

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Key Financial Information for the second financial quarter ended 30.6.2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM'000	CURRENT YEAR TODATE 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM'000
1 Revenue	173,743	182,558	344,724	348,531
2 Profit/(Loss) before tax	23,342	41,252	52,965	72,559
3 Profit/(Loss) for the period	17,962	31,177	40,635	54,754
4 Profit/(Loss) attributable to ordinary equity holders of the parents	17,962	31,177	40,635	54,754
5 Basic earnings/(loss) per share (sen)	14.79	25.67	33.44	45.06
6 Proposed/Declared dividend per share (sen)	30 sen	40 sen	30 sen	40 sen
7 Net assets per share attributable to ordinary equity holders of the parent (RM)	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
	5.5372		5.6996	

Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM'000	CURRENT YEAR TODATE 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM'000
1 Gross interest income	2,269	2,777	4,698	5,635
2 Gross interest expense	95	134	210	242

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 2016 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue		173,743	182,558	344,724	348,531
Cost of sales		(119,687)	(111,919)	(231,425)	(219,907)
Gross Profit		<u>54,056</u>	<u>70,639</u>	<u>113,299</u>	<u>128,624</u>
Other (expense)/income		222	531	417	1,264
Selling and Distribution Expenses		(27,773)	(28,552)	(53,622)	(53,581)
Administrative Expenses		(6,382)	(5,763)	(13,077)	(12,669)
Operating profit		<u>20,123</u>	<u>36,855</u>	<u>47,017</u>	<u>63,638</u>
Finance income	8	2,269	2,777	4,698	5,635
Finance costs	8	(95)	(134)	(210)	(242)
Net finance income		<u>2,174</u>	<u>2,643</u>	<u>4,488</u>	<u>5,393</u>
		<u>22,297</u>	<u>39,498</u>	<u>51,505</u>	<u>69,031</u>
Share of results of associates, net of tax		1,045	1,754	1,460	3,528
Profit before tax	8	<u>23,342</u>	<u>41,252</u>	<u>52,965</u>	<u>72,559</u>
Income tax expense	9	(5,380)	(10,075)	(12,330)	(17,805)
Profit net of tax, representing total comprehensive income for the quarter/ period ended		<u>17,962</u>	<u>31,177</u>	<u>40,635</u>	<u>54,754</u>
Profit and total comprehensive income for the quarter/period ended attributable to :					
Equity holders of the Company		<u>17,962</u>	<u>31,177</u>	<u>40,635</u>	<u>54,754</u>
Earnings per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>14.79</u>	<u>25.67</u>	<u>33.44</u>	<u>45.06</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 2016 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016 RM'000	31 December 2015 RM'000 (Audited)
Assets	Note		
Non - current assets			
Property, plant and equipment	11	276,054	291,793
Intangible assets	12	1,727	1,891
Prepaid lease payments		5	7
Investment in associates		83,734	100,274
Other receivables		1,700	2,204
Total non - current assets		<u>363,220</u>	<u>396,169</u>
Current assets			
Inventories	13	113,123	97,907
Trade and other receivables		115,852	108,958
Tax recoverable		994	105
Cash and bank balances	14	223,633	242,263
Total current assets		<u>453,602</u>	<u>449,233</u>
Total assets		<u><u>816,822</u></u>	<u><u>845,402</u></u>
Equity attributable to equity holders of the Company			
Share Capital		123,956	123,956
Reserves		562,414	582,538
Total equity		<u>686,370</u>	<u>706,494</u>
Liabilities			
Non - current liabilities			
Provision	16	906	889
Deferred tax liabilities		24,224	25,793
Total non - current liabilities		<u>25,130</u>	<u>26,682</u>
Current liabilities			
Provision	16	944	932
Income tax payable		20	787
Loans and borrowings	17	9,530	11,061
Trade and other payables		94,814	99,446
Derivative liabilities		14	-
Total current liabilities		<u>105,322</u>	<u>112,226</u>
Total liabilities		<u>130,452</u>	<u>138,908</u>
Total equity and liabilities		<u><u>816,822</u></u>	<u><u>845,402</u></u>
Net Assets per Share (RM)		<u>5.54</u>	<u>5.70</u>
Net Tangible Assets per Share (RM)		<u>5.52</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 SECOND QUARTER ENDED 30 JUNE 2016 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Non - distributable				Distributable		Total
	Share Capital	Share Premium	Capital Redemption Reserve	Treasury Shares	General Reserve	Retained Profits	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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 & Special 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
At 1 January 2015	123,956	133,946	398	(20,633)	115,347	432,309	785,323
Net profit for the period	-	-	-	-	-	54,754	54,754
Final & Special dividend totalling 80 sen per share in respect of the financial year ended 31 December 2014	-	-	-	-	-	(97,202)	(97,202)
At 30 June 2015	123,956	133,946	398	(20,633)	115,347	389,861	742,875

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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended	
	30 June 2016	30 June 2015
	RM'000	RM'000
<u>Operating activities</u>		
Profit before taxation	52,965	72,559
<u>Adjustments for:</u>		
Allowance for obsolete stock	238	-
Amortisation of intangible assets	229	161
Amortisation of prepaid lease payments	2	2
Depreciation of property, plant and equipment	24,396	23,736
Finance cost	210	242
Finance income	(4,698)	(5,635)
Net fair value loss/(gain) on derivatives	14	(30)
Net gain on disposal of property, plant and equipment	-	(190)
Property, plant and equipment written off	144	75
Reversal of provision for restoration costs	-	(57)
Share of results of associates	(1,460)	(3,528)
	<u>19,075</u>	<u>14,776</u>
Operating cash flows before changes in working capital	72,040	87,335
<u>Changes in working capital:</u>		
Change in inventories	(15,454)	(5,475)
Change in trade and other receivables	(6,390)	(921)
Change in trade and other payables	(4,603)	423
Total changes in working capital	<u>(26,447)</u>	<u>(5,973)</u>
Interest received	4,698	5,635
Interest paid	(210)	(242)
Income taxes paid	(15,555)	(16,847)
	<u>(11,067)</u>	<u>(11,454)</u>
Net cash flows from operating activities	<u>34,526</u>	<u>69,908</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment	(8,801)	(12,536)
Net proceeds from disposal of property, plant and equipment	-	550
Dividend income	18,000	15,000
(Placement)/withdrawal of short term deposits more than three months	(5,000)	10,000
Purchase of intangible assets	(65)	(51)
Net cash flows generated from investing activities	<u>4,134</u>	<u>12,963</u>
<u>Financing activities</u>		
Dividends paid	(60,759)	(97,202)
Net (repayments)/proceeds from loans & borrowings	(1,531)	603
Net cash flows used in financing activities	<u>(62,290)</u>	<u>(96,599)</u>
Net decrease in cash and cash equivalents	(23,630)	(13,728)
Cash & cash equivalents at 1 January	167,263	208,820
Cash & cash equivalents at 30 June (Note 14)	<u>143,633</u>	<u>195,092</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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 28 July 2016.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the period ended 30 June 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
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**Effective for
annual financial
periods
beginning on or
after**

MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
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 2016.

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>30.6.2016</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 from associates	-	-	-	1,460	1,460
Profit/(loss) before tax	68,244	2,846	(413)	(17,712)	52,965
<u>30.6.2015</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	281,010	114,244	56	-	395,310
Inter-segment revenue	(46,723)	-	(56)	-	(46,779)
Revenue from external customers	234,287	114,244	-	-	348,531
Segment profit/(loss)	76,434	2,697	(623)	(14,870)	63,638
Inter-segment elimination	(722)	617	105	-	-
	75,712	3,314	(518)	(14,870)	63,638
Segment profit/(loss)	76,434	2,697	(623)	(14,870)	63,638
Finance income	5,555	208	3	(131)	5,635
Finance cost	-	(373)	-	131	(242)
Share of profit of associates	-	-	-	3,528	3,528
Profit/(loss) before tax	81,989	2,532	(620)	(11,342)	72,559

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	30.6.2016	30.6.2015
	RM'000	RM'000
Malaysia	344,724	343,230
Outside Malaysia	-	5,301
	<u>344,724</u>	<u>348,531</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 6 months ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 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	2	2
Amortisation of intangible assets	12	115	82	229	161
Depreciation of property, plant and equipment	11	12,319	11,900	24,396	23,736
Allowance for obsolete stock		238	-	238	-
Finance income		(2,269)	(2,777)	(4,698)	(5,635)
Finance cost		95	134	210	242
Net gain on disposal of property, plant and equipment		-	-	-	(190)
Property, plant and equipment written off	11	40	1	144	75
Net Loss/(Gain) on foreign exchange - realised		-	1	1	(33)
Net fair value loss/(gain) on derivatives		(363)	(30)	14	(30)
Reversal of provision for restoration costs	16	-	(1)	-	(57)
Rental income		(212)	(320)	(404)	(448)

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - UNAUDITED

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(6,843)	(11,293)	(14,161)	(19,137)
- Prior year	248	-	261	-
	(6,595)	(11,293)	(13,900)	(19,137)
<u>Deferred tax</u>				
Origination of temporary differences	1,027	1,219	1,220	1,510
Over/(Under) provision in respect of prior years	188	(1)	350	(178)
	(5,380)	(10,075)	(12,330)	(17,805)

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.

10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 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	17,962	31,177	40,635	54,754
Less : 6% Preference Dividend	-	-	(20)	(20)
Proportion of profit attributable to preference shareholders	(49)	(84)	(110)	(148)
	17,913	31,093	40,505	54,586
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	17,913	31,093	40,505	54,586
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January ('000)	121,143	121,143	121,143	121,143
Effect of purchase of treasury shares ('000)	-	-	-	-
Weighted average number of ordinary shares in issue at 30 June ('000)	121,143	121,143	121,143	121,143
Basic earnings per share (sen) for Profit for the period	14.79	25.67	33.44	45.06

(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
		2016	2015
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		291,793	306,688
Additions		8,801	34,703
Disposals		-	(798)
Less: Depreciation	8	(24,396)	(48,340)
Less: Written off	8	(144)	(460)
Balance at end of period/year		276,054	291,793

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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12. Intangible assets

	Note	30 June 2016	31 December 2015
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		1,891	1,181
Additions		65	1,074
Less: Amortisation	8	(229)	(364)
Balance at end of period/year		<u>1,727</u>	<u>1,891</u>

13. Inventories

During the six months ended 30 June 2016, 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 2016	31 December 2015
	RM'000	RM'000
Cash at banks and on hand	35,583	41,743
Short term deposits with licensed banks	188,050	200,520
Cash and cash equivalents	<u>223,633</u>	<u>242,263</u>
Less: Short-term deposits more than three months	(80,000)	(75,000)
	<u>143,633</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 period to date.

16. Provision

	Note	30 June 2016	31 December 2015
		RM'000	RM'000
Balance at the beginning of year		1,821	1,648
Arose during the period and year		-	194
Unwinding of discount		33	25
Reversal of provision	8	-	(6)
Payments during the period/year		(4)	(40)
Balance at end of period/year		<u>1,850</u>	<u>1,821</u>

At 30 June 2016

Current	944	932
Non-current:		
Later than 1 year but not later than 5 years	906	889
	<u>1,850</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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - UNAUDITED

17. Group borrowings and debts securities

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

	30 June 2016	31 December 2015
	RM'000	RM'000
Bankers' Acceptances (unsecured)	9,530	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.

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 2016	30 June 2015
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	6,378	17,946
- Approved but not contracted for	6,690	5,668
	<u>13,068</u>	<u>23,614</u>

20. Contingencies

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

21. Events after the reporting period

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

22. Review of performance

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

The Group's total net revenue of RM173.7 million for the current quarter was RM8.8 million lower than the previous year's corresponding quarter of RM182.6 million mainly due to lower average net pricing for both cement and ready-mixed concrete segments arising from intensive price competition in the market. The Group's profit after tax of RM18.0 million for the current quarter was lower by RM13.2 million or 42.3% than the previous year's corresponding quarter profit after tax of RM31.2 million. Apart from the lower average net pricing, higher cement production costs and lower interest income also contributed to the lower profit after tax. Lower share of profit from the Group's associated company also affected the Group's current quarter profit.

The cement segment registered a lower operating profit of RM18.2 million in the current quarter compared with the previous year's corresponding quarter of RM34.7 million mainly due to lower net pricing arising from the intensive price competition in the domestic market. In addition, higher production cost due to plant maintenance also affected the segment's current quarter profit.

The concrete segment on the other hand recorded a higher operating profit of RM1.56 million in the current quarter compared to the corresponding quarter of RM1.28 million. This was achieved with a lower net revenue of RM57.7 million compared with the previous year's corresponding quarter revenue of RM59.7 million. The higher operating profit for the current quarter was mainly due to lower raw materials and cartage expenses which were sufficient to off-set the lower net pricing arising from the intensive price competition in the ready-mixed concrete market.

The Group's interest income of RM2.3 million for the current quarter was lower compared with RM2.8 million in the previous year's corresponding quarter due to lesser amount of funds placed on term deposits.

Share of profits from the Group's associated company during the current quarter decreased to RM1.04 million from the previous year's corresponding quarter of RM1.75 million was mainly due to the lower cement sales in the Sabah market.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(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 RM344.7 million was lower by RM3.8 million than the revenue for the corresponding period to date of previous year despite higher sales volume for both cement and ready-mixed concrete segments. The lower net revenue was mainly due to decreased net pricing from the intensive price competition in the domestic market. This led to the group's profit after tax of RM40.6 million in the current period to date which was RM14.1 million lower compared with the corresponding period to date of previous year. In addition, lower interest income and lower share of profits from the Group's associated company also affected the performance for the current period to date.

Cement segment's net revenue of RM277.1 million recorded for the current period to date was RM3.9 million lower compared with the corresponding period to date of previous year despite a 6.8% increase in sales volume mainly due to lower net pricing following the intensive price competition in the domestic market. Hence, the segment's operating profit was lower at RM43.6 million (exclude dividend income) for the current period to date compared to RM59.6 million for the corresponding period to date of previous year. Apart from the adverse impact of net pricing, higher production cost due to scheduled plant maintenance during the current period also partly contributed to the segment's lower profit.

The concrete segment recorded a higher operating profit of RM2.9 million for the current period to date on net revenue of RM115 million compared with operating profit of RM2.5 million on net revenue of RM114.2 million of the corresponding period to date of previous year mainly from the increase in sales volume with better sales margin.

The Group's interest income of RM4.7 million for the current period to date was RM937,000 lower than the corresponding period to date of previous year mainly due to lesser amount of funds placed on short term deposits.

Share of profits from the Group's associated company decreased to RM1.5 million for the current period to date from RM3.5 million in the corresponding period to date of previous year mainly due to lower cement sales in the Sabah market and lower margins arising from higher cost of production.

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

	Current quarter 30 June 2016 RM'000	Immediate preceding quarter 31 March 2016 RM'000
Revenue	173,743	170,981
Net profit before tax	22,297	29,208
Share of profit of associates	1,045	415
Consolidated profit before tax	23,342	29,623

The Group's net revenue of RM173.7 million for the current financial quarter was higher compared with RM171.0 million recorded in the immediate preceding quarter mainly due to increase in sales volume for both the cement and ready-mixed concrete segments. The higher sales volume was partly due to longer business cycle in the current financial quarter compared to the immediate preceding quarter. However, despite the increased sales volume, net revenue for both segments was affected by the declining net pricing following the intensive price competition. Hence, the Group's profit before tax of RM23.3 million in the current financial quarter decreased by RM6.3 million compared with RM29.6 million of the immediate preceding quarter. Apart from the declining net pricing factor, cement segment's cost of production was also higher due to the scheduled plant maintenance during the current financial quarter. However, share of profits from the Group's associated company for the current quarter at RM1.0 million was RM585,000 higher compared with RM415,000 in the immediate preceding quarter.

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24. Commentary on prospects

The outlook and growth of the domestic construction sector for the third quarter of 2016 are expected to be positive. Implementation of the government's infrastructure transportation related projects such as the Klang Valley MRT Line 2, LRT Line 3 and some highway projects, which were awarded progressively, are expected to commence in the second half of the year. These projects together with some of Klang Valley's mega projects such as the Bukit Bintang City Center (BBCC), KL118, TRX and Bandar Malaysia are expected to support the momentum of the construction sector's growth.

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.

28. Dividends

A single-tier interim dividend of 30 sen per share (2015: single-tier 40 sen per share) on the Ordinary Shares and a single-tier interim ordinary dividend of 30 sen per share (2015: 40 sen per share) on the 6% Cumulative Participating Preference Shares have been declared and will be payable on 9 September 2016 to shareholders whose names appear in the Record of Depositors at the close of business on 22 August 2016.

Total interim dividend per share:

	Current quarter 30 June 2016	Preceding year corresponding quarter 30 June 2015
Ordinary (single-tier)	<u>30.0 sen</u>	<u>40.0 sen</u>
Preference (single-tier)	<u>30.0 sen</u>	<u>40.0 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 22 August 2016 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.

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29. Derivative financial instruments

The outstanding forward foreign currency exchange contracts as at 30 June 2016 are as follows:

<u>Type of Derivatives</u>	Note	Contract	Fair value	
		value	Assets	Liabilities
		RM'000	RM'000	RM'000
Foreign Exchange Contracts - Less than 1 year	34	11,639	-	14

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

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

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

There are no cash requirements for these derivatives.

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

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 2015 : Nil).

31. Sales of unquoted investments and properties.

There were no sales 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.

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33. Realised and Unrealised Profit or (Losses) Disclosure

The breakdown of the retained profits of the Group as at 30 June 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 30 June 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of the Group :		
- Realised	292,677	297,743
- Unrealised	(24,224)	(25,793)
	<u>268,453</u>	<u>271,950</u>
Total share of retained profits from associate and jointly controlled entity :		
- Realised	66,517	83,101
- Unrealised	(3,175)	(3,219)
	<u>331,795</u>	<u>351,832</u>
Add: consolidation adjustments	1,561	1,648
Retained profits as per consolidated accounts	<u><u>333,356</u></u>	<u><u>353,480</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 held the following financial liabilities that are measured at fair value:

	Note	Level 2 30 June 2016 RM'000	Level 2 31 December 2015 RM'000
Foreign Exchange Contracts	29	(14)	-

35. Auditors' report on preceding annual financial statements

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

28 JULY 2016
KUALA LUMPUR, MALAYSIA