

TASEK CORPORATION BERHAD
Company No: 196201000192 (4698-W)
(Incorporated in Malaysia)
and its subsidiaries

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue		60,810	127,682	192,302	264,946
Cost of sales		(58,709)	(106,654)	(158,104)	(221,767)
Gross profit		2,101	21,028	34,198	43,179
Other income		628	1,736	1,041	2,520
Selling and Distribution Expenses		(9,291)	(24,634)	(32,026)	(52,538)
Administrative Expenses		(5,213)	(5,759)	(10,689)	(11,268)
Operating loss		(11,775)	(7,629)	(7,476)	(18,107)
Finance income	8	498	552	1,027	1,048
Finance cost	8	(296)	(341)	(600)	(619)
Net finance income		202	211	427	429
		(11,573)	(7,418)	(7,049)	(17,678)
Share of results of associates, net of tax		(1,365)	863	(1,151)	1,181
Loss before tax	8	(12,938)	(6,555)	(8,200)	(16,497)
Income tax	9	237	(636)	(313)	(1,114)
Loss net of tax, for the quarter/period ended		(12,701)	(7,191)	(8,513)	(17,611)
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	2,976	5,377	(2,641)	8,549
Total comprehensive loss for the quarter/period ended		(9,725)	(1,814)	(11,154)	(9,062)

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 June		Cumulative quarter 6 months ended 30 June	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss attributable to :					
Equity holders of the Company		<u>(12,701)</u>	<u>(7,191)</u>	<u>(8,513)</u>	<u>(17,611)</u>
Total comprehensive loss					
attributable to:					
Equity holders of the Company		<u>(9,725)</u>	<u>(1,814)</u>	<u>(11,154)</u>	<u>(9,062)</u>
Loss per share attributable to equity					
holders of the Company (sen per share):					
- Basic and diluted	10	<u>(10.48)</u>	<u>(5.94)</u>	<u>(7.04)</u>	<u>(14.55)</u>

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2020 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2020 RM'000	31 December 2019 RM'000 (Audited)
	Note		
Assets			
Non - current assets			
Property, plant and equipment	11 (a)	208,566	219,504
Intangible assets	12	1,551	1,635
Investment in associates		66,343	67,494
Investment in equity investment		11,522	14,163
Right-of-use assets	11 (b)	19,673	20,976
Other receivables		-	247
Total non - current assets		<u>307,655</u>	<u>324,019</u>
Current assets			
Inventories	13	128,914	101,322
Trade and other receivables		98,947	123,188
Tax recoverable		10,458	9,960
Cash and bank balances	14	90,487	86,760
Total current assets		<u>328,806</u>	<u>321,230</u>
Total assets		<u>636,461</u>	<u>645,249</u>
Equity attributable to equity holders of the Company			
Share Capital		258,300	258,300
Reserves		243,385	254,559
Total equity		<u>501,685</u>	<u>512,859</u>
Liabilities			
Non - current liabilities			
Provisions	16	1,487	2,173
Deferred tax liabilities		476	474
Lease liabilities		2,742	1,989
Total non - current liabilities		<u>4,705</u>	<u>4,636</u>
Current liabilities			
Provisions	16	1,253	525
Income tax payable		-	693
Loans and borrowings	17	24,980	21,820
Trade and other payables		101,689	100,673
Lease liabilities		2,146	3,899
Derivative liabilities		3	144
Total current liabilities		<u>130,071</u>	<u>127,754</u>
Total liabilities		<u>134,776</u>	<u>132,390</u>
Total equity and liabilities		<u>636,461</u>	<u>645,249</u>
Net Assets per Share (RM)		<u>4.14</u>	<u>4.23</u>
Net Tangible Assets per Share (RM)		<u>4.13</u>	<u>4.22</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 2020 - 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	Fair Value Adjustment Reserve RM'000	Treasury Shares RM'000	General Reserve RM'000	Retained Profits RM'000	
At 1 January 2020	258,300	(3,406)	(20,633)	115,347	163,251	512,859
Total comprehensive income	-	(2,641)	-	-	(8,513)	(11,154)
Preference dividend of 6 sen per share in respect of the financial year ended 31 December 2019	-	-	-	-	(20)	(20)
At 30 June 2020	258,300	(6,047)	(20,633)	115,347	154,718	501,685
At 1 January 2019	258,300	(8,739)	(20,633)	115,347	188,594	532,869
Total comprehensive income	-	8,549	-	-	(17,611)	(9,062)
Preference dividend of 6 sen per share in respect of the financial year ended 31 December 2018	-	-	-	-	(20)	(20)
At 30 June 2019	258,300	(190)	(20,633)	115,347	170,963	523,787

The Condensed Consolidated Statement of Changes in Equity 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 2020 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended	
	30 June 2020	30 June 2019
	RM'000	RM'000
<u>Operating activities</u>		
Loss before taxation	(8,200)	(16,497)
<u>Adjustments for:</u>		
Amortisation of intangible assets	259	259
Amortisation of right-of-use assets	2,353	2,033
Depreciation of property, plant and equipment	16,908	17,050
Finance cost	600	619
Finance income	(1,027)	(1,048)
Net fair value gain on derivatives	(65)	-
Net gain on disposal of property, plant and equipment	(1)	(20)
Net gain on right-of-use assets	(8)	-
Property, plant and equipment written off	18	9
Share of results of associates	1,151	(1,181)
	<u>20,189</u>	<u>17,721</u>
Operating cash flows before changes in working capital	11,989	1,224
<u>Changes in working capital:</u>		
Change in inventories	(27,592)	5,774
Change in trade and other receivables	24,488	(15,261)
Change in trade and other payables	1,024	17,986
Total changes in working capital	<u>(2,080)</u>	<u>8,499</u>
Interest received	1,027	1,048
Interest paid	(662)	(320)
Income taxes paid	(1,502)	2,058
	<u>(1,137)</u>	<u>2,786</u>
Net cash flows generated from operating activities	<u>8,772</u>	<u>12,509</u>
<u>Investing activities</u>		
Investment in equity investment	-	(4,666)
Purchase of property, plant and equipment	(5,988)	(15,941)
Purchase of intangible assets	(175)	(993)
Net proceeds from disposal of property, plant and equipment	1	41
Net proceeds from disposal of right-of-use assets	316	-
Withdrawal of short term deposits more than three months	1,000	-
Dividend income received	-	9,000
Net cash flows used in investing activities	<u>(4,846)</u>	<u>(12,559)</u>
<u>Financing activities</u>		
Dividends paid	(20)	(20)
Repayment on lease liabilities	(2,339)	(1,860)
Net proceeds from loans & borrowings	3,160	9,465
Net cash flows generated from financing activities	<u>801</u>	<u>7,585</u>
Net increase in cash and cash equivalents	4,727	7,535
Cash & cash equivalents at 1 January	85,760	60,534
Cash & cash equivalents at 30 June (Note 14)	<u>90,487</u>	<u>68,069</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 2020 - 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 12 August 2020.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the quarter ended 30 June 2020, 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 2019, 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 2019 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 2019.

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 2020 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 2020, 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
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
Interest Rate Benchmark Reform (Amendments to MFRS 9: Financial Instruments, MFRS 139: Financial Instruments: Recognition and Measurement and MFRS 7: Financial Instruments: Disclosures)	1 January 2020

Amendments to MFRS effective for 1 June 2020 and earlier adopted by the Group beginning on 1 January 2020

MFRS 16 : Covid-19 - Related Rent Concessions (Amendment to MFRS 16 Leases)

The initial adoption of the above standard has no material effect on the interim financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED

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
MFRS 17: Insurance Contracts	1 January 2021
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2022
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020"	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
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 .

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 2020.

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>30.6.2020</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	150,891	62,736	112	-	213,739
Inter-segment revenue	(21,325)	-	(112)	-	(21,437)
Revenue from external customers	129,566	62,736	-	-	192,302
Segment loss	(5,831)	(1,214)	(410)	(21)	(7,476)
Inter-segment elimination	(565)	505	60	-	-
	(6,396)	(709)	(350)	(21)	(7,476)
Segment loss	(5,831)	(1,214)	(410)	(21)	(7,476)
Finance income	1,294	148	-	(415)	1,027
Finance cost	(159)	(441)	(415)	415	(600)
Share of loss of associates	-	-	-	(1,151)	(1,151)
Profit/(loss) before tax	(4,696)	(1,507)	(825)	(1,172)	(8,200)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED

30.6.2019	Cement RM'000	Ready-mixed Concrete RM'000	All other segments RM'000	Adjustment and Elimination RM'000	Total RM'000
Segment revenue	192,818	108,149	-	-	300,967
Inter-segment revenue	(36,021)	-	-	-	(36,021)
Revenue from external customers	156,797	108,149	-	-	264,946
Segment profit/(loss)	(12,372)	3,689	(424)	(9,000)	(18,107)
Inter-segment elimination	(797)	708	89	-	-
	(13,169)	4,397	(335)	(9,000)	(18,107)
Segment profit/(loss)	(12,372)	3,689	(424)	(9,000)	(18,107)
Finance income	1,297	114	-	(363)	1,048
Finance cost	(98)	(521)	(363)	363	(619)
Share of profit of associates	-	-	-	1,181	1,181
Profit/(loss) before tax	(11,173)	3,282	(787)	(7,819)	(16,497)

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	30.6.2020 RM'000	30.6.2019 RM'000
Malaysia	191,515	260,995
Outside Malaysia	787	3,951
	192,302	264,946

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.

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 6 months ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Loss before tax is arrived at after charging/(crediting):					
Amortisation of intangible assets	12	129	136	259	259
Depreciation of property, plant and equipment	11 (a)	8,377	8,649	16,908	17,050
Amortisation of right-of-use assets	11 (b)	1,146	1,176	2,353	2,033
Finance income		(498)	(552)	(1,027)	(1,048)
Finance cost		296	341	600	619
Net gain on disposal of property, plant and equipment		-	(20)	(1)	(20)
Net gain on right-of-use assets		(8)	-	(8)	-
Property, plant and equipment written off	11 (a)	1	1	18	9
Net gain on foreign exchange - realised		(49)	(13)	(51)	(41)
Net fair value loss/(gain) on derivatives		139	-	(65)	-
Rental income		(89)	(228)	(270)	(402)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED

9. Income tax

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	237	(636)	(313)	(1,082)
- Prior year	-	-	-	(32)
	<u>237</u>	<u>(636)</u>	<u>(313)</u>	<u>(1,114)</u>

The tax reversal for the Group in the current quarter is due to business loss incurred during the two months under Movement Control Order and tax for the current period to date is mainly on other income at statutory tax rate of 24%.

10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	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	(12,701)	(7,191)	(8,513)	(17,611)
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	<u>(12,701)</u>	<u>(7,191)</u>	<u>(8,533)</u>	<u>(17,631)</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 loss per share (sen)	<u>(10.48)</u>	<u>(5.94)</u>	<u>(7.04)</u>	<u>(14.55)</u>

(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. (a) Property, plant and equipment

	Note	30 June	31 December
		2020	2019
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		219,504	243,536
Additions		5,988	26,800
Disposals		-	(471)
Less: Effects of adoption of MFRS 16 Leases		-	(15,665)
Less: Depreciation	8	(16,908)	(34,531)
Less: Written off	8	(18)	(165)
Balance at end of period/year		<u>208,566</u>	<u>219,504</u>

(b) Right-of-use assets

	Note	30 June	31 December
		2020	2019
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year (as previously stated)		20,976	-
Effects of adoption of MFRS 16 Leases		-	24,168
Additions		1,359	1,102
Disposals		(309)	-
Less: Amortisation	8	(2,353)	(4,294)
Balance at end of period/year		<u>19,673</u>	<u>20,976</u>

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

	Note	30 June 2020 RM'000	31 December 2019 RM'000
Net carrying amount:			
Balance at the beginning of year		1,635	1,114
Additions		175	1,051
Less: Amortisation	8	(259)	(530)
Balance at end of period/year		1,551	1,635

13. Inventories

During the period ended 30 June 2020, 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 (1st Half of 2019: Nil).

14. Cash and bank balances

	30 June 2020 RM'000	31 December 2019 RM'000
Cash at banks and on hand	33,478	35,240
Short term deposits with licensed banks	57,009	51,520
Cash and cash equivalents	90,487	86,760
Less: Short-term deposits more than three months	-	(1,000)
	90,487	85,760

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

	30 June 2020 RM'000	31 December 2019 RM'000
Balance at the beginning of year	2,698	2,338
Arose during the period/year	119	330
Unwinding of discount	48	80
Payments during the period/year	(124)	(50)
Balance at end of period/year	2,740	2,698
Current	1,253	525
Non-current:		
- Later than 1 year but not later than 2 years	503	1,085
- Later than 2 years but not later than 5 years	175	295
- More than 10 years	809	793
	1,487	2,173
	2,740	2,698

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 periods. 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 SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED

17. Group borrowings and debts securities

Total Group's short term borrowings (denominated in local currency) are as follows:

	30 June 2020	31 December 2019
	RM'000	RM'000
<u>Unsecured:</u>		
Bankers' Acceptances	22,968	15,372
Onshore Foreign Currency Loan	2,012	6,448
	<u>24,980</u>	<u>21,820</u>

18. Dividends

No dividend was paid during the current quarter (2nd Quarter of 2019: Nil).

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 2020	30 June 2019
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	9,232	4,200
- Approved but not contracted for	2,646	7,407
	<u>11,878</u>	<u>11,607</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 except as reported in Note 26.

22. Review of performance

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

The Group registered a net revenue of RM60.8 million and loss after tax of RM12.7 million compared with the corresponding quarter of the previous year's net revenue of RM127.7 million and loss after tax of RM7.2 million. The Group's performance continued to be affected by the Movement Control Order ("MCO") which started on 18 March 2020 until middle of May 2020 when the construction sector was allowed to resume their activities but subjected to compliance with the new Standard of Operations and Covid-19 test for their foreign workers. Hence, the higher Group loss after tax in the reporting quarter was mainly due to losses incurred during the MCO period compounded by the share of loss from the associated companies arising from the MCO compared with share of profit from the corresponding quarter of the previous year.

The cement segment recorded lower net revenue of RM49.6 million and operating loss of RM10.4 million compared with the corresponding quarter of the previous year's net revenue of RM92.4 million and operating loss of RM11.7 million. The loss for the current quarter was mainly due to losses incurred from the impact of MCO resulting in the shut down of businesses until middle of May 2020 when construction sector was allowed to resume their activity.

The ready-mixed concrete segment achieved lower net revenue of RM16.8 million and operating loss of RM2.1 million for the current quarter compared with the corresponding quarter of the previous year's net revenue of RM52.5 million and an operating profit of RM2.1 million. The segment's poor performance was mainly from the losses incurred during the MCO.

The Group's interest income of RM498,000 for the current quarter was lower compared with RM552,000 of the corresponding quarter of previous year which was mainly due to lower interest rate for short term time deposits.

Share of loss from the associated companies of RM1.4 million for the current quarter was mainly due to the impact of shut down of businesses during the MCO period as compared with share of profit of RM863,000 from the corresponding quarter of previous year which also contributed to the group's current quarter loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(b) Current Period To Date vs. Corresponding Period To Date of Previous Year

The Group recorded net revenue of RM192.3 million and loss after tax of RM8.5 million for the current period to date compared with net revenue of RM264.9 million and loss after tax of RM17.6 million of the corresponding period to date of previous year. The lower cumulative loss for the current period to date was mainly contributed by the cement segment's higher average net selling price. However, the lower sales volume from both cement and concrete segments impact from the shutting down of businesses during MCO has adversely affected the performance of the Group for the current period to date. Other contributory factors were lower interest income and share of loss from the associated companies.

Cement segment recorded net revenue of RM150.9 million and operating loss of RM7.3 million for the current period to date compared to net revenue of RM192.8 million and operating loss of RM24.6 million for the corresponding period to date of previous year. The lower cumulative loss was mainly due to better local cement pricing since late last year. However, the segment's performance was partly affected by the losses incurred during MCO period.

The Group's recorded lower interest income of RM1.0 million for the current period to date compared to RM1.1 million of the corresponding period to date of previous year, mainly due to lower interest rate on funds placed on term deposits.

Share of loss of associated companies for the current period to date of RM1.1 million compared with share of profit of RM1.2 million of the corresponding period to date of previous year was mainly due to lower sales volume and higher cost of sales.

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

	Current quarter 30 June 2020 RM'000	Immediate preceding quarter 31 March 2020 RM'000
Revenue	60,810	131,492
Net (loss)/profit before tax	(11,573)	4,524
Share of results of associates	(1,365)	214
Consolidated (loss)/profit before tax	(12,938)	4,738

The Group registered a net revenue of RM60.8 million and loss before tax of RM12.9 million compared with the immediate preceding quarter's net revenue of RM131.5 million and profit before tax of RM4.7 million. The current quarter loss was mainly due to the effect from the continuous MCO which started on 18 Mar 2020 until middle of May 2020. During the MCO period, the Group had to shut down all its businesses and operations. Likewise, the performance of the associated companies in Sabah was also affected by the MCO which resulted in share of loss instead of share of profit in the immediate preceding quarter.

24. Commentary on prospects

During the outbreak of Covid-19 pandemic in April 2020 and May 2020, like most businesses the Group and its subsidiaries were also affected by the MCO which caused the shutting down of businesses to be in compliance with the health regulations issued by the Ministry of Health. The direct impact as a result of the pandemic was reflected in the sales turnover of the current quarter under review and despite the fact that the industries are showing signs of recuperating from the devastating effect of the pandemic, the level of demand from the market does not show the corresponding degree of confidence and support towards the industry. Recognizing the uncertainties brought about by the changing business conditions and the new social norms, the Group expects the present difficult business conditions to continue until after the Covid-19 MCO restrictions are substantially over.

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
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26. Corporate proposals

On 12 May 2020, the Board of Directors received a notice of unconditional voluntary take-over offer from CIMB Investment Bank Berhad ("CIMB") on behalf of the Joint Offerors, HL Cement (Malaysia) Sdn Bhd and Ridge Star Limited, to acquire all the remaining ordinary shares (excluding treasury shares) in Tasek Corporation Berhad not already held by the Joint Offerors (Offer Preference Shares) for a cash consideration of RM5.80 per Offer Ordinary Share and RM5.80 per Offer Preference Share.

On 10 June 2020, the Company received a press notice from CIMB on behalf of the Joint Offerors, informing that the Joint Offerors collectively held more than 90% of the total issued ordinary shares of Tasek (excluding treasury shares) pursuant to acquisitions of ordinary shares in Tasek from the open market and the receipt of valid acceptances in respect of the Offer. As set out in the Offer Document, the Joint Offerors do not intend to maintain the listing status of Tasek on the Main Market of Bursa Securities. In accordance with Paragraph 16.02(3) of the Listing Requirements, Bursa Securities will suspend the trading of the securities of Tasek to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities in accordance with Paragraph 16.07 of the Listing Requirements.

On 19 June 2020, the Company received a press notice from CIMB on behalf of the Joint Offerors, informing that the closing time and date for acceptances of the Offer had been extended to 17 July 2020. Subsequently on 14 July 2020, another press notice received from CIMB on behalf of the Joint Offerors, informing that the closing time and date for the exceptances of the offer had been further extended to 3 August 2020, being the final closing date in respect of the Offer. Save for the Final Closing Date, all other details and the terms and conditions of the Offer remain unchanged.

On 3 August 2020, the Board of Directors of Tasek announced that Tasek had received a press release from CIMB on behalf of the Joint Offerors, informing Tasek that the Offer had closed at 5.00 p.m. today ("Final Closing Date"). The Holders had been informed that the Joint Offerors had, on 10 June 2020, notified that Board of Directors of Tasek that the Joint Offerors collectively held more than 90% of the total issued ordinary shares of Tasek (excluding treasury shares) as at 5.00 p.m. on 10 June 2020. As set out in the Offer Document, the Joint Offerors do not intend to maintain the listing status of Tasek on the Main Market of Bursa Securities.

Pursuant to Paragraph 16.02(3) of the Listing Requirements, Bursa Securities shall suspend the trading of all Tasek's securities from 9.00 a.m. on 11 August 2020 onwards, which is upon the expiry of 5 Market Days from the Final Closing Date. Thereafter, the Joint Offerors shall procure Tasek to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities in accordance with Paragraph 16.07 of the Listing Requirements.

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 June 2020 (2nd Quarter of 2019 : Nil).

29. Derivative financial instruments

The outstanding forward foreign currency exchange contracts as at 30 June 2020 are as follows:

<u>Type of Derivatives</u>	Note	Contract value	Fair value	
		RM'000	Assets RM'000	Liabilities RM'000
Foreign Exchange Contracts - Less than 1 year	33	2,047	-	3

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

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

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

There are no cash requirements for these derivatives.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED

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 2019 : 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 June 2020 was as follows:

	Current quarter 3 months ended 30 June 2020 RM'000	Cumulative quarter 6 months ended 30 June 2020 RM'000
Quoted investment in Malaysia, at fair value	8,546	14,163
Fair value gain/(loss) recognised in other comprehensive income	2,976	(2,641)
At market value/carrying value	<u>11,522</u>	<u>11,522</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 held the following financial assets and liabilities that are measured at fair value:

	Level 1 30 June 2020 RM'000	Level 2 30 June 2020 RM'000	Level 1 30 June 2019 RM'000	Level 2 30 June 2019 RM'000
Financial assets:				
Investment in equity investment	11,522	-	-	-
Financial liabilities:				
Derivative liabilities	-	3	-	-

34. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

BY ORDER OF THE BOARD

GO HOOI KOON
COMPANY SECRETARY

12 AUGUST 2020
KUALA LUMPUR, MALAYSIA