

LAFARGE MALAYSIA BERHAD
(formerly known as LAFARGE MALAYAN CEMENT BERHAD) (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3rd Quarter Ended		9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Revenue	728,013	708,755	2,101,826	2,049,916
Operating expenses	(535,864)	(541,857)	(1,659,763)	(1,603,938)
Depreciation and amortisation	(37,133)	(33,471)	(107,772)	(113,002)
Other income /(expenses)	1,574	(3,710)	(1,449)	(10,959)
Investment income	2,171	2,466	5,874	6,913
Interest income	2,055	1,817	5,168	4,802
Profit from operations	160,816	134,000	343,884	333,732
Finance cost	(261)	(1,343)	(1,106)	(4,854)
Share in results of associate	859	700	2,041	1,980
Profit before tax	161,414	133,357	344,819	330,858
Income tax expense	(41,123)	(36,792)	(88,468)	(87,501)
Profit for the period	120,291	96,565	256,351	243,357
Other comprehensive income/(loss), net of tax				
Items never reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	811	(302)	1,179	(349)
Net change in cash flow hedges	248	(333)	121	48
Total other comprehensive income/(loss) for the period, net of tax	1,059	(635)	1,300	(301)
Total comprehensive income for the period	121,350	95,930	257,651	243,056
Profit attributable to:				
Owners of the Company	120,222	96,372	255,965	243,283
Non-controlling interests	69	193	386	74
	120,291	95,565	256,351	243,357
Total comprehensive income attributable to:				
Owners of the Company	121,259	95,731	257,243	242,976
Non-controlling interests	91	199	408	80
	121,350	95,930	257,651	243,056
Basic and diluted earnings per share (sen)	14.2	11.3	30.1	28.6

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYSIA BERHAD
(formerly known as LAFARGE MALAYAN CEMENT BERHAD) (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2013 RM'000	As at 31 December 2012 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment		1,518,956	1,589,405
Investment property		3,321	3,532
Prepaid lease payments on leasehold land		108,019	112,721
Goodwill on consolidation		1,205,889	1,205,889
Other intangible assets		3,043	3,433
Investment in associate		22,718	19,797
Other financial assets		1,815	1,815
Deferred tax assets		2,975	2,050
		<u>2,866,736</u>	<u>2,938,642</u>
<u>Current assets</u>			
Inventories		263,630	282,161
Current tax assets		20,575	22,822
Trade receivables		374,830	344,266
Other receivables and prepaid expenses		37,179	34,477
Amounts owing by holding and other related companies		24,238	21,028
Derivative financial assets	B9	597	108
Term deposits		220,215	105,807
Fixed income trust fund		-	28,729
Cash and bank balances		212,245	219,466
		<u>1,153,509</u>	<u>1,058,864</u>
Total assets		<u>4,020,245</u>	<u>3,997,506</u>
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Share capital		849,695	849,695
Reserves:			
Share premium		1,067,199	1,067,199
Exchange equalisation reserve		40,247	39,090
Capital redemption reserve		33,798	33,798
Investments revaluation reserve		36	36
Hedging reserve		135	14
Retained earnings		1,188,130	1,178,321
Equity attributable to owners of the Company		<u>3,179,240</u>	<u>3,168,153</u>
Non-controlling interests		4,102	4,467
Total equity		<u>3,183,342</u>	<u>3,172,620</u>

LAFARGE MALAYSIA BERHAD
(formerly known as LAFARGE MALAYAN CEMENT BERHAD) (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2013 RM'000	As at 31 December 2012 RM'000
<u>Non-current liabilities</u>			
Borrowings	B8	-	488
Retirement benefits		64,873	59,874
Deferred tax liabilities		<u>225,128</u>	<u>237,637</u>
		<u>290,001</u>	<u>297,999</u>
<u>Current liabilities</u>			
Trade payables		365,757	319,131
Other payables and accrued expenses		86,308	100,040
Amounts owing to holding and other related companies		17,747	22,286
Borrowings	B8	798	1,219
Derivative financial liabilities	B9	135	1
Tax liabilities		8,181	16,234
Dividend payable		<u>67,976</u>	<u>67,976</u>
		<u>546,902</u>	<u>526,887</u>
Total liabilities		<u>836,903</u>	<u>824,886</u>
Total equity and liabilities		<u>4,020,245</u>	<u>3,997,506</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>3.74</u>	<u>3.73</u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYSIA BERHAD
(formerly known as LAFARGE MALAYAN CEMENT BERHAD) (1877-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →						Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Equalisation Reserve RM'000	Capital Redemption Reserve RM'000	Investment Revaluation Reserve RM'000	Hedging Reserve RM'000				
As of 1 January 2013	849,695	1,067,199	39,090	33,798	36	14	1,178,321	3,168,153	4,467	3,172,620
Profit or loss for the period	-	-	-	-	-	-	255,965	255,965	386	256,351
Other comprehensive income/(loss) for the period	-	-	1,157	-	-	121	-	1,278	22	1,300
Changes in ownership with no loss of control	-	-	-	-	-	-	256	256	(773)	(517)
Dividends	-	-	-	-	-	-	(246,412)	(246,412)	-	(246,412)
As of 30 September 2013	849,695	1,067,199	40,247	33,798	36	135	1,188,130	3,179,240	4,102	3,183,342
As of 1 January 2012	849,695	1,067,199	39,716	33,798	36	(242)	1,118,127	3,108,329	16,745	3,125,074
Profit or loss for the period	-	-	-	-	-	-	243,283	243,283	74	243,357
Other comprehensive income/(loss) for the period	-	-	(355)	-	-	48	-	(307)	6	(301)
Changes in ownership with no loss of control	-	-	-	-	-	-	2,553	2,553	(12,769)	(10,216)
Dividends	-	-	-	-	-	-	(220,922)	(220,922)	-	(220,922)
As of 30 September 2012	849,695	1,067,199	39,361	33,798	36	(194)	1,143,041	3,132,936	4,056	3,136,992

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYSIA BERHAD
(formerly known as LAFARGE MALAYAN CEMENT BERHAD) (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months Period Ended	
	30 September 2013 RM'000	30 September 2012 RM'000
<u>Cash Flows From Operating Activities</u>		
Profit before tax	344,819	330,858
Adjustments for:-		
Allowance for inventories obsolescence	5,899	9,848
Amortisation of:		
- other intangible assets	390	334
- prepaid lease payments on leasehold land	5,022	5,181
Depreciation of:		
- investment property	25	28
- property, plant and equipment	102,335	107,459
Derivative gain	(193)	(292)
Dividend income	(331)	(635)
Finance cost	1,106	4,854
Loss/(Gain) on disposal of:		
- available-for-sale investments	-	37
- property, plant and equipment	38	(675)
Impairment loss recognised on trade receivables	1,892	372
Impairment loss recognised on investment properties	186	-
Interest income	(5,168)	(4,802)
Property, plant and equipment written off	2,695	667
Provision for retirement benefits	6,585	6,097
Reversal of impairment loss on trade receivables	(595)	(101)
Unrealised gain on foreign exchange	(2,158)	(1,552)
Share in results of associate	(2,041)	(1,980)
Operating profit before changes in working capital	460,506	455,698
Decrease /(Increase) in:		
Inventories	12,902	(9,426)
Receivables	(33,748)	(79,085)
Amounts owing by holding and other related companies	2,470	1,509
Increase/(Decrease) in:		
Payables	32,829	36,068
Amounts owing to holding and other related companies	(15,841)	(572)
Cash generated from operations	459,118	404,192
Retirement benefits paid	(1,586)	(3,574)
Tax paid	(107,047)	(94,337)
Net cash generated from operating activities	350,485	306,281

LAFARGE MALAYSIA BERHAD
(formerly known as LAFARGE MALAYAN CEMENT BERHAD) (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months Period Ended	
	30 September 2013 RM'000	30 September 2012 RM'000
<u>Cash Flows From Investing Activities</u>		
Additions to property, plant and equipment	(36,022)	(35,079)
Dividend received	331	635
Interest received	5,168	4,802
Proceeds from disposal of:		
- property, plant and equipment	3,285	697
- available-for-sale investments	-	84
Acquisition of additional interest in a subsidiary	(517)	(10,216)
Payment for prepaid lease payments	(320)	-
Net cash used in investing activities	<u>(28,075)</u>	<u>(39,077)</u>
<u>Cash Flows From Financing Activities</u>		
Dividends paid	(246,412)	(220,922)
Interest paid	(1,127)	(6,062)
Repayment of borrowings	(909)	(105,947)
Net cash used in financing activities	<u>(248,448)</u>	<u>(332,931)</u>
Net Change in Cash and Cash Equivalents	73,962	(65,727)
Effects of currency translations	4,496	723
Cash and Cash Equivalents at beginning of the year	354,002	352,304
Cash and Cash Equivalents at end of the period	<u>432,460</u>	<u>287,300</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31st December 2012 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYSIA BERHAD
(formerly known as LAFARGE MALAYAN CEMENT 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 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 2012. The audited financial statements of the Group for the year ended 31 December 2012 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 2012.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs and amendments to MFRSs:

Adoption of New and Revised FRSs and Amendments

Effective for financial periods beginning on or after 1 March 2012:

Amendments to MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)]
----------------------	--

Effective for financial periods beginning on or after 1 July 2012:

Amendments to MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
------------------------	---

Effective for financial periods beginning on or after 1 January 2013:

Amendments to MFRS 7	Financial Instruments: Disclosure – Offsetting of Financial Assets and Financial Liabilities
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)

Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 cycle

The adoption of the abovementioned new and revised MFRSs and Amendments has no significant effect to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

The Group has not adopted the following new and revised MFRSs and Amendments because they are not yet effective for the current period ended 30 June 2013 and the current financial year ending 31 December 2013:

Effective for financial periods beginning on or after 1 January 2014:

Amendments to MFRS 10, Investment Entities

MFRS 11 and MFRS 12

Amendments to MFRS 132 Financial Instruments Presentation: Offsetting of Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015:

MFRS 9 Financial Instruments

Except for MFRS 9 which has an effective date beginning on or after 1 January 2015, the Group will adopt the other relevant Standards when it becomes effective. Adoption of these new Standards in the next financial year will have no significant effect or will not result in changes to the existing accounting policies. The directors anticipate that the application of MFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review has been completed.

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 period are as follows:

	RM'000
Third interim dividend paid on 16 January 2013 for the year ended 31 December 2012 - 8.0 sen single-tier dividend per ordinary share of RM1.00 each	67,976
Fourth interim dividend paid on 16 April 2013 for the year ended 31 December 2012 - 13.0 sen single-tier dividend per ordinary share of RM1.00 each	110,460
First interim dividend paid on 17 July 2013 for the year ended 31 December 2013 - 8.0 sen single-tier dividend per ordinary share of RM1.00 each	<u>67,976</u>
	<u>246,412</u>

A second interim single-tier dividend of 8.0 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2013 amounting to RM67.976 million was paid on 23 October 2013.

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

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

9 Months Ended 30 September	Cement		Aggregates & Concrete		Elimination		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Segment revenue								
External revenue	1,687,268	1,712,841	414,558	337,075	-	-	2,101,826	2,049,916
Internal revenue	201,746	221,738	473	140	(202,219)	(221,878)	-	-
	<u>1,889,014</u>	<u>1,934,579</u>	<u>415,031</u>	<u>337,215</u>	<u>(202,219)</u>	<u>(221,878)</u>	<u>2,101,826</u>	<u>2,049,916</u>
Segment profit/(loss)	<u>325,938</u>	<u>326,167</u>	<u>12,778</u>	<u>2,763</u>	<u>-</u>	<u>-</u>	<u>338,716</u>	<u>328,930</u>
Reconciliation of segment profit to consolidated profit before tax:								
Interest income							5,168	4,802
Finance cost							(1,106)	(4,854)
Share in results of associate							2,041	1,980
Consolidated profit before tax							<u>344,819</u>	<u>330,858</u>
Segment assets	<u>3,703,853</u>	<u>3,714,225</u>	<u>252,890</u>	<u>250,337</u>	<u>(417,041)</u>	<u>(310,458)</u>	<u>3,539,702</u>	<u>3,654,104</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in associate							22,718	18,886
Unallocated corporate assets							457,825	312,480
Consolidated total assets							<u>4,020,245</u>	<u>3,985,470</u>
Segment liabilities	<u>860,198</u>	<u>744,263</u>	<u>189,389</u>	<u>137,245</u>	<u>(446,791)</u>	<u>(310,970)</u>	<u>602,796</u>	<u>570,538</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							798	2,002
Unallocated corporate liabilities							233,309	275,938
Consolidated total liabilities							<u>836,903</u>	<u>848,478</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 material events subsequent to the current financial quarter 30 September 2013 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

There were no other changes in the composition for the Group in this quarter.

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 period not provided for in the financial statements are as follows:

	As at 30 September 2013 RM'000
In respect of capital expenditure:	
Approved and contracted for	5,719
Approved but not contracted for	54,628
	<u>60,347</u>

A15. 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
Associated International Cement Ltd	Immediate 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.
Coprocem Services Malaysia 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 Lafarge Cement Indonesia	Subsidiary of Lafarge S.A.

The related party transactions for financial period ended 30 September 2013 are as follows:

Description of Transactions	RM'000
Ultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	25,594
Associate of the Group:	
Sales and/or purchase of cement and aggregates	44,218
Batching income	1,051
Management service fee	169
Subsidiaries of ultimate holding company of the Company:	
Sale and/or purchase of cement and clinker	249,901
Maintenance of hardware and software	2,155
Service fee for sourcing alternative fuel and raw materials	1,316
Rental income of office premises	511
Chartering of vessels	13,305
Administrative and supporting service fee	762

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 for the current quarter of RM728.0 million was higher by 2.7% compared to the corresponding quarter in 2012 mainly due to higher sales volume in cement and concrete in line with growth in market demand.

The Group registered profit before tax for the current quarter of RM161.4 million compared to RM133.4 million in the corresponding quarter last year. The favourable result was mainly due to higher revenue and improved plant performance.

Current Year to Date

The Group's revenue of RM 2.1 billion for the 9 months ended 30 September 2013 increased by 2.5% from corresponding period last year. This increase is mainly due to volume growth in line with increase in market demand. In line with the higher revenue and better plant performance, profit before tax for the 9 months ended 30 September 2013 increased by 4.2% to RM344.8 million compared to the corresponding period.

B2. Comparison with Preceding Quarter

	3rd Quarter Ended 30 September 2013 RM'000	2nd Quarter Ended 30 June 2013 RM'000
Revenue	728,013	728,872
Profit before tax	161,414	110,036

The improved results in the third quarter was better than the preceding quarter due to improved plant performance and also timing of the plant shutdown for maintenance.

B3. Prospects

The outlook of the construction sector is expected to be positive for the rest of 2013 due to continued progress of key infrastructure projects and on-going property development. The Group will continue to focus on product quality and providing solutions to customers whilst maintaining efficiency in the overall operations. The Group's financial result in 2013 is expected to be satisfactory.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 September 2013.

B5. Income Tax Expense

Income tax expense comprises the following:

	3rd Quarter Ended 30 September 2013 RM'000	9 Months Ended 30 September 2013 RM'000
In respect of current year:		
- income tax	(46,364)	(100,736)
- deferred tax	6,815	13,821
In respect of prior year:		
- income tax	(1,230)	(1,209)
- deferred tax	(344)	(344)
Total tax expense	<u>(41,123)</u>	<u>(88,468)</u>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate of 25% in Malaysia mainly due to some non tax-deductible expenses in certain subsidiaries.

It was announced on 7 April 2008 that, LMCB Holding Pte Ltd ("LMCBH"), a wholly owned subsidiary, received Notices of Additional Assessments from the Inland Revenue of Authority Singapore ("IRAS") in connection with the tax refunds received by LMCBH for Years of Assessment 2004 to 2006. LMCBH had recognised in its financial statements the tax refunds received arising from Section 44 tax credit amounting to RM21.276 million for the financial years ended 31 December 2003 to 2005. The tax refunds arose in connection with the dividends received by LMCBH following the internal reorganisation of the Company's investments and corporate structure in Singapore which was announced on 30 July 2003. Also included in the Group's financial statements for the financial years ended 31 December 2006 and 2007 were tax refunds receivable amounting to RM17.275 million. Total tax refunds recognised for financial years ended 31 December 2003 to 2007 amounted to RM38.551 million. The IRAS sought to recover the tax refunds previously received by LMCBH by assessing additional tax on LMCBH equivalent to the tax refunds under the Notices of Additional Assessments. Based on professional advice received, LMCBH should not be liable to pay the additional tax as the notices of assessment are invalid. Accordingly, LMCBH challenged the validity and basis of the Notices of Additional Assessment.

As previously announced on 14 November 2008, 18 February 2009, 27 August 2009, 19 November 2009, 25 February 2010, 26 May 2010, 25 August 2010, 29 November 2010 and 23 February 2011, LMCBH had appealed against the Notices of Additional Assessment to the Income Tax Board of Review of Singapore ("ITBRS"). The ITBRS had on 18 April 2011 dismissed LMCBH's appeal.

LMCBH filed an appeal to the High Court against ITBRS' decision. The appeal was heard on 26th and 27th March 2012. On 18 December 2012, the Company received the written Judgment of the High Court of Singapore ("Judgment") allowing LMCBH's appeal against the Notices of Additional Assessments from the IRAS in connection with the tax refunds received by LMCBH for Years of Assessment 2004 to 2006 and the Notice of Assessment for the Year of Assessment 2007. The Notices of Additional Assessments for the Years of Assessment 2004 to 2006 and Notice of Assessment for the Year of Assessment 2007 will be discharged.

IRAS has filed an appeal to the Court of Appeal on 18 January 2013 against the parts of the Judgment which held that (i) the Notices of Assessment for Years of Assessment 2004 – 2007 ought to be discharged for the reason that the Comptroller did not exercise his powers under the general anti-avoidance provision fairly and reasonably; and (ii) the Notices of Assessment for Years of Assessment 2004 – 2006 were ultra vires and void.

To preserve its rights, LMCBH had on the same date filed a notice of appeal to the Court of Appeal against those parts of the Judgment which dismissed and/or did not accept LMCBH's arguments which

were advanced in the High Court of Singapore. On 22 January 2013, LMCBH received notice from the Supreme Court of Singapore that both appeals have been fixed for hearing before the Court of Appeal for the week commencing 1 July 2013. In the meantime, both IRAS and LMCBH have filed their respective appellant's case and respondent's case for both appeals. By way of further update, the appeal was heard on 13 August 2013. The decision is currently pending.

B6. Profit for the Period

	3 rd Quarter Ended		9 Months Ended	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Profit for the period is arrived after charging:				
Allowance for inventories obsolescence	4,520	6,939	5,899	9,848
Amortisation of:				
- other intangible assets	130	116	390	334
- prepaid lease payments on leasehold land	1,912	1,725	5,022	5,181
Depreciation of:				
- investment property	6	10	25	28
- property, plant and equipment	35,085	31,620	102,335	107,459
Derivative loss	-	181	-	-
Impairment loss recognised on trade receivables	805	126	1,892	372
Loss on disposal of:				
- available-for-sale investments	-	-	-	37
- property, plant and equipment	-	-	38	-
Property, plant and equipment written off	2	325	2,695	667
Provision for retirement benefits	2,519	2,044	6,585	6,097
Realised loss on foreign exchange	945	1,448	453	2,959
Unrealised loss on foreign exchange	-	406	-	-
and after crediting:				
Derivative gain	-	-	193	292
Gain on disposal of property, plant and equipment	205	335	-	675
Reversal of impairment loss on trade receivables	10	-	595	101
Realised gain on foreign exchange	-	-	-	-
Unrealised gain on foreign exchange	2,920	-	2,158	1,552

B7. Status of Corporate Proposals

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

B8. Group Borrowings

The Group borrowings as at 30 September 2013 are as follows:

	RM'000
<u>Long-term borrowings</u>	
Finance lease (secured)	-
<u>Short-term borrowings</u>	
Finance lease (secured)	798
Total Group borrowings	<u>798</u>

All borrowings are denominated in Ringgit Malaysia.

B9. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 30 September 2013 measured at their fair values together with their corresponding contract/notional amounts classified by the remaining period of maturity are as follows:

Types of Derivatives	Contract/ Notional Values (RM'000)	Net Fair Values Assets/(Liabilities) (RM'000)	Maturity
Foreign exchange contracts	26,717	562	Less than 1 year
Coal hedging	7,560	100	Less than 1 year

The Group's derivative financial instruments are subject to market and credit risk, as follows:

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting items on and off the statement of financial position.

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain in a contract. As at 30 September 2013, the amount of credit risk in the Group measured in terms of the cost to replace the profitable contracts was RM597,000. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

There have been no changes since the end of the previous financial year in respect of the following:

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts.

B10. Fair Value Changes of Financial Liabilities

There was no gain/(loss) arising from fair value changes in financial liabilities in this reporting period.

B11. Material Litigation

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

B12. Dividend

The Directors has declared a second interim single tier dividend of 8 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2013 which will be paid on 22 January 2014. The entitlement date for the dividend payment is on 26 December 2013.

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 26 December 2013 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:

	3rd Quarter Ended		9 Months Ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Profit attributable to equity holders of the Company (RM'000)	120,222	96,372	255,965	243,283
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
Basic and diluted earnings per share (sen)	14.2	11.3	30.1	28.6

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

B14. Disclosure of Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 30 September 2013, into realised and unrealised profits, is as follows:

	As at 30 September 2013 RM'000	As at 31 December 2012 RM'000
Total retained profits of the Group:		
- realised	1,476,587	1,491,002
- unrealised	(79,583)	(71,826)
	<hr/> 1,397,004	<hr/> 1,419,176
Total retained profits from associate:		
- realised	28,220	27,038
	<hr/> 1,425,224	<hr/> 1,446,214
Less: Consolidation adjustments	(237,094)	(267,893)
Total retained profits as per statement of financial position	<hr/> <hr/> 1,188,130	<hr/> <hr/> 1,178,321

Dated: 19 November 2013
Petaling Jaya, Selangor Darul Ehsan.