

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 2018 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Revenue		133,574	134,981	269,903	267,308
Cost of sales		(109,282)	(103,032)	(220,854)	(202,542)
Gross profit		<u>24,292</u>	<u>31,949</u>	<u>49,049</u>	<u>64,766</u>
Other (expense)/income		890	325	3,116	763
Selling and Distribution Expenses		(26,117)	(25,326)	(53,636)	(49,857)
Administrative Expenses		(5,908)	(6,378)	(11,748)	(12,567)
Operating (loss)/profit		<u>(6,843)</u>	<u>570</u>	<u>(13,219)</u>	<u>3,105</u>
Finance income	8	896	1,438	1,930	3,196
Finance cost	8	(101)	(145)	(199)	(281)
Net finance income		<u>795</u>	<u>1,293</u>	<u>1,731</u>	<u>2,915</u>
		<u>(6,048)</u>	<u>1,863</u>	<u>(11,488)</u>	<u>6,020</u>
Share of results of associates, net of tax		1,467	314	2,907	935
(Loss)/Profit before tax	8	<u>(4,581)</u>	<u>2,177</u>	<u>(8,581)</u>	<u>6,955</u>
Income tax expense	9	(71)	(691)	(499)	(1,909)
(Loss)/Profit net of tax for the quarter/period ended		<u>(4,652)</u>	<u>1,486</u>	<u>(9,080)</u>	<u>5,046</u>
(Loss)/Profit net of tax for the quarter/period ended attributable to :					
Equity holders of the Company		<u>(4,652)</u>	<u>1,486</u>	<u>(9,080)</u>	<u>5,046</u>
(Loss)/Earnings per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>(3.84)</u>	<u>1.22</u>	<u>(7.51)</u>	<u>4.14</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 30 June		Cumulative quarter 6 months ended 30 June	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit net of tax for the quarter/period ended		(4,652)	1,486	(9,080)	5,046
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	(2,888)	(909)	(5,870)	(909)
Total comprehensive (expense)/income net of income tax for the quarter/period ended		<u>(7,540)</u>	<u>577</u>	<u>(14,950)</u>	<u>4,137</u>
Total comprehensive (expense)/income for the quarter/period ended attributable to :					
Equity holders of the Company		<u>(7,540)</u>	<u>577</u>	<u>(14,950)</u>	<u>4,137</u>

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TASEK CORPORATION BERHAD
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2018 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2018	31 December 2017
	Note	RM'000	RM'000
			(Audited)
Assets			
Non - current assets			
Property, plant and equipment	11	242,388	242,578
Intangible assets	12	1,240	1,285
Available-for-sale investment		7,133	9,617
Investment in associates		75,456	80,048
Other receivables		-	242
Total non - current assets		<u>326,217</u>	<u>333,770</u>
Current assets			
Inventories	13	138,112	130,072
Trade and other receivables		111,926	99,645
Tax recoverable		10,412	11,339
Cash and bank balances	14	84,252	132,832
Total current assets		<u>344,702</u>	<u>373,888</u>
Total assets		<u>670,919</u>	<u>707,658</u>
Equity attributable to equity holders of the Company			
Share Capital		258,300	258,300
Reserves		290,259	329,525
Total equity		<u>548,559</u>	<u>587,825</u>
Liabilities			
Non - current liabilities			
Provision	16	1,728	1,572
Deferred tax liabilities		16,151	17,601
Total non - current liabilities		<u>17,879</u>	<u>19,173</u>
Current liabilities			
Provision	16	733	745
Income tax payable		131	658
Loans and borrowings	17	9,123	9,061
Trade and other payables		94,494	90,196
Total current liabilities		<u>104,481</u>	<u>100,660</u>
Total liabilities		<u>122,360</u>	<u>119,833</u>
Total equity and liabilities		<u>670,919</u>	<u>707,658</u>
Net Assets per Share (RM)		<u>4.53</u>	<u>4.85</u>
Net Tangible Assets per Share (RM)		<u>4.52</u>	<u>4.84</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 2018 - 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 2018	258,300	-	-	99	(20,633)	115,347	234,712	587,825
Total comprehensive income	-	-	-	(5,870)	-	-	(9,080)	(14,950)
Final dividend totalling 20 sen per share in respect of the financial year ended 31 December 2017	-	-	-	-	-	-	(24,316)	(24,316)
At 30 June 2018	258,300	-	-	(5,771)	(20,633)	115,347	201,316	548,559
At 1 January 2017	123,956	133,946	398	-	(20,633)	115,347	306,608	659,622
Effect of implementation of Companies Act 2016	134,344	(133,946)	(398)	-	-	-	-	-
Total comprehensive income	-	-	-	(909)	-	-	5,046	4,137
Final dividend totalling 40 sen per share in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	(48,611)	(48,611)
At 30 June 2017	258,300	-	-	(909)	(20,633)	115,347	263,043	615,148

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 SECOND QUARTER ENDED 30 JUNE 2018 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended	
	30 June 2018	30 June 2017
	RM'000	RM'000
<u>Operating activities</u>		
(Loss)/Profit before taxation	(8,581)	6,955
<u>Adjustments for:</u>		
Amortisation of intangible assets	180	207
Amortisation of prepaid lease payments	-	3
Depreciation of property, plant and equipment	18,340	24,194
Finance cost	199	281
Finance income	(1,930)	(3,196)
Net gain on disposal of property, plant and equipment	(11)	(84)
Property, plant and equipment written off	37	65
Provision for retrenchment benefits	-	508
Reversal of provision for voluntary separation scheme	-	(40)
Share of results of associates	(2,907)	(935)
	<u>13,908</u>	<u>21,003</u>
Operating cash flows before changes in working capital	5,327	27,958
<u>Changes in working capital:</u>		
Change in inventories	(8,040)	(19,962)
Change in trade and other receivables	(12,040)	(3,065)
Change in trade and other payables	4,442	(8,927)
Total changes in working capital	<u>(15,638)</u>	<u>(31,954)</u>
Interest received	1,930	3,196
Interest paid	(199)	(281)
Income taxes paid	(1,549)	(8,458)
	<u>182</u>	<u>(5,543)</u>
Net cash flows used in operating activities	(10,129)	(9,539)
<u>Investing activities</u>		
Acquisition of available-for-sales investment	(3,386)	(9,518)
Purchase of property, plant and equipment	(18,201)	(12,698)
Purchase of intangible assets	(135)	(61)
Net proceeds from disposal of property, plant and equipment	25	298
Placement of short term deposits more than three months	(10,000)	(19,000)
Dividend income	7,500	3,000
Net cash flows used in investing activities	(24,197)	(37,979)
<u>Financing activities</u>		
Dividends paid	(24,316)	(48,611)
Net proceeds from/(repayments of) loans & borrowings	62	(592)
Net cash flows used in financing activities	(24,254)	(49,203)
Net decrease in cash and cash equivalents	(58,580)	(96,721)
Cash & cash equivalents at 1 January	92,832	201,550
Cash & cash equivalents at 30 June (Note 14)	<u>34,252</u>	<u>104,829</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 2018 - 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 26 July 2018.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the period ended 30 June 2018, 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 2017, 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 2017 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 2017.

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 2018 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 2018, the Group adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2018:

Description	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

The Group applies, for the first time, MFRS 15 Revenue on Contracts with Customers and MFRS 9 Financial Instruments that require restatement of previous financial statements. As required by MFRS 134, the nature and effect of these changes are disclosed below:

The Group adopted MFRS 15 using the full retrospective method and has ensured that goods or services provided to customers are in an amount that reflects the consideration to which the entity expects to be entitled for the goods and services and recognition of revenue on the transfer of performance obligation to customer. There was no significant impact that would require retropective reinstatement of the statement of financial position by the adoption of this approach during the current quarter and the financial period to date.

On the adoption of MFRS 9, the Group has assessed all the three aspects of the accounting for the financial assets and liabilities for classification and measurement, impairment and hedge accounting. During the current quarter and the financial period to date, there is no requirement for any reclassification for loans and receivables nor any significant impact on the statement of financial position on fair value measurement on the financial assets and quoted equity shares held as available-for-sale (AFS) and there is no expectation of any impairment on trade receivables.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 2015 – 2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16: Leases	1 January 2019
MFRS 128: Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
MFRS 119: Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above standards and amendments will not have any material effect on the financial performance or position of the Group and the Company.

4. Changes in estimates of amount reported previously with material effect in current interim period.

There were no estimations of amount used in our previous reporting period having a material impact in the current reporting period.

5. Changes in composition of the Group

There were no changes to the composition of the Group during the current quarter ended 30 June 2018.

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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>30.6.2018</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	202,166	108,707	1,342	-	312,215
Inter-segment revenue	(40,970)	-	(1,342)	-	(42,312)
Revenue from external customers	161,196	108,707	-	-	269,903
Segment profit/(loss)	(7,120)	1,789	(303)	(7,585)	(13,219)
Inter-segment elimination	(804)	714	89	-	-
	(7,924)	2,503	(214)	(7,585)	(13,219)
Segment profit/(loss)	(7,120)	1,789	(303)	(7,585)	(13,219)
Finance income	1,984	144	1	(200)	1,930
Finance cost	(15)	(185)	(200)	200	(199)
Share of profit from associates	-	-	-	2,907	2,907
Profit/(loss) before tax	(5,150)	1,749	(501)	(4,678)	(8,581)
<u>30.6.2017</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	194,957	116,294	1,961	-	313,212
Inter-segment revenue	(43,943)	-	(1,961)	-	(45,904)
Revenue from external customers	151,014	116,294	-	-	267,308
Segment profit/(loss)	3,661	2,780	(244)	(3,092)	3,105
Inter-segment elimination	(706)	600	106	-	-
	2,955	3,380	(138)	(3,092)	3,105
Segment profit/(loss)	3,661	2,780	(244)	(3,092)	3,105
Finance income	3,079	129	3	(15)	3,196
Finance cost	-	(296)	-	15	(281)
Share of profit of associates	-	-	-	935	935
Profit/(loss) before tax	6,740	2,613	(241)	(2,157)	6,955

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	30.6.2018	30.6.2017
	RM'000	RM'000
Malaysia	264,630	267,308
Outside Malaysia	5,273	-
	269,903	267,308

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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. (Loss)/Profit before tax

Included in the (loss)/profit before tax are the following items:

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):					
Amortisation of prepaid lease payments		-	1	-	3
Amortisation of intangible assets	12	92	101	180	207
Depreciation of property, plant and equipment	11	8,680	12,094	18,340	24,194
Finance income		(896)	(1,438)	(1,930)	(3,196)
Finance cost		101	145	199	281
Net gain on disposal of property, plant and equipment		(11)	(61)	(11)	(84)
Property, plant and equipment written off	11	35	14	37	65
Provision for retrenchment benefits		-	508	-	508
Net gain on foreign exchange - realised		(65)	-	(83)	1
Reversal of provision for voluntary separation scheme		-	-	-	(40)
Rental income		(293)	(260)	(600)	(503)

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.

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(1,521)	(2,127)	(1,949)	(4,053)
<u>Deferred tax</u>				
Reversal of temporary differences	1,450	1,436	1,450	2,148
Under provision in respect of prior years	-	-	-	(4)
	(71)	(691)	(499)	(1,909)

Despite the Group's loss in the current quarter and period to date, the tax incurred is mainly for other incomes which are subjected to tax.

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10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
(I) Basic earnings per share				
(Loss)/Profit net of tax attributable to equity holders of the Company	(4,652)	1,486	(9,080)	5,046
Less : 6% Preference Dividend	-	-	(20)	(20)
Less : Proportion of profit attributable to preference shareholders	-	(4)	-	(14)
(Loss)/Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	<u>(4,652)</u>	<u>1,482</u>	<u>(9,100)</u>	<u>5,012</u>
Weighted average number of ordinary shares in issue at 30 June ('000)	<u>121,143</u>	<u>121,143</u>	<u>121,143</u>	<u>121,143</u>
Basic earnings per share (sen)	<u>(3.84)</u>	<u>1.22</u>	<u>(7.51)</u>	<u>4.14</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	30 June 2018	31 December 2017
	RM'000	RM'000
Net carrying amount:		
Balance at the beginning of year	242,578	262,067
Additions	18,201	29,464
Disposals	(14)	(236)
Less: Depreciation	8 (18,340)	(48,575)
Less: Written off	8 (37)	(142)
Balance at end of period/year	<u>242,388</u>	<u>242,578</u>

12. Intangible assets

Note	30 June 2018	31 December 2017
	RM'000	RM'000
Net carrying amount:		
Balance at the beginning of year	1,285	1,625
Additions	135	61
Less: Amortisation	8 (180)	(396)
Less: Written off	-	(5)
Balance at end of period/year	<u>1,240</u>	<u>1,285</u>

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13. Inventories

During the period ended 30 June 2018, 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 2018	31 December 2017
	RM'000	RM'000
Cash at banks and on hand	22,782	40,432
Short term deposits with licensed banks	61,470	92,400
Cash and cash equivalents	84,252	132,832
Less: Short-term deposits more than three months	(50,000)	(40,000)
	<u>34,252</u>	<u>92,832</u>

15. Changes in Debt and Equity Securities

There were no issuance and repayment of any debt or equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period to date.

16. Provision

	Restoration and other environmental cost	
	30 June 2018	31 December 2017
	RM'000	RM'000
Balance at the beginning of year	2,317	2,548
Arose during the period/year	264	850
Unwinding of discount	32	79
Reversal of provision	-	(168)
Payments during the period/year	(152)	(992)
Balance at end of period/year	<u>2,461</u>	<u>2,317</u>

At 30 June 2018

Current	733	745
Non-current:		
- Later than 1 year but not later than 5 years	15	839
- More than 10 years	1,713	733
	<u>2,461</u>	<u>2,317</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.

Other environmental cost is recognised on the basis of legal or constructive obligation and the expected cost is based on management's best estimates.

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17. Group borrowings and debts securities

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

	30 June 2018	31 December 2017
	RM'000	RM'000
Bankers' Acceptances (unsecured)	9,123	9,061

18. Dividends

Since the end of the previous financial year, the Company paid a final dividend totalling RM24.229 million on 25 May 2018, comprising single-tier final dividend of 20 sen per share on the ordinary shares and single-tier dividends totalling RM87,100 comprising preference dividend of 6 sen per share and single-tier final dividend of 20 sen per share on the 6% Cumulative Participating Preference Shares 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:

	30 June 2018	30 June 2017
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	8,207	15,786
- Approved but not contracted for	8,157	7,860
	<u>16,364</u>	<u>23,646</u>

20. Contingencies

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

21. Events after the reporting period

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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22. Review of performance

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

The Group registered net revenue of RM133.6 million and loss after tax of RM4.7 million for the current quarter compared to net revenue of RM135.0 million and profit after tax of RM1.5 million of the corresponding quarter of previous year. The lower net revenue for the Group was mainly due to lower sales volume recorded by the ready-mixed concrete segment and lower average net selling price for both cement and ready-mixed concrete resulting from the intense price competition in the domestic market. In addition, rising costs of production for cement segment and lower interest income further affected the performance of the Group during the current quarter. However, higher share of profit from associate company in the current quarter partly mitigated the Group's losses.

The cement segment recorded a net revenue of RM100.4 million and a loss of RM7.4 million for the current quarter compared with net revenue of RM97.9 million and loss of RM1.3 million of the corresponding quarter of previous year. Higher local demand for cement was registered during the current quarter while price competition remained intensified with average net pricing under pressure and hence contributed to the lower sales margin. In addition, higher production costs arising from rising electricity and fuel costs also affected the segment's performance for the current quarter.

The ready-mixed concrete segment recorded lower net revenue of RM52.7 million and profit of RM758,000 for the current quarter compared with net revenue of RM59.0 million and profit of RM2.0 million for the corresponding quarter of previous year. The lower profit was mainly due to lower sales volume following closure of one of the site batching plants due to project completion. In addition, lower average net pricing for ready-mixed concrete arising from intense price competition in the domestic market also contributed to the lower performance.

The Group's interest income of RM896,000 for the current quarter was lower compared with RM1.4 million in the corresponding quarter of previous year due to lesser amount of funds placed on term deposits.

Share of profit of associated company in the current quarter improved to RM1.5 million from RM314,000 of the corresponding quarter of previous year mainly contributed by the increase in cement demand in Sabah and much improved sales margin from lower cost of sales.

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

The Group registered net revenue of RM269.9 million and loss after tax of RM9.1 million for the current period to date compared to net revenue of RM267.3 million and profit after tax of RM5.1 million of the corresponding period to date of previous year. The higher Group net revenue was mainly contributed by the increase in domestic demand for cement during the first half of the year. However, the prolonged price competition in the domestic market had resulted in lower average net selling price for both cement and ready-mixed concrete and hence negatively affected the Group's performance. In addition, higher cement production cost and lower interest income further affected the performance of the Group. Higher share of profit from associated company in the current period to date partly mitigated the Group's loss.

The cement segment recorded net revenue of RM202.2 million and loss of RM15.3 million for the current period to date compared to net revenue of RM195.0 million and profit of RM67,000 for the corresponding period to date of previous year. Higher revenue was mainly due to increase in domestic demand for cement while the prolonged price competition remained intensified during the current period to date with average net pricing under pressure and hence contributing to lower sales margin. In addition, higher production cost also affected the performance for the current period to date.

The ready-mixed concrete segment registered a lower profit of RM2.4 million for the current period to date compared with RM3.3 million in the corresponding period to date of previous year mainly due to lower sales volume following the closure of one of the site batching plants during the current period to date. In addition, the prolonged pricing competition in the cement industry had led to the price instability in the ready-mixed concrete market and hence resulted in lower average net selling price which partly affected performance during the current period to date.

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

Share of profit of associated company for the current period to date improved to RM2.9 million from RM935,000 of the corresponding period to date of previous year mainly due to improvement in the cement demand in Sabah and lower cost of sales.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 - UNAUDITED

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

	Current quarter 30 June 2018 <hr/> RM'000	Immediate preceding quarter 31 March 2018 <hr/> RM'000
Revenue	<hr/> 133,574	<hr/> 136,329
Net loss before tax	(6,048)	(5,440)
Share of profit of associates	1,467	1,440
Consolidated loss before tax	<hr/> (4,581)	<hr/> (4,000)

The Group recorded lower revenue of RM133.6 million for the current financial quarter compared with RM136.3 million in the immediate preceding quarter mainly due to the lower sales volume recorded by both cement and ready-mixed segments following shorter business cycle during the current financial quarter. In addition, the intensified price competition in the domestic market for cement and ready-mixed concrete had resulted in lower average net selling price and hence affected sales contribution for both segments. Lower interest income resulting from lower fund placement in deposit also affected the Group's performance in the current financial quarter. Hence, the Group incurred higher loss before tax of RM6.0 million compared to RM5.4 million in the immediate preceding quarter. The Group's share of profit of associated company which improved from RM1.44 million to RM1.47 million partly reduced the Group's loss for the current financial quarter.

24. Commentary on prospects

The Board views near-term outlook to remain challenging with prolonged cement price competition amid overcapacity and subdued demand from lower construction activities.

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

No interim dividend will be declared for the current quarter ended 30 June 2018 (2nd Quarter of 2017 : 20 sen).

29. Derivative financial instruments

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

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

There were no gain/loss on fair value changes of financial assets and liabilities for the current quarter ended (2nd Quarter of 2017 : Nil).

31. Sales of unquoted investments and properties.

There were no sale of unquoted investments and properties during the current financial quarter and the financial period to date.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 - UNAUDITED

32. Purchases and sales of quoted securities

Investment in quoted securities held by the Group as at 30 June 2018 was as follows:

	Current quarter 3 months ended 30 June 2018	Cumulative quarter 6 months ended 30 June 2018
	RM'000	RM'000
Quoted investment in Malaysia, at fair value	8,943	9,617
Addition	1,078	3,386
Fair value loss recognised in other comprehensive income	<u>(2,888)</u>	<u>(5,870)</u>
At market value/carrying value	<u>7,133</u>	<u>7,133</u>

33. 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.

34. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

BY ORDER OF THE BOARD

VINCENT CHOW POH JIN
COMPANY SECRETARY

26 JULY 2018
KUALA LUMPUR, MALAYSIA