

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

| | 3rd Quarter Ended | | 9 Months Ended | |
|---|---|---|---|---|
| | 30 September 2009 RM'000 | 30 September 2008 RM'000 | 30 September 2009 RM'000 | 30 September 2008 RM'000 |
| Revenue | 618,319 | 699,158 | 1,858,623 | 1,889,383 |
| Operating expenses | (448,066) | (517,060) | (1,411,545) | (1,489,203) |
| Depreciation and amortisation | (38,668) | (43,215) | (114,030) | (127,424) |
| Other (expenses)/income | (4,022) | 370 | (10,158) | 1,859 |
| Investment income | 2,166 | 1,936 | 6,276 | 5,605 |
| Interest income | 1,201 | 859 | 2,382 | 2,410 |
| Profit from operations | 130,930 | 142,048 | 331,548 | 282,630 |
| Finance cost | (3,568) | (7,928) | (13,670) | (19,977) |
| Share of results of associates | (890) | 940 | 53 | 5,693 |
| Profit before tax | 126,472 | 135,060 | 317,931 | 268,346 |
| Taxation | (9,715) | (9,762) | (29,576) | (19,891) |
| Profit for the period | 116,757 | 125,298 | 288,355 | 248,455 |
| Profit/(Loss) attributable to: | | | | |
| Equity holders of the Company | 116,951 | 124,503 | 292,651 | 248,554 |
| Minority interest | (194) | 795 | (4,296) | (99) |
| | 116,757 | 125,298 | 288,355 | 248,455 |
| Basic and diluted earnings per share (sen) | 13.7 | 14.7 | 34.4 | 29.3 |

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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

| Note | As at 30 September 2009 RM'000 | As at 31 December 2008 RM'000 |
|--|---|--|
| ASSETS | | |
| <u>Non-current assets</u> | | |
| Property, plant and equipment | 1,857,879 | 1,946,387 |
| Investment property | 3,834 | 3,867 |
| Prepaid lease payments on leasehold land | 131,057 | 135,996 |
| Goodwill on consolidation | 1,206,264 | 1,206,264 |
| Other intangible assets | 2,550 | 2,772 |
| Investment in associates | 19,367 | 18,445 |
| Other investments | 2,175 | 2,180 |
| Deferred tax assets | 3,084 | 5,392 |
| | <u>3,226,210</u> | <u>3,321,303</u> |
| <u>Current assets</u> | | |
| Inventories | 334,438 | 434,893 |
| Trade receivables | 318,080 | 340,800 |
| Other receivables and prepaid expenses | 57,320 | 63,182 |
| Term deposits | 188,241 | 6,041 |
| Cash and bank balances | 205,227 | 136,817 |
| | <u>1,103,306</u> | <u>981,733</u> |
| Total assets | 4,329,516 | 4,303,036 |
| EQUITY AND LIABILITIES | | |
| <u>Capital and reserves</u> | | |
| Share capital | 849,695 | 849,695 |
| Reserves: | | |
| Share premium | 1,067,199 | 1,067,199 |
| Capital reserve | 33,968 | 33,968 |
| Exchange equalisation reserve | 44,540 | 40,923 |
| Capital redemption reserve | 33,798 | 33,798 |
| Retained earnings | 1,171,631 | 1,006,434 |
| Equity attributable to equity holders of the Company | <u>3,200,831</u> | <u>3,032,017</u> |
| Minority interests | 22,713 | 27,009 |
| Total equity | <u>3,223,544</u> | <u>3,059,026</u> |

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

| | Note | As at 30 September 2009 RM'000 | As at 31 December 2008 RM'000 |
|--|------|---|--|
| <u>Non-current liabilities</u> | | | |
| Borrowings | B9 | 216,636 | 358,983 |
| Retirement benefits | | 38,120 | 37,046 |
| Deferred tax liabilities | | 289,172 | 274,729 |
| | | 543,928 | 670,758 |
| <u>Current liabilities</u> | | | |
| Trade payables | | 273,852 | 323,504 |
| Other payables and accrued expenses | | 99,222 | 124,738 |
| Amounts owing to holding and other related companies | | 15,513 | 11,622 |
| Borrowings | B9 | 163,588 | 103,922 |
| Tax liabilities | | 9,869 | 9,466 |
| | | 562,044 | 573,252 |
| Total liabilities | | 1,105,972 | 1,244,010 |
| Total equity and liabilities | | 4,329,516 | 4,303,036 |
| | | | |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | 3.77 | 3.57 |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to equity holders of the Company → | | | | | | | Minority Interest | Total Equity |
|---|---|-------------------------|---------------------------|---|--------------------------------------|-----------------------------|-----------------|-------------------|--------------|
| | ← Non-distributable → | | | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Capital Reserve RM'000 | Exchange Equalisation Reserve RM'000 | Capital Redemption Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | | |
| As of 1 January 2009 | 849,695 | 1,067,199 | 33,968 | 40,923 | 33,798 | 1,006,434 | 3,032,017 | 27,009 | 3,059,026 |
| Exchange differences on translation of foreign operations | - | - | - | 3,617 | - | - | 3,617 | - | 3,617 |
| Net income recognised directly in equity | - | - | - | 3,617 | - | - | 3,617 | - | 3,617 |
| Profit/(Loss) for the period | - | - | - | - | - | 292,651 | 292,651 | (4,296) | 288,355 |
| Total recognised income/(expense) for the period | - | - | - | 3,617 | - | 292,651 | 296,268 | (4,296) | 291,972 |
| Dividends | - | - | - | - | - | (127,454) | (127,454) | - | (127,454) |
| As of 30 September 2009 | 849,695 | 1,067,199 | 33,968 | 44,540 | 33,798 | 1,171,631 | 3,200,831 | 22,713 | 3,223,544 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to equity holders of the Company → | | | | | | | Minority Interest | Total Equity |
|---|---|-------------------------|---------------------------|---|--------------------------------------|-----------------------------|-----------------|-------------------|--------------|
| | ← Non-distributable → | | | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Capital Reserve RM'000 | Exchange Equalisation Reserve RM'000 | Capital Redemption Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | | |
| As of 1 January 2008 | 849,695 | 1,067,199 | 33,968 | 34,762 | 33,798 | 889,262 | 2,908,684 | 26,211 | 2,934,895 |
| Exchange differences on translation of foreign operations | - | - | - | 6,798 | - | - | 6,798 | - | 6,798 |
| Net income recognised directly in equity | - | - | - | 6,798 | - | - | 6,798 | - | 6,798 |
| Profit/(Loss) for the period | - | - | - | - | - | 284,554 | 284,554 | (99) | 248,455 |
| Total recognised income/(expense) for the period | - | - | - | 6,798 | - | 284,554 | 255,352 | (99) | 255,253 |
| Dividends | - | - | - | - | - | (125,755) | (125,755) | - | (125,755) |
| As of 30 September 2008 | 849,695 | 1,067,199 | 33,968 | 41,560 | 33,798 | 1,012,061 | 3,038,281 | 26,112 | 3,064,393 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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

| | 9 Months Ended | |
|---|---|---|
| | 30 September 2009 RM'000 | 30 September 2008 RM'000 |
| <u>Cash Flows From Operating Activities</u> | | |
| Profit before tax | 317,931 | 268,346 |
| Adjustments for:- | | |
| Non-cash items | 124,010 | 127,700 |
| Non-operating items | 11,169 | 17,557 |
| Operating profit before changes in working capital | 453,110 | 413,603 |
| <u>Changes in working capital</u> | | |
| Net change in current assets | 125,186 | (63,618) |
| Net change in current liabilities | (49,800) | 7,541 |
| Retirement benefits paid | (3,925) | (2,148) |
| Tax paid | (14,714) | (12,135) |
| Net cash generated from operating activities | 509,857 | 343,243 |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchase of property, plant and equipment | (39,258) | (62,288) |
| Proceeds from disposal of property, plant and equipment | 1,742 | 1,702 |
| Proceeds from disposal of quoted shares | 48 | 8 |
| Payments for prepaid lease payments | - | (159) |
| Acquisition of subsidiaries | - | (34,254) |
| Other investment activities | 2,501 | 3,764 |
| Net cash used in investing activities | (34,967) | (91,227) |
| <u>Cash Flows From Financing Activities</u> | | |
| Net repayment of borrowings | (80,000) | (25,000) |
| Dividend paid | (127,454) | (125,755) |
| Interest paid | (17,259) | (21,504) |
| Net cash used in financing activities | (224,713) | (172,259) |
| Net Change in Cash and Cash Equivalents | 250,177 | 79,757 |
| Effects of currency translations | 433 | 190 |
| Cash and Cash Equivalents at beginning of the year | 142,858 | 162,220 |
| Cash and Cash Equivalents at end of the period | 393,468 | 242,167 |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31st December 2008 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 2008. 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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008 and are in compliance with the Malaysian Financial Reporting Standards (FRSs) and other interpretations that are effective, for financial statements commencing 1 January 2009.

The following new/revised FRSs, amendments to FRSs and Issue Committee Interpretations (“IC Interpretations”) were issued but not yet effective until future periods:

| | |
|-----------------------------------|---|
| FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments: Disclosures |
| FRS 8 | Operating Segments |
| FRS 101 | Presentation of Financial Statements |
| FRS 123 | Borrowing Costs |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2 - Group and Treasury Share Transactions |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 14 | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards |
| Amendments to FRS 2 | Share-Based Payments: Vesting Conditions and Cancellations |
| Amendments to FRS 7 | Financial Instruments: Disclosures |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| Amendments to FRS 132 | Financial Instruments: Presentation |
| Amendments to FRS 139 | Financial Instruments: Recognition and Measurement, |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| Amendments to FRSs | Contained in the document entitled "Improvements to FRSs (2009)" |

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

Save for FRS 139 and FRS 7, the Directors anticipate that the adoption of these FRSs and IC Interpretations in future periods will have no material financial impact on the financial statements of the Group. By virtue of the exemption in paragraph 103AB of FRS 139 and paragraph 44AB of FRS 7, the impact of applying FRS 139 and FRS 7 on the financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

A2. 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.

A3. 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.

A4. 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.

A5. 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.

A6. 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.

A7. Dividend Paid

Dividends paid during the current financial year are as follows:

| | RM'million |
|---|-------------------|
| Interim dividend paid on 8 April 2009 for the year ended 31 December 2008 - 15 sen single-tier exempt dividend per ordinary share of RM1.00 each | 127.454 |
| Interim dividend paid on 13 October 2009 or the year ended 31 December 2009 - 15 sen single-tier exempt dividend per ordinary share of RM1.00 each | 127.454 |
| | 254.908 |

A8. Segmental Information

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

| | 9 Months Ended 30 September | | | |
|---------------------------------------|-----------------------------|------------------|----------------|----------------|
| | Revenue | | Profit/(Loss) | |
| | 2009 | 2008 | 2009 | 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cement and clinker | 1,549,449 | 1,441,533 | 330,641 | 263,151 |
| Other building materials & operations | 452,207 | 589,003 | (1,475) | 17,069 |
| | <u>2,001,656</u> | <u>2,030,536</u> | <u>329,166</u> | <u>280,220</u> |
| Inter-segment elimination | (143,033) | (141,153) | - | - |
| Interest income | - | - | 2,382 | 2,410 |
| Total Revenue/Profit from operations | <u>1,858,623</u> | <u>1,889,383</u> | <u>331,548</u> | <u>282,630</u> |
| Finance cost | | | (13,670) | (19,977) |
| Share of results of associates | | | 53 | 5,693 |
| Profit before tax | | | <u>317,931</u> | <u>268,346</u> |
| Taxation | | | (29,576) | (19,891) |
| Profit for the period | | | <u>288,355</u> | <u>248,455</u> |

A9 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.

A10. Material Events Subsequent to Quarter End

There were no material events subsequent to the current financial quarter 30 September 2009 up to the date of this report which are likely to substantially affect the results of the operations of the Group.

A11. Changes in Group Composition

There were no significant changes in the composition of the Group during the current financial quarter ended 30 September 2009.

A12. Changes in Contingent Liabilities and Contingent Assets

Changes in the contingent liabilities since 31 December 2008 are as follows:

| | Increase RM'000 |
|-----------------------------------|----------------------------|
| Guarantees given to a third party | <u>21,100</u> |

Other than the above contingent liabilities there were no other significant changes in the contingent liabilities or assets since the last financial year ended 31 December 2008.

A13. Commitments

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

| | |
|------------------------------------|--------------------------|
| | As at |
| | 30 September 2009 |
| | RM'000 |
| In respect of capital expenditure: | |
| Approved and contracted for | 4,403 |
| Approved but not contracted for | 35,382 |
| | <hr/> |
| | 39,785 |

A14. Related Party Transactions

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

| Name of Related Parties | Relationship |
|-------------------------------------|---|
| 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. |
| 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 9 months ended 30 September 2009 are as follows:

| Description of Transactions | RM'000 |
|---|---------------|
| Ultimate holding company of the Company: | |
| Provision of trademark licence and general assistance fee | 26,505 |
| Insurance brokerage fee | 177 |
| Specific technical assistance fee | 943 |
| | |
| Associate of the Group: | |
| Sales of cement and ready-mixed concrete | 30,436 |
| | |
| Subsidiaries of ultimate holding company of the Company: | |
| Sales of cement and clinker | 331,627 |
| Purchase of cement and clinker | 8,883 |
| Time charter hire/Sub-charter of vessels | 2,180 |
| Maintenance of hardware and software | 1,765 |
| Purchase of gypsum | 581 |
| Rental income of office premises | 831 |
| Commission paid for purchase of cement | 17 |

| | |
|--|--------|
| | |
| Associate of ultimate holding company of the Company: | |
| Sales of cement | 21,098 |
| Purchase of building materials for resale | 10,753 |
| | |
| Subsidiary of Pacific & Orient Berhad: | |
| Purchase of information technology hardware and services | 22 |
| | |

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 regard 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 was 12% lower than the corresponding quarter last year due to lower sales volume in all segments of our business, a result of a contraction in demand for building materials. The Group registered a 9% decline in pre-tax profit to RM126 million for the current quarter compared to RM135 million in the corresponding quarter last year. The lower earnings is mainly attributed to lower sales volume, lower contribution from exports due to a weaker US Dollar, higher maintenance costs due to timing of scheduled plant shutdown as well as lower contributions from our operations in ready-mixed concrete, trading and in Singapore.

Current Year To Date

Revenue for 9 months ended 30 September 2009 was marginally lower than the corresponding period last year while pre-tax profit rose by 18% to RM318 million. This is mainly driven by higher export volume, improved plant performance and strict cost control, partly offset by higher prices of fuel and electricity as well as lower contribution from our operations in ready-mixed concrete, trading and in Singapore. Cash flow from operations for period ended 30 September 2009 also improved significantly as compared to that of corresponding period last year due to the better earnings and strong focus on working capital management.

B2. Comparison with Preceding Quarter

| | 3rd Quarter Ended 30 September 2009 RM'000 | 2nd Quarter Ended 30 September 2009 RM'000 |
|-------------------|--|--|
| Revenue | 618,319 | 630,893 |
| Profit before tax | 126,472 | 90,363 |

Revenue in the current quarter decreased marginally due to lower domestic cement demand as a result of festive holidays in the month of September. Group pre-tax profit was higher by 36% at RM126 million compared to RM90 million in the preceding quarter. This is attributed to higher plant maintenance cost incurred during the scheduled plant shutdown in preceding quarter. In addition, the improved earnings is also attributed to better plant performance and strict cost control.

B3. Current Year Prospects

No significant change to the business condition is anticipated in the last quarter of the year and taking into consideration of the 9 months financial results, the Group is optimistic of achieving another satisfactory performance in 2009.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 September 2009.

B5. Taxation

Taxation comprises the following:

| | 3rd Quarter Ended 30 September 2009 RM'000 | 9 Months Ended 30 September 2009 RM'000 |
|--------------------------------|--|--|
| In respect of current year: | | |
| - income tax charge | (5,461) | (13,989) |
| - deferred tax charge | (2,711) | (11,205) |
| In respect of prior years: | | |
| - income tax credit | 197 | 1,048 |
| - deferred tax charge | (1,740) | (5,430) |
| | <u>(9,715)</u> | <u>(29,576)</u> |

The Group's effective tax rate for the current quarter and current year to date is lower than the statutory tax rate of 25% in Malaysia mainly due to higher utilisation of reinvestment allowances.

B6. Unquoted Investments and/or Properties

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

B7. Quoted Securities

a) There were no purchases of quoted securities during the quarter under review and the disposal of quoted securities is as follows:

| | 3rd Quarter Ended 30 September 2009 RM'000 | 9 Months Ended 30 September 2009 RM'000 |
|--------------------------|--|--|
| Total Disposals | | |
| Sales proceeds | - | 48 |
| Book value of investment | - | 31 |
| Gain on disposal | <u>-</u> | <u>17</u> |

b) Investment in quoted securities as at 30 September 2009 is as follows:

| | RM'000 |
|---|---------------|
| At cost | 410 |
| Less: Allowance for diminution in value | (335) |
| At book value | <u>75</u> |
| At market value | <u>75</u> |

B8. Status of Corporate Proposals

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

B9. Group Borrowings

The Group borrowings as at 30 September 2009 are as follows:

| | RM'000 |
|---------------------------------|----------------|
| <u>Long-term borrowings</u> | |
| Floating rate notes (unsecured) | 210,000 |
| Finance lease (secured) | 6,636 |
| | <u>216,636</u> |
| <u>Short-term borrowings</u> | |
| Revolving Credit (unsecured) | 160,000 |
| Finance lease (secured) | 3,588 |
| | <u>163,588</u> |
| Total Group borrowings | <u>380,224</u> |

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

As of 12 November 2009, the forward exchange contracts which have been entered into by the Group are as follows:-

Forward Contracts Sold

| Currency | Contract Amount ('000) | Date of Contract | Value Date of Contract | Equivalent Amount (RM'000) |
|----------|------------------------|----------------------------------|-------------------------------------|----------------------------|
| USD | USD 11,250 | 13 April 2009 to 28 October 2009 | 17 November 2009 to 15 October 2010 | 40,152 |

Forward Contracts Purchased

| Currency | Contract Amount ('000) | Date of Contract | Value Date of Contract | Equivalent Amount (RM'000) |
|----------|------------------------|-------------------------------------|-----------------------------------|----------------------------|
| EURO | EURO 1,578 | 20 November 2008 to 9 November 2009 | 13 November 2009 to 10 March 2010 | 7,728 |

Interest rate swap contract

Interest rate swap contract was entered into which entitled the Company to receive interest at floating rates on the notional principal amount and obliged the company to pay interest at fixed rates on the same notional amount. The difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts will be 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 12 November 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:

| Notional Amount | Effective Period |
|------------------------|--|
| 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 12 November 2009, the coal/fuel hedging transactions which have been entered into by the company to partially cover its consumption up to 31 December 2009 in lots amount to approximately USD1.7 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

No dividend has been declared for the current quarter ended 30 September 2009.

B13. Earnings per share

Earnings per share are calculated as follows:

| | 3rd Quarter Ended | | 9 Months Ended | |
|---|-------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 30 September 2009 | 30 September 2008 | 30 September 2009 | 30 September 2008 |
| Profit attributable to equity holders of the Company (RM'000) | 116,951 | 124,503 | 292,651 | 248,554 |
| Weighted average number of ordinary shares in issue ('000) | 849,695 | 849,695 | 849,695 | 849,695 |
| Basic and diluted earnings per shares (sen) | 13.7 | 14.7 | 34.4 | 29.3 |

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

Dated: 19 November 2009
Petaling Jaya, Selangor Darul Ehsan.