

**LAFARGE MALAYSIA BERHAD (1877-T)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Year to Date Ended</b>	
	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>
Revenue	471,491	532,195	1,010,192	1,079,024
Cost of sales	(439,859)	(506,187)	(909,644)	(998,610)
<b>Gross profit</b>	<b>31,632</b>	<b>26,008</b>	<b>100,548</b>	<b>80,414</b>
Selling and distribution expenses	(69,713)	(100,843)	(156,313)	(203,574)
Administration expenses	(15,462)	(25,563)	(33,024)	(46,554)
Other expenses	(11,090)	(1,225)	(12,194)	(8,221)
Investment income	787	2,591	1,672	5,068
<b>Loss from operations</b>	<b>(63,846)</b>	<b>(99,032)</b>	<b>(99,311)</b>	<b>(172,867)</b>
Interest income	1,794	989	2,808	2,150
Finance costs	(11,764)	(9,634)	(21,723)	(17,796)
Share of results in joint venture	2,165	41	4,790	(2,331)
<b>Loss before tax</b>	<b>(71,651)</b>	<b>(107,636)</b>	<b>(113,436)</b>	<b>(190,844)</b>
Income tax credit	8,723	23,876	18,733	38,419
<b>Loss for the period</b>	<b>(62,928)</b>	<b>(83,760)</b>	<b>(94,703)</b>	<b>(152,425)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operation	645	33	943	2,563
Net change in cash flow hedges	238	1,893	111	2,164
<b>Total other comprehensive income for the period, net of tax</b>	<b>883</b>	<b>1,926</b>	<b>1,054</b>	<b>4,727</b>
<b>Total comprehensive loss for the period</b>	<b>(62,045)</b>	<b>(81,834)</b>	<b>(93,649)</b>	<b>(147,698)</b>

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	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>
<b>(Loss)/profit attributable to:</b>				
Owners of the Company	(63,279)	(83,793)	(95,350)	(152,525)
Non-controlling interests	351	33	647	100
	<b>(62,928)</b>	<b>(83,760)</b>	<b>(94,703)</b>	<b>(152,425)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(62,396)	(81,867)	(94,296)	(147,798)
Non-controlling interests	351	33	647	100
	<b>(62,045)</b>	<b>(81,834)</b>	<b>(93,649)</b>	<b>(147,698)</b>
Basic and diluted loss per share (sen)	(7.5)	(9.9)	(11.2)	(18.0)

*(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2018 and the accompanying explanatory notes attached to the interim financial statements)*

**LAFARGE MALAYSIA BERHAD (1877-T)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30 June 2019 RM'000	As at 31 December 2018 RM'000
<b>ASSETS</b>			
<u>Non-current assets</u>			
Property, plant and equipment		1,606,160	1,652,634
Right-of-use assets		72,056	-
Investment property		3,131	3,132
Prepaid lease payments on leasehold land		66,286	69,043
Goodwill on consolidation		1,387,089	1,387,089
Other intangible assets		17,082	18,151
Investment in joint venture		23,291	18,322
Other financial assets		4,106	4,106
Finance lease receivables		15,162	-
Deferred tax assets		208,695	170,086
		3,403,058	3,322,563
<u>Current assets</u>			
Inventories		349,806	345,368
Current tax assets		20,453	72,568
Trade receivables		329,712	355,646
Other receivables and prepaid expenses		58,802	74,359
Amounts owing by holding and other related companies		3,199	22,493
Finance lease receivables		6,408	-
Derivative financial assets		709	60
Cash and bank balances		57,325	84,238
		826,414	954,732
<b>Total assets</b>		<b>4,229,472</b>	<b>4,277,295</b>
<b>EQUITY AND LIABILITIES</b>			
<u>Share capital and reserves</u>			
Share capital		1,950,692	1,950,692
Reserves:			
Exchange equalisation reserve		29,459	28,516
Investments revaluation reserve		2,212	2,212
Hedging reserve		26	(85)
Retained earnings		470,986	563,907
		2,453,375	2,545,242
Equity attributable to owners of the Company		2,453,375	2,545,242
Non-controlling interests		6,383	5,559
		2,459,758	2,550,801
<b>Total equity</b>		<b>2,459,758</b>	<b>2,550,801</b>

**LAFARGE MALAYSIA BERHAD (1877-T)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30 June 2019 RM'000	As at 31 December 2018 RM'000
<u>Non-current liabilities</u>			
Borrowings	B7	99,770	279,639
Retirement benefits		55,346	54,462
Lease liabilities		64,910	-
Deferred tax liabilities		135,161	128,198
		355,187	462,299
<u>Current liabilities</u>			
Trade payables		420,508	456,540
Other payables and accrued expenses		114,751	152,524
Amounts owing to holding and other related companies		541	79,163
Loans from other related companies	B7	-	257,159
Borrowings	B7	853,027	300,635
Lease liabilities		22,814	-
Contract liabilities		38	14,141
Derivative financial liabilities		37	2,500
Current tax liabilities		2,811	1,533
		1,414,527	1,264,195
Total liabilities		1,769,714	1,726,494
<b>Total equity and liabilities</b>		<b>4,229,472</b>	<b>4,277,295</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.89	2.99
Net tangible assets per share attributable to ordinary equity holders of the Company (RM)		1.23	1.34

*(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2018 and the accompanying explanatory notes attached to the interim financial statements)*

**LAFARGE MALAYSIA BERHAD (1877-T)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Non-distributable →				Distributable		Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Exchange Equalisation Reserve RM'000	Investment Revaluation Reserve RM'000	Hedging Reserve RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 January 2019, as previously reported	1,950,692	28,516	2,212	(85)	563,907	2,545,242	5,559	2,550,801
Effects of adoption of MFRS 16	-	-	-	-	2,429	2,429	177	2,606
As at 1 January 2019, as restated	1,950,692	28,516	2,212	(85)	566,336	2,547,671	5,736	2,553,407
Loss for the period	-	-	-	-	(95,350)	(95,350)	647	(94,703)
Other comprehensive income/(loss) for the period, net of tax	-	943	-	111	-	1,054	-	1,054
As at 30 June 2019	1,950,692	29,459	2,212	26	470,986	2,453,375	6,383	2,459,758
As at 1 January 2018	1,950,692	27,869	1,134	(1,192)	870,704	2,849,207	6,540	2,855,747
Loss for the period	-	-	-	-	(152,525)	(152,525)	100	(152,425)
Other comprehensive income for the period, net of tax	-	2,563	-	2,164	-	4,727	-	4,727
Dividend to non-controlling interests	-	-	-	-	-	-	(1,348)	(1,348)
As at 30 June 2018	1,950,692	30,432	1,134	972	718,179	2,701,409	5,292	2,706,701

*(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2018 and the accompanying explanatory notes attached to the interim financial statements)*

**LAFARGE MALAYSIA BERHAD (1877-T)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months Financial Period Ended</b>	
	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>
<u>Cash Flows From Operating Activities</u>		
Loss before tax	(113,436)	(190,844)
Adjustments for:-		
Provision for inventory obsolescence	1,405	1,380
Amortisation of:		
- other intangible assets	1,069	1,069
- prepaid lease payments on leasehold land	2,395	3,349
Depreciation of:		
- investment property	1	1
- property, plant and equipment	73,218	100,244
- right-of-use assets	10,714	-
Unrealised gain on derivatives	(2,964)	(14)
Finance costs	21,723	17,796
Loss allowance for trade receivables	2,249	2,229
Interest income	(2,808)	(2,150)
Loss/(gain) on disposal of:		
- property, plant and equipment	889	193
- prepaid lease payment	(680)	-
- right-of-use assets	(18)	-
Property, plant and equipment written off	8,431	499
Provision for retirement benefits	3,190	6,773
Unrealised loss on foreign exchange	1,479	4,993
Share of results in joint venture	(4,790)	2,331
Operating loss before changes in working capital	2,067	(52,151)
(Increase)/Decrease in:		
Inventories	(5,843)	(21,812)
Receivables	37,563	34,871
Amounts owing by holding and other related companies	19,294	(6,593)
Increase/(Decrease) in:		
Payables	(55,323)	(97,077)
Amounts owing to holding and other related companies	(78,622)	(28,849)
Contract liabilities	(14,103)	(11,127)
Cash used in operations	(94,967)	(182,738)
Retirement benefits paid	(2,306)	(1,193)
Net tax refunded/(paid)	40,445	(124)
Net cash used in operating activities	(56,828)	(184,055)

**LAFARGE MALAYSIA BERHAD (1877-T)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months Financial Period Ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Cash Flows From Investing Activities</u>		
Additions to property, plant and equipment	(55,497)	(37,679)
Interest received	2,808	2,150
Proceeds from finance lease receivables	2,411	-
Proceeds from disposal of:		
- property, plant and equipment	288	6
- prepaid lease payment	1,042	-
	(48,948)	(35,523)
<u>Cash Flows From Financing Activities</u>		
Dividends paid to non-controlling interests	-	(1,348)
Interest paid	(20,688)	(19,685)
Payments of lease liabilities	(14,697)	-
Drawdown of borrowings	393,925	303,149
Repayment of borrowings	(256,350)	(100,000)
	102,190	182,116
Net cash used in investing activities	(48,948)	(35,523)
Net Change in Cash and Cash Equivalents	(3,586)	(37,462)
Effects of currency translations	42	(550)
Cash and Cash Equivalents at beginning of the year	38,819	99,906
Cash and Cash Equivalents at end of the year	35,275	61,894
Cash and bank balances	57,325	98,154
Bank overdraft (Note B7)	(22,050)	(36,260)
	35,275	61,894

*(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2018 and the accompanying explanatory notes attached to the interim financial statements)*

## LAFARGE MALAYSIA BERHAD (1877-T)

### A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

#### A1. Basis of Preparation

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2018. The audited financial statements of the Group for the year ended 31 December 2018 were prepared in accordance with MFRS and International Financial Reporting Standards (“IFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

#### A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of the following MFRSs and amendments to MFRSs:

##### **Adoption of Standards, Issue Committee (“IC”) Interpretation and Amendments**

Effective for annual periods beginning on or after 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle
IC Interpretation 23	Uncertainty over Income Tax Payments

The adoption of the abovementioned Standards, IC Interpretation and Amendments has no significant effect to the Group’s consolidated financial statements of the current quarter or comparative consolidated financial statements of the prior financial year, except as further discussed below:

##### **MFRS 16 Leases**

MFRS 16 replaces existing leases guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating leases.

As allowed by the transitional provision of MFRS 16, the Group and the Company has elected to adopt the modified retrospective approach with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 which is to be recognised in retained earnings and reserves as at 1 January 2019, as disclosed below:



## A2. Significant Accounting Policies (continued)

### Adoption of Standards, Issue Committee (“IC”) Interpretation and Amendments (continued)

#### MFRS 16 Leases (continued)

	As previously reported RM'000	MFRS 16 adjustments RM'000	As restated RM'000
<b>1 January 2019</b>			
<b>Consolidated Statement of Financial Position</b>			
Right-of-use assets	-	71,190	71,190
Finance lease receivables	-	21,191	21,191
Other receivables and prepaid expenses	74,359	(1,706)	72,653
Lease liabilities	-	(88,069)	(88,069)
Retained earnings	(563,907)	(2,429)	(566,336)
Non-controlling interests	(5,559)	(177)	(5,736)

#### **Standards, Amendments to MFRSs and IC Interpretations in issue but not yet effective**

The Group has not adopted the following new and revised Standards, IC Interpretation and Amendments that have been issued but are not yet effective:

Amendments to MFRS 3	Definition of a Business <sup>1</sup>
Amendments to MFRS 101 and MFRS 108	Definition of Material <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to References to the Conceptual Framework in MFRS Standards <sup>1</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective date to be determined

The Directors anticipate that the abovementioned Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Amendments will have no material impact on the financial statements of the Group in the period of initial application.

## A3. Audit Report of Preceding Audited Financial Statements

The audit reports of the preceding annual financial statements of the Company and of the Group were not subject to any qualification.

## A4. Seasonal or Cyclical Factors

The operations of the Group are closely linked to the construction sector which would normally experience a slow-down in construction activities during the festive seasons in Malaysia and Singapore.

## A5. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting the Group's assets, liabilities, equity, net income or cash flows that are material and unusual because of their nature, size or incidence.

**A6. Material Changes in Accounting Estimates**

There were no material changes in estimates of amounts reported in prior interim periods or in previous financial years which have a material effect in the current quarter.

**A7. Capital Issues, Dealings in Own Shares and Repayment of Debt**

There were no issuances and repayments of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares nor resale of treasury shares during the financial period under review.

**A8. Dividend Paid**

There was no dividend payment during the financial period ended 30 June 2019.

**A9. Segmental Information**

Segment information is presented in respect of the Group’s business segments, which reflect the Group’s internal reporting structure that are regularly reviewed by the Group’s chief operating decision maker.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and liabilities that relate to investing and financing activities and cannot be reasonably allocated to individual segments. These include mainly corporate assets, other investments, deferred tax assets/liabilities and current tax assets/liabilities.

The Group is organised into the following main operating segments:

Cement	Cement business and trading of other building materials
Aggregates & Concrete	Aggregates and ready-mixed concrete business

**A9. Segmental Information (continued)**

Analysis of the Group's segment information is as follows:

6 Months Ended 30 June	Cement		Aggregates & Concrete		Elimination		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Segment revenue</b>								
External revenue	745,306	791,269	264,886	287,755	-	-	1,010,192	1,079,024
Internal revenue	113,217	139,300	3,747	2,849	(116,964)	(142,149)	-	-
	<u>858,523</u>	<u>930,569</u>	<u>268,633</u>	<u>290,604</u>	<u>(116,964)</u>	<u>(142,149)</u>	<u>1,010,192</u>	<u>1,079,024</u>
<b>Segment (loss)/profit</b>	<u>(116,244)</u>	<u>(173,797)</u>	<u>16,933</u>	<u>930</u>	<u>-</u>	<u>-</u>	<u>(99,311)</u>	<u>(172,867)</u>
Reconciliation of segment (loss)/profit to consolidated loss before tax:								
Interest income							2,808	2,150
Finance costs							(21,723)	(17,796)
Share of results in joint venture							4,790	(2,331)
Consolidated loss before tax							<u>(113,436)</u>	<u>(190,844)</u>
<b>Segment assets</b>	<u>3,933,541</u>	<u>3,990,731</u>	<u>297,510</u>	<u>298,335</u>	<u>(315,449)</u>	<u>(298,595)</u>	<u>3,915,602</u>	<u>3,990,471</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in joint venture							23,291	17,444
Unallocated corporate assets							290,579	288,995
Consolidated total assets							<u>4,229,472</u>	<u>4,296,910</u>
<b>Segment liabilities</b>	<u>708,629</u>	<u>837,190</u>	<u>193,202</u>	<u>208,844</u>	<u>(310,610)</u>	<u>(303,682)</u>	<u>591,221</u>	<u>742,352</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							1,040,521	723,985
Unallocated corporate liabilities							137,972	123,872
Consolidated total liabilities							<u>1,769,714</u>	<u>1,590,209</u>

#### **A10. Valuation of Property, Plant and Equipment**

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

#### **A11. Material Events Subsequent to Quarter End**

There were no other material events subsequent to the current financial quarter ended 30 June 2019 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

#### **A12. Changes in Group Composition**

On 2 May 2019, YTL Cement Berhad (“YTL Cement”) entered into a sale and purchase agreement with Associated International Cement Limited (“AICL”) for the acquisition of 433,344,693 ordinary shares in Lafarge Malaysia Berhad (“LMB”), representing approximately 51.0% of the issued share capital of LMB for total cash consideration of RM1,625,042,599 or RM3.75 per LMB share (“Acquisition”).

The Acquisition was completed on 17 May 2019 and, accordingly, YTL Cement became the immediate holding company of LMB. Following the Acquisition, YTL Cement launched an unconditional mandatory general offer (“MGO”) for the remaining shares in LMB not already owned by YTL Cement at an offer price of RM3.75 per LMB share. At the closing of the MGO on 13 June 2019, YTL Cement owned a total of 76.98% of the issued share capital of LMB.

#### **A13. Contingent Liabilities**

The Group has no material contingent liabilities as at the date of this report.

#### **A14. Commitments**

Outstanding commitments in respect of capital commitments at end of reporting date not provided for in the financial statements are as follows:

	<b>As at 30 June 2019 RM'000</b>
In respect of capital expenditure:	
Approved and contracted for	17,190
Approved but not contracted for	45,701
	<u>62,891</u>

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of Group's Performance**

**Current Quarter vs. Corresponding Quarter of Previous Year.**

The Group's revenue decreased by 11.4% to RM471 million in the current quarter from RM532 million recorded in the corresponding quarter last year. This decrease is mainly attributable to lower sales both in volume and prices from the Cement segment caused by weak domestic market conditions but compensated partially by higher export sales.

Although the revenue was lower, the Group's performance has improved with a lower loss before tax for the current quarter of RM72 million compared to the loss before tax of RM108 million for the same period last year. The better performance of the Cement segment is attributable to lower distribution costs, savings from vigorous cost cutting measures and lower depreciation. The aforementioned savings were partially offset by increases in electricity prices and higher maintenance costs.

**Current Year To Date vs. Corresponding Year to Date of Previous Year.**

For the period ended 30 June 2019, the Group registered a drop in revenue by 6.4% from RM1,079 million recorded in the same period last year to RM1,010 million this year. This is mainly due to the lower cement sales caused by weak domestic market conditions coupled with the competitive environment which continue to put downward pressure on selling prices. The above was compensated partially by higher export volume and prices.

Despite the lower revenue, the Group's performance has improved with a lower loss before tax of RM113 million compared to loss before tax of RM191 million in corresponding period last year. The improvement is mainly attributed to lower distribution costs, savings from vigorous cost cutting measures and lower depreciation.

**B2. Comparison with Preceding Quarter**

	<b>2<sup>nd</sup> Quarter Ended 30 June 2019 RM'000</b>	<b>1<sup>st</sup> Quarter Ended 31 March 2019 RM'000</b>
Revenue	471,491	538,701
Loss before tax	<u>(71,651)</u>	<u>(41,785)</u>

The Group's revenue in the current quarter is lower than the preceding quarter mainly due to lower sales during the festive seasons in the current quarter.

The Group recorded a higher loss before tax of RM72 million compared to RM42 million in the preceding quarter. The higher loss is mainly attributed to Cement segment's lower revenue coupled with higher production and maintenance costs as a result of timing of scheduled kiln shut down for major maintenance, plant and equipment write off and higher finance cost.

**B3. Prospects**

Construction activities in Malaysia remain slow and domestic market conditions are expected to be challenging with the excess capacity in the cement industry while our Singapore operations are expected to improve with better market conditions. There continues to be healthy demand from the export market and the Langkawi Plant is well positioned to benefit from this.

**B4. Profit Forecast and Profit Guarantee**

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 June 2019.

**B5. Income Tax Credit**

Income tax credit comprises the following:

	<b>2<sup>nd</sup> Quarter Ended 30 June 2019 RM'000</b>	<b>Year to Date Ended 30 June 2019 RM'000</b>
In respect of current year:		
- income tax	(7,684)	(12,931)
- deferred tax	16,402	31,646
In respect of prior year:		
- income tax	5	(18)
- deferred tax	-	36
Total tax credit	<u>8,723</u>	<u>18,733</u>

The tax credit has an effective tax rate that is lower than the statutory tax rate of 24% in Malaysia mainly due to the non tax deductible expenses.

**B6. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this report.

**B7. Group Borrowings**

The Group borrowings are as follows:

	<b>As at 30 June 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>
<u>Short-term borrowings</u>		
<b>Non-secured</b>		
Borrowings	98,961	257,159
Sukuk Wakalah	180,000	-
Revolving credit and banker acceptance	552,016	255,216
Bank overdraft	22,050	45,419
	<hr/> 853,027	<hr/> 557,794
 <u>Long-term borrowings</u>		
<b>Non-secured</b>		
Sukuk Wakalah (non-current)	99,770	279,639
Total Group borrowings	<hr/> 952,797	<hr/> 837,433

All borrowings are denominated in Ringgit Malaysia, except for borrowings of RM98,961,000, which are denominated in Euros.

**B8. Material Litigation**

There was no pending material litigation as at the date of this report.

**B9. Dividend**

The Directors do not recommend any interim dividend for the current quarter under review.

**B10. Loss for the period**

	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Year to Date Ended</b>	
	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2018 RM'000</b>
<b>Loss for the period is arrived after charging:</b>				
Provision for inventory obsolescence	689	690	1,405	1,380
Amortisation of:				
- other intangible assets	536	536	1,069	1,069
- prepaid lease payments on leasehold land	1,205	2,175	2,395	3,349
Depreciation of:				
- investment property	1	1	1	1
- property, plant and equipment	36,772	49,667	73,218	100,244
- right-of-use assets	5,550	-	10,714	-
Derivative loss	-	802	3,299	3,200
Loss allowance for trade receivables	2,432	1,066	2,249	2,229
Loss on disposal of:				
- property, plant and equipment	832	-	889	193
Property, plant and equipment written off	7,518	334	8,431	499
Provision for retirement benefits	1,596	4,348	3,190	6,773
Realised loss on foreign exchange	376	-	-	-
Unrealised loss on foreign exchange	4,598	244	1,479	4,993
<b>and after crediting:</b>				
Gain on disposal of:				
- property, plant and equipment	-	1	-	-
- prepaid lease payment	680	-	680	-
Derivative gain	3,912	-	-	-
Realised gain on foreign exchange	-	179	515	1,212



**B11. Loss per share**

Loss per share is calculated as follows:

	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Year to Date Ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Loss attributable to equity holders of the Company (RM'000)	(63,279)	(83,793)	(95,350)	(152,525)
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
<b>Basic and diluted loss per share (sen)</b>	<b>(7.5)</b>	<b>(9.9)</b>	<b>(11.2)</b>	<b>(18.0)</b>

The basic and diluted loss per share are the same as the Company has no dilutive potential ordinary shares.

Dated: 29 August 2019

Petaling Jaya, Selangor Darul Ehsan.