

**LAFARGE MALAYAN CEMENT BERHAD (1877-T)**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2007 RM'000	Preceding Year Corresponding Quarter 31/12/2006 RM'000 (Restated)	Current Year To Date 31/12/2007 RM'000	Preceding Year Corresponding Year 31/12/2006 RM'000 (Restated)
<b>Revenue</b>	<b>542,480</b>	<b>503,637</b>	<b>2,173,532</b>	<b>2,077,893</b>
Operating expenses	(432,719)	(362,243)	(1,693,288)	(1,667,222)
Depreciation and amortisation	(44,028)	(43,089)	(166,037)	(168,779)
Other income/(expenses)	435	(20,214)	(6,896)	(9,665)
Investment income	726	753	2,880	2,856
Interest income	1,287	711	4,596	2,971
<b>Profit from operations</b>	<b>68,181</b>	<b>79,555</b>	<b>314,787</b>	<b>238,054</b>
Finance cost	(3,826)	(5,232)	(14,921)	(24,019)
Share of results of associates	7,545	(1,043)	17,747	(2,067)
<b>Profit before tax</b>	<b>71,900</b>	<b>73,280</b>	<b>317,613</b>	<b>211,968</b>
Taxation	14,707	(1,731)	(33,443)	(38,635)
<b>Profit for the period</b>	<b>86,607</b>	<b>71,549</b>	<b>284,170</b>	<b>173,333</b>
Profit/(Loss) attributable to:				
Equity holders of the parent	88,944	73,898	287,825	174,661
Minority interest	(2,337)	(2,349)	(3,655)	(1,328)
	<b>86,607</b>	<b>71,549</b>	<b>284,170</b>	<b>173,333</b>
Basic and diluted earnings per share (sen)	7.2	5.2	21.0	12.3

*(Basic earnings per share for preceding year corresponding quarter and preceding year have been adjusted for the effect of share consolidation during the year.)*

*(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2006 and the accompanying explanatory notes attached to the interim financial statements)*

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**  
**CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSE**

	<b>Current Year To Date 31/12/07 RM'000</b>	<b>Current Year To Date 31/12/06 RM'000</b>
Actuarial loss on defined benefits retirement plan	(148)	(1,294)
Income tax on income and expenses taken directly to equity	69	306
Net loss recognised directly in equity	(79)	(988)
Profit for the year	284,170	173,333
Total recognised income and expense for the year	<u>284,091</u>	<u>172,345</u>
Attributable to:		
Equity holders of the parent	287,746	173,673
Minority interest	(3,655)	(1,328)
	<u>284,091</u>	<u>172,345</u>

*(The Condensed Statement of Recognised Income and Expense should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2006 and the accompanying explanatory notes attached to the interim financial statement)*

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000 (Restated)
<b>ASSETS</b>			
<u>Non-current assets</u>			
Property, plant and equipment		1,981,988	2,068,486
Investment property		4,486	4,867
Prepaid lease payments on leasehold land		119,496	125,616
Goodwill on consolidation		1,188,430	1,188,430
Other intangible assets		2,045	2,284
Investment in associates		14,494	3,095
Other investments		2,250	2,024
Deferred tax assets		5,623	36,153
Other receivables		9,407	9,227
		3,328,219	3,440,182
<u>Current assets</u>			
Assets classified as held for sale		224	224
Inventories		353,278	351,143
Trade receivables		335,913	340,563
Other receivables		75,317	74,247
Term deposits		46,673	34,057
Cash and bank balances		115,547	120,984
		926,952	921,218
<b>Total assets</b>		<b>4,255,171</b>	<b>4,361,400</b>
<b>EQUITY AND LIABILITIES</b>			
<u>Capital and reserves</u>			
Share capital - ordinary shares of RM1.00 each (2006: ordinary shares of RM0.50 each)	A9	849,695	1,416,159
Treasury shares	A9	-	-
Reserves:			
Share premium	A10	1,067,199	1,067,199
Capital reserves	A10	33,968	33,968
Exchange equalisation reserves	A10	34,762	34,689
Capital redemption reserves	A10	33,798	33,548
Retained earnings	A10	889,468	686,942
Equity attributable to equity holders of the parent		2,908,890	3,272,505
Minority interests	A11	26,338	29,993
Total equity		2,935,228	3,302,498

# comprising treasury shares amounting to RM121

Forward

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000 (Restated)
<u>Non-current liabilities</u>			
Long-term borrowings	B9	7,182	6,505
Provision for retirement benefits		36,128	34,713
Deferred tax liabilities		262,257	267,580
		305,567	308,798
<u>Current liabilities</u>			
Trade payables		267,151	239,122
Other payables and accruals		101,250	114,710
Amount due to holding and related companies		10,713	3,106
Short-term borrowings	B9	628,002	387,103
Tax liabilities		7,260	6,063
		1,014,376	750,104
Total liabilities		1,319,943	1,058,902
<b>Total equity and liabilities</b>		<b>4,255,171</b>	<b>4,361,400</b>
Net assets per share (RM)		3.45	1.17
Net tangible assets per share (RM)		2.05	0.75

*(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2006 and the accompanying explanatory notes attached to the interim financial statements)*

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Current Year To Date 31/12/2007 RM'000</b>	<b>Preceding Year To Date 31/12/2006 RM'000 (Restated)</b>
<u>Cash Flows From Operating Activities</u>		
Net Profit before tax	317,613	211,968
Adjustments for:-		
Non-cash items	169,509	184,983
Non-operating items	10,301	21,028
Operating profit before changes in working capital	<u>497,423</u>	<u>417,979</u>
<u>Changes in working capital</u>		
Net change in current assets	(6,641)	(50,808)
Net change in current liabilities	26,031	31,931
Retirement benefits paid	(4,888)	(1,423)
Tax paid	(14,792)	(3,247)
Net cash generated from operating activities	<u>497,133</u>	<u>394,432</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(77,639)	(89,289)
Proceeds from disposal of property, plant and equipment	7,513	4,714
Proceeds from disposal of quoted shares	711	49
Purchase of investments	(210)	-
Purchase of quarry rights	-	(1,000)
Proceeds from disposal of subsidiaries	-	9,933
Acquisition of investment in an associate	-	(4,553)
Other investment activities	10,319	2,985
Net cash used in investing activities	<u>(59,306)</u>	<u>(77,161)</u>
<u>Cash Flows From Financing Activities</u>		
Capital repayment	(566,464)	-
Share buy-back	-	(17,613)
Net drawdown/(repayment) of borrowings	240,000	(180,000)
Dividend paid by subsidiaries to minority shareholders	-	(263)
Dividend paid	(84,970)	(56,664)
Interest paid	(19,310)	(26,933)
Net cash used in financing activities	<u>(430,744)</u>	<u>(281,473)</u>
Net Change in Cash & Cash Equivalents	7,083	35,798
Effects of currency translations	96	422
Cash & Cash Equivalents at beginning of the year	<u>155,041</u>	<u>118,821</u>
Cash & Cash Equivalents at end of the year	<u>162,220</u>	<u>155,041</u>

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2006 and the accompanying explanatory notes attached to the interim financial statements)*

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**

**A. EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of Preparation**

The interim financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134<sub>2004</sub> “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2006. 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 2006.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised FRS effective for financial period beginning 1 January 2007 as below:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
Amendments to FRS 119 <sub>2004</sub>	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

The Group has adopted all of the new and revised Financial Reporting Standards (hereinafter referred as FRSs) issued by The Malaysian Accounting Standards Board (MASB) which are mandatory for financial periods on or after 1 January 2007. The adoption of these new and revised FRSs which has resulted in certain changes to the Group’s accounting policies is disclosed in Note A2.

In addition, the Group has not elected for early adoption of the following FRSs and amendments to FRSs which were issued but not yet effective for the Group at the date of issue of these interim financial statements:

FRS 107 : Cash Flow Statements
FRS 111 : Construction Contracts
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 119 : Employee Benefits
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 126 : Accounting and Reporting by Retirement Benefit Plan
FRS 129 : Financial Reporting in Hyperinflationary Economies
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets
FRS 139 : Financial Instruments: Recognition and Measurement

The above FRSs and amendments to FRS, except for FRS 139, which are effective for the financial periods beginning on or after 1 July 2007 are expected to have no significant impact on the financial statements of the Group upon their initial application. As for FRS 139, its effective date has been deferred to a date to be announced by the MASB.

Except as explained in the foregoing paragraph and disclosed under Note A2, the accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2006.

## **A2. Changes in accounting policies resulting from adoption of new and revised FRSs**

The changes in accounting policies resulting from the adoption of the new and revised FRSs are as follows:

### **(a) FRS 117: Leases**

Prior to the adoption of the revised FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses. Under the revised FRS 117, leasehold land is an operating lease unless title passes to the lessee at the end of the lease term. With the adoption of the revised FRS 117, the unamortised carrying amounts of leasehold land are now classified under separate item within non-current assets in the consolidated balance sheet as prepaid lease payments on leasehold land and amortised over the period of its remaining lease term.

### **(b) FRS 119: Amendment to Financial Reporting Standard FRS 119<sub>2004</sub> Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures**

The Group has elected to apply a new option defined by this FRS which is recognising actuarial gains and losses outside profit or loss and directly in equity, through the “Statement of Recognised Income and Expense”.

The current period’s presentation of the Group’s interim financial statements is based on the requirements of the revised FRS 117 and the amendment of FRS 119<sub>2004</sub>, with the comparatives restated to conform with the current period’s presentation and includes the following reclassifications:

	As Restated RM’000	As Previously Stated RM’000
<b>Income Statement</b>		
Profit before tax	211,968	212,095
Taxation	(38,635)	(38,677)
Profit for the year	173,333	173,428
<b>Balance Sheet</b>		
Property, plant and equipment	2,068,486	2,194,102
Prepaid lease payments on leasehold land	125,616	-
Deferred tax assets	36,153	35,403
Deferred tax liabilities	267,580	266,944
Retirement benefits	34,713	34,423
Retained earning as of 1 January 2006	570,183	569,276

## **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 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**

On 30 January 2007, the Company proposed to undertake a capital repayment to the shareholders of the Company via a cash distribution of up to RM566.46 million on the basis of RM0.20 cash for every one existing ordinary share of RM0.50 each held in the Company, via a reduction in the par value of the ordinary shares of the Company of RM0.50 each to RM0.30 each. Following the proposed capital repayment of RM0.20 per share, the Company would consolidate the resultant share capital of up to 2,832,318,356 ordinary shares of RM0.30 each, on the basis of ten (10) ordinary shares of RM0.30 each into three (3) ordinary shares of RM1.00 each. Upon completion of the proposed consolidation, the share capital of the Company would be RM849,695,507 comprising 849,695,507 ordinary shares of RM1.00 each.

The proposed capital repayment and share consolidation exercise was completed with the listing and quotation for the consolidated shares on 16 November 2007 and the capital repayment of RM566.46 million made on 28 November 2007.

Save as disclosed above, there were no other issuance and repayment of debt and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares during the period under review.

#### **A8. Dividend Paid**

An interim dividend of 3.0 sen or 6.0% tax exempt per ordinary share, amounting to RM84.97 million declared on the ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2006 was paid on 3 May 2007.

#### **A9. Group Share Capital and Treasury Shares**

##### **a) Group Share Capital**

Issued and fully paid:

	<b>RM'000</b>
As of 1 January 2006	1,449,298
Cancellation of treasury shares	(33,139)
As of 31 December 2006	<u>1,416,159</u>
Cancellation of treasury shares	(-#)
Capital repayment and shares consolidation	<u>(566,464)</u>
As of 31 December 2007	<u><u>849,695</u></u>

# RM121



**b) Group Treasury Shares**

	<b>RM'000</b>
As of 1 January 2006	(30,918)
Share buyback	(16,174)
Cancellation of treasury shares	47,092
As of 31 December 2006	(-#)
Cancellation of treasury shares	-#
As of 31 December 2007	-

# RM121

**A10. Group Reserves****a) Group Share Premium**

	<b>RM'000</b>
As of 1 January 2006	1,114,291
Cancellation of treasury shares	(47,092)
As of 31 December 2006	1,067,199
Cancellation of treasury shares	(-#)
As of 31 December 2007	1,067,199

# RM121

**b) Group Capital Reserve**

	<b>RM'000</b>
As of 1 January 2006	33,968
As of 31 December 2007	33,968

**c) Group Exchange Equalisation Reserve**

	<b>RM'000</b>
As of 1 January 2006	32,934
Exchange differences on translation of foreign operation recognised directly in equity	1,755
As of 31 December 2006	34,689
Exchange differences on translation of foreign operation recognised directly in equity	73
As of 31 December 2007	34,762

#### d) Group Capital Redemption Reserve

	<b>RM'000</b>
As of 1 January 2006	159
Redemption of preference shares	250
Cancellation of treasury shares	33,139
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As of 31 December 2006	33,548
Redemption of preference shares	250
Cancellation of treasury shares	-*
	<hr/>
As of 31 December 2007	<u>33,798</u>

# RM50

#### e) Group Retained Earnings

	<b>RM'000</b>
As of 1 January 2006	569,276
Actuarial gains on defined benefits retirement plan recognised directly in retained earnings	1,131
Income tax on income and expenses taken directly to equity	(224)
	<hr/>
As restated	570,183
Net profit attributable to equity holders of the parent	174,661
Dividend paid	(56,664)
Redemption of preference shares	(250)
Actuarial loss on defined benefits retirement plan recognised directly in equity	(1,294)
Income tax on income and expenses taken directly to equity	306
	<hr/>
As of 31 December 2006	686,942
Net profit attributable to equity holders of the parent	287,825
Dividend paid	(84,970)
Redemption of preference shares	(250)
Actuarial losses on defined benefits retirement plan recognised directly in equity	(148)
Income tax on income and expenses taken directly to equity	69
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As of 31 December 2007	<u>889,468</u>

#### A11. Minority Interests

	<b>RM'000</b>
As of 1 January 2006	36,610
Net income recognised directly in equity	194
Loss for the year	(1,328)
Total recognised expense for the year	(1,134)
	<hr/>
Share of net assets in subsidiaries disposed of	(5,220)
Dividend paid	(263)
	<hr/>
As of 31 December 2006	29,993
Loss for the year	(3,655)
	<hr/>
As of 31 December 2007	<u>26,338</u>

## A12. Segmental Information

Analysis of the Group's segmental revenue and results is as follows:

	Financial year ended 31 December			
	Revenue		Profit/(Loss)	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cement & Clinker	1,645,647	1,488,283	309,527	228,527
Other building materials & Operations	715,935	728,813	664	6,556
	<u>2,361,582</u>	<u>2,217,096</u>	<u>310,191</u>	<u>235,083</u>
Inter-segment elimination	(188,050)	(139,203)	-	-
Interest income	-	-	4,596	2,971
Total Revenue/Profit from operations	<u>2,173,532</u>	<u>2,077,893</u>	<u>314,787</u>	<u>238,054</u>
Finance cost			(14,921)	(24,019)
Share of results of associates			17,747	(2,067)
Profit before tax			<u>317,613</u>	<u>211,968</u>
Taxation			(33,443)	(38,635)
Profit for the year			<u>284,170</u>	<u>173,333</u>

## A13. 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.

## A14. Material Events Subsequent to Quarter End

There were no material events subsequent to the current financial quarter 31 December 2007 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

## A15. Changes in Group Composition

On 11 January 2008, Lafarge Aggregates Sdn. Bhd. (LASB), a wholly owned subsidiary, has entered into a share sale agreement to acquire the entire issued and paid-up share capital of Granite Indah Sdn. Bhd. (GISB), comprising 2,000,000 ordinary shares of RM1.00 each for a total cash consideration of RM34,000,000. The Proposed Acquisition is subject to the outcome of operational, financial and legal due diligence and approval of the Foreign Investment Committee.

With the Proposed Acquisition, LASB would be acquiring two (2) wholly owned subsidiaries of GISB, namely, Granite Indah Premix Sdn. Bhd. with a paid-up share capital of 100,000 shares of RM1.00 each and Laksana Murni Sdn. Bhd. with a paid-up share capital of 500,000 shares of RM1.00 each.

The Proposed Acquisition has no effect on the Company's share capital. It will also have no material effect on the net tangible assets and earning per share of the Group for the financial year ending 31 December 2008 but is expected to have a positive impact on the future earnings of the Group.

## A16. Contingent Liabilities

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

**A17. Commitments**

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

	<b>As at 31/12/2007 RM'000</b>
In respect of capital expenditure:	
Approved and contracted for	18,859
Approved but not contracted for	58,112
	<u>76,971</u>
 In respect of acquisition of a company	 <u>34,000</u>

**A18. Related Party Transactions**

The related parties and their relationship with the Company and its subsidiaries are as follows:

<b>Name of Related Parties</b>	<b>Relationship</b>
Lafarge S.A.	Ultimate holding company of the Company
Alliance Concrete Singapore Pte Ltd	Associate of the Company
Cementia Trading AG	Subsidiary of Lafarge S.A.
Cement Shipping Company Ltd	Subsidiary of Lafarge S.A.
Cementia Asia Sdn Bhd	Subsidiary of Lafarge S.A.
Lafarge Asia Sdn Bhd	Subsidiary of Lafarge S.A.
Marine Cement Ltd	Subsidiary of Lafarge S.A.
PT Semen Andalas Indonesia	Subsidiary of Lafarge S.A.
Monier Sdn Bhd (formerly known as Lafarge Roofing Systems Sdn Bhd)	Associate of Lafarge S.A
Lafarge Roofing Tiles Sdn Bhd	Associate of Lafarge S.A
Lafarge Tiles (Pahang) Sdn Bhd	Associate of Lafarge S.A.

<b>Description of Transactions</b>	<b>Current Year to Date 31/12/2007 RM'000</b>
<b>Ultimate of holding company of the Company:</b>	
Provision of trademark licence and general assistance fee	26,322
Insurance premium and brokerage fee	86
Specific technical assistance fee	358
<b>Associate of the Company:</b>	
Sales of cement and ready-mixed concrete	42,038
<b>Subsidiaries of ultimate holding company of the Company:</b>	
Sales of cement and clinker	277,382
Purchase of cement and clinker	41,992
Time charter hire/Sub-charter of vessels	20,417
Services for export sales	3,154
Maintenance of hardware and software	2,016
Rental income of office premises	925
<b>Associates of ultimate holding company of the Company:</b>	
Sales of cement	18,923
Purchase of building materials for resale	8,827

The Directors are of the opinion that the related party transactions are entered into in the normal course of business and have been established under terms that are no less favourable than those that could be arranged with independent parties where comparable services or purchases are obtainable from unrelated parties. With regard to the agreement for the provision of trademark license and general assistance, Lafarge has the specialised expertise, technical competencies and/or facilities and infrastructure required for the provision of such services.

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

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

#### **Current Quarter**

The Group registered a profit before tax for the current quarter of RM71.9 million compared to RM73.3 million in the corresponding quarter last year. The lower profit despite higher revenue is largely due to the timing of scheduled plant maintenance which resulted in lower production output, higher maintenance and variable costs. Current quarter's profit was also affected by lower exports due to scheduled upgrading of the cement loading facilities in the Langkawi plant.

#### **Current Financial Year**

Group profit before tax for the current financial year was RM317.6 million, compared to RM212.0 million last year. This is mainly attributed to higher domestic and higher export revenues and better plant performance, partly off set by higher costs of electricity, fuel, paper bags and raw materials.

## B2. Comparison with Preceding Quarter

	<b>Current Quarter 31/12/2007 RM'000</b>	<b>Preceding Quarter 30/9/2007 RM'000</b>
Revenue	<u>542,480</u>	<u>581,284</u>
Profit before tax	<u>71,900</u>	<u>104,755</u>

Revenue was lower during the current quarter mainly due to lower domestic cement demand attributed to the holiday and rainy seasons and lower export volume on account of lower production output due to timing of scheduled maintenance and upgrading of the cement loading facilities as mentioned above. The Group profit before tax was lower at RM71.9 million compared to RM104.8 million in the preceding quarter mainly due to lower revenue as mentioned above and higher production costs primarily as a result of timing of the scheduled maintenance in the plants.

## B3. Prospects

Cement demand in Malaysia and Singapore is expected to improve in 2008 as construction activities should gain momentum under the 9th Malaysia Plan and the implementation of the Integrated Resort projects in Singapore. The Group is expected to benefit from higher domestic cement sales as a result of market growth, higher export sales following improved production and internal cost reduction initiatives. However, operating margin will suffer due to cost increases in fuel, raw materials, paper bags and possibly cost of transport and electricity unless such cost increases can be recovered with a cement price increase and the implementation of the proposed Automatic Pricing Mechanism ("APM"). If a cement price revision and the implementation of the proposed APM come about, the Board is confident of achieving better results in 2008.

## B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 December 2007.

## B5. Taxation

Taxation comprises the following:

	<b>Current Year Quarter 31/12/2007 RM'000</b>	<b>Current Year to Date 31/12/2007 RM'000</b>
In respect of current period:		
- income tax (charge)/credit	(3,466)	(8,152)
- deferred tax (charge)/credit	<u>18,173</u>	<u>(25,291)</u>
	<u>14,707</u>	<u>(33,443)</u>

The Group effective tax rate for the current quarter and current year to date is lower than the statutory tax rate of 27% in Malaysia mainly as a result of the write back of deferred tax provision following the proposed reduction in corporate tax rate to 25% in 2009, utilisation of reinvestment allowances, tax refunds and tax exempt income.

**B6. Unquoted Investments and/or Properties**

There was no disposal of unquoted investments and properties during the quarter under review.

**B7. Quoted Securities**

a) Purchases or disposal of quoted securities during the quarter under review are as follows:-

	<b>Current Year Quarter 31/12/2007 RM'000</b>	<b>Current Year to Date 31/12/2007 RM'000</b>
Total Purchases	<u>82</u>	<u>402</u>
Total Disposals		
Sales proceeds	-	711
Book value of investment	<u>-</u>	<u>495</u>
Gain on disposal	<u>-</u>	<u>216</u>

b) Investment in quoted securities as at 31 December 2007 is as follows:

	<b>RM'000</b>
At cost	632
Less: Allowance for diminution in value	<u>(480)</u>
At book value	<u>152</u>
At market value	<u>169</u>

**B8. Status of Corporate Proposals****Proposed Special Issue to Bumiputera Investors**

The Company has been given an extension of time until 31 December 2008 by the Foreign Investment Committee ("FIC") and the Securities Commission ("SC") to implement the remainder Proposed Special Issue of up to 552,228,461 ordinary shares to Bumiputera investors to be approved by the Ministry of International Trade and Industry. The remainder Proposed Special Issue balance of 552,228,461 ordinary shares of RM0.50 each has been revised to 161,880,497 ordinary shares of RM1.00 each after the completion of the Proposed Capital Repayment and Proposed Consolidation exercise by the Company.

## B9. Group Borrowings

The Group borrowings as at 31 December 2007 are as follows:

	<b>RM'000</b>
<u>Long-term borrowings</u>	
Finance lease (secured)	7,182
<u>Short-term borrowings</u>	
Commercial papers (unsecured)	327,000
Short term loan (unsecured)	260,000
Banker acceptances (unsecured)	38,000
Finance lease (secured)	3,002
	<u>628,002</u>
Total Group borrowings	<u><u>635,184</u></u>

All borrowings are denominated in Ringgit Malaysia.

## B10. Off Balance Sheet Financial Instruments

As of 21 February 2008, the forward foreign exchange contracts which have been entered into by the Group are as follows:-

### Forward Contracts Sold

<b>Currency</b>	<b>Contract Amount (USD'000)</b>	<b>Date of Contract</b>	<b>Value Date of Contract</b>	<b>Equivalent Amount (RM'000)</b>
USD	11,750	16 April 2007 to 22 January 2008	28 February 2008 to 16 December 2008	39,935

### Forward Contracts Purchased

<b>Currency</b>	<b>Contract Amount (EURO'000)</b>	<b>Date of Contract</b>	<b>Value Date of Contract</b>	<b>Equivalent Amount (RM'000)</b>
EURO	2,598	10 October 2007 to 21 January 2008	26 February 2008 to 15 December 2008	12,507

The Group does not foresee any significant credit and market risks associated with the above forward exchange contracts as they are entered into with approved financial institutions in line with the Group's policy.

## B11. Material Litigation

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



## B12. Dividend

An interim dividend of 20 sen gross less 26% tax per ordinary share of RM1.00 each has been declared in respect of the financial year ended 31 December 2007. Total net dividend payable amounts to RM125.75 million compared to an interim dividend of 3.0 sen or 6.0% tax exempt per ordinary share of RM0.50 each, amounting to a total payout of RM84.97 million for the financial year ended 31 December 2006. The dividend is payable on 6 May 2008.

Notice is hereby given that the Register of Members will be closed on 9 April 2008 for the purpose of determining shareholders' entitlements. The entitlement date for the payment of dividend is 9 April 2008.

A depositor shall qualify for the entitlement only in respect of:-

- (a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 9 April 2008 in respect of ordinary transfers; and
- (b) Securities transferred into the Depositor's Securities Account before 12.30 p.m. on 7 April 2008 in respect of securities exempted from mandatory deposit; and
- (c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad

## B13. Earnings per share

Earnings per share is calculated as follows:

	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Year</b>
Profit attributable to equity holders of the parent (RM'000)	88,944	73,898	287,825	174,661
Weighted average number of ordinary shares in issue* ('000)	1,227,338	1,416,160	1,368,954	1,417,992
<b>Basic and diluted earnings per shares (sen)</b>	<b>7.2</b>	<b>5.2</b>	<b>21.0</b>	<b>12.3</b>

\*net of treasury shares.

Basic earnings per share for the preceding year corresponding quarter and preceding year have been adjusted for the effect of share consolidation during the year.

Dated: 27 February 2008  
Petaling Jaya, Selangor Darul Ehsan.