

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2017

TASEK CORPORATION BERHAD

Financial Year End 31 Dec 2017
 Quarter 2 Qtr
 Quarterly report for the financial period ended 30 Jun 2017
 The figures have not been audited

Attachments

[Bursa 2Qtr2017 \(announcement\).pdf](#)
 256.0 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	134,981	173,743	267,308	344,724
2 Profit/(loss) before tax	2,177	23,342	6,955	52,965
3 Profit/(loss) for the period	1,486	17,962	5,046	40,635
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,486	17,962	5,046	40,635
5 Basic earnings/(loss) per share (Subunit)	1.22	14.79	4.14	33.44
6 Proposed/Declared dividend per share (Subunit)	20.00	30.00	20.00	30.00
	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 (\$\$)	4.9626	5.3214
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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	27 Jul 2017
Category	Financial Results
Reference Number	FRA-27072017-00010

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue		134,981	173,743	267,308	344,724
Cost of sales		(103,032)	(119,687)	(202,542)	(231,425)
Gross profit		<u>31,949</u>	<u>54,056</u>	<u>64,766</u>	<u>113,299</u>
Other (expense)/income		325	222	763	417
Selling and Distribution Expenses		(25,326)	(27,773)	(49,857)	(53,622)
Administrative Expenses		(6,378)	(6,382)	(12,567)	(13,077)
Operating profit		<u>570</u>	<u>20,123</u>	<u>3,105</u>	<u>47,017</u>
Finance income	8	1,438	2,269	3,196	4,698
Finance cost	8	(145)	(95)	(281)	(210)
Net finance income		<u>1,293</u>	<u>2,174</u>	<u>2,915</u>	<u>4,488</u>
		<u>1,863</u>	<u>22,297</u>	<u>6,020</u>	<u>51,505</u>
Share of results of associates, net of tax		314	1,045	935	1,460
Profit before tax	8	<u>2,177</u>	<u>23,342</u>	<u>6,955</u>	<u>52,965</u>
Income tax expense	9	(691)	(5,380)	(1,909)	(12,330)
Profit net of tax for the quarter/period ended		<u>1,486</u>	<u>17,962</u>	<u>5,046</u>	<u>40,635</u>
Profit net of tax for the quarter/period ended attributable to :					
Equity holders of the Company		<u>1,486</u>	<u>17,962</u>	<u>5,046</u>	<u>40,635</u>
Earnings per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>1.22</u>	<u>14.79</u>	<u>4.14</u>	<u>33.44</u>

The Condensed Consolidated Statement of Profit or Loss 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 SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit net of tax for the quarter/period ended		1,486	17,962	5,046	40,635
Other comprehensive income:					
<u>Items that may be reclassified subsequently to profit and loss:</u>					
Net changes on available-for-sale ("AFS") financial assets					
- Changes in fair value of AFS investment		(909)	-	(909)	-
Total comprehensive income net of income tax for the quarter/period ended		<u>577</u>	<u>17,962</u>	<u>4,137</u>	<u>40,635</u>
Total comprehensive income for the quarter/period ended attributable to :					
Equity holders of the Company		<u>577</u>	<u>17,962</u>	<u>4,137</u>	<u>40,635</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 30 JUNE 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2017 RM'000	31 December 2016 RM'000 (Audited)
Assets			
Non - current assets			
Property, plant and equipment	11	250,292	262,067
Intangible assets	12	1,479	1,625
Prepaid lease payments		-	3
Available-for-sale investment		8,609	-
Investment in associates		78,316	80,380
Other receivables		690	1,195
Total non - current assets		<u>339,386</u>	<u>345,270</u>
Current assets			
Inventories	13	120,583	100,621
Trade and other receivables		116,870	113,300
Tax recoverable		9,357	5,118
Cash and bank balances	14	144,829	222,550
Total current assets		<u>391,639</u>	<u>441,589</u>
Total assets		<u><u>731,025</u></u>	<u><u>786,859</u></u>
Equity attributable to equity holders of the Company			
Share Capital		258,300	123,956
Reserves		356,848	535,666
Total equity		<u>615,148</u>	<u>659,622</u>
Liabilities			
Non - current liabilities			
Provision	16	1,069	1,292
Deferred tax liabilities		20,359	22,504
Total non - current liabilities		<u>21,428</u>	<u>23,796</u>
Current liabilities			
Provision	16	1,250	1,256
Income tax payable		41	206
Loans and borrowings	17	13,226	13,818
Trade and other payables		79,932	88,161
Total current liabilities		<u>94,449</u>	<u>103,441</u>
Total liabilities		<u>115,877</u>	<u>127,237</u>
Total equity and liabilities		<u><u>731,025</u></u>	<u><u>786,859</u></u>
Net Assets per Share (RM)		<u>4.96</u>	<u>5.32</u>
Net Tangible Assets per Share (RM)		<u>4.95</u>	<u>5.31</u>

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							Total RM'000
	Non - distributable					Distributable		
	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	
At 1 January 2017	123,956	133,946	398	-	(20,633)	115,347	306,608	659,622
Reclassification under Section 618(2) of CA 2016 (*)	134,344	(133,946)	(398)	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	5,046	5,046
Other comprehensive income	-	-	-	(909)	-	-	-	(909)
Total comprehensive income	-	-	-	(909)	-	-	5,046	4,137
Shares buy back	-	-	-	-	-	-	-	-
Final dividend totalling 40 sen per share in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	(48,611)	(48,611)
At 30 June 2017	258,300	-	-	(909)	(20,633)	115,347	263,043	615,148
At 1 January 2016	123,956	133,946	398	-	(20,633)	115,347	353,480	706,494
Net profit for the period	-	-	-	-	-	-	40,635	40,635
Final dividend totalling 50 sen per share in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	(60,759)	(60,759)
At 30 June 2016	123,956	133,946	398	-	(20,633)	115,347	333,356	686,370

(*) Nominal value in shares have been abolished with effect 31 January 2017 by Section 74, Companies Act 2016. Effectively, any amount standing to the credit of the share premium and capital redemption reserve accounts shall become part of the share capital.

The Condensed Consolidated Statement of Changes in Equity 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
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended	
	30 June 2017	30 June 2016
	RM'000	RM'000
<u>Operating activities</u>		
Profit before taxation	6,955	52,965
<u>Adjustments for:</u>		
Allowance for obsolete stock	-	238
Amortisation of intangible assets	207	229
Amortisation of prepaid lease payments	3	2
Depreciation of property, plant and equipment	24,194	24,396
Finance cost	281	210
Finance income	(3,196)	(4,698)
Net fair value loss on derivatives	-	14
Net gain on disposal of property, plant and equipment	(84)	-
Property, plant and equipment written off	65	144
Provision for retrenchment benefits	508	-
Reversal of provision for voluntary separation scheme	(40)	-
Share of results of associates	(935)	(1,460)
	<u>21,003</u>	<u>19,075</u>
Operating cash flows before changes in working capital	27,958	72,040
<u>Changes in working capital:</u>		
Change in inventories	(19,962)	(15,454)
Change in trade and other receivables	(3,065)	(6,390)
Change in trade and other payables	(8,927)	(4,603)
Total changes in working capital	<u>(31,954)</u>	<u>(26,447)</u>
Interest received	3,196	4,698
Interest paid	(281)	(210)
Income taxes paid	(8,458)	(15,555)
	<u>(5,543)</u>	<u>(11,067)</u>
Net cash flows (used in)/generated from operating activities	(9,539)	34,526
<u>Investing activities</u>		
Purchase of property, plant and equipment	(12,698)	(8,801)
Net proceeds from disposal of property, plant and equipment	298	-
Acquisition of available-for-sales investment	(9,518)	-
Dividend income	3,000	18,000
Placement of short term deposits more than three months	(19,000)	(5,000)
Purchase of intangible assets	(61)	(65)
Net cash flows (used in)/generated from investing activities	(37,979)	4,134
<u>Financing activities</u>		
Dividends paid	(48,611)	(60,759)
Net repayments of loans & borrowings	(592)	(1,531)
Net cash flows used in financing activities	(49,203)	(62,290)
Net decrease in cash and cash equivalents	(96,721)	(23,630)
Cash & cash equivalents at 1 January	201,550	167,263
Cash & cash equivalents at 30 June (Note 14)	<u>104,829</u>	<u>143,633</u>

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

TASEK CORPORATION BERHAD
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - 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 27 July 2017.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the period ended 30 June 2017, 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 2016, 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 2016 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 2016.

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 2017 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 2017, the Group adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2017:

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 MFRSs 2014 – 2016 Cycle	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - 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.

	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
MFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 16: Leases	1 January 2019
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 and the Company.

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 30 June 2017.

6. Segmental information

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

	Cement	Ready-mixed Concrete	All other segments	Adjustment and Elimination	Total
<u>30.6.2017</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	194,957	116,294	1,961	-	313,212
Inter-segment revenue	(43,943)	-	(1,961)	-	(45,904)
Revenue from external customers	151,014	116,294	-	-	267,308
Segment profit/(loss)	3,661	2,780	(244)	(3,092)	3,105
Inter-segment elimination	(706)	600	106	-	-
	2,955	3,380	(138)	(3,092)	3,105
Segment profit/(loss)	3,661	2,780	(244)	(3,092)	3,105
Finance income	3,079	129	3	(15)	3,196
Finance cost	-	(296)	0	15	(281)
Share of profit from associates	-	-	-	935	935
Profit/(loss) before tax	6,740	2,613	(241)	(2,157)	6,955

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

	Cement	Ready-mixed Concrete	All other segments	Adjustment and Elimination	Total
<u>30.6.2016</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	277,118	114,998	1,191	-	393,307
Inter-segment revenue	(47,392)	-	(1,191)	-	(48,583)
Revenue from external customers	229,726	114,998	-	-	344,724
Segment profit/(loss)	63,670	2,932	(413)	(19,172)	47,017
Inter-segment elimination	(705)	600	105	-	-
	62,965	3,532	(308)	(19,172)	47,017
Segment profit/(loss)	63,670	2,932	(413)	(19,172)	47,017
Finance income	4,574	184	-	(60)	4,698
Finance cost	-	(270)	-	60	(210)
Share of profit of associates	-	-	-	1,460	1,460
Profit/(loss) before tax	68,244	2,846	(413)	(17,712)	52,965

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	30.6.2017	30.6.2016
	RM'000	RM'000
Malaysia	267,308	344,724
Outside Malaysia	-	-
	267,308	344,724

The commentary on the performance of each of the business activity 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.

7. Seasonal or cyclical factors

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

8. Profit before tax

Included in the profit before tax are the following items:

Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of prepaid lease payments	1	1	3	2
Amortisation of intangible assets	12	115	207	229
Depreciation of property, plant and equipment	11	12,319	24,194	24,396
Allowance for obsolete stock	-	238	-	238
Finance income	(1,438)	(2,269)	(3,196)	(4,698)
Finance cost	145	95	281	210
Net gain on disposal of property, plant and equipment	(61)	-	(84)	-
Property, plant and equipment written off	11	40	65	144
Provision for retrenchment benefits	16	-	508	-
Net loss on foreign exchange - realised	-	-	1	1
Net fair value loss on derivatives	-	(363)	-	14
Reversal of provision for voluntary separation scheme	16	-	(40)	-
Rental income	(260)	(212)	(503)	(404)

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

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9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(2,127)	(6,843)	(4,053)	(14,161)
- Prior year	-	248	-	261
	(2,127)	(6,595)	(4,053)	(13,900)
<u>Deferred tax</u>				
Reversal of temporary differences	1,436	1,027	2,148	1,220
(Under)/Over provision in respect of prior years	-	188	(4)	350
	(691)	(5,380)	(1,909)	(12,330)

The Group's effective tax rate for the current quarter is above the statutory tax rate of 24% (2016: 24%) in Malaysia mainly due to non tax-deductible expenses.

10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
<u>(I) Basic earnings per share</u>				
Profit net of tax attributable to equity holders of the Company	1,486	17,962	5,046	40,635
Less : 6% Preference Dividend	-	-	(20)	(20)
Less : Proportion of profit attributable to preference shareholders	(4)	(49)	(14)	(110)
	1,482	17,913	5,012	40,505
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share				
Weighted average number of ordinary shares in issue at 30 June ('000)	121,143	121,143	121,143	121,143
	1.22	14.79	4.14	33.44

(II) Diluted earnings per share

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

11. Property, plant and equipment

	Note	30 June	31 December
		2017	2016
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		262,067	291,793
Additions		12,698	19,849
Disposals		(214)	-
Less: Depreciation	8	(24,194)	(48,688)
Less: Written off	8	(65)	(887)
Balance at end of period/year		250,292	262,067

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED**

12. Intangible assets

	Note	30 June 2017	31 December 2016
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		1,625	1,891
Additions		61	207
Less: Amortisation	8	(207)	(473)
Balance at end of period/year		<u>1,479</u>	<u>1,625</u>

13. Inventories

During the six months ended 30 June 2017, 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.

14. Cash and bank balances

	30 June 2017	31 December 2016
	RM'000	RM'000
Cash at banks and on hand	28,829	39,410
Short term deposits with licensed banks	116,000	183,140
Cash and cash equivalents	<u>144,829</u>	<u>222,550</u>
Less: Short-term deposits more than three months	(40,000)	(21,000)
	<u>104,829</u>	<u>201,550</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 period to date.

16. Provision

	Restoration cost	Voluntary separation scheme	Retrenchment benefits	30 June 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at the beginning of year	1,883	665	-	2,548	1,821
Arose during the period/year	71	-	508	579	1,113
Unwinding of discount	26	-	-	26	62
Reversal of provision (Note 8)	-	(40)	-	(40)	-
Payments during the period/year	(169)	(625)	-	(794)	(448)
Balance at end of period/year	<u>1,811</u>	<u>-</u>	<u>508</u>	<u>2,319</u>	<u>2,548</u>

At 30 June 2017

Current	742	-	508	1,250	1,256
Non-current:					
Later than 1 year but not later than 5 years	1,069	-	-	1,069	1,292
	<u>1,811</u>	<u>-</u>	<u>508</u>	<u>2,319</u>	<u>2,548</u>

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Provision for restoration costs

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 cost to dismantle and remove the batching plants from the site and the cost of restoring the land to its original state were based on management's best estimates.

Provision for retrenchment benefits

On 6 June 2017, the Company announced to employees to restructure and reorganise its workforce to produce a leaner and more efficient organisation structure in order to further achieve cost efficiency and improve manning structure. The resultant surplus workforce will be retrenched. The estimated cost of the retrenchment is approximately RM508,000 and expected to be paid during the third quarter of the current financial year ending 31 December 2017.

17. Group borrowings and debts securities

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

	30 June 2017	31 December 2016
	RM'000	RM'000
Bankers' Acceptances (unsecured)	13,226	13,818

18. Dividends

Since the end of the previous financial year, the Company paid a final dividend totalling RM48.457 million on 26 May 2017, comprising single-tier final dividend of 40 sen per share on the ordinary shares and single-tier dividends totalling RM154,100 comprising preference dividend of 6 sen per share and single-tier final dividend of 40 sen per share on the 6% Cumulative Participating Preference Shares in respect of the financial year ended 31 December 2016.

19. Commitments

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

	30 June 2017	30 June 2016
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	15,786	6,378
- Approved but not contracted for	7,860	6,690
	<u>23,646</u>	<u>13,068</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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

22. Review of performance

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

The Group registered total net revenue of RM135.0 million and profit after tax of RM1.5 million for the current quarter compared to net revenue of RM173.7 million and profit after tax of RM18.0 million of the corresponding quarter of previous year. The lower Group net revenue was mainly due to lower demand for cement in the domestic market and lower average net pricing for both cement and ready-mixed concrete. Hence, the Group's profit after tax was affected by the lower net revenue and provision for retrenchment benefits for the cement segment. Lower interest income and lower share of profit from the associated company also affected the profit for the current quarter.

The cement segment recorded a net revenue of RM97.9 million for the current quarter, a decrease of RM41.6 million or 29.8% compared to corresponding quarter of previous year. Drop in sales volume due to weak demand for cement in the domestic market which was partly caused by the shorter business cycle due to the Hari Raya festive holidays and road ban while the prolonged price competition contributed to lower net revenue. The cement segment registered an operating loss of RM1.6 million for the current quarter compared to an operating profit of RM18.2 million in the corresponding quarter of previous year.

The ready-mixed concrete segment on the other hand recorded a higher net revenue for the current quarter mainly due to higher sales volume recorded from new site batching plants. The segment's operating profit of RM1.7 million for the current quarter was marginally higher than the corresponding quarter of previous year of RM1.6 million due to higher margin of contribution. The ready-mixed concrete pricing has been under pressure from the prolonged price competition in the cement market and the segment's margin of contribution was further affected by higher cost of cartage from rising diesel cost during the current quarter.

The Group's interest income of RM1.4 million for the current quarter was lower compared with RM2.3 million in the corresponding quarter of previous year due to lesser amount of funds placed on term deposits.

Share of profit from the Group's associated company of RM314,000 was lower for the current quarter compared to RM1.0 million in the corresponding quarter of previous year due to lower sales volume and higher cost of sales.

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

The Group's total net revenue for the current period to date of RM267.3 million was lower by RM77.4 million from the corresponding period to date of previous year. This was mainly due to the prolonged price competition due to lower demand for cement in the domestic market resulting in lower average net pricing for both the cement and ready-mixed concrete segments. Consequently, the Group's profit after tax of RM5.0 million in the current period to date was significantly lower compared to RM40.6 million of the corresponding period to date of previous year. The provision of retrenchment benefits in the cement segment, lower interest income and lower share of results of the Group's associated companies further contributed to the Group's lower profit.

Cement segment's net revenue of RM195.0 million for the current period to date was RM82.0 million lower compared with the corresponding period to date of previous year mainly due to lower sales volume and lower pricing arising from the prolonged price competition in the domestic market. Higher production costs from the increased cost of fuel and electricity and the provision for retrenchment benefits further affected the cement segment's performance for the current period to date. As a result, the cement segment recorded an operating loss of RM707,000 in the current period to date compared to an operating profit of RM43.6 million in the corresponding period to date of previous year.

The ready-mixed concrete segment recorded a lower operating profit of RM2.7 million for the current period to date compared with RM2.9 million in the corresponding period to date of previous year despite higher sales volume and higher margin of contribution mainly due to increase in plant fixed costs.

The Group's interest income of RM3.2 million for the current period to date was lower by RM1.5 million than the corresponding period to date of previous year was due to lesser amount of funds placed on term deposits.

Lower share of profit from the Group's associated companies for the current period to date of RM935,000 compared to RM1.5 million in the corresponding period to date of previous year was due to lower sales volume and higher cost of sales.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

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

	Current quarter 30 June 2017 RM'000	Immediate preceding quarter 31 March 2017 RM'000
Revenue	134,981	132,327
Net profit before tax	1,863	4,157
Share of profit of associates	314	621
Consolidated profit before tax	2,177	4,778

The Group recorded higher net revenue of RM135.0 million for the current financial quarter compared to RM132.3 million recorded in the immediate preceding quarter due to higher sales volume registered by both the cement and concrete segments. Despite the higher sales volume, the Group's profit before tax for the current financial quarter of RM2.2 million was lower compared with RM4.8 million of the immediate preceding quarter mainly due to lower profit margins recorded by both the cement and concrete segments. The cement segment's profit margin dropped further during the current financial quarter mainly due to the adverse impact from the continuous price competition which affected the average net selling pricing. The provision for retrenchment benefits in the cement segment, lower interest income and lower share of profits from the Group's associated companies further affected the profit for the current financial quarter.

24. Commentary on prospects

The third quarter is expected to be more challenging with the prolonged price competition for cement due to lower demand for cement and weak sentiment of the domestic property market. The demand for cement and ready-mixed concrete would largely be driven by demand from the infrastructure and large-scale property projects.

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.

26. Corporate proposals

There were no announcement of any corporate proposal during the current quarter and the financial period to date.

27. Material litigation

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

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28. Dividends

A single-tier interim dividend of 20 sen per share (2016: single-tier 30 sen per share) on the Ordinary Shares and a single-tier interim ordinary dividend of 20 sen per share (2016: 30 sen per share) on the 6% Cumulative Participating Preference Shares have been declared and will be payable on 8 September 2017 to shareholders whose names appear in the Record of Depositors at the close of business on 21 August 2017.

Total interim dividend per share:

	Current quarter 30 June 2017	Preceding year corresponding quarter 30 June 2016
Ordinary (single-tier)	<u>20.0 sen</u>	<u>30.0 sen</u>
Preference (single-tier)	<u>20.0 sen</u>	<u>30.0 sen</u>

A Depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the Depositor's securities account before 4.00 p.m. on 21 August 2017 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

29. Derivative financial instruments

There were no outstanding forward foreign currency exchange contracts during the current quarter ended.

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 (2nd Quarter of 2016 : 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 period to date.

32. Purchases and sales of quoted securities

Investment in quoted securities held by the Group as at 30 June 2017 was as follows:

	Current quarter 3 months ended RM'000	Cumulative quarter 6 months ended RM'000
At cost	9,518	9,518
Less : Fair value loss recognised in other comprehensive income	(909)	(909)
At carrying value	<u>8,609</u>	<u>8,609</u>
At market value	<u>8,609</u>	<u>8,609</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 - UNAUDITED

33. Realised and Unrealised Profit or (Losses) Disclosure

The breakdown of the retained profits of the Group as at 30 June 2017 and 31 December 2016 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30 June 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Group :		
- Realised	232,265	274,619
- Unrealised	(20,359)	(22,504)
	<u>211,906</u>	<u>252,115</u>
Total share of retained profits from associate and jointly controlled entity :		
- Realised	59,855	61,963
- Unrealised	(3,131)	(3,175)
	<u>268,630</u>	<u>310,903</u>
Add: consolidation adjustments	(5,587)	(4,295)
Retained profits as per consolidated accounts	<u><u>263,043</u></u>	<u><u>306,608</u></u>

34. 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 does not have any financial assets and liabilities carried at fair value classified as above except as disclosed in Note 32.

35. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

BY ORDER OF THE BOARD

VINCENT CHOW POH JIN
COMPANY SECRETARY

27 JULY 2017
KUALA LUMPUR, MALAYSIA