

Quarterly rpt on consolidated results for the financial period ended 31 Mar 2019

TASEK CORPORATION BERHAD

Financial Year End	31 Dec 2019
Quarter	1 Qtr
Quarterly report for the financial period ended	31 Mar 2019
The figures	have not been audited

Attachments

[Bursa 1Qtr2019 \(announcement\).pdf](#)
504.3 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	137,264	136,329	137,264	136,329
2 Profit/(loss) before tax	-9,942	-4,000	-9,942	-4,000
3 Profit/(loss) for the period	-10,420	-4,428	-10,420	-4,428
4 Profit/(loss) attributable to ordinary equity holders of the parent	-10,420	-4,428	-10,420	-4,428
5 Basic earnings/(loss) per share (Subunit)	-8.62	-3.67	-8.62	-3.67
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	

7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	4.3388		4.3987
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Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	TASEK CORPORATION BERHAD
Stock Name	TASEK
Date Announced	30 Apr 2019
Category	Financial Results
Reference Number	FRA-29042019-00004

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue		137,264	136,329	137,264	136,329
Cost of sales		(115,113)	(111,572)	(115,113)	(111,572)
Gross profit		22,151	24,757	22,151	24,757
Other (expense)/income		784	2,226	784	2,226
Selling and Distribution Expenses		(27,904)	(27,519)	(27,904)	(27,519)
Administrative Expenses		(5,509)	(5,840)	(5,509)	(5,840)
Operating loss		(10,478)	(6,376)	(10,478)	(6,376)
Finance income	8	496	1,034	496	1,034
Finance cost	8	(278)	(98)	(278)	(98)
Net finance income		218	936	218	936
		(10,260)	(5,440)	(10,260)	(5,440)
Share of results of associates, net of tax		318	1,440	318	1,440
Loss before tax	8	(9,942)	(4,000)	(9,942)	(4,000)
Income tax expense	9	(478)	(428)	(478)	(428)
Loss net of tax for the quarter/period ended		(10,420)	(4,428)	(10,420)	(4,428)
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	3,172	(2,982)	3,172	(2,982)
Total comprehensive income for the quarter/period ended		(7,248)	(7,410)	(7,248)	(7,410)

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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 (Company No: 4698-W)
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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss attributable to :					
Equity holders of the Company		<u>(10,420)</u>	<u>(4,428)</u>	<u>(10,420)</u>	<u>(4,428)</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>(7,248)</u>	<u>(7,410)</u>	<u>(7,248)</u>	<u>(7,410)</u>
Loss per share attributable to equity holders of the Company (sen per share):					
- Basic and diluted	10	<u>(8.62)</u>	<u>(3.67)</u>	<u>(8.62)</u>	<u>(3.67)</u>

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

TASEK CORPORATION BERHAD
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2019 RM'000	31 December 2018 RM'000 (Audited)
Assets	Note		
Non - current assets			
Property, plant and equipment	11	242,399	243,536
Intangible assets	12	1,984	1,114
Investment in associates		75,879	75,561
Investment in equity investment		12,003	4,165
Right-of-use assets		7,652	-
Other receivables		259	329
Total non - current assets		<u>340,176</u>	<u>324,705</u>
Current assets			
Inventories	13	106,825	130,335
Trade and other receivables		130,354	108,541
Tax recoverable		8,954	12,110
Cash and bank balances	14	68,744	60,534
Total current assets		<u>314,877</u>	<u>311,520</u>
Total assets		<u><u>655,053</u></u>	<u><u>636,225</u></u>
Equity attributable to equity holders of the Company			
Share Capital		258,300	258,300
Reserves		267,321	274,569
Total equity		<u>525,621</u>	<u>532,869</u>
Liabilities			
Non - current liabilities			
Provisions	16	1,780	1,763
Deferred tax liabilities		10,036	10,036
Lease liabilities		5,310	-
Total non - current liabilities		<u>17,126</u>	<u>11,799</u>
Current liabilities			
Provisions	16	575	575
Loans and borrowings	17	18,394	11,366
Trade and other payables		90,935	79,616
Lease liabilities		2,402	-
Total current liabilities		<u>112,306</u>	<u>91,557</u>
Total liabilities		<u>129,432</u>	<u>103,356</u>
Total equity and liabilities		<u><u>655,053</u></u>	<u><u>636,225</u></u>
Net Assets per Share (RM)		<u>4.34</u>	<u>4.40</u>
Net Tangible Assets per Share (RM)		<u>4.32</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.

TASEK CORPORATION BERHAD
(Company No: 4698-W)
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Non - distributable			Distributable		Total
	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	-	3,172	-	-	(10,420)	(7,248)
At 31 March 2019	258,300	(5,567)	(20,633)	115,347	178,174	525,621
At 1 January 2018	258,300	99	(20,633)	115,347	234,712	587,825
Total comprehensive income	-	(2,982)	-	-	(4,428)	(7,410)
At 31 March 2018	258,300	(2,883)	(20,633)	115,347	230,284	580,415

The Condensed Consolidated Statement of Changes in Equity 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
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Months ended	
	31 March 2019	31 March 2018
	RM'000	RM'000
<u>Operating activities</u>		
Loss before taxation	(9,942)	(4,000)
<u>Adjustments for:</u>		
Amortisation of intangible assets	123	88
Amortisation and depreciation of property, plant and equipment and right-of-use assets	9,258	9,660
Finance cost	278	98
Finance income	(496)	(1,034)
Property, plant and equipment written off	8	2
Share of results of associates	(318)	(1,440)
	8,853	7,374
Operating cash flows before changes in working capital	(1,089)	3,374
<u>Changes in working capital:</u>		
Change in inventories	23,510	5,914
Change in trade and other receivables	(21,743)	(14,858)
Change in trade and other payables	11,319	6,693
Total changes in working capital	13,086	(2,251)
Interest received	496	1,034
Interest paid	(128)	(98)
Income taxes refund	2,678	710
	3,046	1,646
Net cash flows generated from operating activities	15,043	2,769
<u>Investing activities</u>		
Investment in equity investment	(4,666)	(2,308)
Purchase of property, plant and equipment	(7,272)	(7,797)
Purchase of intangible assets	(993)	(130)
Withdrawal of short term deposits more than three months	-	20,000
Net cash flows (used in)/generated from investing activities	(12,931)	9,765
<u>Financing activities</u>		
Repayment on lease liabilities	(930)	-
Net proceeds from/(repayment to) loans & borrowings	7,028	(1,596)
Net cash flows generated from/(used in) financing activities	6,098	(1,596)
Net increase in cash and cash equivalents	8,210	10,938
Cash & cash equivalents at 1 January	60,534	92,832
Cash & cash equivalents at 31 March (Note 14)	68,744	103,770

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 FIRST QUARTER ENDED 31 MARCH 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 30 April 2019.

2. Accounting policies and methods of computation

These condensed consolidated interim financial statements, for the period ended 31 March 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
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - 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
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 adopt the new standard on the required effective date using the modified retrospective approach and recognise 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:

<u>Group</u>	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 31 March 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 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
31.3.2019					
Segment revenue	100,388	55,679	-	-	156,067
Inter-segment revenue	(18,803)	-	-	-	(18,803)
Revenue from external customers	<u>81,585</u>	<u>55,679</u>	<u>-</u>	<u>-</u>	<u>137,264</u>
Segment profit/(loss)	(11,810)	1,547	(215)	-	(10,478)
Inter-segment elimination	(399)	354	45	-	-
	<u>(12,209)</u>	<u>1,901</u>	<u>(170)</u>	<u>-</u>	<u>(10,478)</u>
Segment profit/(loss)	(11,810)	1,547	(215)	-	(10,478)
Finance income	595	59	0	(158)	496
Finance cost	(26)	(252)	(158)	158	(278)
Share of profit from associates	-	-	-	318	318
Profit/(loss) before tax	<u>(11,241)</u>	<u>1,354</u>	<u>(373)</u>	<u>318</u>	<u>(9,942)</u>
31.3.2018					
Segment revenue	101,745	56,032	1,342	-	159,119
Inter-segment revenue	(21,448)	-	(1,342)	-	(22,790)
Revenue from external customers	<u>80,297</u>	<u>56,032</u>	<u>-</u>	<u>-</u>	<u>136,329</u>
Segment profit/(loss)	(7,500)	1,309	(95)	(90)	(6,376)
Inter-segment elimination	(435)	381	54	-	-
	<u>(7,935)</u>	<u>1,690</u>	<u>(41)</u>	<u>(90)</u>	<u>(6,376)</u>
Segment profit/(loss)	(7,500)	1,309	(95)	(90)	(6,376)
Finance income	1,039	80	-	(85)	1,034
Finance cost	(7)	(91)	(85)	85	(98)
Share of profit of associates	-	-	-	1,440	1,440
Profit/(loss) before tax	<u>(6,468)</u>	<u>1,298</u>	<u>(180)</u>	<u>1,350</u>	<u>(4,000)</u>

Breakdown of the revenue from all services is as follows:

Analysis of revenue by geographical segment

	31.3.2019	31.3.2018
	RM'000	RM'000
Malaysia	137,213	133,724
Outside Malaysia	51	2,605
	<u>137,264</u>	<u>136,329</u>

The commentary on the performance of each of the business activity and the factors that have resulted in the revenue or profits improving or declining as compared with the corresponding periods of last quarter and year is discussed in Note 22.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 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 3 months ended	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
		RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging/(crediting):					
Amortisation of intangible assets	12	123	88	123	88
Amortisation and depreciation of property, plant and equipment	11	8,401	9,660	8,401	9,660
Depreciation of right-of-use asset		857	-	857	-
Finance income		(496)	(1,034)	(496)	(1,034)
Finance cost		278	98	278	98
Property, plant and equipment written off	11	8	2	8	2
Net gain on foreign exchange - realised		(28)	(18)	(28)	(18)
Rental income		(174)	(307)	(174)	(307)

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 3 months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
<u>Current Income tax</u>				
Malaysia - Current year	(446)	(428)	(446)	(428)
- Prior year	(32)	-	(32)	-
	(478)	(428)	(478)	(428)

Despite the Group's loss in the current quarter to date, the tax is derived from income of a subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

10. Earnings per share

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
(I) Basic earnings per share				
Loss net of tax attributable to equity holders of the Company	(10,420)	(4,428)	(10,420)	(4,428)
Less : 6% Preference Dividend	(20)	(20)	(20)	(20)
Loss net of tax attributable to equity holders of the Company used in the computation of basic earnings per share	(10,440)	(4,448)	(10,440)	(4,448)
Weighted average number of ordinary shares in issue at 31 March ('000)	121,143	121,143	121,143	121,143
Basic loss per share (sen)	(8.62)	(3.67)	(8.62)	(3.67)

(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	31 March 2019	31 December 2018
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		243,536	242,578
Additions		7,272	37,049
Disposals		-	(660)
Less: Depreciation	8	(8,401)	(35,184)
Less: Written off	8	(8)	(247)
Balance at end of period/year		242,399	243,536

12. Intangible assets

	Note	31 March 2019	31 December 2018
		RM'000	RM'000
Net carrying amount:			
Balance at the beginning of year		1,114	1,285
Additions		993	194
Less: Amortisation	8	(123)	(364)
Less: Written off		-	(1)
Balance at end of period/year		1,984	1,114

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

13. Inventories

During the period ended 31 March 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

	31 March 2019	31 December 2018
	RM'000	RM'000
Cash at banks and on hand	28,074	16,004
Short term deposits with licensed banks	40,670	44,530
	<u>68,744</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	
	31 March 2019	31 December 2018
	RM'000	RM'000
Balance at the beginning of year	2,338	2317
Arose during the period/year	-	559
Unwinding of discount	17	52
Reversal of provision	-	(14)
Payments during the period/year	-	(576)
Balance at end of period/year	<u>2,355</u>	<u>2,338</u>
At 31 March 2019		
Current	575	575
Non-current:		
- Later than 1 year but not later than 5 years	403	135
- Later than 2 years but not later than 5 years	607	866
- More than 10 years	770	762
	<u>2,355</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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

17. Group borrowings and debts securities

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

	31 March 2019	31 December 2018
	RM'000	RM'000
Bankers' Acceptances (unsecured)	18,394	11,366

18. Dividends

No dividend was paid during the current quarter (1st Quarter of 2018: Nil).

19. Commitments

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

	31 March 2019	31 March 2018
	RM'000	RM'000
<u>Property, plant & equipment</u>		
- Approved and contracted for	6,831	14,125
- Approved but not contracted for	8,364	1,339
	15,195	15,464

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

Current Quarter vs. Corresponding Quarter of Previous Year

For the current quarter, the Group registered net revenue of RM137.3 million and loss after tax of RM10.4 million compared with net revenue of RM136.3 million and loss after tax of RM4.4 million of the corresponding quarter of previous year. The higher current quarter loss was mainly contributed by the cement segment which continue to be affected by the prolonged price competition and higher cost of production. In addition, lower interest income and lower share of profit from associate company in the current quarter further affected the performance of the Group.

The cement segment recorded a net revenue of RM100.4 million and a loss of RM11.8 million for the current quarter compared with net revenue of RM101.7 million and loss of RM7.5 million of the corresponding quarter of previous year mainly due to the competitive pricing in the domestic market. The industry is faced with an excess capacity situation resulting in intensified pricing competition since the middle of 2016 and this was further compounded by the lower demand for cement during the current quarter. In addition, higher production costs due to scheduled plant maintenance and higher electricity costs during the current quarter further affected performance.

The ready-mixed concrete segment recorded a marginally lower net revenue of RM55.6 million and a profit of RM1.5 million for the current quarter compared with net revenue of RM56.0 million and profit of RM1.3 million of the corresponding quarter of previous year. The marginal decrease in net revenue despite a slight increase in sales volume was mainly due to the closure of a site plant producing high grade concrete for projects in the city center.

The Group's interest income of RM496,000 for the current quarter was lower than RM1.0 million of the corresponding quarter of previous year due to lesser amount of funds placed on term deposits.

The lower share of profit from the associate company in the current quarter compared with corresponding quarter of previous year was mainly due to the higher cost of sales of the associate company arising from the increased cost of imported raw materials.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

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

	Current quarter 31 March 2019 <u>RM'000</u>	Immediate preceding quarter 31 December 2018 <u>RM'000</u>
Revenue	<u>137,264</u>	<u>134,991</u>
Net loss before tax	(10,260)	(12,996)
Share of results of associates	318	(1,098)
Consolidated loss before tax	<u>(9,942)</u>	<u>(14,094)</u>

The Group recorded an increase in net revenue of RM137.3 million from RM135.0 million of the immediate preceding quarter mainly due to higher sales volume in both the cement and ready-mixed concrete segments. However the prolonged intense pricing competition continue to affect the contribution margin of both the cement and ready-mixed concrete segments during the current financial quarter. Lower interest income resulting from lower fund placements in term deposits also affected the Group's performance for the current financial quarter. The Group's share of loss of associate company of RM1.1 million in the immediate preceding quarter was due to adjustment for consumption of raw materials and provision for doubtful debt.

24. Commentary on prospects

The Board foresees the second quarter to continue to be affected by the pricing competition due to low cement demand from the subdued construction sector. However, the construction sector may improve if the announced revival by Government of mega projects such as the East Coast Rail Link (ECRL), Klang Valley double-tracking and development of Bandar Malaysia proceed as planned.

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 has been declared for the current quarter ended 31 March 2019 (1st 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 (1st 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 - UNAUDITED

32. Purchases and sales of quoted securities

Investment in quoted securities held by the Group as at 31 March 2019 was as follows:

	Cumulative quarter 3 months ended 31 March 2019
	<u>RM'000</u>
Quoted investment in Malaysia, at fair value	4,165
Addition	4,666
Fair value gain recognised in other comprehensive income	3,172
At market value/carrying value	<u>12,003</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 2018 was not qualified.

BY ORDER OF THE BOARD

VINCENT CHOW POH JIN
COMPANY SECRETARY

30 APRIL 2019
KUALA LUMPUR, MALAYSIA