan Poh Choo	858	0.26
20.	Ng Teng Teong	800	0.24
21.	Peh Choon Guan (Bai Junyuan)	572	0.17
22.	HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Berhad for Lee Kow Lian	500	0.15
23.	Looi Cheong Weng	500	0.15
24.	Seah Toong Choon	500	0.15
25.	Yeow Mei Cheng	500	0.15
26.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Giin Cherng	300	0.09
27.	Maybank Nominees (Tempatan) Sdn Bhd - Gopi Nathan A/L P V Krishnan Nambiar	300	0.09
28.	Ooi Keat Leong	300	0.09
29.	Wong Ting Hon	300	0.09
30.	Peh Choon Leong	286	0.08
		334,319	99.80

Analysis of Shareholdings
as at 8 March 2013 (cont'd.)

Ordinary Shares of RM1.00 each

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	194	10.30	4,897	0.00
100 - 1,000	783	41.58	525,047	0.43
1,001 - 10,000	727	38.61	2,471,784	2.04
10,001 - 100,000	154	8.18	4,175,827	3.45
100,001 - less than 5% of issued shares	23	1.22	16,279,633	13.44
5% and above of issued shares	2	0.11	97,685,743	80.64
	1,883	100.00	121,142,931	100.00

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

30 LARGEST ORDINARY SHAREHOLDERS AS AT 8 MARCH 2013

	Name of Shareholders	No. of Shares	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Investment Bank Berhad for HL Cement (Malaysia) Sdn Bhd (SSA)	89,982,883	74.28
2.	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Lux for Aberdeen Global	7,702,860	6.36
3.	Malaysia Nominees (Tempatan) Sendirian Berhad - Boon Siew Sdn Berhad (00-00198-000)	4,673,688	3.86
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	1,806,529	1.49
5.	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	1,790,000	1.48
6.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	1,787,500	1.48
7.	Amanahraya Trustees Berhad - Public Dividend Select Fund	964,400	0.80
8.	Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	961,400	0.79
9.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for BNP Paribas Securities Services (Singapore - SGD)	588,070	0.49
10.	Amsec Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	506,500	0.42

Analysis of Shareholdings
as at 8 March 2013 (cont'd.)

30 LARGEST ORDINARY SHAREHOLDERS AS AT 8 MARCH 2013 (cont'd.)

	Name of Shareholders	No. of Shares	%
11.	HSBC Nominees (Asing) Sdn Bhd - HSBC-FS for Navis Yield Fund	408,100	0.34
12.	Woo Khai Yoon	311,100	0.26
13.	CIMB Commerce Trustees Berhad - Public Focus Select Fund	308,300	0.25
14.	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Paris for HI-KABL-Fonds	307,900	0.25
15.	Amanahraya Trustees Berhad - Public Smallcap Fund	268,400	0.22
16.	YBhg Tan Sri Quek Leng Chan	232,994	0.19
17.	Cartaban Nominees (Asing) Sdn Bhd - BBH (Lux) SCA for Fidelity Funds Malaysia	228,600	0.19
18.	Maybank Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Endowment Fund)	203,000	0.17
19.	KAF Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Lim Sin Hoon	167,500	0.14
20.	HSBC Nominees (Asing) Sdn Bhd - TNTC for Lockheed Martin Corporation Master Retirement Trust	150,700	0.12
21.	Maybank Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Operating Fund)	145,000	0.12
22.	Amsec Nominees (Tempatan) Sdn Bhd - AmFraser Securities Pte Ltd for Tan Kah Lay (1922)	123,950	0.10
23.	Wong Yoon Chyuan	123,950	0.10
24.	Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	122,000	0.10
25.	Sam Securities Sdn. Berhad	100,052	0.08
26.	Cimsec Nominees (Asing) Sdn Bhd - Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	99,119	0.08
27.	Nam San Sendirian Berhad	94,559	0.08
28.	Chan Kwai Peng	90,534	0.08
29.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund DRPH for Aberdeen Asia-Pacific Smaller Companies Fund	90,000	0.07
30.	Malaysia Nominees (Tempatan) Sendirian Berhad - Bayview Hotel Sendirian Berhad (00-00199-000)	87,519	0.07
		114,427,107	94.46

Analysis of Shareholdings
as at 8 March 2013 (cont'd.)

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 8 March 2013:

	Name of Substantial Shareholders	No. of Shares	%
1.	Aberdeen International Fund Managers Limited	7,709,360 [i]	6.36
2.	Aberdeen Asset Management Asia Limited	10,328,130 [i]	8.53
3.	Aberdeen Asset Management PLC	14,798,659 [i]	12.22
4.	Mitsubishi UFJ Financial Group, Inc.	14,798,659 [ii]	12.22
5.	HL Cement (Malaysia) Sdn Bhd	89,982,883	74.28
6.	HL Cement (Labuan) Limited	89,982,883 *	74.28
7.	HL Cement (HK) Limited	89,982,883 *	74.28
8.	Hong Leong Asia Ltd.	89,982,883 *	74.28
9.	Hong Leong Corporation Holdings Pte Ltd	89,982,883 *	74.28
10.	Hong Leong Enterprises Pte. Ltd.	89,982,883 *	74.28
11.	Davos Investment Holdings Private Limited	89,982,883 *	74.28
12.	Kwek Leng Kee	89,982,883 *	74.28
13.	Quek Leng Chye	89,982,883 *	74.28
14.	Hong Leong Investment Holdings Pte. Ltd.	89,982,883 *	74.28
15.	Kwek Holdings Pte. Ltd.	89,982,883 *	74.28
16.	Kwek Leng Beng	89,982,883 *	74.28
17.	Salvador Pte. Ltd.	89,982,883 *	74.28
18.	Tan Sri Quek Leng Chan	90,215,877 #	74.47

Notes:

[i] Disclosures include holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.

[ii] Deemed interest through Aberdeen Asset Management PLC and its subsidiaries by virtue of Section 6A of the Companies Act, 1965.

* Deemed interest through HL Cement (Malaysia) Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

Direct and deemed interest HL Cement (Malaysia) Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

Schedule of Share Buy-back
for the financial year ended 31 December 2012

During the financial year, the Company implemented the share buy-back which was approved by the shareholders of the Company. Save as disclosed below, there were no purchase for other months during the financial year:

Month	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price Per Share Lowest (RM)	Highest (RM)	Average Price Paid Per Share (RM)	Total Cost (RM)
February 2012	2,478,300	8.30	8.30	8.3000	20,632,799.67
TOTAL	2,478,300				20,632,799.67

All the shares purchased by the Company were retained as treasury shares. As at 31 December 2012, a total of 2,478,300 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

Notice of 52nd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 52nd Annual General Meeting of the Company will be held at Millennium I, Lobby Level, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Monday, 29 April 2013 at 10:00 a.m. to transact the following business:-

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 and the Directors' Report and Auditors' Report thereon. **(Resolution 1 - Ordinary)**

2. To declare a final dividend of 30 sen per share less Malaysian income tax of 25% for the financial year ended 31 December 2012. **(Resolution 2 - Ordinary)**

3. To declare a special dividend of 60 sen per share less Malaysian income tax of 25% for the financial year ended 31 December 2012. **(Resolution 3 - Ordinary)**

4. To approve the payment of Directors' fees of RM590,000 for the financial year ended 31 December 2012. **(Resolution 4 - Ordinary)**

5. To elect Spencer Lee Tien Chye who, appointed during the year, retires under Article 85 of the Articles of Association. **(Resolution 5 - Ordinary)**

6. To re-elect the following Directors who retire by rotation under Article 94 of the Articles of Association:-

   (a) Wan Mohd Shukri bin Ariffin (not seeking for re-election)
   (b) Kwek Kon Chun **(Resolution 6 - Ordinary)**

7. To consider and, if thought fit, to pass the following resolution in accordance with Section 129 of the Companies Act, 1965:-

   (a) "That Lim Eng Khoon, retiring pursuant to 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 - Section 129, Companies Act, 1965)**

8. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix the Auditors' remuneration. **(Resolution 8 - Ordinary)**

AS SPECIAL BUSINESS:

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

   Ordinary Resolution

   (a) Authority to Directors to Issue Shares

   "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 Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 9 - Ordinary)**

Notice of 52nd Annual General Meeting (cont'd.)

9. To consider and if thought fit, to pass, the following resolutions:- (cont'd.)

Ordinary Resolution

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

"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 Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares 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 2012, the audited retained profits and share premium of the Company were RM520.006 million and RM133.946 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 Main Market Listing Requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Ordinary Shares." **(Resolution 10 - Ordinary)**

Ordinary Resolution

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

"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 5 April 2013 ("the Circular") with any person who is a related party as described in the Circular be and is hereby approved and renewed provided that such transactions are undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders of the Company; and that such approval, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 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." **(Resolution 11 - Ordinary)**

Notice of 52nd Annual General Meeting (cont'd.)

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

By Order of the Board

CHOW POH JIN
GO HOOI KOON
Company Secretaries
Kuala Lumpur, Malaysia
5 April 2013

Important Notes:

(1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 23 April 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 52nd AGM.

(2) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him and the member shall specify the proportion of his shares to be represented by each proxy. 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.

(3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(4) The Form of Proxy must be deposited at the Registered Office of the Company situated at 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

(5) **Resolution on Authority To Directors To Issue Shares**

The Company wishes to renew the previous mandate approved by shareholders at the 51st Annual General Meeting. The previous mandate granted by the shareholders had not been utilized and hence no proceeds were raised therefrom. The renewal of this mandate is to authorise Directors to issue shares pursuant to the Section 132D of the Companies Act, 1965. The Company is continuously looking into prospective areas to broaden its operating base and earnings potential. As the expansion or 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 share 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.

(6) **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 5 April 2013 which is despatched together with the Company's Annual Report 2012.

(7) **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 a revenue or trading nature which are necessary for day-to-day operations in the ordinary course of business. Further information on the Proposed Renewal of Mandate on Recurrent Related Party Transactions are set out in the Circular dated 5 April 2013 which is despatched together with the Company's Annual Report 2012.

Statement Accompanying Notice of 52nd Annual General Meeting

Directors standing for election or re-election at the 52nd Annual General Meeting of the Company.

Director appointed during the year and retiring under Article 85 of the Articles of Association and standing for election:-

a) Spencer Lee Tien Chye

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

a) Wan Mohd Shukri bin Ariffin (not seeking for re-election)

b) Kwek Kon Chun

Director who attained the age of seventy years and retiring in accordance with Section 129 of the Companies Act, 1965 and seeking for re-appointment:-

a) Lim Eng Khoon

Further details of Spencer Lee Tien Chye, Wan Mohd Shukri bin Ariffin, Kwek Kon Chun and Lim Eng Khoon are set out in the Profile of Directors on pages 4 to 5 of the Annual Report.

Proxy Form

TASEK CORPORATION BERHAD (4698-W)
(Incorporated in Malaysia)

Number of Ordinary Shares Held	
Number of Preference Shares Held	

I/We, ____
(BLOCK LETTERS)

of ____

being a member of Tasek Corporation Berhad, hereby appoint ____

____ or failing him

____ as my/our proxy to attend and to vote for me/us on my/our behalf at the 52nd Annual General Meeting of the Company to be held in Kuala Lumpur on Monday, 29 April 2013 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 Audited Financial Statements and Reports for the year ended 31 December 2012		
2	To declare a Final Dividend of 30 sen per share		
3	To declare a Special Dividend of 60 sen per share		
4	To approve the payment of Directors' fees		
5	To elect Spencer Lee Tien Chye who, appointed during the year, retires under Article 85 of the Articles of Association		
6	To re-elect Kwek Kon Chun who retire by rotation under Article 94 of the Articles of Association		
7	To re-appoint Lim Eng Khoon under Section 129 of the Companies Act, 1965		
8	To re-appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration		
9	Special Business To approve the following ordinary and special resolutions:- Authority to Directors to Issue Shares (Ordinary)		
10	Renewal of authority for the Purchase of Own Shares by the Company (Ordinary)		
11	Renewal of Mandate on Recurrent Related Party Transactions (Ordinary)		

(Please indicate with an "×" or "✓" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

Date ____________________ 2013

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, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

fold

Affix Stamp

The Company Secretary

TASEK CORPORATION BERHAD (4698-W)
6th Floor, Office Block
Grand Millennium Kuala Lumpur
160, Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

fold

CORPORATE RESPONSIBILITY

TCB's UNDERGRADUATE SCHOLARSHIP PROGRAM

On 11th July, 2012, Tasek Corporation Berhad (TCB) established its first ever scholarship program known as "TCB Undergraduates Scholarship Program" that provides financial aid to students enrolled in undergraduate engineering courses.

This program is based on the Company's need for succession planning and to ensure that there is a ready pool of engineers to join TCB in the future. The program is also opened to application by children of TCB's employees. Currently there are three universities earmarked for TCB's 2012 Scholarship program:

1) Universiti Sains Malaysia (USM), Penang;

2) Universiti Kebangsaan Malaysia (UKM), Selangor; and

3) Universiti Malaya (UM), Selangor.

BLOOD DONATION CAMPAIGN 2012

On 18th December, 2012, Tasek Corporation Berhad successfully organized a Blood Donation Campaign as part of the Company's annual corporate responsibility. This campaign had been carried out by the company's Safety, Health and Environment Department with cooperation from Permaisuri Bainun General Hospital, Ipoh.

A total of 34 brave employees from TCB came forward to donate blood on that day.