

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 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue		135,258	160,936	549,112	654,787
Cost of sales		(112,936)	(120,063)	(429,584)	(464,170)
Gross profit		<u>22,322</u>	<u>40,873</u>	<u>119,528</u>	<u>190,617</u>
Other (expense)/income		1,583	2,306	2,717	2,883
Selling and Distribution Expenses		(26,439)	(26,800)	(103,171)	(104,498)
Administrative Expenses		(7,067)	(8,425)	(25,055)	(27,802)
Operating (loss)/profit		<u>(9,601)</u>	<u>7,954</u>	<u>(5,981)</u>	<u>61,200</u>
Finance income	8	1,058	1,729	5,512	8,358
Finance cost	8	(134)	(115)	(558)	(455)
Net finance income		<u>924</u>	<u>1,614</u>	<u>4,954</u>	<u>7,903</u>
		<u>(8,677)</u>	<u>9,568</u>	<u>(1,027)</u>	<u>69,103</u>
Share of results of associates, net of tax		843	(4,913)	2,652	(1,594)
(Loss)/Profit before tax	8	<u>(7,834)</u>	<u>4,655</u>	<u>1,625</u>	<u>67,509</u>
Income tax expense	9	1,894	(2,519)	(630)	(17,178)
(Loss)/Profit net of tax for the quarter/year ended		<u>(5,940)</u>	<u>2,136</u>	<u>995</u>	<u>50,331</u>
(Loss)/Profit net of tax for the quarter/year ended attributable to :					
Equity holders of the Company		<u>(5,940)</u>	<u>2,136</u>	<u>995</u>	<u>50,331</u>
Earnings per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>(4.89)</u>	<u>1.76</u>	<u>0.80</u>	<u>41.42</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 STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss)/Profit net of tax for the quarter/year ended		(5,940)	2,136	995	50,331
Other comprehensive income:					
<u>Items that may be reclassified subsequently to profit and loss:</u>					
Net changes on available-for-sale ("AFS") financial assets					
- Changes in fair value of AFS investment	32	(868)	-	99	-
Total comprehensive (expense)/income net of income tax for the quarter/year ended		<u>(6,808)</u>	<u>2,136</u>	<u>1,094</u>	<u>50,331</u>
Total comprehensive (expense)/income for the quarter/year ended attributable to :					
Equity holders of the Company		<u>(6,808)</u>	<u>2,136</u>	<u>1,094</u>	<u>50,331</u>

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

TASEK CORPORATION BERHAD
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2017 RM'000	31 December 2016 RM'000 (Audited)
Assets			
Non - current assets			
Property, plant and equipment	11	242,578	262,067
Intangible assets	12	1,285	1,625
Prepaid lease payments		-	3
Available-for-sale investment		9,617	-
Investment in associates		80,032	80,380
Other receivables		242	1,195
Total non - current assets		<u>333,754</u>	<u>345,270</u>
Current assets			
Inventories	13	130,072	100,621
Trade and other receivables		99,645	113,300
Tax recoverable		11,339	5,118
Cash and bank balances	14	132,832	222,550
Total current assets		<u>373,888</u>	<u>441,589</u>
Total assets		<u><u>707,642</u></u>	<u><u>786,859</u></u>
Equity attributable to equity holders of the Company			
Share Capital		258,300	123,956
Reserves		329,509	535,666
Total equity		<u>587,809</u>	<u>659,622</u>
Liabilities			
Non - current liabilities			
Provision	16	1,572	1,292
Deferred tax liabilities		17,601	22,504
Total non - current liabilities		<u>19,173</u>	<u>23,796</u>
Current liabilities			
Provision	16	745	1,256
Income tax payable		658	206
Loans and borrowings	17	9,061	13,818
Trade and other payables		90,196	88,161
Total current liabilities		<u>100,660</u>	<u>103,441</u>
Total liabilities		<u>119,833</u>	<u>127,237</u>
Total equity and liabilities		<u><u>707,642</u></u>	<u><u>786,859</u></u>
Net Assets per Share (RM)		<u>4.85</u>	<u>5.32</u>
Net Tangible Assets per Share (RM)		<u>4.84</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 FOURTH QUARTER ENDED 31 DECEMBER 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 year	-	-	-	-	-	-	995	995
Other comprehensive income	-	-	-	99	-	-	-	99
Total comprehensive income	-	-	-	99	-	-	995	1,094
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 ended 31 December 2017	-	-	-	-	-	-	(24,296)	(24,296)
At 31 December 2017	258,300	-	-	99	(20,633)	115,347	234,696	587,809
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

(*) 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 STATEMENT OF CASH FLOWS

	12 Months ended	
	31 December 2017	31 December 2016
	RM'000	RM'000
<u>Operating activities</u>		
Profit before taxation	1,625	67,509
<u>Adjustments for:</u>		
Allowance for obsolete stock	-	238
Amortisation of intangible assets	396	473
Amortisation of prepaid lease payments	3	4
Depreciation of property, plant and equipment	48,575	48,688
Finance cost	558	455
Interest income	(5,512)	(8,358)
Inventories written off	364	264
Intangible assets written off	5	-
Net gain on disposal of property, plant and equipment	(196)	(69)
Property, plant and equipment written off	142	887
(Reversal) / Provision for Voluntary Separation Scheme	(40)	665
Reversal of provision for restoration costs	(128)	-
Reversal of impairment loss on associates	-	(1,200)
Share of results of associates	(2,652)	1,594
	<u>41,515</u>	<u>43,641</u>
Operating cash flows before changes in working capital	43,140	111,150
<u>Changes in working capital:</u>		
Change in inventories	(29,815)	(3,216)
Change in trade and other receivables	14,608	(3,333)
Change in trade and other payables	1,893	(11,285)
Total changes in working capital	<u>(13,314)</u>	<u>(17,834)</u>
Interest received	5,512	8,358
Interest paid	(479)	(393)
Income taxes paid	(11,302)	(26,061)
	<u>(6,269)</u>	<u>(18,096)</u>
Net cash flows generated from operating activities	<u>23,557</u>	<u>75,220</u>
<u>Investing activities</u>		
Acquisition of available-for-sales investment	(9,518)	-
Purchase of property, plant and equipment	(29,464)	(19,849)
Purchase of intangible assets	(61)	(207)
Net proceeds from disposal of property, plant and equipment	432	69
Placement of short term deposits more than three months	(19,000)	(1,000)
Withdrawal of short term deposits more than three months	-	55,000
Dividend income	3,000	19,500
Net cash flows (used in)/generated from investing activities	<u>(54,611)</u>	<u>53,513</u>
<u>Financing activities</u>		
Dividends paid	(72,907)	(97,203)
Net (repayments of) / proceeds from loans & borrowings	(4,757)	2,757
Net cash flows used in financing activities	<u>(77,664)</u>	<u>(94,446)</u>
Net (decrease)/ increase in cash and cash equivalents	(108,718)	34,287
Cash & cash equivalents at 1 January	201,550	167,263
Cash & cash equivalents at 31 December (Note 14)	<u>92,832</u>	<u>201,550</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 6 February 2018.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the year ended 31 December 2017, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2016, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The audited consolidated financial statements of the Group for the year ended 31 December 2016 which were prepared under MFRS and IFRS are available upon request from the Company's registered office at 6th Floor, Office Block, Grand Millennium Kuala Lumpur, 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 December 2016.

3. Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments that apply for the first time in 2017 do not have a material impact on the annual consolidated financial statements of the Group nor to the interim condensed consolidated financial statements of the Group.

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

Description	Effective for annual financial periods beginning on or after
MFRS 107: Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112: Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Annual Improvements to MFRSs 2014 – 2016 Cycle	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017

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MFRSs and Amendments to MFRSs issued but not yet effective

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

	Effective for annual financial periods beginning on or after
Annual Improvements to MFRSs 2014 – 2016 Cycle	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
MFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to MFRSs 2015 – 2017 Cycle	1 January 2019
(i) Amendments to MFRS 3: Business Combinations (Previously Held Interest in a Joint Operation)	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements (Previously Held Interest in a Joint Operation)	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes (Income Tax Consequences of Payments on Financial Instruments Classified as Equity)	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs (Borrowing Costs Eligible for Capitalisation)	1 January 2019
Amendments to MFRS 128: Investments in Associates and Joint Ventures (Long-term interests in Associates and Joint Ventures)	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
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 31 December 2017.

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6. Segmental information

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

	Cement	Ready-mixed Concrete	All other segments	Adjustment and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2017					
Segment revenue	398,977	239,071	4,776	-	642,824
Inter-segment revenue	(88,936)	-	(4,776)	-	(93,712)
Revenue from external customers	310,041	239,071	-	-	549,112
Segment profit/(loss)	(9,878)	7,408	(346)	(3,165)	(5,981)
Inter-segment elimination	(1,739)	1,523	216	-	-
	(11,617)	8,931	(130)	(3,165)	(5,981)
Segment profit/(loss)	(9,878)	7,408	(346)	(3,165)	(5,981)
Finance income	5,252	323	6	(69)	5,512
Finance cost	(28)	(570)	(29)	69	(558)
Share of profit from associates	-	-	-	2,652	2,652
Profit/(loss) before tax	(4,654)	7,161	(369)	(513)	1,625
	Cement	Ready-mixed Concrete	All other segments	Adjustment and Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2016					
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 profit of 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

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	31.12.2017	31.12.2016
	RM'000	RM'000
Malaysia	545,573	654,787
Outside Malaysia	3,539	-
	549,112	654,787

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.

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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 12 months ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):					
Amortisation of prepaid lease payments		-	1	3	4
Amortisation of intangible assets	12	92	123	396	473
Depreciation of property, plant and equipment	11	12,252	12,219	48,575	48,688
Allowance for obsolete stock		-	-	-	238
Finance income		(1,058)	(1,729)	(5,512)	(8,358)
Finance cost		134	115	558	455
Net loss/(gain) on disposal of property, plant and equipment		21	(66)	(196)	(69)
Inventories written off		364	264	364	264
Intangibles written off		5	-	5	-
Property, plant and equipment written off	11	45	739	142	887
Net loss on foreign exchange - realised		114	1	115	1
Net fair value gain on derivatives		-	2	-	-
Reversal of provision for restoration costs	16	(128)	-	(128)	-
Provision/(Reversal of provision) for voluntary separation scheme		-	665	(40)	665
Reversal of impairment loss on associates		-	(1,200)	-	(1,200)
Rental income		(256)	(263)	(994)	(817)

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

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	201	(3,050)	(5,359)	(20,534)
- Prior year	68	(194)	(174)	67
	269	(3,244)	(5,533)	(20,467)
<u>Deferred tax</u>				
Reversal of temporary differences	1,706	1,052	4,707	3,389
Over/(Under) provision in respect of prior years	(81)	(327)	196	(100)
	1,894	(2,519)	(630)	(17,178)

The Group's effective tax rate for the year is above the statutory tax rate of 24% (2016: 24%) 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 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
<u>(I) Basic earnings per share</u>				
(Loss)/Profit net of tax attributable to equity holders of the Company	(5,940)	2,136	995	50,331
Less : 6% Preference Dividend	-	-	(20)	(20)
Less : Proportion of (loss)/profit attributable to preference shareholders	16	(6)	(2)	(136)
(Loss)/Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	<u>(5,924)</u>	<u>2,130</u>	<u>973</u>	<u>50,175</u>
Weighted average number of ordinary shares in issue at 31 December ('000)	<u>121,143</u>	<u>121,143</u>	<u>121,143</u>	<u>121,143</u>
Basic earnings per share (sen)	<u>(4.89)</u>	<u>1.76</u>	<u>0.80</u>	<u>41.42</u>

(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 2017	31 December 2016
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		262,067	291,793
Additions		29,464	19,849
Disposals		(236)	-
Less: Depreciation	8	(48,575)	(48,688)
Less: Written off	8	(142)	(887)
Balance at end of year		<u>242,578</u>	<u>262,067</u>

12. Intangible assets

	Note	31 December 2017	31 December 2016
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		1,625	1,891
Additions		61	207
Less: Amortisation	8	(396)	(473)
Less: Written off	8	(5)	-
Balance at end of year		<u>1,285</u>	<u>1,625</u>

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13. Inventories

During the 12 months ended 31 December 2017, the Group recognised a write-down of inventory spares of RM364,000 (2016: RM264,000) related to firebricks which had exceeded its safe shelf life. The write-down was included in the cost of sales.

14. Cash and bank balances

	31 December 2017	31 December 2016
	RM'000	RM'000
Cash at banks and on hand	40,432	39,410
Short term deposits with licensed banks	92,400	183,140
Cash and cash equivalents	132,832	222,550
Less: Short-term deposits more than three months	(40,000)	(21,000)
	<u>92,832</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 year to date.

16. Provision

	Restoration cost	Voluntary separation scheme	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Balance at the beginning of year	1,883	665	2,548	1,821
Arose during the year	850	-	850	1,113
Unwinding of discount	79	-	79	62
Reversal of provision (Note 8)	(128)	(40)	(168)	-
Payments during the year	(367)	(625)	(992)	(448)
Balance at end of year	<u>2,317</u>	<u>-</u>	<u>2,317</u>	<u>2,548</u>

At 31 December 2017

Current	745	-	745	1,256
Non-current:				
Later than 1 year but not later than 5 years	1,572	-	1,572	1,292
	<u>2,317</u>	<u>-</u>	<u>2,317</u>	<u>2,548</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.

During the quarter, the company had made a provision for the restoration of its quarry lands as an obligation to comply with local authority's regulations to restore the lands on cessation of all quarrying activities. The calculated cost of compliance with the local authority's regulations was based on management's best estimates.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 - UNAUDITED**

17. Group borrowings and debts securities

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

	31 December 2017	31 December 2016
	RM'000	RM'000
Bankers' Acceptances (unsecured)	9,061	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 ended 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:

	31 December 2017	31 December 2016
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	13,936	12,609
- Approved but not contracted for	4,661	2,623
	<u>18,597</u>	<u>15,232</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 RM135.3 million and loss after tax of RM5.9 million for the current quarter compared to net revenue of RM160.9 million and profit after tax of RM2.1 million of the corresponding quarter of previous year. The lower net revenue was mainly due to lower cement sales in the domestic market and lower average net selling price for both cement and ready-mixed concrete. Lower interest income further affected the performance of the Group for the current quarter. Share of profit of associates in the reporting quarter on the other hand improved to a profit of RM843,000 from corresponding quarter of previous year's loss of RM4.9 million. The share of profit of associates in the corresponding quarter of previous year was impacted by the write off of development expenditure in one of the associated companies amounting to RM6.5 million. Excluding the write-off, the share of profits from associated companies of the corresponding quarter of previous year would have been RM1.6 million.

The cement segment recorded net revenue of RM96.6 million for the current quarter, a decrease of RM26.0 million or 21.2% compared to the corresponding quarter of previous year mainly due to lower domestic sales compounded by the intense pricing competition which resulted in lower average net cement selling prices. The cement segment registered an operating loss of RM13.4 million for the current quarter compared with a profit of RM4.5 million in the corresponding quarter of previous year.

The ready-mixed concrete segment on the other hand recorded an increase in net revenue for the current quarter mainly due to higher sales volume despite lower average net selling price. The segment's operating profit of RM1.7 million for the current quarter was RM673,000 higher than the corresponding quarter of previous year. The lower costs of raw material also contributed to the operating profit.

The Group's interest income of RM1.1 million for the current quarter was lower compared with RM1.7 million in the corresponding quarter of previous year due to less amount of funds placed on term deposits.

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

The Group's net revenue for the current year to date of RM549.1 million was RM105.7 million lower than the corresponding year to date of previous year. The lower net revenue was due to the prolonged pricing competition arising from lower domestic demand for cement which resulted in lower average net selling price for both the cement and ready-mixed concrete segments. This resulted in the Group's lower profit after tax of RM995,000 in the current year to date compared to RM50.3 million of the corresponding year to date of previous year. The payout from the retrenchment exercise in the cement segment and lower interest income further added to the lower profit.

Cement segment's net revenue of RM399.0 million for the current year to date was RM115.7 million lower compared with corresponding year to date of previous year mainly due to the lower demand for cement and prolonged pricing competition in the domestic market. The payout from the retrenchment exercise during the current year to date further affected the segment's performance. As a result, the cement segment recorded an operating loss of RM16.8 million in the current year to date compared to an operating profit of RM51.6 million in the corresponding year to date of previous year.

However, the ready-mixed concrete segment registered a higher operating profit of RM7.0 million for the current year to date compared with RM6.2 million in the corresponding year to date of previous year, in line with the increase noted in the sales volume. However, the prolonged pricing competition in cement segment had lead to price instability in the concrete segment and hence resulted in lower average concrete selling price which together with the rising diesel costs had partly impacted the segment's contribution margins. The lower raw material costs during the current year to date partly off-set the rising cartage cost and depleting pricing.

The Group's interest income of RM5.5 million for the current year to date was RM2.8 million lower compared to the corresponding year to date of previous year due to less amount of funds placed on term deposits.

Share of profit of associates in the current year to date improved to a profit of RM2.6 million from loss of RM1.6 million of the corresponding year to date of previous year mainly due to the write off of development expenditure in one of the associated companies amounting to RM6.5 million.

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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 2017 RM'000	Immediate preceding quarter 30 September 2017 RM'000
Revenue	135,258	146,546
Net profit before tax	(8,677)	1,630
Share of profit of associates	843	874
Consolidated profit before tax	(7,834)	2,504

The Group recorded lower net revenue of RM135.3 million for the current financial quarter compared to RM146.5 million in the immediate preceding quarter mainly due to lower sales volume registered by both the cement and concrete segments. Lower net selling price of cement from the prolonged price competition in the domestic market affected the Group's net revenue for the current financial quarter. This resulted in the Group's loss of RM7.8 million compared to a profit of RM2.5 million in the immediate preceding quarter. Rising production and transportation costs experienced by both the cement and concrete segments further affected the Group's performance for the current financial quarter. Lower interest income continue to affect the Group's performance for the current financial quarter.

24. Commentary on prospects

The Board expects the intense pricing competition to continue to the next quarter and affect the Group's performance. Construction works on the Government's infrastructural projects of the MRT2 (SSP Line) and the LRT3 (Bandar Utama - Klang Line) are expected to improve demand for cement for this year. However, the soft property market is expected to continue to weigh down the demand for cement.

25. Profit forecast or profit guarantee

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

26. Corporate proposals

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

A proposed final single-tier dividend of 20 sen per share (2016: single-tier 40 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 2017	Preceding year corresponding quarter 31 December 2016
Ordinary (single-tier)	20 sen	40.0 sen
Preference (single-tier)	20 sen	40.0 sen

The final dividend, if approved by shareholders at the forthcoming Annual General Meeting, will be payable on 25 May 2018 to shareholders whose names appear in the Record of Depositors as at the close of business on 11 May 2018.

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 11 May 2018 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

29. Derivative financial instruments

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

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

There were no gain/loss on fair value changes of financial assets and liabilities for the current quarter ended (4th 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 year 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 year to date except as follows.

Investment in quoted securities held by the Group as at 31 December 2017 was as follows:

	Current quarter 3 months ended RM'000	Cumulative quarter 12 months ended RM'000
At market value/cost	10,485	9,518
Add : Fair value (loss)/gain recognised in other comprehensive income	(868)	99
At market value/carrying value	9,617	9,617

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

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33. Realised and Unrealised Profit or (Losses) Disclosure

The breakdown of the retained profits of the Group as at 31 December 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 31 December 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Group :		
- Realised	209,117	274,619
- Unrealised	(17,601)	(22,504)
	<u>191,516</u>	<u>252,115</u>
Total share of retained profits from associate and jointly controlled entity :		
- Realised	61,572	61,963
- Unrealised	(3,131)	(3,175)
	<u>249,957</u>	<u>310,903</u>
Add: consolidation adjustments	(15,261)	(4,295)
Retained profits as per consolidated accounts	<u><u>234,696</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

6 FEBRUARY 2018
KUALA LUMPUR, MALAYSIA