

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

### TASEK CORPORATION BERHAD

Financial Year End	31 Dec 2017
Quarter	3 Qtr
Quarterly report for the financial period ended	30 Sep 2017
The figures	have not been audited

#### Attachments

[Bursa 3Qtr2017 \(announcement\).pdf](#)  
181.0 kB

<b>Default Currency</b>	<b>Other Currency</b>
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Currency: Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	146,546	149,127	413,854	493,851
2 Profit/(loss) before tax	2,504	9,889	9,459	62,854
3 Profit/(loss) for the period	1,889	7,560	6,935	48,195
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,889	7,560	6,935	48,195
5 Basic earnings/(loss) per share (Subunit)	1.56	6.22	5.69	39.66
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	20.00	30.00
	<b>AS AT END OF CURRENT QUARTER</b>		<b>AS AT PRECEDING FINANCIAL YEAR END</b>	

7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	4.9084	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

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**Announcement Info**

<b>Company Name</b>	TASEK CORPORATION BERHAD
<b>Stock Name</b>	TASEK
<b>Date Announced</b>	08 Nov 2017
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-02112017-00003

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 - UNAUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue		146,546	149,127	413,854	493,851
Cost of sales		(114,106)	(112,682)	(316,648)	(344,107)
<b>Gross profit</b>		<u>32,440</u>	<u>36,445</u>	<u>97,206</u>	<u>149,744</u>
Other (expense)/income		371	160	1,134	577
Selling and Distribution Expenses		(26,875)	(24,076)	(76,732)	(77,698)
Administrative Expenses		(5,421)	(6,300)	(17,988)	(19,377)
<b>Operating profit</b>		<u>515</u>	<u>6,229</u>	<u>3,620</u>	<u>53,246</u>
Finance income	8	1,258	1,931	4,454	6,629
Finance cost	8	(143)	(130)	(424)	(340)
<b>Net finance income</b>		<u>1,115</u>	<u>1,801</u>	<u>4,030</u>	<u>6,289</u>
		<u>1,630</u>	<u>8,030</u>	<u>7,650</u>	<u>59,535</u>
Share of results of associates, net of tax		874	1,859	1,809	3,319
<b>Profit before tax</b>	8	<u>2,504</u>	<u>9,889</u>	<u>9,459</u>	<u>62,854</u>
Income tax expense	9	(615)	(2,329)	(2,524)	(14,659)
<b>Profit net of tax for the quarter/period ended</b>		<u>1,889</u>	<u>7,560</u>	<u>6,935</u>	<u>48,195</u>
<b>Profit net of tax for the quarter/period ended attributable to :</b>					
Equity holders of the Company		<u>1,889</u>	<u>7,560</u>	<u>6,935</u>	<u>48,195</u>
<b>Earnings per share attributable to equity holders of the Company (sen per share):</b>					
- Basic and diluted	10	<u>1.56</u>	<u>6.22</u>	<u>5.69</u>	<u>39.66</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  
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit net of tax for the quarter/period ended</b>		1,889	7,560	6,935	48,195
<b>Other comprehensive income:</b>					
<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	32	1,876	-	967	-
<b>Total comprehensive income net of income tax for the quarter/period ended</b>		<u>3,765</u>	<u>7,560</u>	<u>7,902</u>	<u>48,195</u>
<b>Total comprehensive income for the quarter/period ended attributable to :</b>					
Equity holders of the Company		<u>3,765</u>	<u>7,560</u>	<u>7,902</u>	<u>48,195</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 SEPTEMBER 2017 - UNAUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		30 September 2017 RM'000	31 December 2016 RM'000 (Audited)
<b>Assets</b>			
<b>Non - current assets</b>			
Property, plant and equipment	11	243,541	262,067
Intangible assets	12	1,381	1,625
Prepaid lease payments		-	3
Available-for-sale investment		10,485	-
Investment in associates		79,189	80,380
Other receivables		437	1,195
<b>Total non - current assets</b>		<u>335,033</u>	<u>345,270</u>
<b>Current assets</b>			
Inventories	13	128,352	100,621
Trade and other receivables		113,289	113,300
Tax recoverable		9,975	5,118
Cash and bank balances	14	133,743	222,550
<b>Total current assets</b>		<u>385,359</u>	<u>441,589</u>
<b>Total assets</b>		<u><u>720,392</u></u>	<u><u>786,859</u></u>
<b>Equity attributable to equity holders of the Company</b>			
Share Capital		258,300	123,956
Reserves		336,318	535,666
<b>Total equity</b>		<u>594,618</u>	<u>659,622</u>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Provision	16	982	1,292
Deferred tax liabilities		19,227	22,504
<b>Total non - current liabilities</b>		<u>20,209</u>	<u>23,796</u>
<b>Current liabilities</b>			
Provision	16	906	1,256
Income tax payable		348	206
Loans and borrowings	17	12,075	13,818
Trade and other payables		92,236	88,161
<b>Total current liabilities</b>		<u>105,565</u>	<u>103,441</u>
<b>Total liabilities</b>		<u>125,774</u>	<u>127,237</u>
<b>Total equity and liabilities</b>		<u><u>720,392</u></u>	<u><u>786,859</u></u>
Net Assets per Share (RM)		<u>4.91</u>	<u>5.32</u>
Net Tangible Assets per Share (RM)		<u>4.90</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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	6,935	6,935
Other comprehensive income	-	-	-	967	-	-	-	967
Total comprehensive income	-	-	-	967	-	-	6,935	7,902
Shares buy back	-	-	-	-	-	-	-	-
Final dividend totalling 40 sen per share in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	(48,611)	(48,611)
First interim dividend totalling 20 sen per share in respect of the financial year ending 31 December 2017	-	-	-	-	-	-	(24,295)	(24,295)
At 30 September 2017	258,300	-	-	967	(20,633)	115,347	240,637	594,618
At 1 January 2016	123,956	133,946	398	-	(20,633)	115,347	353,480	706,494
Net profit for the period	-	-	-	-	-	-	48,195	48,195
Final dividend totalling 50 sen per share in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	(60,759)	(60,759)
First interim dividend totalling 30 sen per share in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	(36,443)	(36,443)
At 30 September 2016	123,956	133,946	398	-	(20,633)	115,347	304,473	657,487

(\*) 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.**

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 - UNAUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 Months ended</b>	
	<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Operating activities</u></b>		
Profit before taxation	9,459	62,854
<b><u>Adjustments for:</u></b>		
Allowance for obsolete stock	-	238
Amortisation of intangible assets	304	350
Amortisation of prepaid lease payments	3	3
Depreciation of property, plant and equipment	36,323	36,469
Finance cost	424	340
Finance income	(4,454)	(6,629)
Net fair value gain on derivatives	-	(2)
Net gain on disposal of property, plant and equipment	(217)	(3)
Property, plant and equipment written off	97	148
Reversal of provision for voluntary separation scheme	(40)	-
Share of results of associates	(1,809)	(3,319)
	<u>30,631</u>	<u>27,595</u>
<b>Operating cash flows before changes in working capital</b>	<b>40,090</b>	<b>90,449</b>
<b><u>Changes in working capital:</u></b>		
Change in inventories	(27,731)	(11,115)
Change in trade and other receivables	769	(6,164)
Change in trade and other payables	3,455	(13,306)
Total changes in working capital	<u>(23,507)</u>	<u>(30,585)</u>
Interest received	4,454	6,629
Interest paid	(424)	(340)
Income taxes paid	(10,516)	(22,990)
	<u>(6,486)</u>	<u>(16,701)</u>
<b>Net cash flows generated from operating activities</b>	<b>10,097</b>	<b>43,163</b>
<b><u>Investing activities</u></b>		
Purchase of property, plant and equipment	(18,109)	(12,542)
Net proceeds from disposal of property, plant and equipment	432	3
Acquisition of available-for-sales investment	(9,518)	-
Dividend income	3,000	18,000
(Placement)/withdrawal of short term deposits more than three months	(19,000)	5,000
Purchase of intangible assets	(60)	(194)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(43,255)</b>	<b>10,267</b>
<b><u>Financing activities</u></b>		
Dividends paid	(72,906)	(97,202)
Net repayments of loans & borrowings	(1,743)	(4,818)
<b>Net cash flows used in financing activities</b>	<b>(74,649)</b>	<b>(102,020)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(107,807)</b>	<b>(48,590)</b>
<b>Cash &amp; cash equivalents at 1 January</b>	<b>201,550</b>	<b>167,263</b>
<b>Cash &amp; cash equivalents at 30 September</b> (Note 14)	<b>93,743</b>	<b>118,673</b>

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

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 8 November 2017.

**2. Accounting policies and methods of computation**

These condensed consolidated interim financial statements, for the period ended 30 September 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:

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
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 THIRD QUARTER ENDED 30 SEPTEMBER 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.

	<b>Effective for annual financial periods beginning on or after</b>
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
IC Interpretation 23: Uncertainty over Income Tax Treatments	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

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 September 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>30.9.2017</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	302,331	178,629	3,269	-	484,229
Inter-segment revenue	(67,106)	-	(3,269)	-	(70,375)
Revenue from external customers	235,225	178,629	-	-	413,854
Segment profit/(loss)	1,647	5,445	(325)	(3,147)	3,620
Inter-segment elimination	(1,056)	899	157	-	-
	591	6,344	(168)	(3,147)	3,620
Segment profit/(loss)	1,647	5,445	(325)	(3,147)	3,620
Finance income	4,246	231	4	(27)	4,454
Finance cost	-	(451)	-	27	(424)
Share of profit from associates	-	-	-	1,809	1,809
Profit/(loss) before tax	5,893	5,225	(321)	(1,338)	9,459

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<u>30.9.2016</u>	Cement RM'000	Ready-mixed Concrete RM'000	All other segments RM'000	Adjustment and Elimination RM'000	Total RM'000
Segment revenue	391,995	170,569	1,907	-	564,471
Inter-segment revenue	(68,713)	-	(1,907)	-	(70,620)
Revenue from external customers	<u>323,282</u>	<u>170,569</u>	<u>-</u>	<u>-</u>	<u>493,851</u>
Segment profit/(loss)	67,763	5,196	(553)	(19,160)	53,246
Inter-segment elimination	(1,057)	899	158	-	-
	<u>66,706</u>	<u>6,095</u>	<u>(395)</u>	<u>(19,160)</u>	<u>53,246</u>
Segment profit/(loss)	67,763	5,196	(553)	(19,160)	53,246
Finance income	6,470	240	-	(81)	6,629
Finance cost	-	(421)	-	81	(340)
Share of profit of associates	-	-	-	3,319	3,319
Profit/(loss) before tax	<u>74,233</u>	<u>5,015</u>	<u>(553)</u>	<u>(15,841)</u>	<u>62,854</u>

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	30.9.2017 RM'000	30.9.2016 RM'000
Malaysia	413,854	493,851
Outside Malaysia	-	-
	<u>413,854</u>	<u>493,851</u>

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 9 months ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit before tax is arrived at after charging/(crediting):					
Amortisation of prepaid lease payments		-	1	3	3
Amortisation of intangible assets	12	97	121	304	350
Depreciation of property, plant and equipment	11	12,129	12,073	36,323	36,469
Allowance for obsolete stock		-	-	-	238
Finance income		(1,258)	(1,931)	(4,454)	(6,629)
Finance cost		143	130	424	340
Net gain on disposal of property, plant and equipment		(133)	(3)	(217)	(3)
Property, plant and equipment written off	11	32	4	97	148
Net loss on foreign exchange - realised		-	(1)	1	-
Net fair value gain on derivatives		-	(16)	-	(2)
Reversal of provision for voluntary separation scheme	16	-	-	(40)	-
Rental income		(235)	(150)	(738)	(554)

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 9 months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(1,507)	(3,323)	(5,560)	(17,484)
- Prior year	(242)	-	(242)	261
	(1,749)	(3,323)	(5,802)	(17,223)
<u>Deferred tax</u>				
Reversal of temporary differences	853	1,117	3,001	2,337
Over/(Under) provision in respect of prior years	281	(123)	277	227
	(615)	(2,329)	(2,524)	(14,659)

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 9 months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 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	1,889	7,560	6,935	48,195
Less : 6% Preference Dividend	-	-	(20)	(20)
Less : Proportion of profit attributable to preference shareholders	(5)	(20)	(19)	(130)
	1,884	7,540	6,896	48,045
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 September ('000)	121,143	121,143	121,143	121,143
	1.56	6.22	5.69	39.66

(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 September	31 December
		2017	2016
		RM'000	RM'000
<b>Net carrying amount:</b>			
Balance at the beginning of year		262,067	291,793
Additions		18,109	19,849
Disposals		(215)	-
Less: Depreciation	<b>8</b>	(36,323)	(48,688)
Less: Written off	<b>8</b>	(97)	(887)
Balance at end of period/year		243,541	262,067

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

**12. Intangible assets**

	Note	30 September 2017	31 December 2016
		RM'000	RM'000
<b>Net carrying amount:</b>			
Balance at the beginning of year		1,625	1,891
Additions		60	207
Less: Amortisation	8	(304)	(473)
Balance at end of period/year		<u>1,381</u>	<u>1,625</u>

**13. Inventories**

During the nine months ended 30 September 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 September 2017	31 December 2016
	RM'000	RM'000
Cash at banks and on hand	40,143	39,410
Short term deposits with licensed banks	93,600	183,140
Cash and cash equivalents	<u>133,743</u>	<u>222,550</u>
Less: Short-term deposits more than three months	(40,000)	(21,000)
	<u>93,743</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 September 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	144	-	508	652	1,113
Unwinding of discount	38	-	-	38	62
Reversal of provision (Note 8)	-	(40)	-	(40)	-
Payments during the period/year	(257)	(625)	(428)	(1,310)	(448)
Balance at end of period/year	<u>1,808</u>	<u>-</u>	<u>80</u>	<u>1,888</u>	<u>2,548</u>

**At 30 September 2017**

Current	826	-	80	906	1,256
Non-current:					
Later than 1 year but not later than 5 years	982	-	-	982	1,292
	<u>1,808</u>	<u>-</u>	<u>80</u>	<u>1,888</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 its restructuring and reorganisation plan for 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 were retrenched. The estimated cost of the retrenchment was approximately RM508,000 of which RM428,000 was paid during the third quarter of the 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 September 2017	31 December 2016
	RM'000	RM'000
Bankers' Acceptances (unsecured)	12,075	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.

On 8 September 2017, the Company paid an interim dividend comprising single-tier dividend of 20 sen on the ordinary shares totalling RM24.228 million and single-tier dividend of 20 sen per share on the 6% Cumulative Participating Preference Shares totalling RM67,000 in respect of the financial year ending 31 December 2017.

**19. Commitments**

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

	30 September 2017	30 September 2016
	RM'000	RM'000
<u>Property, plant &amp; equipment</u>		
- Approved and contracted for	18,796	5,887
- Approved but not contracted for	4,885	11,426
	<u>23,681</u>	<u>17,313</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.

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**22. Review of performance**

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

The Group registered net revenue of RM146.5 million and profit after tax of RM1.9 million for the current quarter compared to net revenue of RM149.1 million and profit after tax of RM7.6 million of the corresponding quarter of previous year. The lower 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. Lower interest income and lower share of profit from the associated company further affected the performance of the Group for the current quarter.

The cement segment recorded net revenue of RM107.4 million for the current quarter, a decrease of RM7.5 million or 6.5% compared to the corresponding quarter of previous year due to lower demand for cement in the domestic market and intensified pricing competition resulting in lower average net cement selling prices. Hence, the cement segment registered an operating loss of RM2.7 million for the current quarter compared to an operating profit of RM3.6 million in the corresponding quarter of previous year.

The ready-mixed concrete segment recorded an increase in net revenue for the current quarter mainly due to higher sales volume from new batching plants set up during the financial year despite lower average net selling price during the current quarter. The segment's operating profit of RM2.6 million for the current quarter was RM360,000 higher than the corresponding quarter of previous year mainly due to higher sales volume.

The Group's interest income of RM1.3 million for the current quarter was lower compared with RM1.9 million in the corresponding quarter of previous year due to less amount of funds placed on term deposits.

Share of profit from the Group's associated company of RM874,000 was lower for the current quarter compared to RM1.9 million in the corresponding quarter of previous year due to higher cost of sales despite marginal increase in sales volume.

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

The Group's net revenue for the current period to date of RM413.9 million was lower by RM80.0 million compared to the corresponding period to date of previous year. The lower net revenue was due to the prolonged pricing competition arising from lower demand for cement in the domestic market resulting in lower average net pricing for both the cement and ready-mixed concrete segments. This resulted in the Group's profit after tax of RM6.9 million in the current period to date which was significantly lower compared to RM48.2 million of the corresponding period to date of previous year. The provision for retrenchment benefits in the cement segment, lower interest income and lower share of profits of the Group's associated company further contributed to the lower profit.

Cement segment's net revenue of RM302.3 million for the current period to date was RM89.7 million lower compared with the corresponding period to date of previous year mainly due to the lower demand for cement and lower pricing arising from the prolonged pricing competition in the domestic market. 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 RM3.4 million in the current period to date compared to an operating profit of RM47.2 million in the corresponding period to date of previous year.

The ready-mixed concrete segment recorded a marginally higher operating profit of RM5.3 million for the current period to date compared with RM5.2 million in the corresponding period to date of previous year mainly due to higher sales volume. The prolonged competition in cement pricing affected the segment causing pricing competition which resulted in lower average concrete selling price and hence lower contribution margins. The segment's margin was also affected by higher cartage costs despite savings in raw material costs.

The Group's interest income of RM4.5 million for the current period to date was RM2.2 million lower compared to the corresponding period to date of previous year due to less amount of funds placed on term deposits.

Lower share of profit from the Group's associated company for the current period to date of RM1.8 million compared to RM3.3 million in the corresponding period to date of previous year was due to lower sales volume and higher cost of sales.

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

	Current quarter 30 September 2017 RM'000	Immediate preceding quarter 30 June 2017 RM'000
Revenue	146,546	134,981
Net profit before tax	1,630	1,863
Share of profit of associates	874	314
Consolidated profit before tax	2,504	2,177

The Group recorded higher net revenue of RM146.6 million for the current financial quarter compared to RM135.0 million recorded in the immediate preceding quarter due to higher sales recorded by both the cement and concrete segments following more business days during the current quarter compared to festive holidays in the immediate preceding quarter. However, the higher net revenue in the cement segment was offset by the increase in production costs which resulted in a higher operating loss of RM2.7 million in the current quarter compared with RM1.6 million loss in the immediate preceding quarter. Concrete segment recorded an operating profit due to improvement in the segment's contribution margin. Hence the Group's profit before tax for the current financial quarter of RM2.5 million was slightly higher than the immediate preceding quarter. Lower interest income further affected the Group's profit for the current financial quarter.

**24. Commentary on prospects**

The Board expect the prospects for the rest of the financial year to remain challenging due to the weak prices of cement caused by the intense pricing competition and over capacity. Infrastructure roll-outs may be insufficient to make up for the present lull in demand for cement primarily caused by the soft property market.

**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.

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**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 30 September 2017 (3rd Quarter of 2016 : Nil).

**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 (3rd 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**

There were no purchases and/or sales of quoted securities for the current quarter and the financial period to date except as follows.

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

	Current quarter 3 months ended	Cumulative quarter 9 months ended
	RM'000	RM'000
At cost	9,518	9,518
Add : Fair value gain recognised in other comprehensive income	1,876	967
At carrying value	<u>11,394</u>	<u>10,485</u>
At market value	<u>10,485</u>	<u>10,485</u>



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**33. Realised and Unrealised Profit or (Losses) Disclosure**

The breakdown of the retained profits of the Group as at 30 September 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 September 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Group :		
- Realised	207,909	274,619
- Unrealised	(19,227)	(22,504)
	<u>188,682</u>	<u>252,115</u>
Total share of retained profits from associate and jointly controlled entity :		
- Realised	60,728	61,963
- Unrealised	(3,131)	(3,175)
	<u>246,279</u>	<u>310,903</u>
Add: consolidation adjustments	(5,642)	(4,295)
Retained profits as per consolidated accounts	<u><u>240,637</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

8 NOVEMBER 2017  
KUALA LUMPUR, MALAYSIA