

Quarterly rpt on consolidated results for the financial period ended 31 Dec 2019

TASEK CORPORATION BERHAD

Financial Year End	31 Dec 2019
Quarter	4 Qtr
Quarterly report for the financial period ended	31 Dec 2019
The figures	have not been audited

Attachments

[Bursa 4Qtr2019 \(announcement\).pdf](#)
571.1 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	176,487	134,991	601,676	554,777
2 Profit/(loss) before tax	-5,147	-14,094	-31,652	-28,304
3 Profit/(loss) for the period	-2,346	-6,734	-25,323	-21,802
4 Profit/(loss) attributable to ordinary equity holders of the parent	-2,346	-6,734	-25,323	-21,802
5 Basic earnings/(loss) per share (Subunit)	-1.94	-5.56	-20.92	-18.01
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	

7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	4.2335	4.3987
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Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	TASEK CORPORATION BERHAD
Stock Name	TASEK
Date Announced	26 Feb 2020
Category	Financial Results
Reference Number	FRA-21022020-00044

TASEK CORPORATION BERHAD
(Company No: 4698-W)
(Incorporated in Malaysia)
and its subsidiaries

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue		176,487	134,991	601,676	554,777
Cost of sales		(142,406)	(115,869)	(496,632)	(459,971)
Gross profit		34,081	19,122	105,044	94,806
Other (expense)/income		486	892	3,483	4,344
Selling and Distribution Expenses		(32,495)	(27,357)	(117,913)	(109,388)
Administrative Expenses		(6,638)	(6,113)	(23,916)	(23,776)
Operating loss		(4,566)	(13,456)	(33,302)	(34,014)
Finance income	8	509	549	2,085	3,109
Finance cost	8	(412)	(89)	(1,369)	(411)
Net finance income		97	460	716	2,698
		(4,469)	(12,996)	(32,586)	(31,316)
Share of results of associates, net of tax		(678)	(1,098)	934	3,012
Loss before tax	8	(5,147)	(14,094)	(31,652)	(28,304)
Income tax benefit	9	2,801	7,360	6,329	6,502
Loss net of tax, for the quarter/year ended		(2,346)	(6,734)	(25,323)	(21,802)
Other comprehensive income: <u>Items that will not be reclassified subsequently to profit and loss:</u>					
Net fair value changes in quoted investments at fair value through Other Comprehensive Income	32	481	(2,140)	5,333	(8,838)
Total comprehensive loss for the quarter/year ended		(1,865)	(8,874)	(19,990)	(30,640)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss attributable to :					
Equity holders of the Company		<u>(2,346)</u>	<u>(6,734)</u>	<u>(25,323)</u>	<u>(21,802)</u>
Total comprehensive loss attributable to:					
Equity holders of the Company		<u>(1,865)</u>	<u>(8,874)</u>	<u>(19,990)</u>	<u>(30,640)</u>
Loss per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>(1.94)</u>	<u>(5.56)</u>	<u>(20.92)</u>	<u>(18.01)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

TASEK CORPORATION BERHAD
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2019	31 December 2018
		RM'000	RM'000
	Note		(Audited)
Assets			
Non - current assets			
Property, plant and equipment	11 (a)	219,504	243,536
Intangible assets	12	1,635	1,114
Investment in associates		67,494	75,561
Investment in equity investment		14,163	4,165
Right-of-use assets	11 (b)	20,976	-
Other receivables		247	329
Total non - current assets		<u>324,019</u>	<u>324,705</u>
Current assets			
Inventories	13	101,322	130,335
Trade and other receivables		123,188	108,541
Tax recoverable		9,960	12,110
Cash and bank balances	14	86,760	60,534
Total current assets		<u>321,230</u>	<u>311,520</u>
Total assets		<u>645,249</u>	<u>636,225</u>
Equity attributable to equity holders of the Company			
Share Capital		258,300	258,300
Reserves		254,559	274,569
Total equity		<u>512,859</u>	<u>532,869</u>
Liabilities			
Non - current liabilities			
Provisions	16	2,173	1,763
Deferred tax liabilities		474	10,036
Lease liabilities		1,989	-
Total non - current liabilities		<u>4,636</u>	<u>11,799</u>
Current liabilities			
Provisions	16	525	575
Income tax payable		693	-
Loans and borrowings	17	21,820	11,366
Trade and other payables		100,673	79,616
Lease liabilities		3,899	-
Derivative liabilities		144	-
Total current liabilities		<u>127,754</u>	<u>91,557</u>
Total liabilities		<u>132,390</u>	<u>103,356</u>
Total equity and liabilities		<u>645,249</u>	<u>636,225</u>
Net Assets per Share (RM)		<u>4.23</u>	<u>4.40</u>
Net Tangible Assets per Share (RM)		<u>4.22</u>	<u>4.39</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Non - distributable			Distributable		Total RM'000
	Share Capital	Fair Value Adjustment Reserve	Treasury Shares	General Reserve	Retained Profits	
RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2019	258,300	(8,739)	(20,633)	115,347	188,594	532,869
Total comprehensive income	-	5,333	-	-	(25,323)	(19,990)
Preference dividend of 6 sen per share in respect of the financial year ended 31 December 2018	-	-	-	-	(20)	(20)
At 31 December 2019	258,300	(3,406)	(20,633)	115,347	163,251	512,859
At 1 January 2018	258,300	99	(20,633)	115,347	234,712	587,825
Total comprehensive income	-	(8,838)	-	-	(21,802)	(30,640)
Final dividend totalling 20 sen per share in respect of the financial year ended 31 December 2017	-	-	-	-	(24,316)	(24,316)
At 31 December 2018	258,300	(8,739)	(20,633)	115,347	188,594	532,869

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months ended	
	31 December 2019	31 December 2018
	RM'000	RM'000
<u>Operating activities</u>		
Loss before taxation	(31,652)	(28,304)
<u>Adjustments for:</u>		
Amortisation of intangible assets	530	364
Amortisation of right-of-use assets	4,294	-
Depreciation of property, plant and equipment	34,531	35,184
Finance cost	1,369	411
Finance income	(2,085)	(3,109)
Inventories written off	-	414
Intangible assets written off	-	1
Net fair value loss on derivatives	144	-
Net gain on disposal of property, plant and equipment	(251)	(181)
Property, plant and equipment written off	165	247
Reversal of provision for restoration costs	-	(14)
Share of results of associates	(934)	(3,012)
	<u>37,763</u>	<u>30,305</u>
Operating cash flows before changes in working capital	6,111	2,001
<u>Changes in working capital:</u>		
Change in inventories	29,013	(677)
Change in trade and other receivables	(14,565)	(8,983)
Change in trade and other payables	21,336	(10,597)
Total changes in working capital	<u>35,784</u>	<u>(20,257)</u>
Interest received	2,085	3,109
Interest paid	(757)	(359)
Income taxes paid	(388)	(2,493)
	<u>940</u>	<u>257</u>
Net cash flows generated from/(used in) operating activities	<u>42,835</u>	<u>(17,999)</u>
<u>Investing activities</u>		
Investment in equity investment	(4,665)	(3,386)
Purchase of property, plant and equipment	(26,799)	(37,049)
Purchase of intangible assets	(1,051)	(194)
Net proceeds from disposal of property, plant and equipment	722	841
(Placement)/withdrawal of short term deposits more than three months	(1,000)	40,000
Dividend income received	9,000	7,500
Net cash flows (used in)/generated from investing activities	<u>(23,793)</u>	<u>7,712</u>
<u>Financing activities</u>		
Dividends paid	(20)	(24,316)
Repayment on lease liabilities	(4,250)	-
Net proceeds from loans & borrowings	10,454	2,305
Net cash flows generated from/(used in) financing activities	<u>6,184</u>	<u>(22,011)</u>
Net increase/(decrease) in cash and cash equivalents	25,226	(32,298)
Cash & cash equivalents at 1 January	60,534	92,832
Cash & cash equivalents at 31 December (Note 14)	<u>85,760</u>	<u>60,534</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

1. Corporate information

Tasek Corporation Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements were approved by the Board of Directors on 26 February 2020.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the year ended 31 December 2019, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2018, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The audited consolidated financial statements of the Group for the year ended 31 December 2018 which were prepared under MFRS and IFRS are available upon request from the Company's registered office at 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 December 2018.

3. Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments that apply for the first time in 2019 do not have a material impact on the annual consolidated financial statements of the Group nor to the interim condensed consolidated financial statements of the Group.

On 1 January 2019, the Group 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 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

MFRSs and Amendments to MFRSs issued but not yet effective

At the date of issuance of the condensed consolidated interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group.

Description	Effective for annual financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 – Definition of a Business	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9: Financial Instruments, MFRS 139: Financial Instruments: Recognition and Measurement and MFRS 7: Financial Instruments: Disclosures)	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above standards and amendments will not have any material effect on the financial performance or position of the Group .

MFRS 16 : Leases - Impacts on financial statements

The effects on the statements of financial position upon the adoption of MFRS 16 as at 1 January 2019 are as follows:

<u>Group</u>	Under MFRS 117 RM'000	Effect of adoption of MFRS 16 RM'000	Under MFRS 116 RM'000
Property, plant and equipment	243,536	(15,664)	227,872
Prepaid lease payments	-	-	-
Right-of-use assets	-	24,168	24,168
Lease liabilities	-	8,504	8,504

4. Changes in estimates of amount reported previously with material effect in current interim period.

There were no estimations of amount used in our previous reporting period having a material impact in the current reporting period.

5. Changes in composition of the Group

There were no changes to the composition of the Group during the current quarter ended 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

6. Segmental information

The segment information provided to the chief operating decision maker for the current financial year to date is as follows:

	Cement	Ready-mixed Concrete	All other segments	Adjustment and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2019					
Segment revenue	448,521	229,039	17	-	677,577
Inter-segment revenue	(75,884)	-	(17)	-	(75,901)
Revenue from external customers	<u>372,637</u>	<u>229,039</u>	<u>-</u>	<u>-</u>	<u>601,676</u>
Segment profit/(loss)	(30,153)	10,131	(788)	(12,492)	(33,302)
Inter-segment elimination	(1,134)	1,013	121	-	-
	<u>(31,287)</u>	<u>11,144</u>	<u>(667)</u>	<u>(12,492)</u>	<u>(33,302)</u>
Segment profit/(loss)	(30,153)	10,131	(788)	(12,492)	(33,302)
Finance income	2,628	230	1	(774)	2,086
Finance cost	(312)	(1,057)	(774)	774	(1,369)
Share of profit from associates	-	-	-	934	934
Profit/(loss) before tax	<u>(27,837)</u>	<u>9,304</u>	<u>(1,561)</u>	<u>(11,558)</u>	<u>(31,651)</u>
	Cement	Ready-mixed Concrete	All other segments	Adjustment and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2018					
Segment revenue	413,541	219,935	1,342	-	634,818
Inter-segment revenue	(78,699)	-	(1,342)	-	(80,041)
Revenue from external customers	<u>334,842</u>	<u>219,935</u>	<u>-</u>	<u>-</u>	<u>554,777</u>
Segment profit/(loss)	(39,008)	3,563	(792)	2,223	(34,014)
Inter-segment elimination	(1,603)	1,424	179	-	-
	<u>(40,611)</u>	<u>4,987</u>	<u>(613)</u>	<u>2,223</u>	<u>(34,014)</u>
Segment profit/(loss)	(39,008)	3,563	(792)	2,223	(34,014)
Finance income	3,311	255	2	(459)	3,109
Finance cost	(29)	(382)	(459)	459	(411)
Share of profit of associates	-	-	-	3,012	3,012
Profit/(loss) before tax	<u>(35,726)</u>	<u>3,436</u>	<u>(1,249)</u>	<u>5,235</u>	<u>(28,304)</u>

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	31.12.2019	31.12.2018
	RM'000	RM'000
Malaysia	584,860	538,554
Outside Malaysia	16,816	16,223
	<u>601,676</u>	<u>554,777</u>

The commentary on the performance of each of the business activities and the factors that have resulted in the revenue or profits improving or declining as compared with the corresponding periods of last quarter and year is discussed in Note 22.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

7. Seasonal or cyclical factors

The operations of the Group generally follow the performance of the property development, infrastructure and construction industry.

8. Loss before tax

Included in the loss before tax are the following items:

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging/(crediting):					
Amortisation of intangible assets	12	133	92	530	364
Depreciation of property, plant and equipment	11 (a)	8,595	8,354	34,531	35,184
Amortisation of right-of-use assets	11 (b)	1,206	-	4,294	-
Finance income		(509)	(549)	(2,085)	(3,109)
Finance cost		412	89	1,369	411
Net gain on disposal of property, plant and equipment		(77)	(170)	(251)	(181)
Inventories written off	13	-	414	-	414
Intangibles assets written off	12	-	1	-	1
Property, plant and equipment written off	11	144	210	165	247
Net loss/(gain) on foreign exchange - realised		2	(109)	(86)	(326)
Net fair value loss on derivatives		144	-	144	-
Reversal of provision for restoration costs	16	-	(14)	-	(14)
Rental income		(152)	(205)	(794)	(1,044)

There were no investment income, gain or loss on disposal of investments or properties, impairment of assets and other exceptional items in current financial year to date except as disclosed above.

9. Income tax benefit/(expense)

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(1,050)	794	(3,234)	(1,115)
- Prior year	33	91	1	52
	(1,017)	885	(3,233)	(1,063)
<u>Deferred tax</u>				
Reversal of temporary differences	4,068	6,553	9,798	7,618
Under provision in respect of prior years	(250)	(78)	(236)	(53)
	2,801	7,360	6,329	6,502

The tax credit for the Group was derived from origination and reversal of temporary differences arising from accumulated business loss and unabsorbed capital allowance.

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
(I) Basic earnings per share				
Loss net of tax attributable to equity holders of the Company	(2,346)	(6,734)	(25,323)	(21,802)
Less : 6% Preference Dividend	-	-	(20)	(20)
Loss net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	(2,346)	(6,734)	(25,343)	(21,822)
Weighted average number of ordinary shares in issue at 31 December ('000)	121,143	121,143	121,143	121,143
Basic loss per share (sen)	(1.94)	(5.56)	(20.92)	(18.01)

(II) Diluted earnings per share

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

11. (a) Property, plant and equipment

	Note	31 December 2019	31 December 2018
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		243,536	242,578
Additions		26,799	37,049
Disposals		(471)	(660)
Less: Effects of adoption of MFRS 16 Leases		(15,664)	-
Less: Depreciation	8	(34,531)	(35,184)
Less: Written off	8	(165)	(247)
Balance at end of year		219,504	243,536

(b) Right-of-use assets

	Note	31 December 2019	31 December 2018
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year (as previously stated)		-	-
Effects of adoption of MFRS 16		24,168	-
Additions		1,102	-
Less: Amortisation	8	(4,294)	-
Balance at end of year		20,976	-

12. Intangible assets

	Note	31 December 2019	31 December 2018
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		1,114	1,285
Additions		1,051	194
Less: Amortisation	8	(530)	(364)
Less: Written off	8	-	(1)
Balance at end of year		1,635	1,114

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 - UNAUDITED

13. Inventories

During the year ended 31 December 2019, there were no material write-down of inventories to net realisable value nor the reversal of such write-down recognised in the Group's statement of comprehensive income (2018: RM414,000).

14. Cash and bank balances

	31 December 2019	31 December 2018
	RM'000	RM'000
Cash at banks and on hand	35,240	16,004
Short term deposits with licensed banks	51,520	44,530
Cash and cash equivalents	86,760	60,534
Less: Short-term deposits more than three months	(1,000)	-
	<u>85,760</u>	<u>60,534</u>

15. Changes in Debt and Equity Securities

There were no issuance and repayment of any debt or equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial year to date.

16. Provisions

	Restoration and other environmental cost	
	31 December 2019	31 December 2018
	RM'000	RM'000
Balance at the beginning of year	2,338	2,317
Arose during the year	330	559
Unwinding of discount	80	52
Reversal of provision	-	(14)
Payments during the year	(50)	(576)
Balance at end of year	<u>2,698</u>	<u>2,338</u>

At 31 December 2019

Current	<u>525</u>	<u>575</u>
Non-current:		
- Later than 1 year but not later than 2 years	1,085	135
- Later than 2 years but not later than 5 years	295	866
- More than 10 years	793	762
	<u>2,173</u>	<u>1,763</u>
	<u>2,698</u>	<u>2,338</u>

A provision is recognised for restoration cost associated with its subsidiary, Tasek Concrete Sdn Bhd's 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 costs to dismantle and remove the batching plants from the sites and the costs of restoring the lands to their original state were based on management's best estimates.

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

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17. Group borrowings and debts securities

Total Group's short term borrowing (denominated in local currency) is as follows:

	31 December 2019	31 December 2018
	RM'000	RM'000
<u>Unsecured:</u>		
Bankers' Acceptances	15,372	11,366
Onshore Foreign Currency Loan	6,448	-
	<u>21,820</u>	<u>11,366</u>

18. Dividends

On 24 May 2019, the Company paid a single-tier dividend of 6% on the Cumulative Participating Preference Shares totalling RM20,100 in respect of the financial year ended 31 December 2018.

19. Commitments

The outstanding commitments in respect of capital expenditure at reporting date not provided for in the financial statements are as follows:

	31 December 2019	31 December 2018
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	3,446	6,595
- Approved but not contracted for	10,920	9,775
	<u>14,366</u>	<u>16,370</u>

20. Contingencies

There were no changes or any major contingent liabilities or assets arising at the date of issuance of this report.

21. Events after the reporting period

There were no material events subsequent to the end of the period reported up to the date of issuance of this report.

22. Review of performance

(a) Current Quarter vs. Corresponding Quarter of Previous Year

For the current quarter, the Group registered net revenue of RM176.5 million and loss after tax of RM2.3 million compared with the corresponding quarter of the previous year's net revenue of RM135.0 million and loss after tax of RM6.7 million. Included in the current quarter loss after tax was a tax credit of RM3.4 million compared with the corresponding quarter of the previous year of RM5.7 million arising from deferred tax adjustment for unabsorbed capital allowance. The current quarter loss was mainly contributed by the cement segment which continued to be affected by the prolonged price competition and high production cost. This was compounded by lower interest income and lower share of profit from associate company.

The cement segment recorded higher net revenue and lower operating loss of RM135.2 million and RM7.9 million respectively for the current quarter compared with a net revenue of RM99.6 million and operating loss of RM14.9 million of the corresponding quarter of the previous year. This was mainly due to a combination of higher cement sales in the domestic market and lower sales rebates. However, higher repair and maintenance cost incurred in the current quarter affected the segment's performance.

The ready-mixed concrete segment achieved higher net revenue of RM62.8 million and operating profit of RM2.8 million for the current quarter compared with net revenue of RM53.8 million and operating profit of RM451,000 of the corresponding quarter of previous year, attributable primarily to better margins.

The Group's interest income of RM509,000 for the current quarter was lower compared with RM549,000 of the corresponding quarter of previous year mainly due to lesser amount of funds placed on term deposits.

The lower share of loss from the associated company of RM678,000 for the current quarter compared with loss of RM1.1 million from the corresponding quarter of previous year was mainly due to adjustment for understatement of purchased goods for resale and provision for doubtful debts in the current quarter.

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(b) Current Year To Date vs. Corresponding Year To Date of Previous Year

The Group recorded net revenue of RM601.7 million and loss after tax of RM25.3 million for the current year compared with net revenue of RM554.8 million and loss after tax of RM21.8 million of the previous year. Included in current year loss after tax was a tax credit of RM9.2 million compared to the previous year of RM5.7 million, both of which arose from deferred tax adjustment for unabsorbed capital allowances. The higher loss for the current year was mainly caused by the cement segment's low average net selling price arising from the prolonged price competition, compounded by higher production costs. Other contributory factors were lower interest income and lower share of profit from the associated company.

The cement segment registered net revenue of RM448.5 million and operating loss of RM47.0 million in the current year compared to net revenue of RM413.5 million and operating loss of RM42.4 million in the previous year resulted primarily from (a) prolonged price competition; (b) higher electricity tariff adjustment and TNB's ICPT surcharge; and (c) higher repair and maintenance cost.

Ready-mixed concrete segment, on the other hand, achieved higher operating profit of RM9.9 million in the current year compared with RM3.3 million in the previous year on the back of higher sales volume and improved margins.

The Group recorded an interest income of RM2.1 million in the current year, which was RM1.0 million lower than the previous year due to lesser amount of funds placed on term deposits.

Share of profit of associated company for the current year was lower, at RM934,000, compared with RM3.0 million of the previous year mainly due to lower sales volume and higher cost of sales.

23. Material change in the loss before tax for the current financial quarter compared with the immediate preceding quarter

	Current quarter 31 December 2019 RM'000	Immediate preceding quarter 30 September 2019 RM'000
Revenue	176,487	160,243
Net loss before tax	(4,469)	(10,439)
Share of results of associates	(678)	431
Consolidated loss before tax	(5,147)	(10,008)

The Group achieved a higher net revenue of RM176.5 million for the current financial quarter compared with RM160.2 million of the immediate preceding quarter mainly due to higher sales volume and improved net pricings in both the cement and ready-mixed concrete segments.

24. Commentary on prospects

The Board is of the view that the prospects for the first quarter of next financial year would remain challenging given the subdued construction activities in the private sector and the uncertainties from the outbreak of COVID-19. The Group will continue its costs optimization programs which include among others, the use of alternative fuel and raw materials.

25. Profit forecast or profit guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter and the financial period to date.

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26. Corporate proposals

On 28 May 2019, the Board of Directors received a notice of unconditional voluntary take-over offer from CIMB Investment Bank Berhad on behalf of the Joint Offerors, HL Cement (Malaysia) Sdn Bhd and Ridge Star Limited to acquire all the remaining ordinary shares (excluding treasury shares) in the Tasek Corporation Berhad not already held by the Joint Offerors (Offer Preference Shares) for a cash consideration of RM5.50 per Offer Ordinary Share and RM5.50 per Offer Preference Share.

On 2 August 2019, the Company received notification from the Joint Offerors informing the shareholders of the Company that the Offer Price has been revised from RM5.50 to RM5.80 per Offer Ordinary Share and RM5.50 to RM5.80 per Offer Preference Share ("Revised Offer") and that Revised Offer will remain open for acceptances until 5.00 pm (Malaysian time) on Monday, 19 August 2019, which will be the final Closing Date.

As at 4 September, Tasek Corporation Berhad announced that Bursa Malaysia Securities Berhad (Bursa Securities) had vide its letter dated 3 September 2019 granted the Company an extension of time of six months until 19 February 2020 to comply with the public shareholding spread requirement pursuant to paragraph 8.02 (1) of the Main Market Listing Requirements of Bursa Securities. Based on the Company's Record of Depositors as at 22 August 2019, the Company's public shareholding spread was 11.84%. The Company had used the extension of time granted by Bursa Securities to allow the Joint Offerors sufficient time to formulate and to formally inform the Company of their plans with regard to the Joint Offerors' intention.

At the expiry of the extension of time of six months granted by Bursa Securities, the Company had applied to Bursa Securities for a further extension of time to allow the Joint Offerors to formulate and to formally inform the Company of their plans.

27. Material litigation

There were no pending material litigation at the date of issuance of this report.

28. Dividends

No interim dividend has been declared for the current quarter ended 31 December 2019 (4th Quarter of 2018 : Nil).

29. Derivative financial instruments

The outstanding forward foreign currency exchange contracts as at 31 December 2019 are as follows:

Type of Derivatives	Note	Contract	Fair value	
		value	Assets	Liabilities
		RM'000	RM'000	RM'000
Foreign Exchange Contracts				
- Less than 1 year	33	9,161	-	144

Forward foreign currency exchange contracts are entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of imported purchases by establishing the rate at which foreign currency liabilities will be settled.

These contracts are executed with credit-worthy/reputable financial institutions in Malaysia and as such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts is minimal.

The fair value of the forward foreign currency exchange contracts are subject to market risk. The fair value of the forward contracts may decline if the exchange rate of the underlying currency decreases.

There are no cash requirements for these derivatives.

Forward foreign currency exchange contracts are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

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30. Gains/Losses arising from fair value changes of financial assets and liabilities

There were no gain/loss on fair value changes of financial assets and liabilities for the current quarter ended (4th Quarter of 2018 : Nil).

31. Sales of unquoted investments and properties.

There were no sale of unquoted investments and properties during the current financial quarter and the financial year to date.

32. Purchases and sales of quoted securities

Investment in quoted securities held by the Group as at 31 December 2019 was as follows:

	Current quarter 3 months ended 31 December 2019 RM'000	Cumulative quarter 12 months ended 31 December 2019 RM'000
Quoted investment in Malaysia, at fair value	13,682	4,165
Addition	-	4,665
Fair value (loss)/gain recognised in other comprehensive income	481	5,333
At market value/carrying value	<u>14,163</u>	<u>14,163</u>

33. Fair value hierarchy

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

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

As at the reporting date, the Group held the following financial assets and liabilities that are measured at fair value:

	Note	Level 1 31 December 2019 RM'000	Level 2 31 December 2019 RM'000	Level 1 31 December 2018 RM'000	Level 2 31 December 2018 RM'000
Financial assets:					
Investment in equity investment	32	<u>14,163</u>	-	4,165	-
Financial liabilities:					
Derivative liabilities	29	-	144	-	-

34. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

BY ORDER OF THE BOARD

GO HOOI KOON
COMPANY SECRETARY

26 FEBRUARY 2020
KUALA LUMPUR, MALAYSIA