

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue		160,243	149,883	425,189	419,786
Cost of sales		(132,459)	(123,248)	(354,226)	(344,102)
Gross profit		27,784	26,635	70,963	75,684
Other (expense)/income		477	336	2,997	3,452
Selling and Distribution Expenses		(32,880)	(28,395)	(85,418)	(82,031)
Administrative Expenses		(6,010)	(5,915)	(17,278)	(17,663)
Operating loss		(10,629)	(7,339)	(28,736)	(20,558)
Finance income	8	528	630	1,576	2,560
Finance cost	8	(338)	(123)	(957)	(322)
Net finance income		190	507	619	2,238
		(10,439)	(6,832)	(28,117)	(18,320)
Share of results of associates, net of tax		431	1,203	1,612	4,110
Loss before tax	8	(10,008)	(5,629)	(26,505)	(14,210)
Income tax benefit/(expense)	9	4,642	(359)	3,528	(858)
Loss net of tax for the quarter/period ended		(5,366)	(5,988)	(22,977)	(15,068)
Other comprehensive income: <u>Items that will not be reclassified subsequently to profit and loss:</u>					
Net fair value changes in quoted investments at fair value through Other Comprehensive Income	32	(3,697)	(828)	4,852	(6,698)
Total comprehensive loss for the quarter/period ended		(9,063)	(6,816)	(18,125)	(21,766)

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

		Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss attributable to :					
Equity holders of the Company		<u>(5,366)</u>	<u>(5,988)</u>	<u>(22,977)</u>	<u>(15,068)</u>
Total comprehensive loss attributable to:					
Equity holders of the Company		<u>(9,063)</u>	<u>(6,816)</u>	<u>(18,125)</u>	<u>(21,766)</u>
Loss per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>(4.43)</u>	<u>(4.94)</u>	<u>(18.98)</u>	<u>(12.45)</u>

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

TASEK CORPORATION BERHAD
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2019 RM'000	31 December 2018 RM'000 (Audited)
Assets	Note		
Non - current assets			
Property, plant and equipment	11	225,404	243,536
Intangible assets	12	1,760	1,114
Investment in associates		68,173	75,561
Investment in equity investment		13,683	4,165
Right-of-use assets		20,978	-
Other receivables		230	329
Total non - current assets		<u>330,228</u>	<u>324,705</u>
Current assets			
Inventories	13	120,792	130,335
Trade and other receivables		128,908	108,541
Tax recoverable		8,530	12,110
Cash and bank balances	14	67,800	60,534
Total current assets		<u>326,030</u>	<u>311,520</u>
Total assets		<u><u>656,258</u></u>	<u><u>636,225</u></u>
Equity attributable to equity holders of the Company			
Share Capital		258,300	258,300
Reserves		256,424	274,569
Total equity		<u>514,724</u>	<u>532,869</u>
Liabilities			
Non - current liabilities			
Provisions	16	1,813	1,763
Deferred tax liabilities		4,293	10,036
Lease liabilities		5,357	-
Total non - current liabilities		<u>11,463</u>	<u>11,799</u>
Current liabilities			
Provisions	16	527	575
Loans and borrowings	17	23,306	11,366
Trade and other payables		105,340	79,616
Lease liabilities		898	-
Total current liabilities		<u>130,071</u>	<u>91,557</u>
Total liabilities		<u>141,534</u>	<u>103,356</u>
Total equity and liabilities		<u><u>656,258</u></u>	<u><u>636,225</u></u>
Net Assets per Share (RM)		<u>4.25</u>	<u>4.40</u>
Net Tangible Assets per Share (RM)		<u>4.23</u>	<u>4.39</u>

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Non - distributable			Distributable		Total RM'000
	Share Capital	Fair Value Adjustment Reserve	Treasury Shares	General Reserve	Retained Profits	
RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2019	258,300	(8,739)	(20,633)	115,347	188,594	532,869
Total comprehensive income	-	4,852	-	-	(22,977)	(18,125)
Preference dividend of 6 sen per share in respect of the financial year ended 31 December 2018	-	-	-	-	(20)	(20)
At 30 September 2019	258,300	(3,887)	(20,633)	115,347	165,597	514,724
At 1 January 2018	258,300	99	(20,633)	115,347	234,712	587,825
Total comprehensive income	-	(6,698)	-	-	(15,068)	(21,766)
Final dividend totalling 20 sen per share in respect of the financial year ended 31 December 2017	-	-	-	-	(24,316)	(24,316)
At 30 September 2018	258,300	(6,599)	(20,633)	115,347	195,328	541,743

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months ended	
	30 September 2019	30 September 2018
	RM'000	RM'000
<u>Operating activities</u>		
Loss before taxation	(26,505)	(14,210)
<u>Adjustments for:</u>		
Amortisation of intangible assets	397	272
Amortisation and depreciation of property, plant and equipment and right-of-use assets	29,024	26,830
Finance cost	957	322
Finance income	(1,576)	(2,560)
Net gain on disposal of property, plant and equipment	(174)	(11)
Property, plant and equipment written off	21	37
Share of results of associates	(1,612)	(4,110)
	<u>27,037</u>	<u>20,780</u>
Operating cash flows before changes in working capital	532	6,570
<u>Changes in working capital:</u>		
Change in inventories	9,543	(5,628)
Change in trade and other receivables	(20,268)	(19,000)
Change in trade and other payables	25,724	6,420
Total changes in working capital	<u>14,999</u>	<u>(18,208)</u>
Interest received	1,576	2,560
Interest paid	(547)	(322)
Income taxes refund/(paid)	1,365	(2,359)
	<u>2,394</u>	<u>(121)</u>
Net cash flows generated from/(used in) operating activities	17,925	(11,759)
<u>Investing activities</u>		
Investment in equity investment	(4,666)	(3,386)
Purchase of property, plant and equipment	(23,641)	(28,347)
Purchase of intangible assets	(1,043)	(195)
Net proceeds from disposal of property, plant and equipment	607	25
Withdrawal of short term deposits more than three months	-	10,000
Dividend income received	9,000	7,500
Net cash flows used in investing activities	(19,743)	(14,403)
<u>Financing activities</u>		
Dividends paid	(20)	(24,316)
Repayment on lease liabilities	(2,836)	-
Net proceeds from loans & borrowings	11,940	1,040
Net cash flows generated from/(used in) financing activities	9,084	(23,276)
Net increase/(decrease) in cash and cash equivalents	7,266	(49,438)
Cash & cash equivalents at 1 January	60,534	92,832
Cash & cash equivalents at 30 September (Note 14)	67,800	43,394

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 THIRD QUARTER ENDED 30 SEPTEMBER 2019 - 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 7 November 2019.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the period ended 30 September 2019, 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 2018, 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 2018 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 2018.

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 2019 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 2019, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after the dates stated below:

Description	Effective for annual financial periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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.

Description	Effective for annual financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 – Definition of a Business	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	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 .

MFRS 16 : Leases - Impacts on financial statements

On MFRS 16 Leases, the Group adopted the new standard on the required effective date using the modified retrospective approach and recognised a right-of-use asset and a corresponding lease liability. The following table presents the impact of changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 January 2019:

Group	31 December 2018 RM'000	Changes RM'000	1 January 2019 RM'000
<u>Non-current assets</u>			
Right-of-use assets	-	8,509	8,509
<u>Non-current liabilities</u>			
Lease liabilities	-	5,307	5,307
<u>Current liabilities</u>			
Lease liabilities	-	3,202	3,202
Total lease liabilities	-	8,509	8,509

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

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

5. Changes in composition of the Group

There were no changes to the composition of the Group during the current quarter ended 30 September 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

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
	RM'000	RM'000	RM'000	RM'000	RM'000
30.9.2019					
Segment revenue	313,354	166,221	-	-	479,575
Inter-segment revenue	(54,386)	-	-	-	(54,386)
Revenue from external customers	258,968	166,221	-	-	425,189
Segment profit/(loss)	(26,402)	7,250	(584)	(9,000)	(28,736)
Inter-segment elimination	(851)	760	91	-	(0)
	(27,253)	8,010	(493)	(9,000)	(28,736)
Segment profit/(loss)	(26,402)	7,250	(584)	(9,000)	(28,736)
Finance income	1,981	163	1	(569)	1,576
Finance cost	(162)	(795)	(569)	569	(957)
Share of profit from associates	-	-	-	1,612	1,612
Profit/(loss) before tax	(24,583)	6,618	(1,152)	(7,388)	(26,505)
30.9.2018					
Segment revenue	313,918	166,135	1,342	-	481,395
Inter-segment revenue	(60,267)	-	(1,342)	-	(61,609)
Revenue from external customers	253,651	166,135	-	-	419,786
Segment profit/(loss)	(13,135)	2,925	(512)	(9,836)	(20,558)
Inter-segment elimination	(1,204)	1,070	134	-	-
	(14,339)	3,995	(378)	(9,836)	(20,558)
Segment profit/(loss)	(13,135)	2,925	(512)	(9,836)	(20,558)
Finance income	2,677	211	1	(329)	2,560
Finance cost	(22)	(300)	(329)	329	(322)
Share of profit of associates	-	-	-	4,110	4,110
Profit/(loss) before tax	(10,480)	2,836	(840)	(5,726)	(14,210)

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	30.9.2019	30.9.2018
	RM'000	RM'000
Malaysia	416,426	407,974
Outside Malaysia	8,763	11,812
	425,189	419,786

The commentary on the performance of each of the business activities 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
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

7. Seasonal or cyclical factors

The operations of the Group generally follow the performance of the property development, infrastructure and construction industry.

8. Loss before tax

Included in the loss before tax are the following items:

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging/(crediting):					
Amortisation of intangible assets	12	138	92	397	272
Depreciation of property, plant and equipment	11	8,886	8,490	25,936	26,830
Amortisation/Depreciation of right-of-use assets		1,055	-	3,088	-
Finance income		(528)	(630)	(1,576)	(2,560)
Finance cost		338	123	957	322
Net gain on disposal of property, plant and equipment		(154)	-	(174)	(11)
Property, plant and equipment written off	11	12	-	21	37
Net gain on foreign exchange - realised		(47)	(134)	(88)	(217)
Rental income		(240)	(239)	(642)	(839)

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 benefit/(expense)

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(1,102)	40	(2,184)	(1,909)
- Prior year	-	(39)	(32)	(39)
	(1,102)	1	(2,216)	(1,948)
<u>Deferred tax</u>				
Provision/(Reversal) of temporary differences	5,730	(385)	5,730	1,065
Under provision in respect of prior years	14	25	14	25
	4,642	(359)	3,528	(858)

The tax credit for the Group was derived from origination and reversal of temporary differences arising from accumulated business loss and unabsorbed capital allowance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
<u>(I) Basic earnings per share</u>				
Loss net of tax attributable to equity holders of the Company	(5,366)	(5,988)	(22,977)	(15,068)
Less : 6% Preference Dividend	-	-	(20)	(20)
Loss net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	(5,366)	(5,988)	(22,997)	(15,088)
Weighted average number of ordinary shares in issue at 30 September ('000)	121,143	121,143	121,143	121,143
Basic loss per share (sen)	(4.43)	(4.94)	(18.98)	(12.45)

(II) Diluted earnings per share

There is no dilutive effect on loss per share as the Company has no potential issue of ordinary shares.

11. Property, plant and equipment

	Note	30 September 2019	31 December 2018
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		243,536	242,578
Additions		23,641	37,049
Disposals		(433)	(660)
Less: Reclassification to Right-of-use assets		(15,383)	-
Less: Depreciation	8	(25,936)	(35,184)
Less: Written off	8	(21)	(247)
Balance at end of period/year		225,404	243,536

12. Intangible assets

	Note	30 September 2019	31 December 2018
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		1,114	1,285
Additions		1,043	194
Less: Amortisation	8	(397)	(364)
Less: Written off		-	(1)
Balance at end of period/year		1,760	1,114

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

13. Inventories

During the period ended 30 September 2019, there were no material write-down of inventories to net realisable value nor the reversal of such write-down recognised in the Group's statement of comprehensive income.

14. Cash and bank balances

	30 September 2019	31 December 2018
	RM'000	RM'000
Cash at banks and on hand	20,960	16,004
Short term deposits with licensed banks	46,840	44,530
	<u>67,800</u>	<u>60,534</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. Provisions

	Restoration and other environmental cost	
	30 September 2019	31 December 2018
	RM'000	RM'000
Balance at the beginning of year	2,338	2,317
Arose during the period/year	-	559
Unwinding of discount	49	52
Reversal of provision	-	(14)
Payments during the period/year	(48)	(576)
Balance at end of period/year	<u>2,340</u>	<u>2,338</u>

At 30 September 2019

Current	527	575
Non-current:		
- Later than 1 year but not later than 2 years	887	135
- Later than 2 years but not later than 5 years	141	866
- More than 10 years	785	762
	<u>2,340</u>	<u>2,338</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 costs to dismantle and remove the batching plants from the sites and the costs of restoring the lands to their 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

17. Group borrowings and debts securities

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

	30 September 2019	31 December 2018
	RM'000	RM'000
Bankers' Acceptances (unsecured)	23,306	11,366

18. Dividends

On 24 May 2019, the Company paid a single-tier dividend of 6% on the Cumulative Participating Preference Shares totalling RM20,100 in respect of the financial year ended 31 December 2018.

19. Commitments

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

	30 September 2019	30 September 2018
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	2,702	8,651
- Approved but not contracted for	7,274	8,099
	<u>9,976</u>	<u>16,750</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

For the current quarter, the Group registered net revenue of RM160.2 million and loss after tax of RM5.4 million compared with the corresponding quarter of the previous year of RM149.9 million and RM5.9 million respectively. Included in the current quarter loss after tax was a tax credit of RM5.73 million arising from a deferred tax adjustment as highlighted in note 9. The current loss was mainly contributed by the cement segment which continued to be affected by the prolonged price competition and high production cost. This was compounded by lower interest income and lower share of profit from associate company.

The cement segment recorded net revenue and loss of RM120.5 million and RM14.0 million respectively for the current quarter compared with a net revenue of RM111.8 million and loss of RM8.3 million of the corresponding quarter of the previous year mainly due to ongoing pricing pressure in the domestic market. In addition, higher production cost arising from higher electricity and repair maintenance cost during the current quarter further impacted the segment's performance.

The ready-mixed concrete segment on the other hand registered higher net revenue of RM57.6 million and profit of RM3.6 million for the current quarter compared with net revenue of RM57.1 million and profit of RM1.1 million of the corresponding quarter of previous year. Higher sales volume and lower raw material cost were the main contributing factors to the higher profit.

The Group's interest income of RM528,000 for the current quarter was lower compared with RM630,000 of the corresponding quarter of previous year mainly due to lesser amount of funds placed on term deposits.

The lower share of profit from the associate company for the current quarter compared with the corresponding quarter of previous year was mainly due to lower sales volume and higher cost of imported raw materials and finished products.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

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

The Group recorded net revenue of RM425.2 million and loss after tax of RM23.0 million for the current period to date compared with net revenue of RM419.8 million and loss after tax of RM15.1 million of the corresponding period to date of the previous year. Included in current period to date loss after tax was a tax credit of RM5.7 million from deferred tax adjustment as mentioned in Note 9. The higher cumulative loss for the current period to date was mainly contributed by the cement segment's lower average net selling price and higher production cost. This was compounded by lower interest income and lower share of profit from the associate company.

The cement segment registered net revenue of RM313.4 million and loss of RM35.4 million for the current period to date compared to net revenue of RM313.9 million and loss of RM22.9 million for the corresponding period to date of previous year from (a) the slowdown in domestic demand; and (b) the prolonged price competition. In addition, the performance of the cement segment was also affected by higher electricity cost, arising from the tariff adjustment and TNB's ICPT surcharge, and higher repair maintenance cost during the current period to date.

Ready-mixed concrete segment on the other hand achieved higher profit of RM7.3 million for the current period to date compared with RM2.9 million in the corresponding period to date of the previous year. The higher profit was mainly contributed by the higher contribution margin arising from cheaper cost of raw materials.

The Group's interest income of RM1.6 million for the current period to date was RM984,000 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 associate company for the current period to date was lower at RM1.6 million compared with RM4.1 million from the corresponding period to date of previous year mainly due to lower sales volume and higher cost of imported raw materials and finished products.

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

	Current quarter 30 September 2019 RM'000	Immediate preceding quarter 30 June 2019 RM'000
Revenue	160,243	127,682
Net loss before tax	(10,439)	(7,418)
Share of results of associates	431	863
Consolidated loss before tax	(10,008)	(6,555)

The Group recorded a higher net revenue of RM160.2 million for the current quarter compared with RM127.7 million of the immediate preceding quarter mainly due to higher sales volume in both the cement and ready-mixed concrete segments. Despite the higher net revenue, the Group recorded higher loss in the current quarter compared with the immediate preceding quarter mainly due to pricing pressure from cement sales. This was compounded by lower interest income and lower share of profit of associate.

24. Commentary on prospects

The Board views the outlook for the last quarter of the year to remain challenging if pricing pressure continues.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

26. Corporate proposals

On 28 May 2019, the Board of Directors received a notice of unconditional voluntary take-over offer ("Take-Over Offer") from CIMB Investment Bank Berhad on behalf of HL Cement (Malaysia) Sdn Bhd and Ridge Star Limited ("Joint Offerors") to acquire all the remaining ordinary shares (excluding treasury shares) ("Offer Ordinary Shares") and all the remaining preference shares ("Offer Preference Shares") in Tasek Corporation Berhad not already held by the Joint Offerors for a cash consideration of RM5.50 per Offer Ordinary Share and RM5.50 per Offer Preference Share and on 2 August 2019, the offer price was revised to RM5.80 per Offer Ordinary Share and RM5.80 per Offer Preference Share. The Take-Over Offer ended on 19 August 2019.

On 4 September 2019, Tasek Corporation Berhad announced that Bursa Malaysia Securities Berhad (Bursa Securities) had vide its letter dated 3 September 2019 granted the Company an extension of time of six months until 19 February 2020 to comply with the public shareholding spread requirement pursuant to paragraph 8.02 (1) of the Main Market Listing Requirements of Bursa Securities. Based on the Company's Record of Depositors as at 22 August 2019, the Company's public shareholding spread was 11.84%. The Company will use the extension of time granted by Bursa Securities to allow the Joint Offerors sufficient time to formulate and to formally inform the Company of their plans with regard to the Joint Offerors' intention.

27. Material litigation

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

28. Dividends

No interim dividend has been declared for the current quarter ended 30 September 2019 (3rd Quarter of 2018 : Nil).

29. Derivative financial instruments

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

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

There were no gain/loss on fair value changes of financial assets and liabilities for the current quarter ended (3rd Quarter of 2018 : Nil).

31. Sales of unquoted investments and properties.

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

32. Purchases and sales of quoted securities

Investment in quoted securities held by the Group as at 30 September 2019 was as follows:

	Current quarter 3 months ended 30 September 2019 RM'000	Cumulative quarter 9 months ended 30 September 2019 RM'000
Quoted investment in Malaysia, at fair value	17,380	4,165
Addition	-	4,666
Fair value (loss)/gain recognised in other comprehensive income	(3,697)	4,852
At market value/carrying value	<u>13,683</u>	<u>13,683</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 - UNAUDITED

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 2018 was not qualified.

BY ORDER OF THE BOARD

GO HOOI KOON
COMPANY SECRETARY

7 NOVEMBER 2019
KUALA LUMPUR, MALAYSIA