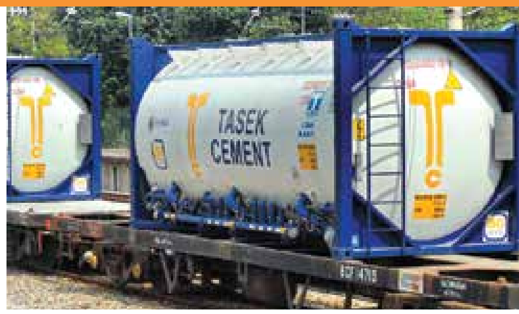
TASEK CORPORATION BERHAD
(4698-W)



BUILDING NEW MOMENTUM

| ANNUAL REPORT 2017 |

57th ANNUAL GENERAL MEETING

24 April 2018
Tuesday

9:30 a.m.

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

CONTENTS

CORPORATE PROFILE

BOARD OF DIRECTORS

Kwek Leng Peck
(Chairman)

Ting Sii Tien @ Yao Sik Tien

Dato' Chong Pah Aung

Lim Eng Khoon

Dato' Mohammed Bin Haji Che Hussein

BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

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

REMUNERATION AND NOMINATION COMMITTEE

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

COMPANY SECRETARIES

Chow Poh Jin, FCIS
(MAICSA No. 0794455)
Go Hooi Koon, ACIS
(MAICSA No. 7031878)

AUDITORS

Ernst & Young
AF: 0039

DOMICILE AND LEGAL FORM

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

REGISTRAR

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

CORPORATE OFFICE AND REGISTERED OFFICE

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

PLANT

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

DISTRIBUTION TERMINAL

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

FINANCIAL HIGHLIGHTS

FINANCIAL DATA

	Year Ended 31.12.2017 RM'000	Year Ended 31.12.2016 RM'000	% Change
Revenue	549,112	654,787	-16.1
Profit before Taxation	1,641	67,509	-97.6
Net Assets	587,825	659,622	-10.9
Total Assets	707,658	786,859	-10.1
Capital Expenditure	29,525	20,056	47.2
Depreciation and Amortisation	48,974	49,165	-0.4
Profit before Taxation as a percentage of Revenue	0.3%	10.3%	-97.1
Net Return on Capital Employed	0.2%	7.6%	-97.4
Earnings per Share (sen)	0.82	41.42	-98.0
Total Dividends (incl. Preference Dividend)	72,907	97,203	-25.0
Dividend Rate (excl. Preference Dividend)	60.0%	80.0%	-25.0
Net Asset per Share	RM4.74	RM5.32	-10.9

FINANCIAL CALENDAR

Financial Year End

31 DECEMBER

Announcement of Results

1st Quarter
27 April 2017

2nd Quarter
27 July 2017

3rd Quarter
8 November 2017

4th Quarter
6 February 2018

Issue Annual Report for the Year Ended 31.12.2017 — **2 APRIL 2018**

57th Annual General Meeting — **24 APRIL 2018**

Closing of Record of Depositors for Final Dividend — **11 MAY 2018**

Date Payable of Final Dividend — **25 MAY 2018**

DIRECTORS' PROFILE & KEY SENIOR MANAGEMENT'S PROFILE

DIRECTORS' PROFILE

MR. KWEK LENG PECK

Male | Age 61 | Singaporean

Chairman, Non-Executive

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

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

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

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

MR. TING SII TIEN @ YAO SIK TIEN

Male | Age 63 | Malaysian

Executive Director / Group Chief Executive Officer

Mr. Ting joined the Board as non-executive director of the Company on 10 June 2005. He was re-designated as Executive Director on 18 November 2010 and later assumed the position of Acting Group Chief Executive Officer of Tasek Corporation Berhad on 7 January 2011. Subsequently on 28 July 2011, he was re-designated and became Executive Director/Group Chief Executive Officer of the Company.

A Chartered Accountant by profession and training, he is an Associate Member of the Institute of Chartered Accountants in England and Wales. 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. and the Chief Financial Officer of China Yuchai International Limited. 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 51,200 ordinary shares in the Company.

Mr. Ting holds directorships in Hong Leong Asia Ltd and HL Global Enterprises Limited which are listed on the Singapore Exchange.

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

DATO' CHONG PAH AUNG

Male | Age 63 | Malaysian

Director, Independent

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

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

Dato' P. A. Chong joined C. H. Williams Talhar & Wong in 1981 and after 28 years of service, he retired as a Senior Executive Director/Senior Partner. He remained as Consultant for C. H. Williams Talhar & Wong Sdn Bhd until May 2012.

Currently, Dato' P. A. Chong is the Managing Director of Compass Real Estate Sdn Bhd, Compass Property Management Sdn Bhd and several other private limited companies.

At Yayasan MRCB, he serves as a Trustee.

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

Directors' Profile & Key Senior Management's Profile (Cont'd)

DIRECTORS' PROFILE (cont'd)

MR. LIM ENG KHOON

Male | Age 75 | Malaysian

Director, Independent

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

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

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

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

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

DATO' MOHAMMED BIN HAJI CHE HUSSEIN

Male | Age 67 | Malaysian

Director, Independent

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

Dato' Mohammed Hussein graduated with a degree in Bachelor of Commerce (Accounting) from the University of Newcastle, Australia in 1971 and completed the Harvard Business School Advanced Management Program in Boston, USA in 2003. He is also a Fellow of the Asian Institute of Chartered Bankers.

Previously, he was with the Malayan Banking Berhad ("Maybank") Group for 31 years, during which time he held various senior management positions including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Managing Director of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and Executive Director (Business Group). The last position held prior to his retirement from the Maybank Group in January 2008 was Deputy President/Executive Director/Chief Financial Officer. Presently, he is Chairman of Danajamin Nasional Berhad and a member of the Corporate Debt Restructuring Committee sponsored by Bank Negara Malaysia to facilitate the resolution and restructuring of major corporate debts.

Dato' Mohammed Hussein holds directorships in Gamuda Berhad as independent chairman and Hap Seng Consolidated Berhad as independent director, both of which are listed on Bursa Malaysia. He also holds directorships in Bank of America Malaysia Berhad.

Dato' Mohammed Hussein attended all the Board Meetings held after his appointment during the financial year.

KEY SENIOR MANAGEMENT'S PROFILE

MR. LIAN KA SIEW

Male | Age 52 | Malaysian

Group Chief Operating Officer / Chief Financial Officer

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

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

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

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

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

CHAIRMAN'S MESSAGE

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Tasek Corporation Berhad for the financial year ended 31 December 2017.

This financial year 2017 ended with the Group recording a profit after tax of 1.01 million on revenue of RM549.11 million. 2017 was a difficult year for the Group compared with the previous year which saw profit after tax of RM50.33 million with revenue of RM654.79 million. The low profit after tax for the year was the result of sluggish demand for cement arising from the weaker than expected absence of job-flows from the private sector property market and overcapacity in the cement industry. The existing large-scale property and public sector infrastructure projects were insufficient to drive demand for cement during the year. The lull in the demand for cement was further exacerbated by lack of new infrastructure roll-outs during the year and the prolonged intense price competition among the manufacturers which had affected the Company's margins resulting in an operating loss of RM16.9 million in the cement segment for the year. However, its ready-mixed concrete segment achieved higher operating profit of RM7.0 million for the year compared with RM6.2 million previously. The Company's share of profit of RM2.67 million from its associated companies was better than the previous year's share of loss of RM1.59 million.

The Board expects the prospect for the coming year to remain challenging and has expressed cautious optimism as the Group moves forward under the present scenario of market conditions and continued price competition. We anticipate construction works on the government's public infrastructural projects of MRT2 (SSP Line) and the LRT3 (Bandar Utama-Klang Line) slated for this year to alleviate the weak demand for cement.

Against this backdrop of market conditions and price competition, the Group remains steadfast in maintaining its commitment to improving operational efficiency and performance accountability, and to drive business growth in a sustainable manner. The Board took steps during the year to reorganise its manpower structure for organisation agility and will continue to keep the Group lean with continuing cost optimisation.

The 15th Collective Agreement was signed towards the end of the year with the Cement Industry Employees Union for another three years to expire on 30 June 2019. We thank the unionised employees for their engagement and commitment to maintain harmony and to the Company's culture of performance accountability.

This year the Company will be holding its 57th Annual General Meeting on 24 April 2018 and the Board has the pleasure of inviting shareholders to attend the meeting which will be held at Millennium I, Lobby Level, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia. Please refer to the Notice of the 57th Annual General Meeting and its accompanying notes in this Annual Report for further information.

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

Kwek Leng Peck
Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

General Description of TASEK CORPORATION's Business (TASEK)

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

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

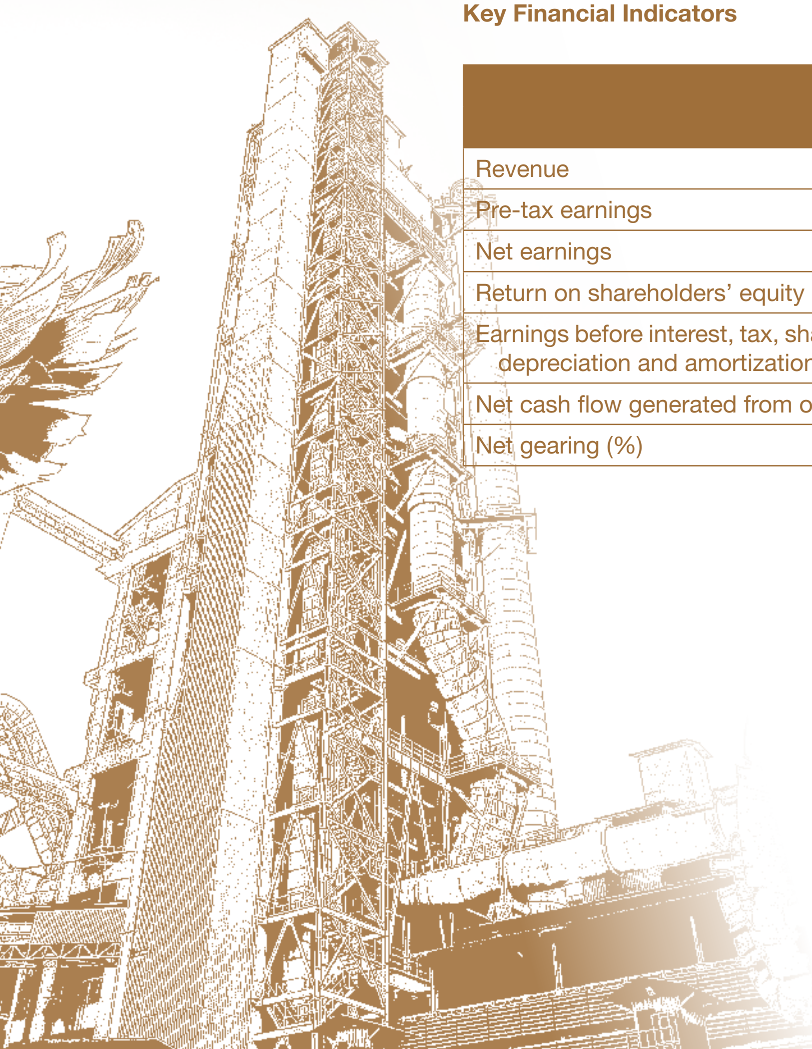
TASEK started its downstream expansion into ready-mixed concrete by way of Merger & Acquisition of Hi-Tech Concrete Products Sdn Bhd (the name had since changed to TASEK CONCRETE SDN BHD) on 1 August 2006. Since then Tasek Concrete had embarked on a series of expansions and currently having 9 ready-mixed concrete batching plants in Klang Valley and 1 in the Southern region.

The Group was invited by Sabah State SEDC to assist in setting up their grinding plant in Sepangar Bay under the umbrella, Cement Industries (Sabah) Sdn Bhd ("CIS") in return for a 30% stake in the said entity. Subsequently as part of the project to fully integrate the cement plant in Sabah, Padu Wangsa Sdn Bhd was incorporated, with Tasek invested 29% into the company, with the intended purpose of setting up a new clinker plant.

FINANCIAL PERFORMANCE FOR FY'17 AND FY'16

Key Financial Indicators

	FY2017 RM'000	FY2016 RM'000	Change %
Revenue	549,112	654,787	-16.1
Pre-tax earnings	1,641	67,509	-97.6
Net earnings	1,011	50,331	-98.0
Return on shareholders' equity (ROE) (%)	0.2%	7.6%	-97.4
Earnings before interest, tax, share of results of associates, depreciation and amortization (EBITDA)	42,993	110,365	-61.0
Net cash flow generated from operations	23,557	75,220	-68.7
Net gearing (%)	1.5%	2.1%	-28.6



Management's Discussion and Analysis
(Cont'd)

Revenue & Net Earnings

The Group's net revenue in 2017 was impacted by the slowdown in the domestic demand for cement compounded by the poor net pricing from the intense cement price competition which started since middle of 2016. Rising cement costs of production also impacted the segment's contribution margin and hence significantly caused the Group's net earnings of RM1.011 million in the current financial year to be 98.0% lower vis-a-vis the earnings of the previous financial year. Lower interest income from fund placement on time deposits also contributed to the lower performance of the Group.

The cement segment's net revenue for the current financial year of RM399.0 million was RM115.7 million lowered than the previous financial year mainly due to lower domestic demand and poor average net selling price following the intense price competition that started since middle of 2016. In addition, the segment's contribution margin was also affected by the rising fuel and transportation costs which eventually lead to the segment incurring an operating loss of RM16.9 million compared to an operating profit of RM51.6 million in the previous financial year.

The ready-mixed concrete ("RMC") division on the other hand registered an operating profit of RM7.0 million for the current financial year on net revenue of RM239.1 million compared with the previous financial year's operating profit of RM6.2 million on net revenue of RM229.2 million. Although RMC selling prices was affected by the price competition in the market, the segment was able to mitigate the adverse impact on the net revenue through higher sales volume. Despite the rising transportation cost, the segment was able to maintain its contribution margin through lower cost of raw material.

Interest Income

The Group's interest income of RM5.5 million for the current financial year was lowered by RM2.8 million than the previous financial year mainly due to lesser amount of funds placed on time deposits.

Share of Associate's profit

Share of profits from the Group's associated companies improved from loss of RM1.6 million of the previous year to a profit of RM2.7 million mainly due to RM6.5 million development expenditure written off by one of the associated companies in previous year.

Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")

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

The Group's adjusted EBITDA for 2017 at RM43.0 million was 61.0% lower compared with RM110.4 million for 2016 mainly in line with the lower Net Earnings reported above.

Finance costs

The Group's finance costs for year 2017 at RM558,000 was 22.6% higher when compared against last year's RM455,000. The finance costs was mainly incurred on Banker Acceptance (BA) facility drawdown by the Ready-mixed Concrete Division.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company was RM1.011 million for 2017, a decreased of RM49.3 million compared to RM50.3 million for 2016.

Return on Capital Employed ("ROCE")

The ROCE for current year 2017 decreased from previous year's 7.6% to 0.2% mainly in line with the reduction in the Group's net earnings during the year.

Management's Discussion and Analysis
(Cont'd)

Liquidity and Financial Resources

As at 31 December 2017, Tasek Group had cash and cash equivalents amounting to RM132.8 million compared with RM222.6 million of the same date of previous year 2016 after net off dividend payment of RM72.9 million (2016 - RM97.2 million). Lower cash position was mainly in line with the lower EBITDA during the year.

The Group's liquidity in 2017 remain healthy as the depleted EBITDA for the year of RM43.0 million was more than suffice to finance the yearly average capital expenditure of RM20.0 to RM30.0 million.

Gearing ratio

The gearing ratio of the Group as at 31 December 2017 was 1.5 % compared with 2.1% as at 31 December 2016.

Review of Operations

For Cement Division, to mitigate the adverse impact from intense price competition and rising costs of electricity and fuel, the Group will continue to focus on production efficiency and cost savings projects which will include the use of alternative fuel & materials and energy saving projects. As to Concrete Division, action plans to mitigate the effect of declining selling prices includes increase market share for better price bargaining power with raw material suppliers and cartage contractors. Additional strategy to maintain profit margin in Concrete Division includes ensuring plants' batching efficiency and optimising concrete mixer trucks turnaround.

Financial & Operational Risks

To mitigate credit risk and slow down in collections, apart from insuring all trade receivables, the Group has a reliable credit policy in place and the exposure of credit risk is monitored on weekly basis. Credit evaluations are performed on all new and existing customers requiring credit terms on a regular basis.

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

Dividend

During 2017 financial year, the Company paid a final dividend of 40 sen per share for the financial year ended 31 December 2016 to holders of ordinary shares and to holders of preference shares that were approved by shareholders at the Annual General Meeting. In addition, the Company paid an interim dividend of 20 sen in the second quarter of the 2017 financial year.

For the financial year ended 31 December 2017, the Board has recommended a final dividend of 20 sen per share to holders of ordinary shares and to holders of preference shares. Subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, such dividend will be payable on 25 May 2018.

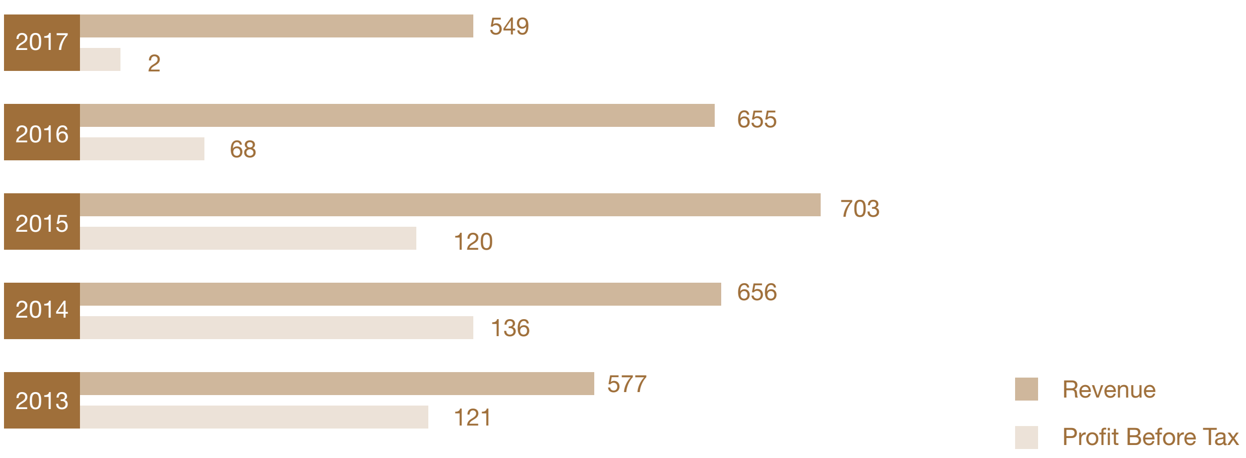
Prospects

The outlook for the construction sector in the first quarter of 2018 is expected to be challenging. The intense pricing competition is expected to continue and affect the Group's performance. Construction works on the Government's infrastructural projects are expected to improve demand for cement for this year. However, the soft property market is expected to continue to weight down the demand for cement.

5 - YEAR FINANCIAL SUMMARY

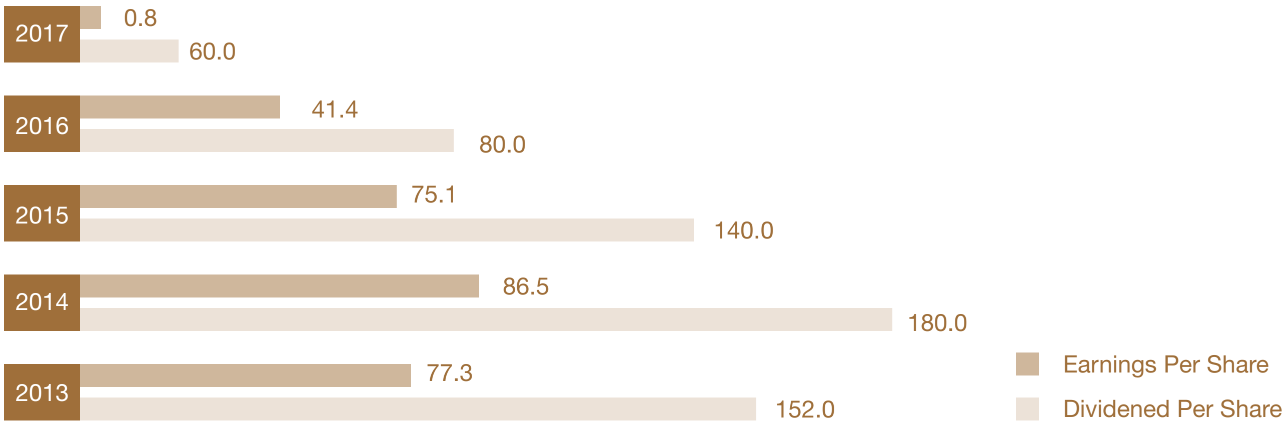
	Year ended 31.12.2017 RM'000	Year ended 31.12.2016 RM'000	Year ended 31.12.2015 RM'000	Year ended 31.12.2014 RM'000	Year ended 31.12.2013 RM'000
Share Capital	258,300	123,956	123,956	123,956	123,956
Reserves	329,525	535,666	582,538	661,367	775,004
Shareholders' Funds	**587,825**	**659,622**	**706,494**	**785,323**	**898,960**
Provision for restoration costs	1,572	1,292	889	874	534
Deferred Taxation Liabilities	17,601	22,504	25,793	29,595	32,443
	606,998	**683,418**	**733,176**	**815,792**	**931,937**
Property, Plant & Equipment	242,578	262,067	291,793	306,688	319,251
Intangibles	1,285	1,625	1,891	1,181	1,156
Prepaid Lease Payments	0	3	7	12	17
Available-for-sale investment	9,617	0	0	0	0
Investment in Associates	80,048	80,380	100,274	110,390	105,457
Investments in a jointly controlled entity	0	0	0	1	0
Other Receivable	242	1,195	2,204	3,266	2,879
Total Non-Current Assets	**333,770**	**345,270**	**396,169**	**421,538**	**428,760**
Current Assets	373,888	441,589	449,233	503,464	586,982
Current Liabilities	(100,660)	(103,441)	(112,226)	(109,210)	(83,805)
Net Current Assets	**273,228**	**338,148**	**337,007**	**394,254**	**503,177**
Total Net Assets	**606,998**	**683,418**	**733,176**	**815,792**	**931,937**
Revenue	549,112	654,787	702,576	656,061	577,009
Profit before Tax	1,641	67,509	119,818	136,322	121,044
Retained Profits	234,712	306,608	353,480	432,309	545,946
Total Dividends	**72,907**	**97,203**	**170,089**	**218,680**	**147,718**

REVENUE & PROFIT BEFORE TAX (RM Million)

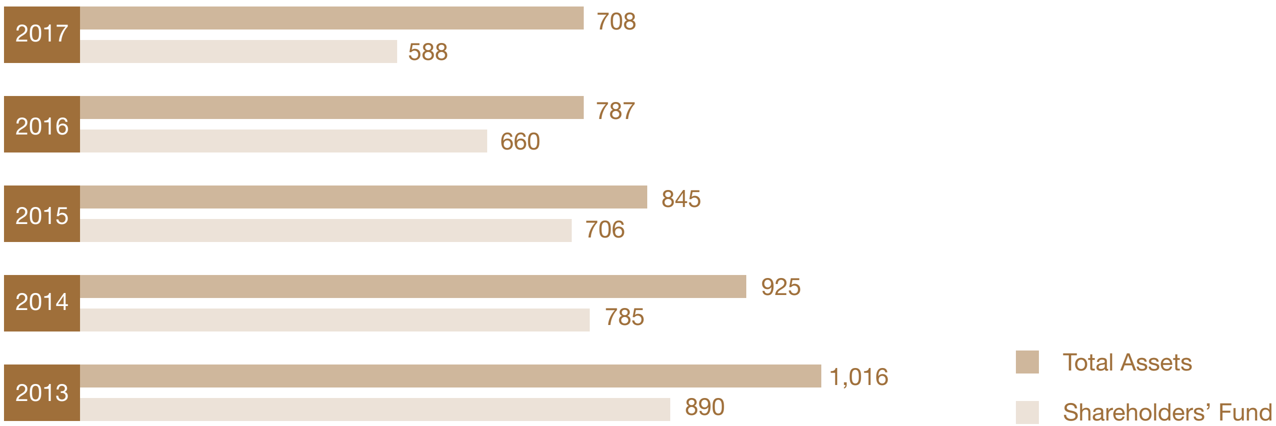


5 - Year Financial Summary
(Cont'd)

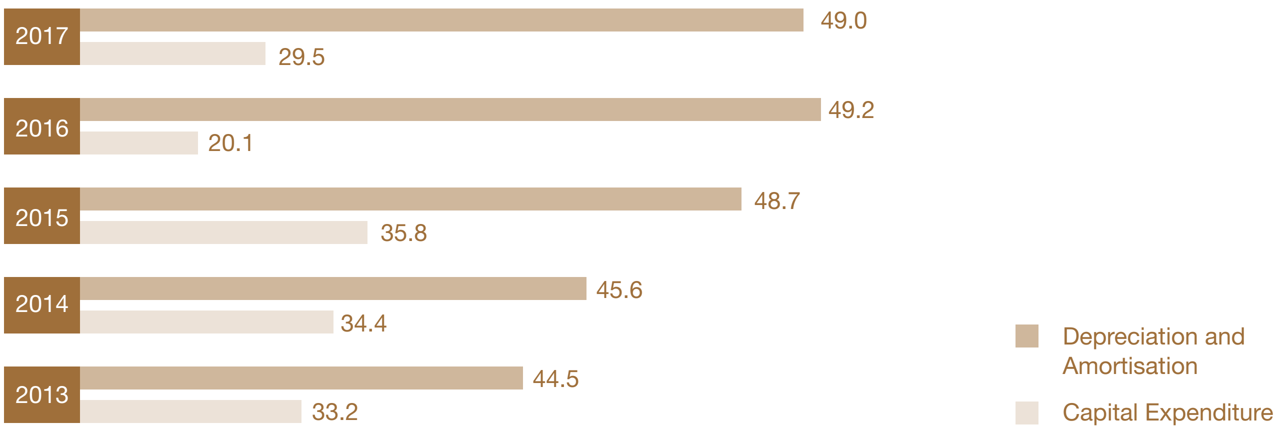
EARNINGS & DIVIDEND PER SHARE (Sen)



TOTAL ASSETS & SHAREHOLDERS' FUND (RM Million)



DEPRECIATION AND AMORTISATION & CAPITAL EXPENDITURE (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 and non-executive directors. The members of the Committee are as follows:

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

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

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

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

The Committee is guided by its terms of reference in performing its duties and discharging its responsibilities. The Committee's Terms of Reference, which have been updated during the year to reflect the requirements of the new Malaysian Code on Corporate Governance issued in 2017 ("MCCG 2017") is available online in the Corporate Governance section of the Company's website at www.tasekcement.com.

During the financial year ended 31 December 2017, the Committee held four meetings. Details on the attendance of the meetings by Members of the Committee are as follows:

Members	Attendance at meetings	
Mr. Lim Eng Khoon	4/4	100%
Dato' Chong Pah Aung	4/4	100%
Dato' Mohammed Bin Haji Che Hussein	3/3	100%*

* According to the number of meetings held during the period the director held office

The Company Secretary who is also the secretary to the Committee, and the Chief Internal Auditor were in attendance during the meetings. The Group Chief Executive Officer and other executive management personnel were invited, where necessary to the meetings to deliberate on matters within their purview.

During the financial year ended 31 December 2017, the Committee carried out the following activities:-

I. Financial Reporting

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

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

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

II. External Audit

(a) The Committee had met with the Group's external auditors on 22 February 2017 and 7 November 2017 without the presence of the executive management, to review and discuss key audit issues, the assistance given by the management of the Group to the external auditors, and any issues or difficulties encountered during the course of their audit. The external auditors have unfettered access to information for their audit and there were no major concerns raised by the external auditors at the meetings.

(b) The Committee also reviewed the suitability and independence of external auditors during the discussion of the Audit Plan with the external auditors for the financial year under review, factors considered include competency, adequacy of experience and resources of the firm and professional staff assigned to perform the audit, and the extent of non-audit services to be rendered by the external auditors and the level of fees.

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

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

(e) Assessed and evaluated the performance of the external auditors and made recommendation to the Board on their re-appointment and audit fees. In evaluating the performance, the Committee had considered the quality of services and sufficiency of resources provided by the external auditors, their ability to complete the audit within the agreed timeline, and feedback from management on the professional working relationship with the external auditors.

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

III. Internal Audit

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

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

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

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

(e) Assessed the performance of the members of internal audit function, amongst the factors considered are the audit programme drawn up, audit approach adopted and compliance with recognised standards and international practices frameworks, the quality of audit issues raised and recommendations to management, and efficiency of resource utilisation.

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

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

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

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

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

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

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

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

V. Risk Management

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

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

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

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

VI. Others

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

(b) The Committee was briefed and taken note of the amendments to the Main Market Listing Requirements of Bursa Malaysia, the new MCCG 2017, Companies Act 2016 and new major accounting standards.

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

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

Summary of the work of the Internal Audit Function

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

(b) The Internal Audit function is headed by the Chief Internal Auditor, Mr. Lee Eng Choon, a qualified accountant with over 20 years experience in a wide range of external and internal audit works. He is a member of The Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants and CPA Australia.

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

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

(e) The Internal Audit function provides the Committee with independent and objective reports on the adequacy and effectiveness of risk management process, internal controls and governance practices. The cost incurred for the in-house internal audit function in respect of the financial year ended 31 December 2017 was RM439,543.

(f) During the financial year under review, based on the risk-based audit programme drawn up, the Internal Audit function had conducted audit and follow-up audit on key activities of the Group, including the areas of cement delivery, contract workers, overtime, plant vehicles, purchasing and tendering processes, quality assurance, consumables and spares, logistics and maintenance, concrete batching processes, and inventories including observing stock taking exercise.

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

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

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

Board's Responsibility

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

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

The Board is supported by the Enterprise Risk Management Committee ("ERMC") in overseeing the risk management efforts. The ERMC is headed by the Group Chief Executive Officer, and its members comprised senior personnel from management, finance, operations, business development and internal audit.

The Group has in place an ongoing process for identifying, evaluating, managing and monitoring the significant risks affecting the achievement of its business objectives and strategies for the year under review and up to the date of approval of this statement for inclusion in the annual report. This process is ongoing with monthly review by ERMC and internal audit function, the results of such reviews and the relevant actions arising are reported on a quarterly basis to the Board Audit and Risk Management Committee. The annual assessment include updating the risks and controls database, evaluation of risks identified and potential risks that would impact the achievement of the Company's business objective, as well as the required mitigation controls and action plans to be put in place.

Risk Management Framework

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

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

The Group took the following initiatives:

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

Statement on Risk Management and Internal Control
(Cont'd)

Risk Management Framework (Cont'd)

- The Group's risk management practices are generally aligned with the enterprise risk management integrated framework published by the Committee of Sponsoring Organizations of the Treadway Commission or COSO with certain practices specifically designed to tailor to the circumstances of the Group.
- The framework is integrated into and where appropriate, embedded into the day-to-day operation, business activities and decision making process and procedures of the Group.
- A database of all risks and controls had been formed, and the information organised to produce detailed risk registers for the major business units, that have been categorised into strategic, operations, financial and knowledge risks;
- Key risks to each of the Group's business unit's objectives, aligned with the Group's strategic objectives, had been identified and assessed for likelihood of the risks occurring and the magnitude of impact using a self-assessment approach;
- For each key risk identified, the risk indicator and trigger level, the related risk owner and the escalation party had also been determined to facilitate the formulation of mitigation controls and action plans;
- Management's risk assessments had been moderated and re-confirmed; with the corresponding action plans for the significant risks prepared by the key members of Management to address those risks;
- A risk profile of the Group had been developed, which together with a summary of the key findings and corresponding action plans, were presented and discussed in the Board Audit and Risk Management Committee before submitting to the Board for consideration;
- Quarterly risk management reports were updated and submitted to the Enterprise Risk Management Committee before being tabled to the Board Audit and Risk Management Committee and ultimately the Board for consideration; and
- The processes adopted to monitor and review the adequacy and integrity of the system of risk management and internal controls are continuously reviewed and improved upon by the Board Audit and Risk Management Committee.

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

(a) Credit risk

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

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

(b) Foreign exchange risk

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

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

(c) Interest rate risk

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

(d) Liquidity risk

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

Statement on Risk Management and Internal Control
(Cont'd)

Internal Audit Function

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

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

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

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

Other risks and control processes

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

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

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

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

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

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

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

Review of the Statement by external auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, the external auditors, Messrs Ernst & Young, have reviewed this Statement on Risk Management and Internal Control in accordance with the Recommended Practice Guide 5 (Revised 2015) issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the financial year ended 31 December 2017 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of risk management and internal controls within the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 6 February 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board believes that good corporate governance enhances the confidence placed in the Company by its shareholders, business partners and employees. This statement on corporate governance gives an overview of how the Board has been able to operate within the principles of corporate governance expounded in the Malaysian Code on Corporate Governance 2017 ('Code') which came into effect on 26 April 2017. The application of each Code practice relevant to the Company during the financial year ended 31 December 2017 ('financial year') is set out in the Corporate Governance Report published in the Company's website at www.tasekcement.com. The following overview statement, approved by the Board, should be read together with the Company's Sustainability Report on page 25, Statement on Risk Management and Internal Control on page 16, and the Board Audit and Risk Management Committee Report on page 12.

BOARD LEADERSHIP AND EFFECTIVENESS –

BOARD RESPONSIBILITIES

The Board is helmed by a non-executive Chairman and supported by an Executive Director and three independent Directors. The profile and experience of each Director are set out on page 4. The Board leads and directs the Company. It establishes the broad corporate policies and strategy for the Company and provides direction to management, oversees executive management, monitors performance and ensures that an effective risk management and internal controls are maintained to sustain long term success of the Company. The independent Directors have responsibility for challenging the Company's strategy and monitoring the performance of the executive management against goals and objectives.

The Chairman leads the board, ensures it has a common purpose and is effective and productive collectively and at each individual director's level. The Chairman ensures the Board upholds and promotes high standards of integrity, probity and governance in the Company. The effective operation of the Board relies on clarity of the separate roles of the Chairman and the Executive Director/ Group Chief Executive Officer whose roles are set out in the Board's Charter. The role of the Chairman is to head and lead the Board. The Executive Director/ Group Chief Executive Officer, as executive management, leads the management team and is primarily responsible for the day-to-day management of the overall performance and operations of the Company. He is assisted by the Group Chief Operating Officer/ Chief Financial Officer. The Board in carrying out its roles and responsibilities is supported by a competent company secretary who is legally qualified, both as a chartered secretary and in law with many years of experience in a listed environment.

The Board meetings are planned ahead and fixed for the financial year. A structured schedule of matters reserved for consideration and decision of the Board has been established in the agenda for the meetings. To the extent practicable, the members of the Board are provided with appropriate information and materials in advance for each meeting to permit prior review by the members of the Board. Meeting materials and papers reserved for the Board are provided in advance of at least five clear days before the meeting. All members of the Board have access to information and materials 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.

The Board's stewardship has been formalised into a board charter. The Charter sets out the responsibilities of the members as a board which among others clearly separates the role of the Chairman of the Board from the Executive Director/ Group Chief Executive Officer. It periodically reviews and updates its Charter, and makes amendments when necessary and appropriate. The Charter is available for viewing on the Company's website.

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

Corporate Governance Overview Statement
(Cont'd)

BOARD COMPOSITION

The composition of the board includes the Chairman as a non-executive director, an executive director and three independent directors. The majority of the members of the Board are independent Directors. The Company is a 74.28% owned subsidiary of HL Cement (Malaysia) Sdn Bhd which is indirectly wholly-owned by Hong Leong Asia Ltd. As a member of the Hong Leong Asia Ltd Group, the Board operates with a balanced mix of non-executive, executive (representing the interest of the controlling shareholder) and a majority of independent directors. Being a nominee director of the holding company, the Chairman is non-independent and non-executive.

The Board does not have a policy which limits the tenure of its Directors as independent Directors to nine years. For any of its independent Directors nearing the nine-year term limit as prescribed under the Code, the Board will undertake a review to justify to shareholders to retain the Director as an independent director beyond the nine years and seek annual shareholders' approval. The Board recognises that a director's independence should not be determined solely based on tenure of service and that a continued tenure of directorship for an independent director brings considerable stability to the Board and the Company. The Company benefits from Directors who have, over time, gained valuable insight into the Company, its market and the industry.

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

The Board extends its recognition of diversity in its workplace as an essential measure for the sustainable growth and development of the Company, and it not only includes gender, but also age and ethnicity. However, the Company's recruitment and selection of employees will be based on qualifications, skills, experience, knowledge and capabilities in areas identified and required by the Company, and such criteria should remain a priority to avoid any compromise for good governance. At the end of the 2017 financial year, the gender, ethnicity and age mix of the Company's employees were as follows:-

Ethnicity			
Malay	Chinese	Indian	Others
52.62%	21.87%	24.6%	0.91%

Gender	
Male	Female
90.89%	9.11

Age				
Below 20	21 – 30	31 – 40	41 – 50	Above 50
0%	20.96%	28.7%	26.88%	23.46%

Due to its size, the Company is not required to comply with Code practice 4.5 requirement to have at least 30% women directors. Nevertheless, the Board has taken steps to identify and propose a woman candidate as an additional independent director by end of 2020. In identifying candidates for appointment as directors, the Board's Remuneration and Nomination Committee, in addition to relying on recommendations from existing Board members, management or the controlling shareholder, the Committee do engage external independent resources to identify suitable qualified candidates for directorship according to the criteria set by the Board.

Corporate Governance Overview Statement
(Cont'd)

REMUNERATION

The Remuneration and Nomination Committee is made up of three non-executive Directors, a majority of whom are independent Directors and the Chairman of the Committee is an independent Director. The terms of reference of the Committee is made available on the Company's website. On the recommendation of the Committee, and endorsed by the Board, assessment and evaluation of each individual Director and of the Board as a whole are conducted every two years. Due to the size of its Board, the Board is of the view that a two-year period before the next evaluation would provide a fairer and more effective, more meaningful and substantial assessment to the evaluation process. The term of office and performance of the Board Audit and Risk Management Committee and each of its members are periodically reviewed and the Committee found that each member and the Board Audit and Risk Management Committee have carried out their duties outlined in its terms of reference.

The Board has in place a remuneration policy and procedure for Directors to ensure that the remuneration is appropriately prudent and commercially sensible. For the senior management, the policy is governed by the Staff Code. The remuneration is periodically reviewed against the industry in which the Company operates taking into account the appropriateness of the form and amount of remuneration with a view towards attracting and retaining qualified Directors and or senior management. Determination of remuneration of non-executive directors is a matter for the Board as a whole with the member of the board concerned abstaining from deliberation and voting in respect of his own remuneration where applicable. The policy and procedure is periodically reviewed and made available on the Company's website.

The Remuneration and Nomination Committee met twice during the year to evaluate and review management's recommendation to remuneration of non-unionised employees, review the performance of the Executive Director/ Group Chief Executive Officer and the Group Chief Operating Officer/ Chief Financial Officer. The Committee sourced and recommended for appointment a new independent Director Dato' Mohammed Hussein to replace the outgoing independent Director Tan Sri Ir (Dr) Mohamed Al Amin. Other activities of the Committee for the year include reviewing the Board's gender diversity, setting targets and measures to meet those targets; and reviewing the independence of a director who will be reaching the nine-year tenure for independent directors under the Code.

The detailed breakdown of the respective Directors' remuneration are disclosed on page 71 of the audited financial statements. The remuneration of the Company's top management comprising the Executive Director/ Group Chief Executive Officer and the Group Chief Operating Officer/ Chief Financial Officer are disclosed on page 89 of the audited financial statements. Since the Group Chief Executive Officer is also a board member of the company, his disclosure will not be replicated under the top management category.

EFFECTIVE AUDIT AND RISK MANAGEMENT –

AUDIT COMMITTEE

The members of the Board Audit and Risk Management Committee are all independent Directors. The Chairman of the Committee is an independent Director and not the Chairman of the Board. The Committee do not have a policy prescribed in Code practice 8.2 that requires a former key audit partner for the Company to observe a cooling-off period of at least two years before being appointed as a member of its audit committee. There is no necessity to have such a practice formalised as a policy as it may imply that former key audit partners will be potential candidates for the Company's audit committee and may be misleading. Similarly, it is provided in the Main Market Listing Requirements that a cooling period of two years is required before an officer of a listed issuer can be considered for appointment as an independent director. If the Board so decides to consider appointing a former key audit partner as an independent director and audit committee member, it will abide with the cooling-off period in Code practice 8.2.

The members of the Board Audit and Risk Management Committee have a mix of commercial, banking and financial skills and accounting experience. The Chairman is a member of the Chartered Accountants Australia and New Zealand and is qualified under Part II of the First Schedule of the Accountants Act 1967. Arrangements will be made by the Company for the members of the Committee to attend seminars to continue to keep abreast of relevant developments in accounting and auditing standards, practices and rules. The Committee's terms of reference has been updated to include assessment of the suitability, objectivity and independence of the external auditor. The Committee will evaluate and assess the external auditor on completion of the audit for each financial year.

Corporate Governance Overview Statement
(Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has ultimate responsibility to establish, monitor and maintain the Company and Group's risk management and internal control systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can provide only reasonable and not absolute assurance against material misstatement or loss. It has in place the enterprise wide risk management framework and internal controls as ongoing processes to identify, evaluate and manage the key financial, operating and compliance risks and for determining the appropriate course of action to manage and mitigate those risks. The Board delegates the monitoring of these risk management processes and internal control to the Board Audit and Risk Management Committee. An Enterprise Risk Management Committee, comprising the internal auditor and relevant management personnel, and chaired by the Executive Director/ Group Chief Executive Officer, conducts review, mitigate or eliminate and update the significant risks of the Company, report and make recommendations to the Board Audit and Risk Management Committee. The Statement on Risk Management and Internal Control, set out on page 16 provides an overview of the Company's state of risk management and internal control, its effectives and adequacy.

The Company has its own in-house internal audit function. The internal audit department is headed by a qualified accountant with more than 20 years relevant experience and who is a member of The Institute of Internal Auditors Malaysia. The present resources of internal audit comprise three permanent staff – one head and two executives – and an intern. The internal audit is independent of the activities it audits as it reports to the Board Audit and Risk Management Committee. The internal audit carries out the audit in accordance with the principles of the international professional practices framework on internal auditing. The internal audit in its reports to the Committee provides the Board with the assurance on effectiveness, adequacy and integrity of the Company's risk management and internal controls. A summary of work of the Board Audit and Risk Management Committee and a summary of the work of the Company's internal audit function are in the Committee's Report on page 12.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS –

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of communication with shareholders of the Company. Shareholders play an essential part in corporate governance and the Board ensures that shareholders are kept informed and notified of the Company's disclosures through timely releases to Bursa Malaysia. The Executive Director /Group Chief Executive Officer and the Company Secretary oversee investor relations and where it deems it practicable to do so, will engage with institutional shareholders based on mutual understanding of objectives and entertains visits from such institutional shareholders or other fund managers representing shareholders. The Company also participates in the Mid and Small Cap Research Scheme (MidS) mooted by Bursa Malaysia. During the year, the Company met with two research houses under MidS. It also entertains visits from other fund managers representing substantial shareholders of the Company. The Company's annual report is integrated with all the required information such as the audited financial statements, governance and sustainability reports. The Sustainability Report is prepared in accordance with the internationally recognised global reporting initiative (GRI) G4 sustainability reporting core option. It focuses on the sustainability performance of the Company's cement production and ready-mixed concrete operations. The Board will continue to assess and improve on the reporting and disclosure. The Company further ensures that shareholders are kept fully informed through information provided on the Company's website at www.tasekcement.com.

CONDUCT OF GENERAL MEETINGS

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

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

Corporate Governance Overview Statement
(Cont'd)

DIRECTORS TRAINING

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

Name of Directors	Training
Kwek Leng Peck	"Standard Chartered Bank's H2 Market Outlook 2017", Singapore.
Ting Sii Tien	"HSBC Asian Outlook 2017" "SID AC Chapter Pit-Stop Series: Relevance of the Enhanced Auditor's Report to Directors, Audit Committees and Management" "Director's In-House Training - Grappling with data protection and cybersecurity in the context of an organisation's embracement of innovation, the Internet of Things, Disruptive Technology and Cloud of Things" "SID Directors Conference 2017 - The Sustainability Imperative @ Suntec Convention Centre" "4th Annual Sustainability Forum for CDL & Hong Leong Group - Emerging Trends in Sustainability" "Ernst & Young Seminar - Dealing in a Digital Economy"
Dato' Chong Pah Aung	"What Makes A Development Feasible by RICS (Royal Institution of Chartered Surveyor)" "Case Study Workshop for Independent Directors" by Securities Industry Development Corporation and Bursa Malaysia
Lim Eng Khoon	"The New Enhanced Auditor's Report" by Chartered Accountants Australia and New Zealand
Dato' Mohammed Hussein	"Audit Committee Seminar 2017 ACRA-SGX-SID Directors Training" "Bank Negara Malaysia Compliance Conference 2017" "Reshaping The Board's Expectation in Evaluating Opportunities When Executing Overseas Investments" "Fintech Opportunities for the Financial Services Industry in Malaysia" "AICB (Asian Institute of Chartered Bankers) - Global Banking Conference" "Pangkor Dialogue - Making the Future Innovative Pathways to Sustainable Development"

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Board is responsible and required by law to prepare annual financial statements that gives a true and fair view of the financial position of the Company as at the end of each 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 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 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 involving the interests of the Directors, its chief officers who are not directors or major shareholders during the 2017 financial year.

SUSTAINABILITY REPORT

GROUP CEO STATEMENT

We are pleased to publish the Group's second sustainability report (Figure 1) in accordance with the Global Reporting Initiative ("GRI") G4 - Core requirements. Tracking our sustainability performance using specific key performance indicators ("KPIs") has been rewarding for our business in the past year, particularly in terms of the health and safety aspects for our workers. By publishing the safety statistics in the Group's annual report last year, our employees and contractors are increasingly more aware that we are very serious when it comes to workplace safety. This has led to lower incident rates and fewer man-days lost.

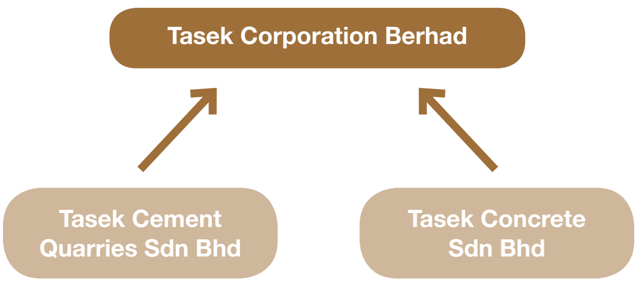
To enable Tasek Corporation to use more sustainable materials, our newly-established Industrial Ecology Department sourced for input materials which would otherwise be discarded in landfills. We took this progressive approach and experimented with different combinations of alternative raw materials and fuel types. Through this, the Group was able to achieve a slight decrease in overall greenhouse gas ("GHG") emissions per tonne of cement and cementitious products. We are confident that through our research and green efforts, we will be able to attain even more effective and efficient solutions to balance both cost and GHG emissions.

This year has been a challenging business environment period but the Group remains uncompromising in our commitment towards our customers and employees. The sustainability report has been a useful tool to communicate our responsibilities towards the environment, our employees and the society at large beyond our financial performance. We welcome feedback and queries regarding our report from our stakeholders as we continue on our sustainability journey. Please send in your comments to sustainability@tasek.com.my.

ABOUT THIS REPORT

This report has been prepared in accordance to the internationally recognized GRI G4 Sustainability Reporting Guidelines Core option. The report focuses on the sustainability performance of our cement production and ready-mixed concrete ("RMC") batching operations from 1 January 2017 to 31 December 2017, unless otherwise stated (Figure 1). Where possible, historical data has also been presented as a comparison. We will continue to assess and improve our data collection systems over time and adopt the GRI Standards in the next reporting period.

Figure 1: Reporting Scope



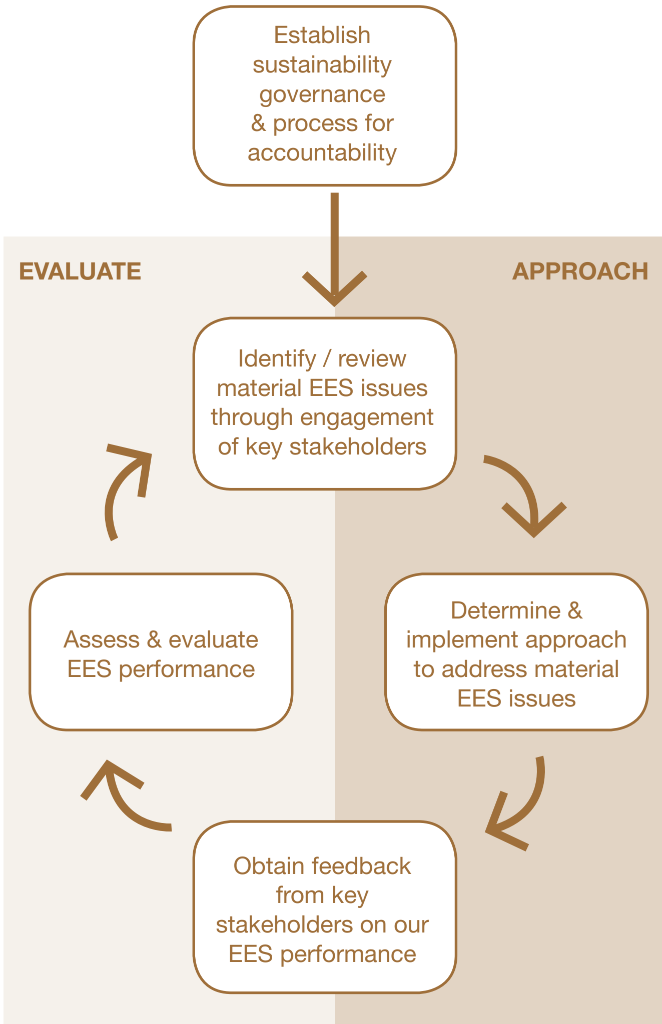
Memberships in Associations

The Group has been an active member of the Cement and Concrete Association of Malaysia ("CNCA"), since 8 June 1965. The Group's Executive Director / Group Chief Executive Officer, Mr Ting Sii Tien, is a council member of the CNCA after his term as Deputy Chairman ended in 2017.

SUSTAINABILITY FRAMEWORK & GOVERNANCE

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

Figure 2: The Group's Sustainability Framework



*EES: Economic, Environmental, Social

Sustainability Report
(Cont'd)

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

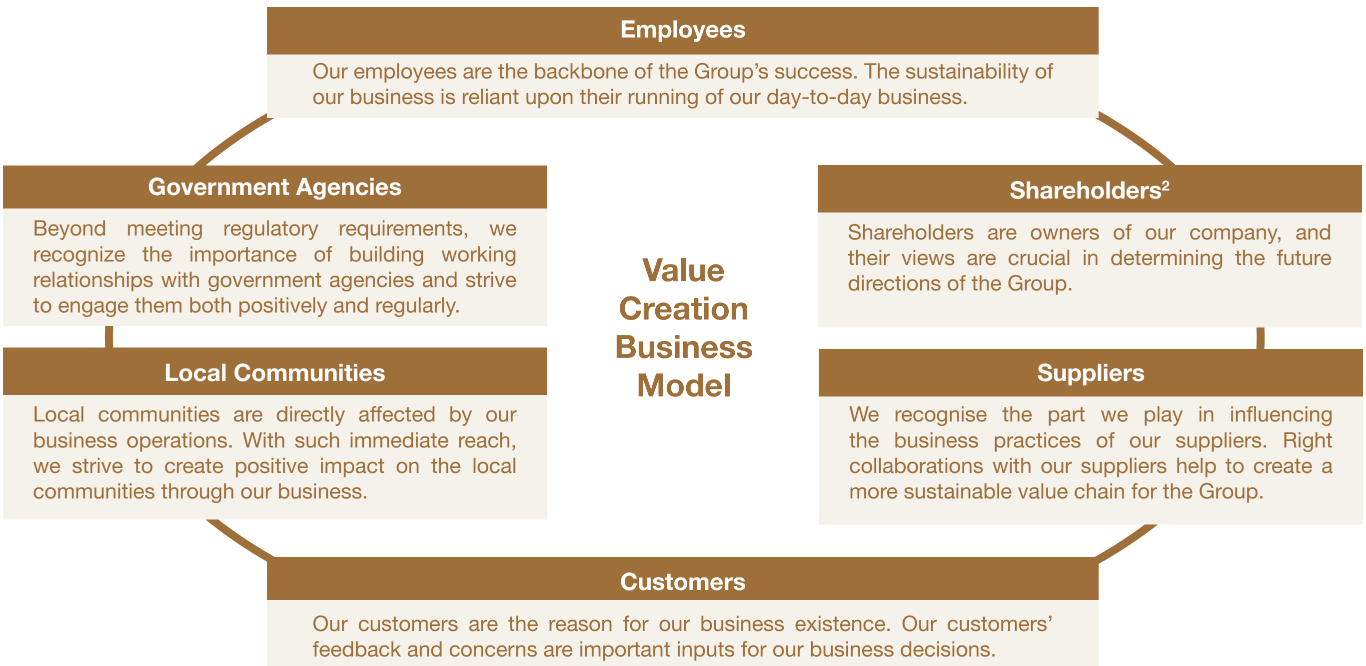
Figure 3: The Group's Sustainability Governance Structure

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

KEY STAKEHOLDERS & MATERIALITY ASSESSMENT

Value for our business is created through various interactions amongst our key stakeholders and the business (Figure 4). Therefore, it is critical for the Group to understand the dynamics and demands of our stakeholders, in order to meet and exceed each stakeholder's objective which will also bring about value for the Group.

Figure 4: Impact & Significance of Key Stakeholders



[1] Refer to the Statement on Risk Management & Internal Control, and the Corporate Governance Overview Statement on the evaluation of the Group's internal controls and risk management processes.
[2] Refer to the Corporate Profile for shareholders' contact point for the Group.

Sustainability Report
(Cont'd)

In June 2016, we conducted our first materiality assessment with the guidance of external consultants, following the procedures outlined in Figure 5. After the "Education" and "Research" phases where key personnel familiarised themselves with sustainability reporting requirements and relevant EES topics for the industry, they were asked to be proxies to the stakeholders whom they interacted the most with to vote on material EES issues. Our key personnel were able to tap on their knowledge of key stakeholders through regular engagement throughout the year via different channels. Details on stakeholder engagement can be found in the relevant sections of this report.

Figure 5: Materiality Assessment Process

Education

Awareness session for senior management and Head of Departments, to equip them with knowledge on sustainability, Bursa Malaysia sustainability reporting guide and GRI-G4 reporting framework requirements

↓

Research

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

↓

Corroboration

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

↓

Prioritisation

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

Sustainability Report
(Cont'd)

From a pool of 30 relevant sustainability issues, 9 issues were identified as material and significant to the Group's business operations, categorized as Economic (◊), Environment (Δ), or Social (•), in accordance with the GRI G4 Reporting Framework (Figure 6). This year, the Sustainability Committee reviewed and validated that the material EES issues remain the same for 2017. They have been further defined and mapped in Table 1.

Figure 6: The Group's Materiality Matrix (not drawn to scale)

Table 1: Mapping of Material Issues

Material Issues	Definition	GRI G4 Aspects	Aspect Boundary	Reporting Section
Economic Performance	Financial performance of the Group	Economic Performance	Refer to the Management's Discussion and Analysis for more details	
Enterprise Risk Management	Management of financial, operational, investment, IT, human resource, environmental, safety and crisis risks for business continuity	General Standard Disclosure	Refer to the Statement on Risk Management and Internal Control for more details	
Regulatory Compliance	Comply with regulatory and other core operational regulations	Compliance	Within	Adhering to Regulatory & Environmental Compliance
Product and Service Quality	Innovate and develop high quality products/ services to meet customers' needs	Not applicable	Within and Outside	Understanding Our Customers' Needs
Customer Satisfaction	Meet customer expectations and maintaining good relationships	Product and Service Labelling	Within and Outside	Understanding Our Customers' Needs
Employment Practices	Provide equitable opportunities and treatment to all employees including proper grievance management	Employment, Labour Practices Grievance Mechanisms	Within	Looking After Our People
Employee Well-being and Engagement	Create a great place to work through welfare and benefits, and regular engagement with employees	General Standard Disclosure	Within	Looking After Our People
Employee Health and Safety	Provide for and promote the health and safety of employees and contractors, as measured by recordable incidents, fatalities, lost days	Occupational Health and Safety	Within	Looking After Our People
Other Atmospheric Emissions	Disclose dust emissions from the Group's operations	Emissions	Within and Outside	Caring for the Physical Environment

Sustainability Report
(Cont'd)

CORPORATE RESPONSIBILITY

As a responsible corporate citizen, the Group aims to improve the well-being of the surrounding communities where we operate in. A total of RM70,500 was channelled for social initiatives in 2017. During the year, the Group continued to provide scholarships to deserving Malaysian students who are pursuing higher learning education and is part of the Group's human capital development to secure a sustainable pool of engineers joining the Group. We also selected 3 schools, and under the Tasek Bursary Program, provided financial assistance to underprivileged primary school students to support their needs for appropriate education.

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

Engaging the local communities within the region of our operations is also a priority. We actively participate in the City Council Dialogues chaired by the Mayor on a quarterly basis as it serves as a means to receive feedback from the community on our impact to them. It is also an opportunity for us to communicate the Group's actions towards being an accountable enterprise.

ADHERING TO REGULATORY & ENVIRONMENTAL COMPLIANCE

Approach

The main objective of our Group is to build a robust and healthy business to benefit key stakeholders who are impacted the most by the performance of the Group. Any lapse in governance can have far-reaching impacts to our key stakeholders both within and outside the Group. Therefore, we take a rigorous stance towards ensuring full compliance with our regulatory compliance which includes environmental requirements.

The Group's cement and concrete heads of departments of production and operations are the key personnel in charge of majority of the compliance for the Group. The General Managers of Tasek Corporation's cement and concrete divisions manage the requirements for the Group's overall safety, health and environment ("SHE") aspects. The other heads of departments are responsible for the compliance to regulations regarding their scope of work. The Group's Chief Operating Officer ("COO") maintains oversight over the compliance of the Group. Any change or breach in compliance requirements is reported to the COO at the earliest instance, and where necessary, to the Group CEO, the Board Audit and Risk Committee ("BARC") or the Board as well.

Performance

In 2017, Tasek Concrete received one stop-work order at a concrete batching plant to investigate an accident. One of our contractor's drivers was injured but has since fully recovered. During the down time, our nearby batching plants helped to serve our customers within the area and there was minimal impact to our operations.

Investigations conducted by the Group's internal SHE Manager and the local government agency found the contractor's driver's negligent behaviour as the cause of the accident. We have since worked with all our concrete contractors to increase the training intensity and enforce stricter standard operating procedures ("SOPs") to prevent similar incidents from happening in the future. The Group did not incur any significant fines in 2017, and as we have a zero-tolerance towards non-compliance of regulations, we will be diligent in striving to achieve our goal.

Sustainability Report
(Cont'd)

UNDERSTANDING OUR CUSTOMERS' NEEDS

The Group started its business by producing Ordinary Portland Cement ("OPC") to development projects in Malaysia, and from 2006, we expanded downstream to manufacturing ready-mix concrete ("RMC"). Today, aside from supplying OPC and RMC to our customers, we also produce Masonry Cement, Portland Limestone Cement ("Cap Loceng" Brand) and Blended Fly Ash Cement ("Green Buaya" brand).

Ensuring Product Quality

Approach

Providing our customers with high-quality cement and RMC products is the very core of our business. We use a two-prong approach, by managing the Group's internal and external factors, to ensure consistent quality across all our products.

Supply Chain & Product Management

The primary task of the Group's Procurement Department is to source for the best quality raw materials and fuels at the most economical costs. To ascertain the standards of our raw materials, we prefer sourcing from suppliers who are ISO 9001 certified as is the Group.

For raw materials critical to the Group's production process, such as sand, coal and admixture, samples are taken from materials delivered to our plants, and tested by the Group's Quality Assurance & Quality Control ("QA-QC") Department, before they are mixed with our existing inventory. Deliverables which do not meet the minimum required specifications are rejected.

New tenders are evaluated in a similar way to major suppliers who are reviewed annually, and the evaluation is performed by the Procurement Department. The evaluation comprises of an assessment of their product quality consistency, promptness of delivery, and may also include a site visit. We expect our suppliers to be in compliance with local laws and regulations.

Performance

The Group conducted a large-scale review of our suppliers during the year and shortlisted those which were higher performing and had better affordability. As at the end of 2017, the Group has approximately 850 suppliers, mainly from Malaysia. The Group will keep up with the supplier evaluations to maintain a high level of standard and consistency across product quality.

Internal Quality Control

In line with the ISO9001:2015 update, we have implemented the requirements of the revised version at the Group's cement plant, main cement distribution plant and major commercial batching plants. The Group completed the implementation of the new requirements to allow our customers to have continuous confidence in the quality of our products.

As part of the ISO9001 quality assurance procedures, an internal benchmark is set for all our products, and they are batch-tested that they meet the customers' requirements before they are dispatched. Where the product test did not meet the internal benchmark, a troubleshooting procedure is undertaken to find out the issue. A similar process is performed immediately should any customer complaints be received regarding the quality of our products as we take our customers' feedback very seriously.

Performance

An annual customer satisfaction survey is conducted by our cement Sales & Marketing Department with all their major customers while the RMC Sales & Marketing Department conducts the survey after each major project is completed. Regarding the quality of our products, our customers' satisfaction in the quality of both our cementitious and RMC products met the internal benchmark set by the Group. Since 2015, customers of the Group registered increased satisfaction with the quality of our products. Delivering high-quality products is critical in ensuring the sustainability of our business and we endeavour to continue to improve on these standards.

Sustainability Report
(Cont'd)

Exceeding Customer Expectations

Approach

While we let the quality of our products speak for themselves, the Group places significant emphasis on the services we provide to our customers, as this is a critical competitive advantage established through many years of relationship-building with our customers. It is important that the Group does its part as a supplier to support the sustainability of our customers.

Our sales and marketing representatives stay in close contact with our customers before, during and after the projects or product deliveries to make sure that our customers receive their orders seamlessly. Once a year, the Group's cement division conducts a customer survey while the concrete division obtains feedback from our customers throughout the year upon the completion of each project. Both customer compliments and improvement areas are taken seriously by the Management, and passed to the relevant departments within the organisation. Employees or departments that have performed well are commended, and recommendations for changes are proposed to better the customer services.

Based on market trends and customer demands identified by the Group's Marketing Department, our QA-QC Department also innovates and develops new products through our internal laboratories to satisfy and meet market expectation.

Performance

Between 2015 and 2017, both cement and concrete customers have feedback an increase in satisfaction with the Group's products and services. A higher percentage of concrete division customers said they were more than satisfied in 2017 than in 2015 with the whole experience of making their purchases from Tasek Concrete. At the Group's cement division, our customers' survey results have seen year-on-year improvement across almost all the categories assessed, such as from quality and packing of the products to the prompt delivery and responses by our sales teams. These achievements can be attributed to a Management drive towards prioritising the customer experience, and an organisation-wide push towards addressing all customer feedback at the first instance.

In 2017, our cement division developed a new product, slag cement, which comprises of clinker, gypsum and recycled raw slag for our customers and the Group is underway to obtain SIRIM certification for this product.

We strive to continuously improve our customer services as we recognise that it is a crucial way to safeguard the sustainability of the Group's business.

LOOKING AFTER OUR PEOPLE

Skilled labour is a prized asset and it is the Group's priority to retain high-performing workers to maintain a high level of efficiency and effectiveness within the business. We do so by emphasizing on the holistic well-being of each employee, and this includes developing their careers and skills through training, as well as securing their safety at our workplace.

Approach

Every employee that joins the Group is given an orientation on their first day to have a more meaningful understanding of Tasek Corporation's operations. Following that, their line managers will explain to them in more detail about the objectives of their work and provide on-the-job training.

Employees can provide feedback regarding any relevant aspect of the Group's business at any time to their line managers, the Human Resource Manager or the Head of their Department. Our unionised staff can also go through the Branch Union to write to the Group COO to seek a resolution.

Most of the time, our employees choose to communicate constructive feedback to their supervisors during their annual appraisal. Though it is a platform to discuss on potential for increment, promotion and career advancement, it also serves as an occasion for the employee to evaluate the organisation and raise suggestions on training opportunities. The Human Resource Department acts as a coordinator between the employees and the Group to ensure that feedback from both parties are obtained, and necessary and timely actions are taken by the relevant parties to address any outstanding issues.

To protect the wellbeing of every employee in an industry that relies on heavy machinery and manual labour, the Group enforces a strict policy over workplace health and safety at all our sites, at all times. This policy is enforced by the SHE Department at the cement and concrete divisions, and the SHE Department reports to the respective Heads of Operations at the 2 divisions. All incidents are investigated by the SHE Managers, and reports detailing the reasons for the incidents are documented and recommendations will be made to the Management for future mitigation or rectification. The policy is extended to all contractors and visitors to our site, as they are also required to comply with all safety measures before entering into any of the Group's working areas.

Sustainability Report
(Cont'd)

Performance

As at the end of 2017, the Group had 552 employees (Table 2), of whom approximately 47% were unionised workers. Due to the tighter economy, unfortunately, our cement division underwent a restructuring and reduced existing workforce. This strategy was only made after careful consideration of the overall sustainability of the business and the severance package was deliberated by the Management to ensure fairness to all employees. This decision was a difficult one, however we hope that the new structure will allow the Group to thrive better in our local economy that is predicted to be continuously weak in the next few years.

To keep up the morale of the Group despite the economic slowdown, the Management paid significant attention to employee feedback and addressed them promptly. Majority of the comments pertained to the distribution of work, and the Heads of affected Departments took to one-on-one engagement with concerned employees in the department to review the allocation of workload and compensation. Employees also expressed the desire for more sports activities and better medical coverage. Therefore, the Group organised table tennis and badminton competitions during the year, and at the end of 2017, we had taken-up Group Personal Accident ("GPA") insurance to cover for all unionised employees. In appreciation of our employees, the Group also has an Employee Education Fund to match our employee's voluntary contribution towards their children's education. This Fund is paid out to our employees in cash at the end of each financial year.

In order to provide our employees with career advancement opportunities and relevant skillsets to contribute in their job scope, they are required to attend prescribed trainings throughout the year, where the nature and minimum hours of trainings are determined by the Head of their Departments. The Group sets aside training funds from the 1% compulsory levy of the Group's payroll towards the national Human Resource Development Fund ("HRDF"). On top of the HRDF, we have also included in the Annual Training Plan ("ATP") an additional budget for training that is not covered by the HRDF.

To preserve the Group's leadership sustainability, we have in place a Structure Talent Management programme to ensure key personnel continuity within the organization. These programmes cover Talent Spotting, Talent Identification, Career Discussion, Talent Development and Succession Planning which are designed to identify and groom high potential employees for key positions, critical positions, retiring positions and staff promotions.

Due to the emphasis of workplace safety in the past year, such as through the conducting of SHE refresher courses for our employees, there has been an overall improvement in safety statistics between 2015 and 2017 (Table 2). Tasek Corporation reviewed the Group's health and safety policy and underscored the importance of following SOPs to protect the well-being of every person on our work sites. In addition, as part of the mandatory safety training review, our employees and contractors are aware that they have to report any safety hazards to the SHE Department for rectifications at the earliest opportunity. We ran a pilot programme in 2016 at the Group's concrete division to penalise contractors for any accidents they cause. This has proven effective as the number of accidents caused by the negligence of our contractors have also decreased.

The types of injuries sustained were mainly cuts, fractures and abrasions which happened to our male employees and contractors as they engaged in site operational activities. There were no fatalities and occupational diseases reported.

Keeping employees happy and safe is the basic responsibility of a responsible enterprise such as Tasek Corporation, and it requires an all-round approach. We will continue to work hand-in-hand with our people to improve the state of their well-being as they contribute towards the value creation of the Group.

Table 2: Summary of People Performance

Employee Profile								
Gender	Permanent	Temporary	Full Time	Part Time	New Employees		Turnover	
					Age Group	Gender	Age Group	Gender
Male	469	14	482	1	**<30** : 37 **30-50** : 11 **>50** : 2	**Male** : 45 **Female** : 5	**<30** : 43 **30-50** : 27 **>50** : 15	**Male** : 74 **Female** : 11
Female	68	1	69	0				

Safety Statistics				
Year	Employees		Contractors	
	Injury Rate[3]	Accident Severity Rate[4]	Injury Rate[3]	Accident Severity Rate[4]
2017	2.6	9.4	0.8	0.05
2016	2.9	11.7	NA	NA
2015	4.5	17.5	NA	NA

[3] Workplace injury rate is defined as number of fatal & non-fatal workplace injuries per 100 persons employed.

[4] Accident severity rate is defined as number of workplace accidents per million man-hours worked.

Sustainability Report
(Cont'd)

CARING FOR THE PHYSICAL ENVIRONMENT

The cement and concrete industries are contributing to the economic and industrial development of a country and yet can cause significant impact on the environment and neighbouring communities. The Group understands this and works hard at mitigating the environmental impacts of our operations.

The Group's activities operates within the limits of local and federal government regulations, and where appropriate, sets benchmarks higher than those imposed by the regulators as a commitment to the preservation of the environment and our local communities.

The SHE Department manages the environmental regulations which the Group is required to comply with. They are tasked with developing SOPs to ensure compliance to those regulations, and educate the respective personnel who need to adhere to the SOPs. When new regulations are implemented or if there are changes in regulations, the SHE Department updates the Management and makes recommendations on the necessary organisational transformations to meet the regulations.

Approach

Emissions of greenhouse gases ("GHGs") are a material issue for our cement division as a significant amount of carbon dioxide is emitted in the production of clinker. In 2016, we engaged consultants to calculate our emissions for the first time according to the ISO14064 methodology, demonstrating our commitment to track and monitor our GHG emissions. In a bid to use more sustainable materials, we established the Industrial Ecology Department ("IED") to explore alternatives to traditional resources the Group uses in our production of cementitious and concrete products.

Due to the dust emissions from cement production having an effect on the health of employees and neighbouring communities, as well as the environment in general, the Malaysian government has set a dust emissions limit of 100 mg/Nm^3 under the Clean Air Regulations ("CAR"). As of 1 June 2019, the new CAR limit will be revised to 50 mg/Nm^3.

Performance

The Group's carbon emissions intensity for Scope 1 and Scope 2 emissions in 2017 was 0.81 tCO_2e and 0.08 tCO_2e per ton of cement and cementitious product respectively. As compared to 2016, the results represent a slight decrease in Scope 1 emissions intensity by approximately 2.1%, while Scope 2 emissions intensity remained consistent. The main reason for the drop in Scope 1 emissions intensity is the increase in use of alternative fuels from 8.2% in 2016 to 11% in 2017, leading to a corresponding decrease in percentage of conventional fossils fuels rate which typically has higher emission factors.

With regard to dust emissions, the Group is in the midst of upgrading the dust collectors from electrostatic precipitator ("ESP") to an Italian filter bag technology which will reduce dust emissions to below 50 mg/Nm^3. While dust emissions in the previous year ranged between 31 to 60 mg/Nm^3, in 2017, the daily average dust emissions was below 50 mg/Nm^3. It is estimated that the conversion to filter bag system will be completed by early 2019.

The Group has been making improvements in terms of our environmental performance, and we commit to continuing this trend to aid our business sustainability. Eventually, the Group endeavours to benefit the infrastructure development projects in the country and preserve the environment at the same time.

GOING FORWARD

2017 has been a year of progress in terms of sustainable development for Tasek Corporation. Despite the challenges faced in the construction industry, the Group is able to implement a number of projects to improve the social and governance aspects of the business. The roadmap for sustainability projects in 2018 has been established and the Group will continue to implement, monitor and improve on our sustainability performance to bring about greater value for our key stakeholders.

Sustainability Report
(Cont'd)

GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

General standard disclosures		
Profile Disclosure	**Description**	**Page Number / Section**
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	25
Organizational profile		
G4-3	Name of the organization.	Cover Page
G4-4	Primary brands, products, and services.	7
G4-5	Location of organization's headquarters.	2
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	2, 25
G4-7	Nature of ownership and legal form.	2
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	7, 26
G4-9	Scale of the organisation	7, 32
G4-10	Total workforce by employment type, gender, employment contract and region	32
G4-11	Percentage of total employees covered by collective bargaining agreements.	32
G4-12	Describe the organization's supply chain.	30
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	None
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	25 - 28, 33
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.	NIL
G4-16	Memberships in associations (such as industry associations)	The Cement & Concrete Association of Malaysia
Identified material aspects and boundaries		
G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures (List all entities in the consolidated financial statements)	Notes 14 and 15 to the Financial Statements
G4-18	Process for defining report content and the Aspect Boundaries and explain how the Reporting Principles has been implemented	25 - 28
G4-19	List all the material Aspects identified	28
G4-20	The Aspect Boundary within the organization: Whether the Aspect is material within the organization; The list of entities included in G4-17 for which the Aspect is or is not material; Specific limitation regarding the Aspect Boundary within the organization	28
G4-21	The Aspect Boundary outside the organization: Whether the Aspect is material outside the organization; The list of entities for which Aspect is material, relate to geographical location; Specific limitation regarding Aspect Boundary outside the organization	28
G4-22	Explanation of the effect of any restatements	None
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	None
Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organization.	26
G4-25	Basis for identification and selection of stakeholders with whom to engage.	26 - 27
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	27
G4-27	Key topics and concerns that have been raised through stakeholder engagement, & how the organization has responded to those key topics & concerns, including through its reporting; Report stakeholder groups that raised each of the key topics & concerns	27
Report profile		
G4-28	Reporting period	25
G4-29	Date of most recent previous report	2016
G4-30	Reporting cycle	Annually
G4-31	Contact point for questions regarding the report or its contents.	25
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option	25, 34
G4-33	Policy and current practice with regard to seeking external assurance for the report	We have not sought external assurance for this sustainability report
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	25 - 26
Ethics and integrity		
G4-56	Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Cover Page, Corporate Governance Overview Statement

Specific standard disclosures		
Profile Disclosure	**Description**	**Page Number / Section**
Business operations		
EC1	Direct economic value generated and distributed	29, Statements of Comprehensive Income
Environmental		
EN18	Greenhouse Gas (GHG) emissions intensity	33
Social		
Sub-category: Labour practices and decent work		
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	32
LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	32
LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	31 - 32
Sub-category: Society		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	29
Sub-category: Product responsibility		
PR5	Results of surveys measuring customer satisfaction	31

FINANCIAL STATEMENT

DIRECTORS' REPORT

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

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

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

Immediate and ultimate holding companies

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

Results

	Group RM'000	Company RM'000
Profit/(Loss) net of tax	1,011	(3,091)
Profit/(Loss) attributable to:		
Equity holders of the Company	1,011	(3,091)

There was no material transfer 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 2016 were as follows:

	RM'000
In respect of the financial year ended 31 December 2016 as reported in the directors' report of that year:	
Final dividend of 40 sen per share, on 121,142,931 ordinary shares	48,457
Preference dividend of 6 sen per share and final dividend of 40 sen per share, on 335,000 6% Cumulative Participating Preference Shares	154
In respect of the financial year ended 31 December 2017:	
Interim dividend of 20 sen per share, on 121,142,931 ordinary shares	24,229
Interim dividend of 20 sen per share, on 335,000 6% Cumulative Participating Preference Shares	67
	72,907

Directors' Report
(Cont'd)

Dividends (cont'd.)

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

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

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 shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2018.

Issue of shares

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

Share buy-back

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

Directors

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

Kwek Leng Peck
Ting Sii Tien @ Yao Sik Tien (also a director of the Company's subsidiaries)
Lim Eng Khoon
Dato' Chong Pah Aung
Dato' Mohammed Bin Haji Che Hussein (Appointed on 24 March 2017)
Tan Sri Ir (Dr) Mohamed Al Amin Bin Abdul Majid (Resigned on 28 February 2017)

The persons who are directors of the subsidiaries of the Company during the year (not including those directors listed above) are:

Lian Ka Siew
Chow Poh Jin
Hoh Weng Ming

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

Directors' Report
(Cont'd)

Directors' interest

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

	Number of ordinary shares		
	As at 1.1.2017	Acquired	As at 31.12.2017
Shares Held in the Company			
Direct interest:			
Ting Sii Tien @ Yao Sik Tien	51,200	-	51,200

	Number of ordinary shares		
	As at 1.1.2017	Acquired	As at 31.12.2017
Related Corporations			
Interest of Kwek Leng Peck in:			
Hong Leong Asia Ltd	1,913,300	-	1,913,300
City Developments Limited	43,758	-	43,758
Hong Leong Finance Limited	517,359	-	517,359
Hong Leong Investment Holdings Pte Ltd	10,921	-	10,921
Hong Leong Holdings Limited	381,428	-	381,428
Hong Realty (Private) Limited	150	-	150
Interest of Ting Sii Tien @ Yao Sik Tien in:			
Hong Leong Asia Ltd	280,000	-	280,000

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 1.1.2017	Granted	Cancelled	As at 31.12.2017
Kwek Leng Peck	15.5.2008	2.36	170,000	-	-	170,000
	5.1.2011	3.17	300,000	-	-	300,000
Ting Sii Tien @ Yao Sik Tien	15.5.2008	2.36	300,000	-	-	300,000
	28.1.2014	1.31	200,000	-	-	200,000

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

Indemnity

During the financial year, the amount of insurance indemnity for directors and officers of the Company is SGD20,000,000.

Directors' Report
(Cont'd)

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was necessary; and

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

(ii) the results of the operations of the Group or of the Company during the financial year were not, substantially affected by any item, transaction or event of a material and unusual nature; and

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

Auditors and auditors' remuneration

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

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

Signed on behalf of the Board in accordance with a resolution in writing of the directors dated 12 March 2018.

Kwek Leng Peck **Ting Sii Tien @ Yao Sik Tien**

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

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 45 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution in writing of the directors dated 12 March 2018.

Kwek Leng Peck

Ting Sii Tien @ Yao Sik Tien

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, Lian Ka Siew, being the officer primarily responsible for the financial management of Tasek Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 98 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 12 March 2018

Lian Ka Siew

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TASEK CORPORATION BERHAD (Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tasek Corporation Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Revenue recognition

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

Revenue from sale of cement and related products recognized by the Group and the Company during the year amounted to RM549,112,000 and RM398,977,000 respectively. We assessed the risk of material misstatement in respect of revenue recognition to be higher and therefore identified it as an area of audit focus as the key performance indicators for the key management personnel are measured based on the financial performance (where revenue is the key determinant of the overall financial performance) of the Group and the Company. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

How our audit addressed the matter

Our audit procedures included testing the Group's and the Company's internal controls over timing and amount of revenue recognised. We read the sales terms to determine the point of transfer of significant risk and rewards. We inspected documents which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

Independent Auditors' Report

To the Members of Tasek Corporation Berhad (Incorporated In Malaysia) (Cont'd)

Key Audit Matters (cont'd.)

Impairment of property, plant and equipment

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

The Group's and the Company's property, plant and equipment in respect of cement operations as at 31 December 2017 amounted to RM220,878,000 and RM220,878,000 respectively, representing 31% and 37% of the Group's and Company's total assets.

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

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

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

How our audit addressed the matter

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

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

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

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

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

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

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

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

How our audit addressed the matter

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

We evaluated the management's assumption on the quantities of quarry products to be extracted for the remaining leasehold period, future quarry product prices and operating costs by comparing to past actual outcomes. We also assessed whether the capitalisation factor used to determine the fair value is supportable.

Independent Auditors' Report

To the Members of Tasek Corporation Berhad (Incorporated In Malaysia) (Cont'd)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

Independent Auditors' Report

To the Members of Tasek Corporation Berhad (Incorporated In Malaysia) (Cont'd)

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
Date: 12 March 2018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	4	549,112	654,787	398,977	514,651
Cost of sales		(429,584)	(464,170)	(330,645)	(368,029)
Gross profit		119,528	190,617	68,332	146,622
Other items of income					
- Interest income		5,512	8,358	5,252	8,164
- Dividend income		-	-	3,000	20,475
- Net gain on disposal of property, plant and equipment		196	69	127	69
- Reversal of impairment losses in the investment of an associate		-	1,200	-	1,200
- Other income		2,521	1,614	3,921	2,939
Other items of expense					
- Marketing and distribution		(103,171)	(104,498)	(68,395)	(75,482)
- Administrative expenses		(25,055)	(27,802)	(16,863)	(19,500)
- Finance costs	5	(558)	(455)	(28)	-
Share of results of associates, net of tax		2,668	(1,594)	-	-
Profit/(Loss) before tax	6	1,641	67,509	(4,654)	84,487
Income tax (expense)/credit	9	(630)	(17,178)	1,563	(15,339)
Profit/(Loss) net of tax, for the year		1,011	50,331	(3,091)	69,148
Other comprehensive income:					
Items that will be reclassified subsequently to profit and loss:					
Fair value changes on available-for-sale ("AFS") investment, representing other comprehensive income for the year, net of tax		99	-	-	-
Total comprehensive income for the year		1,110	50,331	(3,091)	69,148
Profit/(Loss) attributable to:					
Equity holders of the Company		1,011	50,331	(3,091)	69,148
Total comprehensive income attributable to:					
Equity holders of the Company		1,110	50,331	(3,091)	69,148
Earnings per share attributable to equity holders of the Company (sen per share)					
- Basic and diluted	10	0.82	41.42		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Non-current Assets					
Property, plant and equipment	11	242,578	262,067	220,878	236,006
Prepaid lease payments	12	-	3	-	3
Intangible assets	13	1,285	1,625	830	1,177
Investment in subsidiaries	14	-	-	35,284	31,351
Investment in associates	15	80,048	80,380	21,592	21,592
Available-for-sale investments	16	9,617	-	-	-
Other receivables	18	242	1,195	6,728	-
Total Non-current Assets		**333,770**	**345,270**	**285,312**	**290,129**
Current Assets					
Inventories	17	130,072	100,621	129,467	99,662
Trade and other receivables	18	99,645	113,300	47,655	60,810
Tax recoverable		11,339	5,118	11,339	5,058
Cash and bank balances	19	132,832	222,550	120,689	216,021
Total Current Assets		**373,888**	**441,589**	**309,150**	**381,551**
Total Assets		**707,658**	**786,859**	**594,462**	**671,680**
Equity and Liabilities					
Current Liabilities					
Provisions	20	745	1,256	-	665
Income tax payable		658	206	-	-
Loans and borrowings	21	9,061	13,818	-	-
Trade and other payables	22	90,196	88,161	60,577	57,503
Total Current Liabilities		**100,660**	**103,441**	**60,577**	**58,168**
Non-current Liabilities					
Provisions	20	1,572	1,292	733	-
Deferred tax liabilities	23	17,601	22,504	17,238	21,600
Total Non-current Liabilities		**19,173**	**23,796**	**17,971**	**21,600**
Total Liabilities		**119,833**	**127,237**	**78,548**	**79,768**
Equity attributable to Equity Holders of the Company					
Share capital	24	258,300	123,956	258,300	123,956
Share premium	24	-	133,946	-	133,946
Treasury shares	24	(20,633)	(20,633)	(20,633)	(20,633)
Reserves	25	350,158	422,353	278,247	354,643
Total Equity		**587,825**	**659,622**	**515,914**	**591,912**
Total Equity and Liabilities		**707,658**	**786,859**	**594,462**	**671,680**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to equity holders of the Company							
		Non-distributable						Distributable	
	Note	Total equity RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Treasury shares RM'000	General reserve RM'000	Retained profits RM'000
Group									
At 1 January 2016		706,494	123,956	133,946	398	-	(20,633)	115,347	353,480
Total comprehensive income		50,331	-	-	-	-	-	-	50,331
Transactions with owners									
Dividends	**26**	(97,203)	-	-	-	-	-	-	(97,203)
At 1 January 2017		659,622	123,956	133,946	398	-	(20,633)	115,347	306,608
Total comprehensive income		1,110	-	-	-	99	-	-	1,011
Transaction with owners									
Dividends	**26**	(72,907)	-	-	-	-	-	-	(72,907)
Effect of implementation of Companies Act 2016	**24(d) & 25(a)**	-	134,344	(133,946)	(398)	-	-	-	-
At 31 December 2017		**587,825**	**258,300**	**-**	**-**	**99**	**(20,633)**	**115,347**	**234,712**

		Attributable to equity holders of the Company						
		Non-distributable					Distributable	
	Note	Total equity RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	General reserve RM'000	Retained profits RM'000
Company								
At 1 January 2016		619,967	123,956	133,946	398	(20,633)	115,347	266,953
Total comprehensive income		69,148	-	-	-	-	-	69,148
Transactions with owners								
Dividends	**26**	(97,203)	-	-	-	-	-	(97,203)
At 1 January 2017		591,912	123,956	133,946	398	(20,633)	115,347	238,898
Total comprehensive income		(3,091)	-	-	-	-	-	(3,091)
Transaction with owners								
Dividends	**26**	(72,907)	-	-	-	-	-	(72,907)
Effect of implementation of Companies Act 2016	**24(d) & 25(a)**	-	134,344	(133,946)	(398)	-	-	-
At 31 December 2017		**515,914**	**258,300**	**-**	**-**	**(20,633)**	**115,347**	**162,900**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating activities				
Profit/(Loss) before tax	1,641	67,509	(4,654)	84,487
Adjustments for:				
Allowance for obsolete stock	159	238	159	238
Struck-off investment in subsidiary	-	-	67	-
Amortisation of intangible assets	396	473	370	454
Amortisation of prepaid lease payments	3	4	3	4
Depreciation of property, plant and equipment	48,575	48,688	42,844	42,866
Dividend income	-	-	(3,000)	(20,475)
Finance costs	558	455	28	-
Interest income	(5,512)	(8,358)	(5,252)	(8,164)
Inventories written off	364	264	364	264
Intangible assets written off	5	-	5	-
Net gain on disposal of property, plant and equipment	(196)	(69)	(127)	(69)
Property, plant and equipment written off	142	887	54	535
Provision for voluntary separation scheme	-	665	-	665
Reversal of provision for voluntary separation scheme	(40)	-	(40)	-
Reversal of provision for restoration costs	(128)	-	-	-
Reversal of impairment losses in the investment of an associate	-	(1,200)	-	(1,200)
Share of results of associates	(2,668)	1,594	-	-
Waiver of advances to subsidiaries	-	-	32	-
Total adjustments	41,658	43,641	35,507	15,118
Operating cash flows before changes in working capital	43,299	111,150	30,853	99,605
Changes in working capital				
- inventories	(29,974)	(3,216)	(30,328)	(3,384)
- trade and other receivables	14,608	(3,333)	6,395	8,085
- trade and other payables	1,893	(11,285)	3,154	(15,520)
Total changes in working capital	(13,473)	(17,834)	(20,779)	(10,819)
Cash flows from operations	29,826	93,316	10,074	88,786
Interest received	5,512	8,358	5,252	8,164
Interest paid	(479)	(393)	-	-
Income taxes paid	(11,302)	(26,061)	(9,080)	(23,380)
Net cash flows from operating activities	23,557	75,220	6,246	73,570

Statements of Cash Flows

For the financial year ended 31 December 2017 (Cont'd)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Investing activities				
Acquisition of available-for-sale investment (Note 16)	(9,518)	-	-	-
Increase in investment in subsidiaries (Note 14)	-	-	(4,000)	-
Purchase of property, plant and equipment	(29,464)	(19,849)	(27,885)	(15,336)
Purchase of intangible assets	(61)	(207)	(28)	(201)
Net proceeds from disposal of property, plant and equipment	432	69	242	69
Placement of short term deposits more than three months	(19,000)	(1,000)	(20,000)	-
Withdrawal of short term deposits more than three months	-	55,000	-	55,000
Dividend income received	3,000	19,500	3,000	20,475
Net cash flows (used in)/from investing activities	(54,611)	53,513	(48,671)	60,007
Financing activities				
Dividends paid (Note 26)	(72,907)	(97,203)	(72,907)	(97,203)
Net (repayment)/ proceeds from loans and borrowings	(4,757)	2,757	-	-
Net cash flows used in financing activities	(77,664)	(94,446)	(72,907)	(97,203)
Net (decrease)/increase in cash and cash equivalents	**(108,718)**	**34,287**	**(115,332)**	**36,374**
Cash and cash equivalents at 1 January	**201,550**	**167,263**	**196,021**	**159,647**
Cash and cash equivalents at 31 December (Note 19)	**92,832**	**201,550**	**80,689**	**196,021**

Changes in liability arising from financing activity:

	Group		
	1 January 2017 RM	Cash flows RM	31 December 2017 RM
Loans and borrowings (Note 21)	13,818	(4,757)	9,061

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

1. CORPORATE INFORMATION

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

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution in writing of the directors on 12 March 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

2.2 Changes in accounting policies

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

On 1 January 2017, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after the dates stated below:

Description	Effective for annual financial periods beginning on or after
MFRS 107 : Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112 : Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Annual improvements to MFRS Standards 2014-2016 Cycle - Amendments to MFRS 12 Disclosure of Interests in Other Entities	1 January 2017

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

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

(a) MFRS 107 : Disclosure Initiatives (Amendments to MFRS 107)

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in the statements of cash flows, the application of these amendments has had no impact on the Company.

(b) MFRS 112 : Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and on the Company.

(c) Annual Improvements to MFRS Standards 2014-2016 Cycle - Amendments to MFRS 12 Disclosure of Interests in Other Entities

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.3 Standards issued but not yet effective

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

Description	Effective for annual financial periods beginning on or after
Annual Improvements to MFRSs 2014 – 2016 Cycle	
(i) Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) Amendments to MFRS 128 : Investments in Associates and Joint Ventures	1 January 2018
IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 2 : Clarification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 4 : Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendment to MFRS 4)	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
MFRS 140 : Transfers of Investments Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRSs 2015-2017 Cycle	
(i) Amendments to MFRS 3 : Business Combinations	1 January 2019
(ii) Amendments to MFRS 11 : Joint Arrangements	1 January 2019

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Description	Effective for annual financial periods beginning on or after
Annual Improvements to MFRSs 2015-2017 Cycle (cont'd.)	
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123 : Borrowing Costs	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
MFRS 9 : Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 : Leases	1 January 2019
MFRS 128 : Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Annual Improvements to MFRSs 2014 – 2016 Cycle

Amendments to MFRS 128: Investments in Associates and Joint Ventures

The amendments clarify that:

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

Earlier application of these amendments are permitted and must be disclosed. These amendments are not applicable to the Group as the Group is not a venture capital organisation and the Group does not have any associate or joint venture that is an investment entity.

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments either retrospectively or prospectively. Specific transition provisions apply to prospective application. Early application is permitted and must be disclosed. The application of these amendments will not have an impact on the Group and on the Company as the Group and the Company are already accounting for transactions involving the payment or receipt of advance consideration in foreign currency in a way that is consistent with the amendments.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

The amendments to MFRS 2 address three main areas:

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments will have a significant impact on the Group's and the Company's financial statements as the Group and the Company do not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

MFRS 9: Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During 2017, the Group and the Company has performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopts MFRS 9.

Based on the analysis of the Group's and the Company's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's and the Company's financial statements as follows:

(i) Classification and measurement

The Group and the Company do not expect a significant impact on their statements of financial position or equity on applying the classification and measurement requirements of MFRS 9. The Group and the Company expect to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI will be continued and will not have a significant impact on the Group's and the Company's financial statements.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group and the Company will apply the simplified approach and record lifetime expected losses on all trade receivables. The directors have assessed the effects of applying the new standard on the Group's and on the Company's financial statements and do not expect to have any impact on the Group and on the Company.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group and the Company plans to adopt the new standard on the required effective date using the full restrospective method. The directors have assessed the effects of applying the new standard on the Group's and on the Company's financial statements and do not expect to have any significant impact on the Group and on the Company.

Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRS Standards 2015-2017 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 112 : Income Taxes

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

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies these amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Amendments to MFRS 123 : Borrowing costs

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

An entity applies these amendments to borrowing costs incurred on or after the beginning of the annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

IC Interpretation 23 : Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

IC Interpretation 23 : Uncertainty over Income Tax Treatments (cont'd.)

The interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the estimation of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group and the Company will apply the interpretation from its effective date.

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

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

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

MFRS 16: Leases

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

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

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

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

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group plans to assess the potential effect of MFRS 16 on its financial statements in year 2018.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

The amendments clarify that an entity applies MFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). In applying MFRS 9, an entity does not account for any losses of the associate, or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 Investments in Associates and Joint Ventures.

Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. As the amendments eliminate ambiguity in the wording of the standard, the directors of the Company do not expect the amendments to have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

2.4 Basis of consolidation

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

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

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

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

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

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

Notes to the Financial Statements

31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Business combinations

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

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

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

2.6 Property, plant and equipment

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

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

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

- Leasehold land - Amortised by equal annual instalments over the remaining life of the leases which vary between 14 and 66 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.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

2.7 Intangible assets

(a) Goodwill

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

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

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

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

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

(b) Other intangible assets

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

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

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

(c) Computer software

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Impairment of non-financial assets

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

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

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

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

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

2.9 Subsidiaries

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

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

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

2.10 Investments in associates and joint ventures

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

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

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

Notes to the Financial Statements

31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

2.11 Financial assets

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.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Financial assets (cont'd.)

(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.

(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's 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.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 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.

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.

2.13 Cash and cash equivalents

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

2.14 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

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

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 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.

(b) Other financial liabilities

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

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

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

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

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

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

2.17 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

Notes to the Financial Statements

31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Leases

(a) As lessee

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

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

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

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

(b) As lessor

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

2.19 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) Sales 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.

The Group offers various types of trade discounts and rebates on its products including volume rebates, prompt payment rebates and ad-hoc rebates determined based on the drive of the market forces. These trade discounts and rebates are recognised in the period in which the underlying sales are recognised as a reduction of sales.

(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.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 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.

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.

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Segment reporting

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

2.22 Borrowing costs

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

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

2.23 Share capital and share issuance expenses

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

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

2.24 Treasury shares

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

2.25 Fair value measurement

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

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

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

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

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

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

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.25 Fair value measurement (cont'd.)

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

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

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

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

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

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

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

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

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

2.26 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

Notes to the Financial Statements

31 December 2017 (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.27 Goods and Services Tax ("GST")

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Impairment of goodwill

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

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

(b) Impairment of property, plant and equipment

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

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

(c) Impairment of investments in subsidiaries and associates

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

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

Based on the Group's and Company's impairment review, no impairment loss was provided for the financial years ended 31 December 2017 and 31 December 2016 for investment in subsidiaries and associates.

Notes to the Financial Statements
31 December 2017 (Cont'd)

4. REVENUE

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

5. FINANCE COST

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
Bankers' acceptance	479	393	-	-
Interest expense capitalised in:				
Unwinding of discount (Note 20)	79	62	28	-
	558	455	28	-

6. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
After charging:				
Auditors' remuneration:				
- Statutory audit	140	142	97	97
- Other services	6	6	6	6
Struck-off investment in subsidiary	-	-	67	-
Allowance for obsolete stock	159	238	159	238
Amortisation of intangible assets	396	473	370	454
Amortisation of prepaid lease payments	3	4	3	4
Depreciation of property, plant and equipment	48,575	48,688	42,844	42,866
Inventories written off	364	264	364	264
Intangible assets written off	5	-	5	-
Provision for voluntary separation scheme	-	665	-	665
Property, plant and equipment written off	142	887	54	535
Rental of premises:				
- third parties	5,182	3,420	19	19
- a related company	168	173	168	173
Waiver of advances to subsidiaries	-	-	32	-
and after crediting:				
Gain on disposal of property, plant and equipment	196	69	127	69
Gross dividends received from investments:				
- subsidiary	-	-	-	975
- associate	-	-	3,000	19,500
Interest income:				
- deposits with licensed banks	5,512	8,358	5,183	8,068
- subsidiary	-	-	69	96
Rental income:				
- third parties	994	817	922	738
- subsidiary	-	-	210	210
Reversal of provision for voluntary separation scheme	40	-	40	-
Reversal of provision for restoration costs	128	-	-	-
Reversal of impairment loss in the investment of an associate	-	1,200	-	1,200

Notes to the Financial Statements
31 December 2017 (Cont'd)

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages and salaries	39,834	40,757	29,022	30,003
Contributions to defined contribution plan	4,165	4,376	3,373	3,565
	43,999	45,133	32,395	33,568

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

8. DIRECTORS' REMUNERATION

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

	Salaries and other emoluments RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Total RM'000
Group and Company					
2017					
Executive:					
Ting Sii Tien @ Yao Sik Tien	432	70	200	38	740
Non- Executive:					
Dato' Chong Pah Aung	7	112	-	-	119
Dato' Mohammed bin Haji Che Hussein	5	92	-	-	97
Kwek Leng Peck	5	133	-	-	138
Lim Eng Khoon	7	122	-	-	129
Tan Sri Ir (Dr) Mohamed Al Amin Bin Abdul Majid	-	9	-	-	9
	24	468	-	-	492
Total directors' remuneration	456	538	200	38	1,232
Group and Company					
2016					
Executive:					
Ting Sii Tien @ Yao Sik Tien	432	70	400	50	952
Non- Executive:					
Dato' Chong Pah Aung	5	112	-	-	117
Kwek Leng Peck	5	133	-	-	138
Lim Eng Khoon	5	122	-	-	127
Tan Sri Ir (Dr) Mohamed Al Amin Bin Abdul Majid	2	101	-	-	103
	17	468	-	-	485
Total directors' remuneration	449	538	400	50	1,437

During the financial year, the amount of insurance indemnity for directors and officers of the Company is SGD20,000,000.

Notes to the Financial Statements
31 December 2017 (Cont'd)

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2017 and 31 December 2016 are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	5,359	20,534	2,557	18,164
- Under/(Over) provision in respect of of prior years	174	(67)	242	18
	5,533	20,467	2,799	18,182
Deferred income tax (Note 23):				
- Reversal of temporary differences	(4,707)	(3,389)	(4,085)	(2,781)
- (Over)/Under provision in respect of prior years	(196)	100	(277)	(62)
	(4,903)	(3,289)	(4,362)	(2,843)
Income tax expense recognised in profit or loss	630	17,178	(1,563)	15,339

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 : 24%) 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 2017 and 31 December 2016 is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) before tax	1,641	67,509	(4,654)	84,487
Income tax at Malaysian statutory tax rate of 24% (2016 : 24%)	394	16,202	(1,117)	20,277
Adjustments:				
Non-deductible expenses	898	848	309	308
Income not subject to taxation	-	(288)	(720)	(5,202)
Under/(Over) provision of income tax in respect of previous years	174	(67)	242	18
(Over)/Under provision of deferred taxation in respect of prior years	(196)	100	(277)	(62)
Share of result of associates	(640)	383	-	-
Income tax expense recognised in profit or loss	630	17,178	(1,563)	15,339

10. EARNINGS PER SHARE

(i) Basic

The basic earnings per share 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.

Notes to the Financial Statements
31 December 2017 (Cont'd)

10. EARNINGS PER SHARE (CONT'D.)

(i) Basic (cont'd.)

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 2017 RM'000	Group 2016 RM'000
Profit net of tax attributable to equity holders of the Company	1,011	50,331
Less: 6% Preference dividend	(20)	(20)
Proportion of profit attributable to preference shareholders	(3)	(136)
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	988	50,175
Weighted average number of ordinary shares in issue	121,143	121,143
Basic earnings per share (sen) for profit for the year	0.82	41.42

(ii) Diluted

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

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work in progress RM'000	Total RM'000
Group								
Cost:								
At 1 January 2016	27,005	22,576	193,569	745,575	22,245	39,178	10,945	1,061,093
Additions	-	120	355	269	576	1,249	17,280	19,849
Transfers	-	-	2,963	17,048	-	925	(20,936)	-
Disposals	-	-	-	(56)	(242)	-	-	(298)
Write off	-	-	-	(4,924)	-	(1,191)	-	(6,115)
At 31 December 2016	27,005	22,696	196,887	757,912	22,579	40,161	7,289	1,074,529
At 1 January 2017	27,005	22,696	196,887	757,912	22,579	40,161	7,289	1,074,529
Additions	-	195	112	830	807	818	26,702	29,464
Transfers	-	-	394	9,672	71	236	(10,373)	-
Disposals	-	-	-	(1,024)	(271)	(42)	-	(1,337)
Write off	-	-	-	(2,888)	(201)	(488)	-	(3,577)
At 31 December 2017	27,005	22,891	197,393	764,502	22,985	40,685	23,618	1,099,079
Accumulated depreciation:								
At 1 January 2016	-	5,622	144,203	573,843	12,649	32,983	-	769,300
Charges for the year	-	641	5,707	38,709	1,339	2,292	-	48,688
Disposals	-	-	-	(56)	(242)	-	-	(298)
Write off	-	-	-	(4,066)	-	(1,162)	-	(5,228)
At 31 December 2016	-	6,263	149,910	608,430	13,746	34,113	-	812,462

Notes to the Financial Statements
31 December 2017 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work in progress RM'000	Total RM'000
Group								
Accumulated depreciation: (cont'd)								
At 1 January 2017	-	6,263	149,910	608,430	13,746	34,113	-	812,462
Charges for the year	-	650	5,751	38,496	1,354	2,324	-	48,575
Disposals	-	-	-	(904)	(158)	(39)	-	(1,101)
Write off	-	-	-	(2,751)	(201)	(483)	-	(3,435)
At 31 December 2017	-	6,913	155,661	643,271	14,741	35,915	-	856,501
Net carrying amount:								
At 31 December 2016	27,005	16,433	46,977	149,482	8,833	6,048	7,289	262,067
At 31 December 2017	27,005	15,978	41,732	121,231	8,244	4,770	23,618	242,578
Company								
Cost:								
At 1 January 2016	27,005	8,060	193,569	714,201	21,404	37,064	10,739	1,012,042
Additions	-	-	355	124	576	1,249	13,032	15,336
Transfers	-	-	2,963	12,696	-	853	(16,512)	-
Disposals	-	-	-	(56)	(242)	-	-	(298)
Write off	-	-	-	(3,381)	-	(1,176)	-	(4,557)
At 31 December 2016	27,005	8,060	196,887	723,584	21,738	37,990	7,259	1,022,523
At 1 January 2017	27,005	8,060	196,887	723,584	21,738	37,990	7,259	1,022,523
Additions	-	-	112	760	807	818	25,388	27,885
Transfers	-	-	394	8,437	71	168	(9,070)	-
Disposals	-	-	-	(134)	(271)	(30)	-	(435)
Write off	-	-	-	(1,579)	(201)	(461)	-	(2,241)
At 31 December 2017	27,005	8,060	197,393	731,068	22,144	38,485	23,577	1,047,732
Accumulated depreciation:								
At 1 January 2016	-	3,004	144,202	557,102	12,144	31,519	-	747,971
Charges for the year	-	99	5,707	33,773	1,218	2,069	-	42,866
Disposals	-	-	-	(56)	(242)	-	-	(298)
Write off	-	-	-	(2,871)	-	(1,151)	-	(4,022)
At 31 December 2016	-	3,103	149,909	587,948	13,120	32,437	-	786,517
At 1 January 2017	-	3,103	149,909	587,948	13,120	32,437	-	786,517
Charges for the year	-	99	5,751	33,593	1,273	2,128	-	42,844
Disposals	-	-	-	(132)	(158)	(30)	-	(320)
Write off	-	-	-	(1,530)	(201)	(456)	-	(2,187)
At 31 December 2017	-	3,202	155,660	619,879	14,034	34,079	-	826,854
Net carrying amount:								
At 31 December 2016	27,005	4,957	46,978	135,636	8,618	5,553	7,259	236,006
At 31 December 2017	27,005	4,858	41,733	111,189	8,110	4,406	23,577	220,878

Notes to the Financial Statements
31 December 2017 (Cont'd)

12. PREPAID LEASE PAYMENTS

Leasehold lands with unexpired period less than 50 years:

	Group and Company 2017 RM'000	Group and Company 2016 RM'000
Cost		
At 1 January and 31 December:	147	147
Accumulated amortisation		
At 1 January	144	140
Amortisation for the year	3	4
At 31 December	147	144
Net carrying amount	-	3
Amount to be amortised		
- Not later than one year	-	3
- Later than one year but not later than five years	-	-

The fully amortised leasehold lands are still in use and have an unexpired lease period of 13 years (2016: 14 years) as at 31 December 2017.

13. INTANGIBLE ASSETS

	Group			Company
	Computer software RM'000	Goodwill RM'000	Total RM'000	Computer software RM'000
Cost:				
At 1 January 2016	5,032	389	5,421	4,936
Additions	207	-	207	201
At 31 December 2016 and 1 January 2017	5,239	389	5,628	5,137
Additions	61	-	61	28
Write off	(541)	-	(541)	(540)
At 31 December 2017	4,759	389	5,148	4,625
Accumulated amortisation:				
At 1 January 2016	3,530	-	3,530	3,506
Amortisation	473	-	473	454
At 31 December 2016 and 1 January 2017	4,003	-	4,003	3,960
Amortisation	396	-	396	370
Write off	(536)	-	(536)	(535)
At 31 December 2017	3,863	-	3,863	3,795
Net carrying amount:				
At 31 December 2016	1,236	389	1,625	1,177
At 31 December 2017	896	389	1,285	830

Notes to the Financial Statements

31 December 2017 (Cont'd)

14. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost		
In Malaysia	35,384	40,984
Outside Malaysia *	-	-
	35,384	40,984
Less: Accumulated impairment losses	(100)	(9,633)
	35,284	31,351

* Negligible

Movement in the cost of investment

	2017 RM'000	2016 RM'000
Cost:		
As at 1 January	40,984	47,984
Add: Capital injection		
- Tasek Property Holdings Sdn. Bhd.	3,000	-
- Tasek Cement Quarries Sdn. Bhd.	1,000	-
	44,984	47,984
Less: Subsidiary struck-off		
- Tasek Plantation Sdn. Bhd. ^^	(9,600)	-
- Posek Pembangunan Sdn. Bhd. #	-	(7,000)
As at 31 December	35,384	40,984
Accumulated impairment losses:		
As at 1 January	9,633	16,633
Add: Struck-off in investment in subsidiary	67	-
	9,700	16,633
Less: Subsidiary struck-off		
- Tasek Plantation Sdn. Bhd. ^^	(9,600)	-
- Posek Pembangunan Sdn. Bhd. #	-	(7,000)
As at 31 December	100	9,633
Net cost of investment	35,284	31,351

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	Proportion (%) of ownership interest 2016
Tasek Property Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Tasek Plantation Sdn. Bhd. ^^	Malaysia	Dormant	-	100
Tasek Concrete Sdn. Bhd.	Malaysia	Manufacture and trading of ready-mixed concrete	100	100
Tasek Industries Sdn. Bhd.	Malaysia	Dormant	100	100
Tasek Cement Quarries Sdn. Bhd.	Malaysia	Quarry operation	100	100
Tasek Holdings Pte. Ltd. **	Singapore	Dormant	100	100

** Not audited by Ernst & Young.

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

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

On 8 December 2015, CCM has issued the notice to strike the name of Posek Pembangunan Sdn. Bhd. off the register of companies under Section 308 of the Companies Act, 1965.

The strike off process was completed and published in the Gazette on 17 June 2016.

Notes to the Financial Statements

31 December 2017 (Cont'd)

15. INVESTMENT IN ASSOCIATES

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

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost	21,592	21,592	21,592	21,592
Group's share of post-acquisition reserves	58,456	58,788	-	-
	80,048	80,380	21,592	21,592

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Accounting model applied	% of ownership interest held by the Group* 2017	2016
Cement Industries (Sabah) Sdn. Bhd. ("CIS")	Malaysia	Manufacture and sale of cement	Equity method	30	30
Padu-Wangsa Sdn. Bhd.	Malaysia	Intention to establish a clinker plant in Sabah (Dormant)	Equity method	29	29

* equals to the proportion of voting rights held

These associates have the same reporting period as the Group.

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

(I) Summarised statements of financial position

	Padu-Wangsa Sdn. Bhd.		CIS		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets and liabilities						
Current assets	152	194	139,322	148,574	139,474	148,768
Non-current assets	34,579	35,023	128,688	139,117	163,267	174,140
Total assets	34,731	35,217	268,010	287,691	302,741	322,908
Current liabilities	21,271	20,844	7,901	27,067	29,172	47,911
Non-current liabilities	-	-	10,292	10,584	10,292	10,584
Total liabilities	21,271	20,844	18,193	37,651	39,464	58,495
Total net assets	13,460	14,373	249,817	250,040	263,277	264,413

Notes to the Financial Statements
31 December 2017 (Cont'd)

15. INVESTMENT IN ASSOCIATES (CONT'D.)

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

(II) Summarised statements of comprehensive income

	Padu-Wangsa Sdn. Bhd.		CIS		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	-	-	334,992	352,720	334,992	352,720
(Loss)/Profit before tax	(775)	(24,142)	13,421	22,516	12,646	(1,626)
(Loss)/Profit for the year	(913)	(24,221)	9,777	18,099	8,864	(6,122)
Total comprehensive income	(913)	(24,221)	9,777	18,099	8,864	(6,122)
Dividend received from the associates during the year	-	-	3,000	19,500	3,000	19,500

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

	Padu-Wangsa Sdn. Bhd.		CIS		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net assets at 1 January	14,373	38,594	250,040	296,941	264,413	335,535
(Loss)/Profit for the year	(913)	(24,221)	9,777	18,099	8,864	(6,122)
Dividend	-	-	(10,000)	(65,000)	(10,000)	(65,000)
Net assets at 31 December	13,460	14,373	249,817	250,040	263,277	264,413
Interest in associates	29%	29%	30%	30%		
	3,903	4,168	74,945	75,012	78,848	79,180
Goodwill	1,200	1,200	-	-	1,200	1,200
Carrying value of Group's interest in associates	5,103	5,368	74,945	75,012	80,048	80,380

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2017 RM'000	2016 RM'000
Non-current		
Equity instruments (quoted in Malaysia):		
At carrying amount	9,617	-
At market value	9,617	-

Notes to the Financial Statements
31 December 2017 (Cont'd)

17. INVENTORIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost				
Raw materials	13,285	16,472	12,806	15,702
Work-in-progress	19,997	5,381	19,997	5,381
Finished goods	6,656	6,760	6,656	6,760
Consumable stores	90,134	72,008	90,008	71,819
	130,072	100,621	129,467	99,662

During the year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM222,790,000 (2016: RM251,154,000) and RM151,135,000 (2016: RM179,775,000) respectively.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Other receivables				
Other receivables	242	1,195	-	-
Loan to a subsidiary	-	-	6,728	-
	242	1,195	6,728	-
Current				
Trade receivables				
Third parties	88,669	104,822	17,322	25,817
Amounts due from:				
- Subsidiary	-	-	23,849	27,551
- Related companies	2,507	2,036	2,507	2,036
	91,176	106,858	43,678	55,404
Less: Allowance for impairment - third parties	-	(527)	-	-
Trade receivables, net	91,176	106,331	43,678	55,404
Other receivables				
Amounts due from subsidiaries	-	-	94	2,202
Loan to a subsidiary	-	-	-	711
Goods and Services Tax receivable	316	-	315	-
Other receivables	4,009	3,086	2,443	1,650
Deposits	3,354	2,966	539	219
Prepayments	1,175	1,302	971	1,009
	8,854	7,354	4,362	5,791
Less: Allowance for impairment - third parties	(385)	(385)	(385)	(385)
Other receivables, net	8,469	6,969	3,977	5,406
Trade and other receivables	99,645	113,300	47,655	60,810
Total trade and other receivables (current and non-current)	99,887	114,495	54,383	60,810
Less: Goods and Services Tax receivable	(316)	-	(315)	-
Prepayments	(1,175)	(1,302)	(971)	(1,009)
Add: Cash and bank balances (Note 19)	132,832	222,550	120,689	216,021
Total loans and receivables	231,228	335,743	173,786	275,822

Notes to the Financial Statements

31 December 2017 (Cont'd)

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	78,268	97,697	43,678	55,404
1 to 30 days past due not impaired	8,261	5,798	-	-
31 to 60 days past due not impaired	1,948	765	-	-
61 to 90 days past due not impaired	2,699	2,071	-	-
	12,908	8,634	-	-
Impaired	-	527	-	-
	91,176	106,858	43,678	55,404

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. More than 70% and 95% (2016: 70% and 90%) of the Group's and of the Company's trade receivables arise from customers with more than three years of experience with the Group and the Company respectively.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM12,908,000 (2016: RM8,634,000) that are past due at the reporting date but not impaired because there has been no significant change in their credit quality and the amounts are considered recoverable.

Receivables that are impaired

The Group'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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables						
- nominal amounts	-	-	-	527	-	527
Less:						
Allowance for impairment	-	-	-	(527)	-	(527)
	-	-	-	-	-	-

Notes to the Financial Statements
31 December 2017 (Cont'd)

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

	Group 2017 RM'000	Group 2016 RM'000
Movement in allowance accounts:		
At 1 January	527	527
Written off during the year	(527)	-
At 31 December	-	527

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

Loan to a subsidiary

Loan to a subsidiary is unsecured and bears interests at 5.08% (2016: 5.25% to 5.87%) per annum and shall be repaid at year 3 (2016: 1 year) on principal sum together with the interest upon maturity.

Amounts due from subsidiaries (non-trade)

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

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

Included in other receivables being amounts owing from third parties for the disposal of a subsidiary's mixer trucks under the lorry-owned driver ("LOD") schemes on a deferred payment basis.

19. CASH AND BANK BALANCES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash at banks and on hand	40,432	39,410	28,289	33,881
Short term deposits with licensed banks	92,400	183,140	92,400	182,140
	132,832	222,550	120,689	216,021

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

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Total cash and bank balances	132,832	222,550	120,689	216,021
Less: Short-term deposits more than three months	(40,000)	(21,000)	(40,000)	(20,000)
	92,832	201,550	80,689	196,021

Short-term deposits with licensed banks are made with maturity periods of 4 to 184 days (2016: 4 to 181 days) and earn interests at the rate of 2.85% to 4.18% (2016: 2.80% to 4.38%) per annum.

Notes to the Financial Statements
31 December 2017 (Cont'd)

20. PROVISIONS

	Group			Company		
	Restoration and other environmental cost RM'000	Voluntary separation scheme RM'000	Total RM'000	Restoration and other environmental cost RM'000	Voluntary separation scheme RM'000	Total RM'000
At 1 January 2016	1,821	-	1,821	-	-	-
Arose during the year	448	665	1,113	-	665	665
Unwinding of discount (Note 5)	62	-	62	-	-	-
Payments during the year	(448)	-	(448)	-	-	-
At 31 December 2016 and 1 January 2017	1,883	665	2,548	-	665	665
Arose during the year	850	-	850	705	-	705
Unwinding of discount (Note 5)	79	-	79	28	-	28
Reversal during the year	(128)	(40)	(168)	-	(40)	(40)
Payments during the year	(367)	(625)	(992)	-	(625)	(625)
At 31 December 2017	2,317	-	2,317	733	-	733
At 31 December 2016						
Current	591	665	1,256	-	665	665
Non-current:						
Later than 1 year but not later than 2 years	646	-	646	-	-	-
Later than 2 years but not later than 5 years	646	-	646	-	-	-
	1,292	-	1,292	-	-	-
	1,883	665	2,548	-	665	665
At 31 December 2017						
Current	745	-	745	-	-	-
Non-current:						
Later than 1 year but not later than 2 years	764	-	764	-	-	-
Later than 2 years but not later than 5 years	75	-	75	-	-	-
More than 10 years	733	-	733	733	-	733
	1,572	-	1,572	733	-	733
	2,317	-	2,317	733	-	733

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

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

Provision for voluntary separation scheme

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

21. LOANS AND BORROWINGS

	Group	
	2017 RM'000	2016 RM'000
Current		
Unsecured:		
Bankers' acceptance	9,061	13,818

Bankers' acceptance

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

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

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

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

The bankers' acceptance bears interest ranging from 3.62% to 3.99% (2016: 3.40% to 4.26%) per annum.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Trade payables				
Third parties	48,502	48,146	25,813	25,001
Amounts due to a subsidiary	-	-	1,119	331
	48,502	48,146	26,932	25,332
Other payables				
Accrued operating expenses	11,120	12,061	3,291	5,497
Goods and Services Tax payable	112	848	-	721
Other payables	30,310	25,659	30,254	24,553
Security deposits received	100	1,400	100	1,400
Amounts due to related companies	52	47	-	-
	41,694	40,015	33,645	32,171
	90,196	88,161	60,577	57,503
Total trade and other payables	90,196	88,161	60,577	57,503
Less: Goods and Services Tax payable	(112)	(848)	-	(721)
Add: Loans and borrowings (Note 21)	9,061	13,818	-	-
Total financial liabilities carried at amortised cost	99,145	101,131	60,577	56,782

Notes to the Financial Statements
31 December 2017 (Cont'd)

22. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90-day (2016: 30 to 90-day) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (2016: average term of three months).

(c) Related party balances

Amounts due to related companies

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

23. DEFERRED TAX

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

	As at 1 January 2016 RM'000	Recognised in profit or loss RM'000	As at 31 December 2016 RM'000	Recognised in profit or loss RM'000	As at 31 December 2017 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	(27,860)	3,769	(24,091)	5,313	(18,778)
Deferred tax assets:					
Impairment loss on receivables	96	-	96	(4)	92
Provisions	1,971	(480)	1,491	(406)	1,085
	2,067	(480)	1,587	(410)	1,177
	(25,793)	3,289	(22,504)	4,903	(17,601)
Company					
Deferred tax liabilities:					
Property, plant and equipment	(26,035)	3,310	(22,725)	4,917	(17,808)
Deferred tax assets:					
Impairment loss on receivables	96	-	96	(4)	92
Provisions	1,496	(467)	1,029	(551)	478
	1,592	(467)	1,125	(555)	570
	(24,443)	2,843	(21,600)	4,362	(17,238)

Notes to the Financial Statements
31 December 2017 (Cont'd)

24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group and Company			
	2017		2016	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Share capital				
Authorised:				
At 1 January				
6% cumulative participating preference shares	500	500	500	500
Ordinary shares	299,500	299,500	299,500	299,500
	300,000	300,000	300,000	300,000
Less:				
Effect of Implementation of Companies Act 2016	(300,000)	(300,000)	-	-
At 31 December	-	-	300,000	300,000
Issued and fully paid:				
6% cumulative participating preference shares	335	335	335	335
Ordinary shares	123,621	123,621	123,621	123,621
At 1 January	**123,956**	**123,956**	**123,956**	**123,956**
Add:				
Effect of implementation of Companies Act 2016:				
- Share premium	-	133,946	-	-
- Capital redemption reserve	-	398	-	-
At 31 December	**123,956**	**258,300**	**123,956**	**123,956**

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D.)

(a) Share capital

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

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

(b) 6% cumulative participating preference shares

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

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

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

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

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

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

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

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

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

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

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

   (vi) During the winding up of the Company.

(c) Treasury shares

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

(d) Share premium

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

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

25. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable:				
Capital redemption reserve				
At 1 January	398	398	398	398
Less: Effect of implementation Companies Act 2016	(398)	-	(398)	-
At 31 December	-	398	-	398
Fair value adjustment reserve				
At 1 January	-	-	-	-
Add: Gain on fair value changes	99	-	-	-
At 31 December	99	-	-	-
Distributable:				
General reserve	115,347	115,347	115,347	115,347
Retained profits	234,712	306,608	162,900	238,898
	350,059	421,955	278,247	354,245
Total	350,158	422,353	278,247	354,643

(a) Capital redemption reserve

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

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

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(c) General reserve

General reserve was transferred from retained profits in previous years. The Company may distribute dividends out of its entire general reserve as at 31 December 2017 and 31 December 2016 under the single tier system.

(d) Retained profits

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

26. DIVIDENDS

	Group and Company	
	2017 RM'000	2016 RM'000
Recognised during the financial year:		
Dividends on Ordinary Shares:		
- Final dividend for 2016 : 40 sen (2015 : 50 sen) per share	48,457	60,571
- Interim dividend for 2017 : 20 sen (2016 : 30 sen) per share	24,229	36,343
Dividends on 6% Cumulative Participating Preference Shares:		
- Cumulative dividend for 2016 : 6 sen (2015 : 6 sen) per share	20	20
- Final dividend for 2016 : 40 sen (2015 : 50 sen) per share	134	168
- Interim dividend for 2017 : 20 sen (2016 : 30 sen) per share	67	101
	72,907	97,203

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

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

	Group and Company	
	2017 RM'000	2016 RM'000
Dividends on Ordinary Shares:		
- Final dividend for 2017 : 20 sen (2016 : 40 sen) per share	24,229	48,457
Dividends on 6% Cumulative Participating Preference Shares:		
- Cumulative dividend for 2017 : 6 sen (2016 : 6 sen) per share	20	20
- Final dividend for 2017 : 20 sen (2016 : 40 sen) per share	67	134

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 2018.

27. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of finished goods to:				
- Companies in which major shareholders have interests	13,543	18,642	13,543	18,642
- A subsidiary	-	-	88,936	89,039
- An associate	-	-	3,603	-
Purchase of raw materials from:				
- A subsidiary	-	-	4,776	2,985
- A related company	-	3,673	-	3,673

Notes to the Financial Statements
31 December 2017 (Cont'd)

27. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Sale and purchase of goods and services (cont'd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchase of finished goods from:				
- A related company	1,847	-	1,847	-
Dividends received from:				
- A subsidiary	-	-	-	975
- An associate	-	-	3,000	19,500
Interest income from:				
- Subsidiaries	-	-	69	96
Support service charged to a subsidiary	-	-	12	12
Management fees charged to subsidiaries	-	-	1,517	1,189
Rental of premises received from/(paid to):				
- A subsidiary	-	-	210	210
- A related company	(168)	(173)	(168)	(173)
Registrar fees and expenses paid to a related company	(18)	(18)	(18)	(18)

(b) Account balances with related parties

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount due from				
Account balances with companies in which major shareholders have interests				
Hume Marketing Co Sdn. Bhd.	1,646	1,268	1,646	1,268
Kimsik Company Sdn. Bhd.	266	388	266	388
HL-Manufacturing Industries Sdn. Bhd.	594	380	594	380

(c) Compensation of key management personnel

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

	Group and Company	
	2017 RM'000	2016 RM'000
Employee benefits - short term	1,274	1,526

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

	2017	2016
Group Chief Operating Officer/Chief Financial Officer: Lian Ka Siew		
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

28. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	13,936	12,609	13,848	11,916
Approved but not contracted for:				
Property, plant and equipment	4,661	2,623	2,435	1,765
	18,597	15,232	16,283	13,681

(b) Operating lease commitments – as lessee

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

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	1,997	4,189
Later than 1 year but not later than 5 years	377	3,245
	2,374	7,434

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 leases after that date. None of the leases include contingent rentals.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Quantitative disclosures of fair value measurement hierarchy for assets

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

29. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

A. Quantitative disclosures of fair value measurement hierarchy for assets (cont'd.)

	Quoted prices in active markets for identical instruments Level 1 RM'000	Significant other observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
Group				
At 31 December 2016				
Financial assets:				
Available-for-sale investments (Note 16)				
- Equity instruments (quoted in Malaysia)	-	-	-	-

Fair value hierarchy

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

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

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

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

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

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Notes to the Financial Statements

31 December 2017 (Cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(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 past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 18.

(b) Market risk

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 currency giving rise to this risk is primarily United States Dollar ("USD").

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

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

	Group and Company	
	2017 RM'000	2016 RM'000
United States Dollar ("USD")		
Cash and bank balances	153	14

Sensitivity analysis

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

	Group and Company Profit before tax	
	2017 RM'000	2016 RM'000
United States Dollar	15	1

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.

Notes to the Financial Statements
31 December 2017 (Cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Interest rate risk

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

(d) Liquidity risk

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

At the reporting date, the Group held short term deposits of RM52,300,000 (2016: RM160,740,000) net of security deposits received from customers and cash and bank balances of RM40,432,000 (2016: RM39,410,000) that are expected to readily generate cash inflows for managing risk.

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

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 3 and 4 years RM'000	Over 5 years RM'000
Group				
At 31 December 2017				
Loan and borrowings	9,061	-	-	-
Trade and other payables	90,196	-	-	-
At 31 December 2016				
Loan and borrowings	13,818	-	-	-
Trade and other payables	88,161	-	-	-
Company				
At 31 December 2017				
Trade and other payables	60,577	-	-	-
At 31 December 2016				
Trade and other payables	57,503	-	-	-

Notes to the Financial Statements
31 December 2017 (Cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Liquidity risk

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			
2017			
Fixed rate instruments			
Short term deposit with licensed banks	2.85 - 4.18	92,400	92,400
Bankers' acceptance	3.62 - 3.99	9,061	9,061
2016			
Fixed rate instruments			
Short term deposit with licensed banks	2.80 - 4.38	183,140	183,140
Bankers' acceptance	3.40 - 4.26	13,818	13,818
Company			
2017			
Fixed rate instruments			
Short term deposit with licensed banks	2.85 - 4.18	92,400	92,400
2016			
Fixed rate instruments			
Short term deposit with licensed banks	2.80 - 4.38	182,140	182,140

31. SEGMENTAL INFORMATION

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

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

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

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

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

Notes to the Financial Statements

31 December 2017 (Cont'd)

31. SEGMENTAL INFORMATION (CONT'D.)

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

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

Notes to the Financial Statements
31 December 2017 (Cont'd)

31. SEGMENTAL INFORMATION (CONT'D.)

	Cement RM'000	Ready mixed concrete RM'000	All other segments RM'000	Total RM'000	Adjustments and eliminations Total RM'000	Note	Per consolidated financial statement Total RM'000
31 December 2016							
Revenue:							
External customers	425,612	229,175	-	654,787	-		654,787
Inter - segment	89,039	-	2,985	92,024	(92,024)	A	-
Total revenue	514,651	229,175	2,985	746,811	(92,024)		654,787
Results:							
Interest income	8,164	288	2	8,454	(96)		8,358
Finance costs	-	(551)	-	(551)	96		(455)
Dividend income	20,475	-	-	20,475	(20,475)	B	-
Gain on disposal of property, plant and equipment	69	-	-	69	-		69
Depreciation and amortisation	(43,324)	(5,291)	(550)	(49,165)	-		(49,165)
Reversal of impairment loss in the investment of an associate	1,200	-	-	1,200	-		1,200
Share of results of associates, net of tax	(1,594)	-	-	(1,594)	-		(1,594)
Reportable segment profit before income tax	84,487	6,029	(873)	89,643	(22,134)		67,509
Reportable segment profit after income tax	69,148	4,017	(700)	72,465	(22,134)	B	50,331
Other non-cash items:							
Property, plant and equipment written off	(535)	(352)	-	(887)	-		(887)
Unwinding of discounts	-	(62)	-	(62)	-		(62)
Assets and liabilities							
Reportable segment assets	671,680	105,823	12,831	790,334	(3,475)	C	786,859
Investment in associates	21,592	-	-	21,592	58,788		80,380
Additions to non-current assets	15,537	4,399	120	20,056	-	D	20,056
Reportable segment liabilities	79,768	75,952	2,333	158,053	(30,816)	E	127,237

Notes to the Financial Statements
31 December 2017 (Cont'd)

31. SEGMENTAL INFORMATION (CONT'D.)

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

A Inter-segment revenues are eliminated on consolidation.

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

	2017 RM'000	2016 RM'000
Movement of unrealised gain in inventories	(232)	(65)
Inter-segment dividends elimination	(3,000)	(20,475)
Reversal of impairment in a subsidiary on struck off	67	-
Share of results of associates	2,668	(1,594)
	(497)	(22,134)

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

	2017 RM'000	2016 RM'000
Elimination of unrealised gain in inventories	(232)	(469)
Goodwill on consolidation	389	389
Inter-segment assets elimination	(67,557)	(62,183)
Investment in associates	58,456	58,788
	(8,944)	(3,475)

D Additions to non-current assets consist of:

	2017 RM'000	2016 RM'000
Intangible assets	61	207
Property, plant and equipment	29,464	19,849
	29,525	20,056

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

	2017 RM'000	2016 RM'000
Inter-segment liabilities elimination		
- subsidiaries	(31,790)	(30,816)

Analysis of revenue by geographical segment

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

	2017 RM'000	2016 RM'000
Malaysia	545,573	654,787
Outside Malaysia	3,539	-
	549,112	654,787

Notes to the Financial Statements
31 December 2017 (Cont'd)

31. SEGMENTAL INFORMATION (CONT'D.)

Major customers

There are two major customers with revenue of RM142,872,000 (2016: RM221,972,000), with both contributing approximately 21% and 15% respectively (2016 : 18% and 16% each) to the total revenue of the Group, from the sale of cement segment.

32. CAPITAL MANAGEMENT

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

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

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

The Group's strategy is to maintain the gearing ratio at a very low level. There is no long term borrowing for the Group in 2017 and 2016.

		Group	
	Note	2017 RM'000	2016 RM'000
Loans and borrowings	21	9,061	13,818
Less: Cash and bank balances	19	(92,832)	(201,550)
Net debt		(83,771)	(187,732)
Equity attributable to the equity holders		587,825	659,622
Total capital		587,825	659,622
Gearing ratio		0%	0%

LIST OF PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2017

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

List of Properties Held by the Group

As at 31 December 2017 (Cont'd)

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition *
13	Lot 44411 Geran 63914 (Geran 13838) Tasek, Mukim Ulu Kinta, Perak	Freehold	20a 1r 5p	-	Industrial/Future Development	3,094	1985
14	Lot 43100 Geran 51153 (Geran 7886) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	5a 0r 0p	1 to 54	Industrial/Factory Site	3,991	1985
15	Lot 43101 Geran 51154 (Geran 7886) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak	Freehold	4a 3r 39p	-	Industrial/Factory Site	1,087	1985
16	Lot 22548 Geran 8990 Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	2a 1r 39p	1 to 54	Industrial/Factory Site	741	1985
17	Lot 22547 Geran 8448 Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	2a 1r 39p	1 to 54	Industrial/Factory Site	1,102	1985
18	Lot 14661 Geran 64880 (Geran 9236) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak	Freehold	4a 3r 33p	-	Industrial/Factory Site	1,402	1985
19	Lot 14662 Geran 50949 (Geran 9002) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Freehold	8a 1r 36p	1 to 54	Industrial/Factory Site	1,931	1985
20	Lot 14870 Geran 23165 Tasek, Mukim Ulu Kinta, Perak	Freehold	5a 0r 1p	-	Agricultural/Future Development	576	1985
21	Lot 210289 Geran 45751 (Lot 15031 Geran 22300) Tasek, Mukim Ulu Kinta, Perak	Freehold	4a 1r 37p	-	Agricultural/Future Development	366	1985
22	Lot 21989 Geran 22303 Chemor, Mukim Ulu Kinta, Perak	Freehold	47a 3r 35p	-	Agricultural/Future Development	759	1985
23	Lot 1552 HSM 21254 Sungai Buloh, Mukim Gombak, Selangor Factory Building	Freehold	2.875a (1.163h)	22	Bulk Terminal/ Storage Packing	5,708	1995*

List of Properties Held by the Group

As at 31 December 2017 (Cont'd)

	Location	Tenure	Area	Estimated Age of Building	Description & Existing use	Net Book Value RM'000	Year of revaluation/ acquisition *
24	Lot 47495 PN 352221 (Lot 47435, HS(D)KA 123/83) Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak Factory Building	Leasehold Expiring in 2062	29a 0r 0p	1 to 54	Industrial/Factory Site	37,230	1985
25	Lot PT.59 (HS(D) 1865/83) Kampung Acheh Mukim Lumut, Perak Store	Leasehold Expiring in 14/11/2082	25.404a	35	Industrial/Storage Yard & Jetty	1,479	1985
26	Lot 320170 PN 292071 (Lot 25065 PT.160443, HS(D) KA 83030) Batu 3 1/2 Jln Kuala Kangsar Mukim Ulu Kinta, Perak	Leasehold Expiring in 14/03/2030	38.77a (15.69h)	-	Limestone Quarry	68	1985
27	Lot 320135 PN 293869 (Lot 160403 HS(D)KA 83028) Lot 320136 PN 293865 (Lot 160402 HS(D)KA 83027) Lot 320137 PN 293870 (Lot 160404 HS(D)KA 83029) Batu 3 1/2 Jln Kuala Kangsar Mukim Ulu Kinta, Perak	Leasehold Expiring in 14/03/2030	3.38a (1.37h) 25.02a (10.13h) 17.31a (7.00h)	-	Limestone Quarry	0	1985
28	Lot 22953 Geran 50426 Persiaran Tasek, Kwsn Perindustrian Tasek Mukim Ulu Kinta, Perak	Freehold	1a 0r 28p	-	Quarry	375	2009
29	P.T. 235249 HS(D) 197392 Tasek, Mukim Ulu Kinta, Perak	Freehold	0.829h	-	Agriculture/TNB Substation	301	2011
30	P.T. 235250 HS(D) 197393 Tasek, Mukim Ulu Kinta, Perak	Freehold	4.9373h	-	Limestone Quarry	1,792	2011
31	P.T. 235251 HS(D) 197394 Tasek, Mukim Ulu Kinta, Perak	Freehold	2.165h	-	Agriculture/Clay stockspile	786	2011
B.	**OWNED BY TASEK CEMENT QUARRIES SDN. BHD.**						
1	P.T. 21302 HS(D) 180252 P.T. 21303 HS(D) 180253 Mukim, Sungai Raya, Perak	Leasehold 30yrs expiring in 23/11/2038	1.3833h 8.873h	-	Limestone Hill	11,121	2010*

ANALYSIS OF SHAREHOLDINGS
AS AT 8 MARCH 2018

SHARE CAPITAL

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

6% CUMULATIVE PARTICIPATING PREFERENCE SHARES

DISTRIBUTION SCHEDULE OF SHAREHOLDERS AS AT 8 MARCH 2018

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	7	15.91	222	0.07
100 – 1,000	21	47.73	10,691	3.19
1,001 – 10,000	10	22.73	25,384	7.58
10,001 – less than 5% of issued shares	1	2.27	13,400	4.00
5% and above of issued shares	5	11.36	285,303	85.16
	44	100.00	335,000	100.00

30 LARGEST 6% CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS AS AT 8 MARCH 2018

	Name of Shareholders	No. of Shares	%
1.	HL Cement (Malaysia) Sdn Bhd	211,050	63.00
2.	Yeoh Ghim Cheow Holding Sdn. Bhd.	20,100	6.00
3.	Tan Eng Han	18,129	5.41
4.	Tan Seck Yeow	18,047	5.39
5.	Chon Moi	17,977	5.36
6.	Ewe Poh Kim	13,400	4.00
7.	Yap Man Chan	5,500	1.64
8.	Gotco Holdings Sdn Bhd	4,400	1.31
9.	Tan Lee Jyek	4,000	1.19
10.	Tan Seck Chuan	2,144	0.64
11.	Tan Seck Kang	2,144	0.64
12.	Tan Sek Thong	2,144	0.64
13.	Tan Siak Hai	2,144	0.64
14.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gan Keng Leong @ Gan Per	1,600	0.47
15.	Koh Boon Yoke	1,308	0.39

Analysis of Shareholdings

As at 8 March 2018 (Cont'd)

30 LARGEST 6% CUMULATIVE PARTICIPATING PREFERENCE SHAREHOLDERS AS AT 8 MARCH 2018 (CONT'D.)

	Name of Shareholders	No. of Shares	%
16.	Choong Kin Foong	1,000	0.30
17.	Ng Teng Teong	1,000	0.30
18.	Tan Bee Choo	858	0.26
19.	Tan Lay Hoon	858	0.26
20.	Tan Poh Choo	858	0.26
21.	Quay Geok Neo	700	0.21
22.	Seah Toong Choon	700	0.21
23.	Yik Tuck Pew	700	0.21
24.	Peh Choon Guan (Bai Junyuan)	572	0.17
25.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Soon Fong	500	0.15
26.	Koh Seng Chuan	400	0.12
27.	Chan Ah See @ Susie Chan	300	0.09
28.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for David Ong Yu Beng (E-Kpg)	300	0.09
29.	Toh Mou Hua	300	0.09
30.	Yew Wan Wei	300	0.09
		333,433	99.53

ORDINARY SHARES

DISTRIBUTION SCHEDULE OF SHAREHOLDERS AS AT 8 MARCH 2018

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	202	7.41	4,706	0.00
100 – 1,000	1,284	47.09	821,509	0.68
1,001 – 10,000	1,056	38.72	3,488,326	2.88
10,001 – 100,000	162	5.94	4,154,597	3.43
100,001 – less than 5% of issued shares	21	0.77	22,690,910	18.73
5% and above of issued shares	2	0.07	89,982,883	74.28
	2,727	100.00	121,142,931	100.00

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

Analysis of Shareholdings
As at 8 March 2018 (Cont'd)

30 LARGEST ORDINARY SHAREHOLDERS AS AT 8 MARCH 2018

	Name of Shareholders	No. of Shares	%
1.	HL Cement (Malaysia) Sdn Bhd	69,982,883	57.77
2.	CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for HL Cement (Malaysia) Sdn Bhd (CBM-Asean Corp)	20,000,000	16.51
3.	HSBC Nominees (Asing) Sdn Bhd - BPSS Lux for Aberdeen Global - Asian Smaller Companies Fund	6,044,760	4.99
4.	Malaysia Nominees (Tempatan) Sendirian Berhad - Boon Siew Sdn Berhad (00-00198-000)	4,673,688	3.86
5.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	2,692,729	2.22
6.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,351,100	1.94
7.	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	1,790,000	1.48
8	AmanahRaya Trustees Berhad - Public Dividend Select Fund	931,700	0.77
9.	AmanahRaya Trustees Berhad - Public Islamic Opportunities Fund	891,800	0.74
10.	AMSEC Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	604,500	0.50
11.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AberIslamic)	522,400	0.43
12	HSBC Nominees (Asing) Sdn Bhd - BPSS Sin for Aberdeen Malaysian Equity Fund	292,870	0.24
13.	CIMB Commerce Trustee Berhad - Public Focus Select Fund	283,800	0.24
14.	AmanahRaya Trustees Berhad - Public Smallcap Fund	268,400	0.22
15.	YBhg Tan Sri Quek Leng Chan	232,994	0.19
16.	Maybank Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Operating Fund)	197,000	0.16
17.	Citaria Sdn Bhd	188,600	0.16
18.	AmanahRaya Trustees Berhad - Public Strategic Smallcap Fund	146,700	0.12
19.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	133,733	0.11
20.	AMSEC Nominees (Tempatan) Sdn Bhd - KGI Securities (Singapore) Pte. Ltd. for Tan Kah Lay (1922)	123,950	0.10
21.	Maybank Nominees (Tempatan) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for Malaysian Timber Council (Endowment Fund)	120,000	0.10
22.	Chan Kwai Peng	100,134	0.08
23.	Sam Securities Sdn. Berhad	100,052	0.08
24.	Ooi Cheng Chuan	100,000	0.08

Analysis of Shareholdings

As at 8 March 2018 (Cont'd)

30 LARGEST ORDINARY SHAREHOLDERS AS AT 8 MARCH 2018 (CONT'D.)

	Name of Shareholders	No. of Shares	%
25.	Nam San Sendirian Berhad	94,559	0.08
26.	Malaysia Nominees (Tempatan) Sendirian Berhad - Bayview Hotel Sendirian Berhad (00-00199-000)	87,519	0.07
27.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	86,800	0.07
28.	Ewe Poh Kim	86,480	0.07
29.	Ong Swee Chan Sdn. Berhad	85,760	0.07
30.	Poh Cheng Wee & Sons Sendirian Berhad	84,769	0.07
		113,299,680	93.52

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 8 March 2018:

	Name of Substantial Shareholders	No. of Shares	%
1.	Aberdeen Asset Management Asia Limited	8,127,630[i]	6.70
2.	Standard Life Aberdeen PLC	14,626,659[i]	12.07
3.	HL Cement (Malaysia) Sdn Bhd	89,982,883	74.28
4.	HL Cement (Labuan) Limited	89,982,883*	74.28
5.	HL Cement (HK) Limited	89,982,883*	74.28
6.	Hong Leong Asia Ltd.	89,982,883*	74.28
7.	Hong Leong Corporation Holdings Pte Ltd	89,982,883*	74.28
8.	Hong Leong Enterprises Pte. Ltd.	89,982,883*	74.28
9.	Davos Investment Holdings Private Limited	89,982,883*	74.28
10.	Kwek Leng Kee	89,982,883*	74.28
11.	Hong Leong Investment Holdings Pte. Ltd.	89,982,883*	74.28
12.	Kwek Holdings Pte. Ltd.	89,982,883*	74.28
13.	Kwek Leng Beng	89,982,883*	74.28
14.	Salvador Pte. Ltd.	89,982,883*	74.28

Notes:

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

* Deemed interest through HL Cement (Malaysia) Sdn Bhd by virtue of Section 8 of the Companies Act 2016.

NOTICE OF 57TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 57th Annual General Meeting of the Company will be held at Millennium I, Lobby Level, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Tuesday, 24 April 2018 at 9:30 a.m. to consider the following business: -

1. To receive and consider the Audited Financial Statements for the financial year ended 31 December 2017 together with the Directors' Report and the Independent Auditors' Report.

2. To declare a final dividend of 20 sen per share for the financial year ended 31 December 2017. **(Resolution 1 – Ordinary)**

3. To approve Directors' fees of RM537,833 for the financial year ended 31 December 2017 and the payment thereof. **(Resolution 2 – Ordinary)**

4. To approve payment of meeting allowances to the Directors from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting. **(Resolution 3 – Ordinary)**

5. To re-elect Mr. Ting Sii Tien @ Yao Sik Tien who retires by rotation under Article 94 of the Articles of Association. **(Resolution 4 – Ordinary)**

6. To re-appoint Ernst & Young as Auditors of the Company until conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 5 – Ordinary)**

7. Other Business as Special Business to consider and if thought fit, to pass the following resolutions:-:

7.1 **Retention of Director as an Independent Director**

"THAT pursuant to the Malaysian Code on Corporate Governance, approval be and is hereby given for Dato' Chong Pah Aung, whose tenure as an independent director cumulatively reaches nine years on 28 April 2018, to continue as an Independent Director of the Company." **(Resolution 6 – Ordinary)**

7.2 **Authority to Directors to Issue and Allot Shares**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued and allotted pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until conclusion of the next Annual General Meeting of the Company." **(Resolution 7 – Ordinary)**

Notice of 57th Annual General Meeting
(Cont'd)

7.3 **Renewal of Authority for the Purchase of Own Shares by the Company**

"THAT subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company's issued ordinary share capital subject to the following:-

1. the maximum number of ordinary shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the total number of issued ordinary shares of the Company ("Ordinary Shares");

2. the maximum fund to be allocated by the Company for the purpose of purchasing the Ordinary Shares shall not exceed the retained profits of the Company. As of 31 December 2017, the audited retained profits of the Company were RM169.0 million;

3. the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM after that date is required by law to be held) in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

4. upon completion of the purchase(s) of the Ordinary Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Ordinary Shares in the following manner:-

   (i) cancel the Ordinary Shares so purchased; or
   (ii) retain the Ordinary Shares so purchased in treasury shares; or
   (iii) retain part of the Ordinary Shares so purchased as treasury shares and cancel the remainder;

   the treasury shares may be distributed as dividends to the shareholders and/or resold and/or subsequently cancelled;

   and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Ordinary Shares." **(Resolution 8 – Ordinary)**

Notice of 57th Annual General Meeting
(Cont'd)

7.4 **Shareholders' Mandate on Recurrent Related Party Transactions**

"THAT the renewal of general mandate for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of revenue or trading nature as set out in the Company's Circular to Shareholders dated 2 April 2018 ("the Circular") with any person who is a related party as described in the Circular be and is hereby approved and renewed provided that such transactions are undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders of the Company; and that such approval, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act) whichever is the earlier." **(Resolution 9 – Ordinary)**

By Order of the Board
CHOW POH JIN, FCIS (MAICSA NO. 0794455)
GO HOOI KOON, ACIS (MAICSA NO. 7031878)
Company Secretaries
Kuala Lumpur, Malaysia

2 April 2018

Notes:

(1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 April 2018 shall be entitled to attend, speak and vote at this 57th Annual General Meeting.

(2) A member entitled to attend and vote at the meeting is entitled to appoint one or more than one proxy to attend, participate, speak and vote instead of him and the member shall specify the proportion of his shares to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with shares in the Company standing to the credit of the said securities account.

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

(4) The Form of Proxy or the instrument appointing the Proxy and the power of attorney (if any) under which it is signed or notarially certified copy thereof must be deposited at the Registered Office of the Company situated at 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

(5) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions will be put to vote by way of a poll.

Notice of 57th Annual General Meeting
(Cont'd)

(6) **Resolution 6 – Retention of Director as an Independent Director**

The Board recognises that an individual's independence should not be determined solely based on tenure of service. It is of the view that continued service of directorship for an independent director brings considerable stability to the Board and the Company. The Company in turn benefits from the director who has over time gained valuable insight into the Company, its market and the industry. The Board had reviewed Dato' Chong Pah Aung's role and determined that he is independent in character and judgement; and has provided independent views, objective assessments and opinions. His wide business knowledge and experience and familiarity with the Company's business operations and the industry will continue to bring significant value to the Company.

(7) **Resolution 7 – Authority to Directors to Issue and Allot Shares**

The Company wishes to renew the previous authority approved by shareholders at the 56th Annual General Meeting. The previous authority granted by the shareholders had not been utilized and hence no proceeds were raised therefrom. The renewal is to authorise Directors to issue shares pursuant to the Sections 75 and 76 of the Companies Act 2016. The Company is continuously looking into opportunities and prospective areas to broaden its operating base and earnings potential. These opportunities and prospects may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the total number of issued shares (excluding treasury shares). 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 empowered to issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(8) **Resolution 8 – 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 Statement to Shareholders contained in the Circular dated 2 April 2018 which is despatched together with the Company's Annual Report 2017.

(9) **Resolution 9 – Shareholders' Mandate on Recurrent Related Party Transactions**

The approval for renewal of general mandate will permit the Company to enter into all recurrent related party transactions of revenue or trading nature which are necessary for day-to-day operations in the ordinary course of business. Further information on the Proposed Renewal of Mandate on Recurrent Related Party Transactions are set out in the Circular dated 2 April 2018 which is despatched together with the Company's Annual Report 2017.

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Form of Proxy

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

Number of Ordinary Shares Held	
Number of Preference Shares Held	

I/We ....
(BLOCK LETTER)

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 57th Annual General Meeting of the Company to be held at Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on the 24th day of April, 2018 at 9.30 a.m. or at any adjournment thereof.

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

Resolution		For	Against
1	To declare a Final Dividend of 20 sen per share.		
2	To approve Directors' fees and payment thereof.		
3	To approve payment of meeting allowances to Directors.		
4	To re-elect Mr. Ting Sii Tien @ Yao Sik Tien who retires by rotation under Article 94 of the Articles of Association.		
5	To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
6	**Special Business** To approve Dato' Chong Pah Aung to continue as an Independent Director under the Malaysian Code on Corporate Governance.		
7	To authorise Directors to Issue and Allot Shares.		
8	To renew authority for the Purchase of Own Shares by the Company.		
9	To renew the General Mandate on Recurrent Related Party Transactions.		

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

Date 2018

Signature of
Shareholdar ....

NOTES :

(1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate, speak and vote instead of him and the member shall specify the proportion of his shares to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with shares in the Company standing to the credit of the said securities account.

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(4) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions will be put to vote by way of a poll.

Fold this flap for sealing

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Affix
stamp

The Company Secretary

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

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www.tasekcement.com