

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

	Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000 (Restated)	31 December 2008 RM'000	31 December 2007 RM'000 (Restated)
<b>Revenue</b>	<b>641,388</b>	<b>542,480</b>	<b>2,530,771</b>	<b>2,173,532</b>
Operating expenses	(499,615)	(432,719)	(1,988,820)	(1,693,288)
Depreciation and amortisation	(40,786)	(46,698)	(168,209)	(171,783)
Other income/(expenses)	30,434	435	32,293	(6,896)
Investment income	393	3,647	5,998	9,357
Interest income	940	1,229	3,351	4,386
<b>Profit from operations</b>	<b>132,754</b>	<b>68,374</b>	<b>415,384</b>	<b>315,308</b>
Finance cost	(6,572)	(3,826)	(26,549)	(14,921)
Share of results of associates	3,244	7,545	8,937	17,747
<b>Profit before tax</b>	<b>129,426</b>	<b>72,093</b>	<b>397,772</b>	<b>318,134</b>
Taxation	(9,662)	14,707	(29,554)	(33,443)
<b>Profit for the period</b>	<b>119,764</b>	<b>86,800</b>	<b>368,218</b>	<b>284,691</b>
Profit/(Loss) attributable to:				
Equity holders of the Company	119,131	89,063	367,684	288,147
Minority interest	633	(2,263)	534	(3,456)
	<b>119,764</b>	<b>86,800</b>	<b>368,218</b>	<b>284,691</b>
Basic and diluted earnings per share (sen)	14.0	7.3	43.3	21.0

*(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to the interim financial statements)*

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	As at 31 December 2008 RM'000	As at 31 December 2007 RM'000 (Restated)
<b>ASSETS</b>			
<u>Non-current assets</u>			
Property, plant and equipment		1,946,387	1,997,807
Investment property		3,867	4,486
Prepaid lease payments on leasehold land		135,996	119,496
Goodwill on consolidation		1,206,264	1,188,430
Other intangible assets		2,772	2,045
Investment in associates		18,445	14,494
Other investments		2,180	2,250
Deferred tax assets		5,392	5,623
		3,321,303	3,334,631
<u>Current assets</u>			
Assets classified as held for sale		-	224
Inventories		434,893	353,278
Trade receivables		340,800	335,913
Other receivables		63,182	69,070
Term deposits		6,041	46,673
Cash and bank balances		136,817	115,547
		981,733	920,705
<b>Total assets</b>		<b>4,303,036</b>	<b>4,255,336</b>
<b>EQUITY AND LIABILITIES</b>			
<u>Capital and reserves</u>			
Share capital	A9	849,695	849,695
Reserves:			
Share premium	A9	1,067,199	1,067,199
Capital reserves	A9	33,968	33,968
Exchange equalisation reserves	A9	40,923	34,762
Capital redemption reserves	A9	33,798	33,798
Retained earnings	A9	1,006,434	889,570
Equity attributable to equity holders of the Company		3,032,017	2,908,992
Minority interests	A10	27,009	26,401
Total equity		3,059,026	2,935,393

Forward

**LAFARGE MALAYAN CEMENT BERHAD**  
**(1877-T)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	As at 31 December 2008 RM'000	As at 31 December 2007 RM'000 (Restated)
<u>Non-current liabilities</u>			
Borrowings	B9	358,983	7,182
Retirement benefits		37,046	36,128
Deferred tax liabilities		274,729	262,257
		<u>670,758</u>	<u>305,567</u>
<u>Current liabilities</u>			
Trade payables		323,504	267,151
Other payables and accrued expenses		124,738	101,250
Amount due to holding and related companies		11,622	10,713
Borrowings	B9	103,922	628,002
Tax liabilities		9,466	7,260
		<u>573,252</u>	<u>1,014,376</u>
Total liabilities		<u>1,244,010</u>	<u>1,319,943</u>
<b>Total equity and liabilities</b>		<b><u>4,303,036</u></b>	<b><u>4,255,336</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>3.57</u>	<u>3.42</u>

*(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> December 2007 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>Financial Year Ended</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000 (Restated)</b>
Actuarial gain/(loss) on defined benefits retirement plan	3,185	(148)
Income tax on income and expenses taken directly to equity	(796)	69
Net gain/(loss) recognised directly in equity	2,389	(79)
Profit for the year	368,218	284,691
Total recognised income and expense for the year	<u>370,607</u>	<u>284,612</u>
Attributable to:		
Equity holders of the Company	370,073	288,068
Minority interest	534	(3,456)
	<u>370,607</u>	<u>284,612</u>

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

	<b>Financial Year Ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<u>Cash Flows From Operating Activities</u>		
Profit before tax	397,772	318,134
Adjustments for:-		
Non-cash items	175,783	175,465
Non-operating items	23,175	10,301
Operating profit before changes in working capital	596,730	503,900
<u>Changes in working capital</u>		
Net change in current assets	(71,862)	(12,908)
Net change in current liabilities	52,293	26,031
Retirement benefits paid	(2,489)	(4,888)
Tax paid	(22,786)	(14,792)
Net cash generated from operating activities	551,886	497,343
<u>Cash Flows From Investing Activities</u>		
Purchase of property, plant and equipment	(96,506)	(77,639)
Proceeds from disposal of property, plant and equipment	3,268	7,513
Proceeds from disposal of quoted shares	229	711
Purchase of investment	-	(210)
Payments for prepaid lease payments	(159)	-
Acquisition of a subsidiary	(36,230)	-
Other investment activities	7,077	10,109
Net cash used in investing activities	(122,321)	(59,516)
<u>Cash Flows From Financing Activities</u>		
Capital repayment	-	(566,464)
Net (repayment)/drawdown of borrowings	(175,053)	240,000
Dividend paid	(253,209)	(84,970)
Interest paid	(22,255)	(19,310)
Net cash used in financing activities	(450,517)	(430,744)
Net Change in Cash and Cash Equivalents	(20,952)	7,083
Effects of currency translations	1,590	96
Cash and Cash Equivalents at beginning of the year	162,220	155,041
Cash and Cash Equivalents at end of the period	142,858	162,220

*(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 2007 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 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2007. 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007, except that the Group had adopted the new/revised standards mandatory for annual periods beginning on or after 1 January 2008, which are as below:

FRS 107 : Cash Flow Statements

FRS 112 : Income Taxes

FRS 118 : Revenue

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

FRS 134 : Interim Financial Reporting

FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

The adoption of these new/revised standards and interpretation does not result in significant changes in accounting policies of the Group. In addition, the following FRSs and IC Interpretations have been issued by the MASB but are not yet effective:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The above FRSs and IC Interpretations shall apply to annual periods beginning on or after 1 January 2010 except for FRS 8 which will be effective from 1 July 2009.

Save for FRS 139, the Directors anticipate that the adoption of these FRSs and IC Interpretations in future periods will have no material financial effect on the financial statements of the Group. By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

Except as 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 2007.

## A2. Restatement of comparatives

The current period's presentation of the Group's interim financial statements is restated to conform to the Group accounting policies adopted by the ultimate holding company, Lafarge S.A. Accordingly, the comparatives had been restated as shown below to conform to the current period's presentation:

	Quarter Ended 31 December 2007		Financial Year Ended 31 December 2007	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
<b>Income Statement</b>				
Depreciation and amortisation	(46,698)	(44,028)	(171,783)	(166,037)
Investment income	3,647	726	9,357	2,880
Interest income	1,229	1,287	4,386	4,596
Profit before tax	72,093	71,900	318,134	317,613
Profit for the period	86,800	86,607	284,691	284,170
<b>Balance Sheet</b>				
Property, plant and equipment			1,997,807	1,981,988
Other receivables (Non-current)			-	9,407
Other receivables (Current)			69,070	75,317
Minority interests as of 1 January 2007			29,857	29,993
Minority interests as of 31 December 2007			26,401	26,338
Retained earnings as of 1 January 2007			686,722	686,942
Retained earnings as of 31 December 2007			889,570	889,468

## 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**

There were no 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**

Dividends paid during the current financial year are as follows:

	<b>RM'000</b>
Interim dividend paid on 6 May 2008 for the year ended 31 December 2007 - 20 sen less 26% tax per ordinary share of RM1.00 each	125,755
Interim dividend paid on 15 October 2008 for the year ended 31 December 2008 - 15 sen single-tier exempt dividend per ordinary share of RM1.00 each	127,454
	<u>253,209</u>

**A9. Group Share Capital and Reserves****a) Group Share Capital**

Issued and fully paid:

	<b>RM'000</b>
As of 1 January 2007	1,416,159
Cancellation of treasury shares	(-#)
Capital repayment and shares consolidation	(566,464)
As of 31 December 2007	849,695
As of 31 December 2008	<u>849,695</u>

# RM121

**b) Group Share Premium**

	<b>RM'000</b>
As of 1 January 2007	1,067,199
Cancellation of treasury shares	(-#)
As of 31 December 2007	1,067,199
As of 31 December 2008	<u>1,067,199</u>

# RM121

**c) Group Capital Reserve**

	<b>RM'000</b>
As of 1 January 2007	<u>33,968</u>
As of 31 December 2008	<u>33,968</u>



**d) Group Exchange Equalisation Reserve**

	<b>RM'000</b>
As of 1 January 2007	34,689
Exchange differences on translation of foreign operation recognised directly in equity	<u>73</u>
As of 31 December 2007	34,762
Exchange differences on translation of foreign operation recognised directly in equity	<u>6,161</u>
As of 31 December 2008	<u><u>40,923</u></u>

**e) Group Capital Redemption Reserve**

	<b>RM'000</b>
As of 1 January 2007	33,548
Redemption of preference shares	250
Cancellation of treasury shares	_*
As of 31 December 2007	33,798
As of 31 December 2008	<u><u>33,798</u></u>

\* RM50

**f) Group Retained Earnings**

	<b>RM'000</b>
As of 1 January 2007	686,942
Restatement of comparatives	<u>(220)</u>
As restated	686,722
Net profit attributable to equity holders of the Company	288,147
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	<u>69</u>
As of 31 December 2007	889,570
Net profit attributable to equity holders of the Company	367,684
Dividend paid	(253,209)
Actuarial gain on defined benefits retirement plan recognised directly in equity	3,185
Income tax on income and expenses taken directly to equity	<u>(796)</u>
As of 31 December 2008	<u><u>1,006,434</u></u>

## A10. Minority Interests

	<b>RM'000</b>
As of 1 January 2007	29,993
Restatement of comparatives	(136)
As restated	<u>29,857</u>
Loss for the year	(3,456)
As of 31 December 2007	<u>26,401</u>
Acquisition of a subsidiary	74
Profit for the year	<u>534</u>
As of 31 December 2008	<u><u>27,009</u></u>

## A11. Segmental Information

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

	<b>Financial Year Ended 31 December</b>			
	<b>Revenue</b>		<b>Profit/(Loss)</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
				<b>(Restated)</b>
Cement and clinker	1,964,071	1,645,647	389,100	309,527
Other building materials & operations	753,973	715,935	22,933	1,395
	<u>2,718,044</u>	<u>2,361,582</u>	<u>412,033</u>	<u>310,922</u>
Inter-segment elimination	(187,273)	(188,050)	-	-
Interest income	-	-	3,351	4,386
Total Revenue/Profit from operations	<u><u>2,530,771</u></u>	<u><u>2,173,532</u></u>	<u>415,384</u>	<u>315,308</u>
Finance cost			(26,549)	(14,921)
Share of results of associates			8,937	17,747
Profit before tax			<u>397,772</u>	<u>318,134</u>
Taxation			(29,554)	(33,443)
Profit for the period			<u><u>368,218</u></u>	<u><u>284,691</u></u>

## A12 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.

## A13. Material Events Subsequent to Quarter End

There were no material events subsequent to the current financial quarter 31 December 2008 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

## A14. Changes in Group Composition

On 10 December 2008, the Company announced that its Singapore subsidiary, LMCB Holding Pte Ltd ("LMCBH") have increased its shareholding in its 50%-owned associated company, namely, Morelastic

Green Resources Pte Ltd (“MGR”) by subscribing for additional 625,000 ordinary shares in MGR at S\$1.00 per share for cash, thereby increasing its shareholdings in MGR from 230,000 ordinary shares to 855,000 ordinary shares in MGR. At the same time, Morelastic Green Pte Ltd which owns the remaining 50% equity in MGR or 230,000 ordinary shares have also subscribed for additional 55,000 ordinary shares at S\$1.00 per share. Following the subscription of the new MGR shares, LMCBH now holds 855,000 ordinary shares representing 75% of the enlarged share capital of MGR, resulting in MGR becoming a subsidiary of the Group.

The above subscription has no effect on the Company’s share capital and will not have material effect on the net tangible assets and earning per share of the Group for the financial year ended 31 December 2008 but is expected to have a positive impact on the future earnings of the Group.

#### **A15. Contingent Liabilities**

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

#### **A16. 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 December 2008 RM’000</b>
In respect of capital expenditure:	
Approved and contracted for	15,080
Approved but not contracted for	44,382
	<u>59,462</u>

#### **A17. 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
Morelastic Green Resources Pte Ltd	Associate of the Company (prior to becoming a subsidiary on 10 December 2008)
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.
LGBA Trading (Singapore) Pte Ltd	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	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.
P&O Global Technologies Sdn Bhd	Subsidiary of Pacific & Orient Berhad, of which Mr Chan Hua Eng, a Director of the Company, is the Chairman

The related party transactions during the year ended 31 December 2008 are as follows:

<b>Description of Transactions</b>	<b>RM'000</b>
<b>Ultimate holding company of the Company:</b>	
Sale of 358,935 CERs ("Certified Emission Reductions")	29,601
Provision of trademark licence and general assistance fee	31,745
Insurance brokerage fee	176
Specific technical assistance fee	2,137
<b>Associate of the Group:</b>	
Sales of cement and ready-mixed concrete	63,749
Purchase of waste derived fuels and materials	2,196
<b>Subsidiaries of ultimate holding company of the Company:</b>	
Sales of cement and clinker	328,267
Purchase of cement and clinker	41,435
Time charter hire/Sub-charter of vessels	3,551
Services for export sales	3,458
Maintenance of hardware and software	2,285
Purchase of gypsum	1,137
Rental income of office premises	866
Commission paid for purchase of cement	144
<b>Associate of ultimate holding company of the Company:</b>	
Sales of cement	27,798
Purchase of building materials for resale	16,487
<b>Subsidiary of Pacific &amp; Orient Berhad:</b>	
Purchase of information technology hardware and services	55

The Directors are of the opinion that all 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 regards to the agreement for the provision of trademark licence and general assistance, Lafarge S.A 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 SECURITIES**

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

**Current Quarter**

Revenue in the current quarter rose by 18% compared to the corresponding quarter in year 2007 mainly due to better cement selling prices (domestic and export) and higher cement export. Selling prices were revised to compensate for the significant increases in production costs brought about by steep increases in prices of coal, diesel and electricity. The Group pre-tax profit of RM129 million for the current quarter was better compared to RM72 million in the corresponding quarter last year mainly attributable to higher revenue, lower maintenance costs due to timing of scheduled plant shutdown and the non-recurring gain on the sale of CERs (Certified Emission Reductions) of RM29.6 million.

**Current Year To Date**

The Group's revenue for the year ended 31 December 2008 was RM2,531 million, an increase of 16% compared to the corresponding period last year, primarily contributed by higher domestic and export cement sales and selling prices. In tandem with the increase in revenue, the Group registered a pre-tax profit of RM398 million for the financial year ended 31 December 2008, a 25% improvement compared to the previous financial year. The favourable results are also attributable to better plant performance, the non-recurring gain on the sale of CERs as mentioned above and higher contributions from the Singapore cement operations.

**B2. Comparison with Preceding Quarter**

	<b>4<sup>th</sup> Quarter Ended 31 December 2008 RM'000</b>	<b>3<sup>rd</sup> Quarter Ended 30 September 2008 RM'000</b>
Revenue	641,388	699,158
Profit before tax	129,426	135,060

Revenue was lower in the current quarter by 8% due to lower domestic cement demand attributed to the festive holidays and lower exports and clinker sales. In line with the lower revenue, Group pre-tax profit was lower at RM129 million as compared to preceding quarter, despite the non-recurring gain on the sale of CERs in the current quarter. The lower pre-tax profit during the current quarter is also due to the impact of substantially higher fuel costs.

**B3. Prospects**

The global financial crisis and economic slow down is likely to impact negatively upon the economic growth in Malaysia. With the expectation of lower construction activities, cement demand growth in Malaysia is likely to be negative and the extent of contraction or recovery will depend on the impact of the government's economic stimulus package. Singapore is already in recession but the construction industry is likely to remain active, underpinned by ongoing projects. The Group will, however, continue to focus its efforts in improving plant performance, cost control and management of working capital to mitigate the negative impacts of the economic downturn.

**B4. Profit Forecast and Profit Guarantee**

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 December 2008.

**B5. Taxation**

Taxation comprises the following:

	<b>Quarter Ended</b>	<b>Financial Year</b>
	<b>31 December 2008</b>	<b>Ended</b>
	<b>RM'000</b>	<b>31 December 2008</b>
		<b>RM'000</b>
In respect of current period:		
- income tax (charge)/credit	(12,290)	(23,727)
- deferred tax (charge)/credit	2,628	(5,827)
	<u>(9,662)</u>	<u>(29,554)</u>

The Group's effective tax rate for the current quarter and current year to date is lower than the statutory tax rate of 26% in Malaysia mainly due to higher utilisation of reinvestment allowances and tax exemption of the gain on sale of CERs.

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

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

**B7. Quoted Securities**

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

	<b>Quarter Ended</b>	<b>Financial Year</b>
	<b>31 December 2008</b>	<b>Ended</b>
	<b>RM'000</b>	<b>31 December 2008</b>
		<b>RM'000</b>
Total Acquisitions	<u>-</u>	<u>8</u>
Total Disposals		
Sales proceeds	-	8
Book value of investment	<u>-</u>	<u>8</u>
Gain on disposal	<u>-</u>	<u>-</u>

b) Investment in quoted securities as at 31 December 2008 is as follows:

At cost	<b>RM'000</b>
	619
Less: Allowance for diminution in value	(536)
At book value	<u>83</u>
At market value	<u>83</u>

## B8. Status of Corporate Proposals

The Company had on 7 September 2007 and 8 October 2007 announced that it had been given an extension of time until 31 December 2008 by the Foreign Investment Committee (“FIC”) and the Securities Commission respectively to implement the remainder Proposed Special Issue of up to 161,880,497 ordinary shares of RM1.00 each to Bumiputera investors to be approved by the Ministry of International Trade and Industry (“MITI”) (hereinafter referred to as Bumiputera Equity Condition). Pursuant to the Company’s application, the FIC had in its letter dated 18 December 2008 (which was received on 23 December 2008) informed the Company that it had no objection and agreed to exempt the Company from having to comply with the Bumiputera Equity Condition but the Company is required to first submit an application to the MITI for the allocation of Special Issue shares to Bumiputera investors. The Company is seeking clarifications/waiver from the MITI on FIC’s conditional exemption and an announcement will be made to Bursa Malaysia upon receipt of notification of MITI’s decision.

## B9. Group Borrowings

The Group borrowings as at 31 December 2008 are as follows:

	<b>RM’000</b>
<u>Long-term borrowings</u>	
Floating rate notes (unsecured)	350,000
Finance lease (secured)	8,983
	<u>358,983</u>
<u>Short-term borrowings</u>	
Commercial papers (unsecured)	100,000
Finance lease (secured)	3,922
	<u>103,922</u>
Total Group borrowings	<u>462,905</u>

All borrowings are denominated in Ringgit Malaysia.

## B10. Off Balance Sheet Financial Instruments

As of 11 February 2009, the forward exchange contracts which have been entered into by the Group are as follows:-

### Forward Contracts Sold

<b>Currency</b>	<b>Contract Amount (‘000)</b>	<b>Date of Contract</b>	<b>Value Date of Contract</b>	<b>Equivalent Amount (RM’000)</b>
USD	USD 6,250	24 April 2008 to 15 August 2008	27 February 2009 to 19 August 2009	20,060

### Forward Contracts Purchased

<b>Currency</b>	<b>Contract Amount ('000)</b>	<b>Date of Contract</b>	<b>Value Date of Contract</b>	<b>Equivalent Amount (RM'000)</b>
EURO	EURO 3,490	19 August 2008 to 10 February 2009	13 February 2009 to 30 December 2009	16,317

### Interest rate swap contract

Interest rate swap contract was entered into which entitled the Company to receive interest at floating rates on notional principal amounts and obliged them to pay interest at fixed rates on the same amounts. The difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts was exchanged at periodic intervals.

Any differential to be paid or received on an interest rate contract is recognised as a component of interest income or expense over the period of the contract.

As of 11 February 2009, the interest rates swap contract which has been entered into by the Company to convert floating rate liabilities to fixed rate liabilities in reducing the Company's exposure from adverse fluctuations in interest rates on underlying debt instruments is as follows:

<b>Notional Amount</b>	<b>Effective Period</b>
RM 80 million	6 November 2008 to 26 December 2011

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

### Coal/Fuel Hedging

As of 11 February 2009, the group has entered into coal/fuel hedging transactions to partially cover its budgeted consumption for Year 2009 in lots totalling approximately USD12 million in nominal value of the hedge. The coal/fuel hedging was entered into with the objective of hedging the exposure to adverse coal/fuel price movement.

### **B11. Material Litigation**

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

### **B12. Dividend**

The Board of Directors has declared a second interim dividend of 15 sen single-tier exempt dividend per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2008 and will be paid on 8 April 2009 (2008: 15 sen first interim single-tier exempt dividend per ordinary share of RM1.00 each in respect of financial year ended 31 December 2008 paid on 15 October 2008 and 20 sen gross less 26% tax per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2007 paid on 6 May 2008). The entitlement date for the dividend payment is on 11 March 2009.



A Depositor shall qualify for the entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 11 March 2009 in respect of transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

### **B13. Earnings per share**

Earnings per share are calculated as follows:

	<b>Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008</b>	<b>31 December 2007 (Restated)</b>	<b>31 December 2008</b>	<b>31 December 2007 (Restated)</b>
Profit attributable to equity holders of the Company (RM'000)	119,131	89,063	367,684	288,147
Weighted average number of ordinary shares in issue* ('000)	849,695	1,227,338	849,695	1,368,954
<b>Basic and diluted earnings per shares (sen)</b>	<b>14.0</b>	<b>7.3</b>	<b>43.3</b>	<b>21.0</b>

\*net of treasury shares

Basic earnings per share for the preceding year's corresponding quarter and the preceding year have been adjusted to reflect the effect of the share consolidation exercise which was completed at the end of the preceding financial year.

Dated: 18 February 2009  
Petaling Jaya, Selangor Darul Ehsan.