

Quarterly rpt on consolidated results for the financial period ended 31 Dec 2016

TASEK CORPORATION BERHAD

Financial Year End	31 Dec 2016
Quarter	4 Qtr
Quarterly report for the financial period ended	31 Dec 2016
The figures	have not been audited

Attachments

[Bursa 4Qtr2016 \(announcement\).pdf](#)
187.7 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	160,936	188,471	654,787	702,576
2 Profit/(loss) before tax	4,655	23,572	67,509	119,818
3 Profit/(loss) for the period	2,136	18,470	50,331	91,260
4 Profit/(loss) attributable to ordinary equity holders of the parent	2,136	18,470	50,331	91,260
5 Basic earnings/(loss) per share (Subunit)	1.72	14.90	40.59	73.61
6 Proposed/Declared dividend per share (Subunit)	40.00	50.00	70.00	110.00
	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 (\$\$)	5.3214	5.6996
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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	23 Feb 2017
Category	Financial Results
Reference Number	FRA-21022017-00013

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Key Financial Information for the financial fourth quarter ended 31.12.2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CURRENT YEAR TODATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
1 Revenue	160,936	188,471	654,787	702,576
2 Profit/(Loss) before tax	4,655	23,572	67,509	119,818
3 Profit/(Loss) for the period	2,136	18,470	50,331	91,260
4 Profit/(Loss) attributable to ordinary equity holders of the parents	2,136	18,470	50,331	91,260
5 Basic earnings/(loss) per share (sen)	1.76	15.21	41.42	75.11
6 Proposed/Declared dividend per share (sen)	40 sen	50 sen	70 sen	110 sen
	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 (RM)		5.3214		5.6996

Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CURRENT YEAR TODATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
1 Gross interest income	1,729	2,214	8,358	10,342
2 Gross interest expense	115	117	455	474

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 2016 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue		160,936	188,471	654,787	702,576
Cost of sales		(120,063)	(128,650)	(464,170)	(463,484)
Gross Profit		<u>40,873</u>	<u>59,821</u>	<u>190,617</u>	<u>239,092</u>
Other (expense)/income		2,306	(332)	2,883	1,334
Selling and Distribution Expenses		(26,800)	(29,289)	(104,498)	(107,643)
Administrative Expenses		(8,425)	(8,807)	(27,802)	(27,717)
Operating profit		<u>7,954</u>	<u>21,393</u>	<u>61,200</u>	<u>105,066</u>
Finance income	8	1,729	2,214	8,358	10,342
Finance costs	8	(115)	(117)	(455)	(474)
Net finance income		<u>1,614</u>	<u>2,097</u>	<u>7,903</u>	<u>9,868</u>
		<u>9,568</u>	<u>23,490</u>	<u>69,103</u>	<u>114,934</u>
Share of results of associates, net of tax	*	(4,913)	81	(1,594)	4,884
Share of results of joint venture, net of tax		-	1	-	-
		<u>(4,913)</u>	<u>82</u>	<u>(1,594)</u>	<u>4,884</u>
Profit before tax	8	<u>4,655</u>	<u>23,572</u>	<u>67,509</u>	<u>119,818</u>
Income tax expense	9	(2,519)	(5,102)	(17,178)	(28,558)
Profit net of tax, representing total comprehensive income for the quarter/ year ended		<u>2,136</u>	<u>18,470</u>	<u>50,331</u>	<u>91,260</u>
Profit and total comprehensive income for the quarter/year ended attributable to : Equity holders of the Company		<u>2,136</u>	<u>18,470</u>	<u>50,331</u>	<u>91,260</u>
Earnings per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>1.76</u>	<u>15.21</u>	<u>41.42</u>	<u>75.11</u>
* - Share of results of associates, net of tax		1,628	81	4,947	4,884
- Share of loss from another associate due to development expenditure written off		(6,541)	-	(6,541)	-
		<u>(4,913)</u>	<u>81</u>	<u>4,947</u>	<u>4,884</u>

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
AS AT 31 DECEMBER 2016 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2016 RM'000	31 December 2015 RM'000 (Audited)
Assets			
Non - current assets			
Property, plant and equipment	11	262,067	291,793
Intangible assets	12	1,625	1,891
Prepaid lease payments		3	7
Investment in associates		80,380	100,274
Other receivables		1,195	2,204
Total non - current assets		<u>345,270</u>	<u>396,169</u>
Current assets			
Inventories	13	100,621	97,907
Trade and other receivables		113,300	108,958
Tax recoverable		5,118	105
Cash and bank balances	14	222,550	242,263
Total current assets		<u>441,589</u>	<u>449,233</u>
Total assets		<u><u>786,859</u></u>	<u><u>845,402</u></u>
Equity attributable to equity holders of the Company			
Share Capital		123,956	123,956
Reserves		535,666	582,538
Total equity		<u>659,622</u>	<u>706,494</u>
Liabilities			
Non - current liabilities			
Provision	16	1,292	889
Deferred tax liabilities		22,504	25,793
Total non - current liabilities		<u>23,796</u>	<u>26,682</u>
Current liabilities			
Provision	16	1,256	932
Income tax payable		206	787
Loans and borrowings	17	13,818	11,061
Trade and other payables		88,161	99,446
Total current liabilities		<u>103,441</u>	<u>112,226</u>
Total liabilities		<u>127,237</u>	<u>138,908</u>
Total equity and liabilities		<u><u>786,859</u></u>	<u><u>845,402</u></u>
Net Assets per Share (RM)		<u>5.32</u>	<u>5.70</u>
Net Tangible Assets per Share (RM)		<u>5.31</u>	<u>5.68</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 FOURTH QUARTER ENDED 31 DECEMBER 2016 - 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	Treasury Shares RM'000	General Reserve RM'000	Retained Profits RM'000	
At 1 January 2016	123,956	133,946	398	(20,633)	115,347	353,480	706,494
Net profit for the year	-	-	-	-	-	50,331	50,331
Final dividend totalling 50 sen per share in respect of the financial year ended 31 December 2015	-	-	-	-	-	(60,760)	(60,760)
First interim dividend totalling 30 sen per share in respect of the financial year ended 31 December 2016	-	-	-	-	-	(36,443)	(36,443)
At 31 December 2016	123,956	133,946	398	(20,633)	115,347	306,608	659,622
At 1 January 2015	123,956	133,946	398	(20,633)	115,347	432,309	785,323
Net profit for the year	-	-	-	-	-	91,260	91,260
Final & Special dividend totalling 80 sen per share in respect of the financial year ended 31 December 2014	-	-	-	-	-	(97,202)	(97,202)
First interim dividend totalling 40 sen per share in respect of the financial year ended 31 December 2015	-	-	-	-	-	(48,591)	(48,591)
Second interim dividend totalling 20 sen per share in respect of the financial year ended 31 December 2015	-	-	-	-	-	(24,296)	(24,296)
At 31 December 2015	123,956	133,946	398	(20,633)	115,347	353,480	706,494

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 2016 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months ended	
	31 December 2016	31 December 2015
	RM'000	RM'000
<u>Operating activities</u>		
Profit before taxation	67,509	119,818
<u>Adjustments for:</u>		
Allowance for obsolete stock	238	50
Amortisation of intangible assets	473	364
Amortisation of prepaid lease payments	4	5
Depreciation of property, plant and equipment	48,688	48,340
Finance cost	455	474
Finance income	(8,358)	(10,342)
Impairment loss on trade receivables	-	229
Inventories written off	264	-
Investment in joint venture entity written off	-	1
Net (gain)/loss on disposal of property, plant and equipment	(69)	46
Property, plant and equipment written off	887	460
Provision for Voluntary Separation Scheme	665	-
Reversal of provision for restoration costs	-	(6)
Reversal of impairment loss on associates	(1,200)	-
Share of results of associates	1,594	(4,884)
	<u>43,641</u>	<u>34,737</u>
Operating cash flows before changes in working capital	111,150	154,555
<u>Changes in working capital:</u>		
Change in inventories	(3,216)	3,948
Change in trade and other receivables	(3,333)	(10,540)
Change in trade and other payables	(11,285)	6,079
Total changes in working capital	<u>(17,834)</u>	<u>(513)</u>
Interest received	8,358	10,342
Interest paid	(393)	(449)
Income taxes paid	(26,061)	(35,568)
	<u>(18,096)</u>	<u>(25,675)</u>
Net cash flows from operating activities	<u>75,220</u>	<u>128,367</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment	(19,849)	(34,703)
Net proceeds from disposal of property, plant and equipment	69	752
Dividend income	19,500	15,000
Placement of short term deposits more than three months	(1,000)	-
Withdrawal of short term deposits more than three months	55,000	20,000
Purchase of intangible assets	(207)	(1,074)
Net cash flows generated from/(used in) investing activities	<u>53,513</u>	<u>(25)</u>
<u>Financing activities</u>		
Dividends paid	(97,203)	(170,089)
Net proceeds from loans & borrowings	2,757	190
Net cash flows used in financing activities	<u>(94,446)</u>	<u>(169,899)</u>
Net increase/(decrease) in cash and cash equivalents	34,287	(41,557)
Cash & cash equivalents at 1 January	167,263	208,820
Cash & cash equivalents at 30 December (Note 14)	<u>201,550</u>	<u>167,263</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 FOURTH QUARTER ENDED 31 DECEMBER 2016 - 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 23 February 2017.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the year ended 31 December 2016, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Board 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 2015, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The consolidated financial statements of the Group for the year ended 31 December 2015 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 consolidated financial statements as at and for the year ended 31 December 2015.

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 2016 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 2016, the Group adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2016:

Description	Effective for annual financial periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 - UNAUDITED

	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
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(iii) 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 31 December 2016.

6. Segmental information

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

	Cement	Ready-mixed Concrete	All other segments	Adjustment and Elimination	Total
<u>31.12.2016</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	514,651	229,175	2,985	-	746,811
Inter-segment revenue	(89,039)	-	(2,985)	-	(92,024)
Revenue from external customers	425,612	229,175	-	-	654,787
Segment profit/(loss)	75,123	6,292	(875)	(20,540)	60,000
Inter-segment elimination	(1,411)	1,199	212	1,200	1,200
	73,712	7,491	(663)	(19,340)	61,200
Segment profit/(loss)	75,123	6,292	(875)	(20,540)	60,000
Finance income	8,164	288	2	(96)	8,358
Finance cost	-	(551)	-	96	(455)
Share of losses from associates	-	-	-	(1,594)	(1,594)
Reversal of impairment loss on associates	1,200	-	-	-	1,200
Profit/(loss) before tax	84,487	6,029	(873)	(22,134)	67,509

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<u>31.12.2015</u>	Cement RM'000	Ready-mixed Concrete RM'000	All other segments RM'000	Adjustment and Elimination RM'000	Total RM'000
Segment revenue	560,324	241,194	235	-	801,753
Inter-segment revenue	(98,942)	-	(235)	-	(99,177)
Revenue from external customers	461,382	241,194	-	-	702,576
Segment profit/(loss)	114,548	6,354	(1,178)	(14,658)	105,066
Inter-segment elimination	(1,408)	1,196	212	-	-
	113,140	7,550	(966)	(14,658)	105,066
Segment profit/(loss)	114,548	6,354	(1,178)	(14,658)	105,066
Finance income	10,109	447	3	(217)	10,342
Finance cost	-	(691)	-	217	(474)
Share of profit of associates	-	-	-	4,884	4,884
Profit/(loss) before tax	124,657	6,110	(1,175)	(9,774)	119,818

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	31.12.2016 RM'000	31.12.2015 RM'000
Malaysia	654,787	697,275
Outside Malaysia	-	5,301
	654,787	702,576

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 - UNAUDITED

8. Profit before tax

Included in the profit before tax are the following items:

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):					
Amortisation of prepaid lease payments		1	1	4	5
Amortisation of intangible assets	12	123	118	473	364
Depreciation of property, plant and equipment	11	12,219	12,531	48,688	48,340
Allowance for obsolete stock		-	50	238	50
Finance income		(1,729)	(2,214)	(8,358)	(10,342)
Finance cost		115	117	455	474
Net loss/(gain) on disposal of property, plant and equipment		(66)	227	(69)	46
Inventories written off		264	-	264	-
Impairment loss/(reversal) on receivables		-	-	-	229
Investment in joint venture written off		-	-	-	1
Property, plant and equipment written off	11	739	329	887	460
Net loss/(gain) on foreign exchange - realised		1	122	1	(70)
Net fair value loss on derivatives		2	158	-	-
Provision/(Reversal of provision) for restoration costs	16	-	34	-	(6)
Provision for voluntary separation scheme		665	-	665	-
Reversal of impairment loss on associates		(1,200)	-	(1,200)	-
Rental income		(263)	(161)	(817)	(706)

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 except as disclosed above.

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(3,050)	(7,257)	(20,534)	(32,552)
- Prior year	(194)	(56)	67	192
	(3,244)	(7,313)	(20,467)	(32,360)
<u>Deferred tax</u>				
Reversal of temporary differences	1,052	1,157	3,389	2,856
Effect on decrease in Malaysian income tax rate	-	1,191	-	1,191
Under provision in respect of prior years	(327)	(137)	(100)	(245)
	(2,519)	(5,102)	(17,178)	(28,558)

The Group's effective tax rate for the current quarter is above the statutory tax rate of 24% (2015: 25%) in Malaysia mainly due to non tax-deductible expenses.

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10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	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	2,136	18,470	50,331	91,260
Less : 6% Preference Dividend	-	-	(20)	(20)
Proportion of profit attributable to preference shareholders	(6)	(50)	(136)	(247)
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	2,130	18,420	50,175	90,993
Weighted average number of ordinary shares in issue at 31 December ('000)	121,143	121,143	121,143	121,143
Basic earnings per share (sen) for Profit for the year	1.76	15.21	41.42	75.11

(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	31 December 2016	31 December 2015
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		291,793	306,688
Additions		19,849	34,703
Disposals		-	(798)
Less: Depreciation	8	(48,688)	(48,340)
Less: Written off	8	(887)	(460)
Balance at end of year		262,067	291,793

12. Intangible assets

	Note	31 December 2016	31 December 2015
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		1,891	1,181
Additions		207	1,074
Less: Amortisation	8	(473)	(364)
Balance at end of year		1,625	1,891

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 - UNAUDITED

13. Inventories

During the 12 months ended 31 December 2016, the Group recognised a write-down of inventory spares of RM264,000 (2015: Nil) related to firebricks which have exceeded its safe shelf life. The write-down is included in cost of sales.

14. Cash and bank balances

	31 December 2016	31 December 2015
	RM'000	RM'000
Cash at banks and on hand	39,410	41,743
Short term deposits with licensed banks	183,140	200,520
Cash and cash equivalents	222,550	242,263
Less: Short-term deposits more than three months	(21,000)	(75,000)
	<u>201,550</u>	<u>167,263</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.

16. Provision

	Note	Restoration cost	Voluntary separation scheme	31 December 2016	31 December 2015
		RM'000	RM'000	RM'000	RM'000
Balance at the beginning of year		1,821	-	1,821	1,648
Arose during the period and year		448	665	1,113	194
Unwinding of discount		62	-	62	25
Reversal of provision	8	-	-	-	(6)
Payments during the year		(448)	-	(448)	(40)
Balance at end of year		<u>1,883</u>	<u>665</u>	<u>2,548</u>	<u>1,821</u>

At 31 December 2016

Current	1,256	932
Non-current:		
Later than 1 year but not later than 5 years	1,292	889
	<u>2,548</u>	<u>1,821</u>

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 voluntary separation scheme

On 8 December 2016, the Company announced a voluntary separation scheme as part of rationalisation of manpower. The scheme was offered to all regular employees. The estimated cost of the scheme is approximately RM665,000 and expected to be paid during the first quarter of the next financial year ending 31 December 2017.

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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 2016	31 December 2015
	RM'000	RM'000
Bankers' Acceptances (unsecured)	13,818	11,061

18. Dividends

Since the end of the previous financial year, the Company paid a final dividend totalling RM60.571 million on 30 May 2016, comprising single-tier final dividend of 50 sen per share on the ordinary shares and single-tier dividends totalling RM187,600 comprising preference dividend of 6 sen per share and single-tier final dividend of 50 sen per share on the 6% Cumulative Participating Preference Shares in respect of the financial year ended 31 December 2015.

On 9 September 2016, the Company paid a first interim dividend comprising single-tier dividend of 30 sen on the ordinary shares totalling RM36.343 million and single-tier dividend of 30 sen per share on the 6% Cumulative Participating Preference Shares totalling RM100,500 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:

	31 December 2016	31 December 2015
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	12,609	4,483
- Approved but not contracted for	2,623	7,165
	<u>15,232</u>	<u>11,648</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 total net revenue and profit after tax of RM160.9 million and RM2.1 million respectively for the current quarter compared to total net revenue and profit after tax of RM188.5 million and RM18.5 million respectively for the previous year's corresponding quarter. The lower revenue was mainly due to lower average net pricing from the intensified price competition in the domestic market for both cement and ready-mixed concrete segments. The lower profit after tax was mainly due to share of loss from associates of RM4.9 million compared to a share of profit of RM81,000 in the previous year's corresponding quarter.

The cement segment registered a lower operating profit of RM4.5 million for the current quarter compared with the previous year's corresponding quarter of RM19.8 million mainly due to lower sales volume and lower net pricing in cement arising from the intensified price competition in the domestic market.

The ready-mixed concrete segment recorded a lower operating profit of RM1.03 million for the current quarter compared with the previous year's corresponding quarter of RM1.69 million. Net revenue of RM58.5 million for the current quarter was lower compared with the previous year's corresponding quarter of RM64.1 million. Lower sales volume and lower net pricing arising from price competition in the ready-mixed concrete market affected the current quarter's profit. However, lower cost of raw materials partly mitigated the impact from the lower pricing due to the price competition.

The Group's interest income of RM1.7 million for the current quarter was lower compared with RM2.2 million in the previous year's corresponding quarter due to lesser amount of funds placed on term deposits.

Share of loss from the Group's associated companies during the current quarter of RM4.9 million compared to a share of profit of RM81,000 from the previous year's corresponding quarter was mainly due to the write off of development expenditure in one of the associated companies which impacted the Group's result by RM6.5 million. Excluding the write off of the development expenditure, the share of profit in the associated companies for the current quarter would have recorded RM1.6 million compared to RM81,000 of previous year's corresponding quarter.

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

The Group's total net revenue for the reporting year of RM654.8 million was lower by RM47.8 million from the corresponding period to date of previous year. This was mainly due to the intensified price competition in the domestic market resulting in lower average net pricing for both the cement and ready-mixed concrete segments which resulted in the Group's lower profit after tax of RM50.3 million in the current year compared to RM91.3 million of the corresponding period to date of previous year. Lower interest income and lower share of results of the Group's associated companies for the current year also partly affected the Group's profit.

Cement segment's net revenue of RM514.7 million for the reporting year was RM45.6 million lower compared with the corresponding period to date of previous year despite the increased sales volume. This was mainly due to the intensified price competition in the domestic market that impacted the cement average net pricing. As a result, the cement segment's operating profit for the current year decreased to RM51.6 million from the corresponding period to date of previous year's RM96.8 million.

The ready-mixed concrete segment recorded an operating profit of RM6.2 million for the reporting year on lower net revenue of RM227.9 million compared with the corresponding period to date of previous year's operating profit of RM6.2 million on net revenue of RM240.2 million. Despite the marginally lower sales volume and lower net pricing, the contribution margin was maintained due to savings from lower cost of raw materials and cartage expenses.

The Group's interest income of RM8.4 million for the current year was lower by RM2.0 million than the corresponding period to date of previous year due to lesser amount of funds placed on term deposits.

Share of loss from the Group's associated companies for the current year of RM1.6 million compared to a share of profit of RM4.88 million from the corresponding period to date of previous year was mainly due to the write off of development expenditure in one of the associated companies which impacted the Group's result by RM6.5 million. Excluding the write off, the share of results from associated companies for the current reporting year would have recorded a share of profit of RM4.95 million compared to RM4.88 million of the corresponding period to date of previous year.

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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 31 December 2016 RM'000	Immediate preceding quarter 30 September 2016 RM'000
Revenue	160,936	149,127
Net profit before tax	9,568	8,030
Share of profit of associates	(4,913)	1,859
Consolidated profit before tax	4,655	9,889

The Group's net revenue of RM160.9 million for the current financial quarter was higher compared with RM149.1 million recorded in the immediate preceding quarter mainly due to higher sales volume registered in both the cement and ready-mixed concrete segments. However, the group's net revenue was affected by the lower net selling price experienced by both the cement and ready-mixed concrete segments arising from intensified price competition. Higher operating expenses in both the cement and ready-mixed concrete segment and lower interest also affected the current quarter's performance for the current quarter compared with the immediate preceding quarter. The share of loss from the Group's associated companies of RM4.9 million during the current financial quarter was mainly from the write off of development expenditure in one of the associated companies impacting the Group current quarter result by RM6.5 million. Excluding the write off, the share of results from associated companies would have recorded RM1.6 million compared to RM1.8 million of the immediate preceding quarter.

Commentary on prospects

24. The prospect for the domestic construction sector for the first quarter of 2017 is expected to be challenging with the slowdown of the property industry. Cement demand will depend on the roll-out of the Government's announced major infrastructural projects and other mega projects in the Klang Valley. However, if the intensified price competition in the cement and ready-mixed concrete market continues, it may affect the Group's operating results.

Profit forecast or profit guarantee

25. The Group did not publish any profit forecast or profit guarantee during the current quarter and the financial year.

Corporate proposals

26. There were no announcement of any corporate proposal during the current quarter and the financial year.

Material litigation

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

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Dividends

A proposed final single-tier dividend of 40 sen per share (2015: single-tier 50 sen per share) on the Ordinary Shares and on the 6% Cumulative Participating Preference Shares have been recommended subject to approval of shareholders.

Total Final dividend per share:

	Current quarter 31 December 2016	Preceding year corresponding quarter 31 December 2015
Ordinary (single-tier)	<u>40.0 sen</u>	<u>50.0 sen</u>
Preference (single-tier)	<u>40.0 sen</u>	<u>50.0 sen</u>

The final dividend, if approved by shareholders at the forthcoming Annual General Meeting, will be payable on 26 May 2017 to shareholders whose names appear in the Record of Depositors as at the close of business on 12 May 2017.

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 12 May 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.

Derivative financial instruments

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

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

30. There were no gain/loss on fair value changes of financial assets and liabilities for the current quarter ended (4th Quarter of 2015 : Nil).

Sales of unquoted investments and properties.

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

Purchases and sales of quoted securities

32. There were no purchases and/or sales of quoted securities for the current quarter and the financial year to date.

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Realised and Unrealised Profit or (Losses) Disclosure

- 33.** The breakdown of the retained profits of the Group as at 31 December 2016 and 31 December 2015 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 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of the Group :		
- Realised	274,619	297,743
- Unrealised	(22,504)	(25,793)
	<u>252,115</u>	<u>271,950</u>
Total share of retained profits from associate and jointly controlled entity :		
- Realised	61,963	83,101
- Unrealised	(3,175)	(3,219)
	<u>310,903</u>	<u>351,832</u>
Add: consolidation adjustments	(4,295)	1,648
Retained profits as per consolidated accounts	<u><u>306,608</u></u>	<u><u>353,480</u></u>

Fair value hierarchy

- 34.** 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.

Auditors' report on preceding annual financial statements

- 35.** The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

BY ORDER OF THE BOARD

VINCENT CHOW POH JIN
COMPANY SECRETARY

23 FEBRUARY 2017
KUALA LUMPUR, MALAYSIA