

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

	4 th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Revenue	750,574	690,146	2,852,400	2,740,062
Operating expenses	(541,464)	(520,137)	(2,201,227)	(2,124,075)
Depreciation and amortisation	(41,365)	(32,012)	(149,137)	(145,014)
Other income /(expenses)	(2,282)	(1,610)	(3,731)	(12,569)
Investment income	1,812	1,335	7,686	8,248
Interest income	2,802	1,528	7,970	6,330
Profit from operations	170,077	139,250	513,961	472,982
Finance cost	(993)	(1,218)	(2,099)	(6,072)
Share in results of associate	987	862	3,028	2,842
Profit before tax	170,071	138,894	514,890	469,752
Income tax expense	(40,230)	(32,761)	(128,698)	(120,262)
Profit for the period/year	129,841	106,133	386,192	349,490
Other comprehensive loss, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Defined benefit retirement plan actuarial losses	(2,001)	(2,466)	(2,001)	(2,466)
	(2,001)	(2,466)	(2,001)	(2,466)
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(4,051)	(271)	(2,872)	(620)
Net change in cash flow hedges	140	208	261	256
Total other comprehensive loss for the period/year, net of tax	(5,912)	(2,529)	(4,612)	(2,830)
Total comprehensive income for the period/year	123,929	103,604	381,580	346,660
Profit attributable to:				
Owners of the Company	129,739	105,722	385,704	349,005
Non-controlling interests	102	411	488	485
	129,841	106,133	386,192	349,490
Total comprehensive income attributable to:				
Owners of the Company	123,810	103,187	381,075	346,169
Non-controlling interests	119	417	505	491
	123,929	103,604	381,580	346,660
Basic and diluted earnings per share (sen)	15.3	12.4	45.4	41.1

(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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2013 RM'000	As at 31 December 2012 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment		1,508,392	1,589,405
Investment property		3,314	3,532
Prepaid lease payments on leasehold land		105,759	112,721
Goodwill on consolidation		1,205,504	1,205,889
Other intangible assets		2,954	3,433
Investment in associate		21,463	19,797
Other financial assets		1,815	1,815
Deferred tax assets		2,963	2,050
		<u>2,852,164</u>	<u>2,938,642</u>
<u>Current assets</u>			
Inventories		255,337	282,161
Current tax assets		21,385	22,822
Trade receivables		419,304	344,266
Other receivables and prepaid expenses		38,483	34,477
Amounts owing by holding and other related companies		28,522	21,028
Derivative financial assets	B9	717	108
Term deposits		262,826	105,807
Fixed income trust fund		-	28,729
Cash and bank balances		188,024	219,466
		<u>1,214,598</u>	<u>1,058,864</u>
Total assets		<u>4,066,762</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		36,201	39,090
Capital redemption reserve		33,798	33,798
Investments revaluation reserve		36	36
Hedging reserve		275	14
Retained earnings		1,247,892	1,178,321
Equity attributable to owners of the Company		<u>3,235,096</u>	<u>3,168,153</u>
Non-controlling interests		4,199	4,467
Total equity		<u>3,239,295</u>	<u>3,172,620</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2013 RM'000	As at 31 December 2012 RM'000
<u>Non-current liabilities</u>			
Borrowings	B8	11	488
Retirement benefits		68,869	59,874
Deferred tax liabilities		214,659	237,637
		<u>283,539</u>	<u>297,999</u>
<u>Current liabilities</u>			
Trade payables		339,745	319,131
Other payables and accrued expenses		101,272	100,040
Amounts owing to holding and other related companies		17,278	22,286
Borrowings	B8	477	1,219
Derivative financial liabilities	B9	-	1
Tax liabilities		17,180	16,234
Dividend payable		67,976	67,976
		<u>543,928</u>	<u>526,887</u>
Total liabilities		<u>827,467</u>	<u>824,886</u>
Total equity and liabilities		<u>4,066,762</u>	<u>3,997,506</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>3.81</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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →							Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	← Non-distributable →				Distributable					
	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	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity 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 year	-	-	-	-	-	-	385,704	385,704	488	386,192
Other comprehensive income/(loss) for the year	-	-	(2,889)	-	-	261	(2,001)	(4,629)	17	(4,612)
Changes in ownership with no loss of control	-	-	-	-	-	-	256	256	(773)	(517)
Dividends	-	-	-	-	-	-	(314,388)	(314,388)	-	(314,388)
As of 31 December 2013	849,695	1,067,199	36,201	33,798	36	275	1,247,892	3,235,096	4,199	3,239,295
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 year	-	-	-	-	-	-	349,005	349,005	485	349,490
Other comprehensive income/(loss) for the year	-	-	(626)	-	-	256	(2,466)	(2,836)	6	(2,830)
Changes in ownership with no loss of control	-	-	-	-	-	-	2,553	2,553	(12,769)	(10,216)
Dividends	-	-	-	-	-	-	(288,898)	(288,898)	-	(288,898)
As of 31 December 2012	849,695	1,067,199	39,090	33,798	36	14	1,178,321	3,168,153	4,467	3,172,620

(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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended	
	31 December	31 December
	2013	2012
	RM'000	RM'000
<u>Cash Flows From Operating Activities</u>		
Profit before tax	514,890	469,752
Adjustments for:-		
Allowance for inventories obsolescence	7,521	10,601
Amortisation of:		
- other intangible assets	479	449
- prepaid lease payments on leasehold land	6,962	6,106
Depreciation of:		
- investment property	31	36
- property, plant and equipment	141,665	138,423
Derivative gain	(174)	(310)
Dividend income	(815)	(892)
Finance cost	2,099	6,072
Impairment loss recognised on trade receivables	2,783	1,721
Impairment loss recognised on investment properties	187	-
Impairment loss recognised on goodwill	385	-
Interest income	(7,970)	(6,330)
Loss/(Gain) on disposal of:		
- available-for-sale investments	-	37
- property, plant and equipment	(73)	(982)
Property, plant and equipment written off	5,860	666
Provision for retirement benefits	8,131	8,198
Reversal of impairment loss on trade receivables	(1,129)	(1,413)
Unrealised gain on foreign exchange	(4,484)	(1,708)
Share in results of associate	(3,028)	(2,842)
Operating profit before changes in working capital	673,320	627,584
Decrease /(Increase) in:		
Inventories	19,510	(21,099)
Receivables	(79,856)	(22,008)
Amounts owing by holding and other related companies	(2,054)	5,761
Increase/(Decrease) in:		
Payables	9,584	14,421
Amounts owing to holding and other related companies	(15,602)	3,531
Cash generated from operations	604,902	608,190
Retirement benefits paid	(1,704)	(2,880)
Tax paid	(149,071)	(150,111)
Net cash generated from operating activities	454,127	455,199

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended	
	31 December	31 December
	2013	2012
	RM'000	RM'000
<u>Cash Flows From Investing Activities</u>		
Acquisition of additional interest in a subsidiary	(517)	(10,216)
Additions to property, plant and equipment	(53,650)	(50,092)
Dividend received	815	892
Interest received	7,970	6,330
Proceeds from disposal of:		
- property, plant and equipment	3,401	1,329
- available-for-sale investments	-	84
Net cash used in investing activities	(41,981)	(51,673)
<u>Cash Flows From Financing Activities</u>		
Dividends paid	(314,388)	(288,898)
Interest paid	(2,121)	(7,267)
Repayment of borrowings	(1,219)	(106,242)
Net cash used in financing activities	(317,728)	(402,407)
Net Change in Cash and Cash Equivalents	94,418	1,119
Effects of currency translations	2,430	579
Cash and Cash Equivalents at beginning of the year	354,002	352,304
Cash and Cash Equivalents at end of the year	450,850	354,002

(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
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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 MFRSs 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:

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)]

MFRS 7 Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)

MFRS 10 Consolidated Financial Statements

MFRS 10 Consolidated Financial Statements (Amendments relating to Transition Guidance)

MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance)

MFRS 13 Fair Value Measurement

MFRS 101 Presentation of Financial Statements (Amendments relating to

MFRS 119	Presentation of Items of Other Comprehensive Income)
MFRS 127	Employee Benefits (IAS 19 as amended by IASB in June 2011)
	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 financial year ending 31 December 2013:

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

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)

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

Amendments to MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)
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Effective date of the following standards had yet to be confirmed:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application except MFRS 9 and Amendments to MFRS 132. The directors anticipate that the application of MFRS 9 and Amendments to MFRS 132 may have some 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 and Amendments to MFRS 132 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 year under review.

A8. Dividend Paid

Dividends paid during the current financial year 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	67,976
Second interim dividend paid on 23 October 2013 for the year ended 31 December 2013	
- 8.0 sen single-tier dividend per ordinary share of RM1.00 each	67,976
	<u>314,388</u>

A third interim single-tier dividend of 8.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2013 amounting to RM67.976 million was paid on 22 January 2014.

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:

Full Year Ended 31 December	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	2,314,354	2,277,726	538,046	462,336	-	-	2,852,400	2,740,062
Internal revenue	267,885	303,236	1,338	150	(269,223)	(303,386)	-	-
	<u>2,582,239</u>	<u>2,580,962</u>	<u>539,384</u>	<u>462,486</u>	<u>(269,223)</u>	<u>(303,386)</u>	<u>2,852,400</u>	<u>2,740,062</u>
Segment profit /(loss)	<u>491,891</u>	<u>460,979</u>	<u>14,100</u>	<u>5,673</u>	<u>-</u>	<u>-</u>	<u>505,991</u>	<u>466,652</u>
Reconciliation of segment profit to consolidated profit before tax:								
Interest income							7,970	6,330
Finance cost							(2,099)	(6,072)
Share in results of associate							3,028	2,842
Consolidated profit before tax							<u>514,890</u>	<u>469,752</u>
Segment assets	<u>3,585,610</u>	<u>3,637,861</u>	<u>265,188</u>	<u>252,001</u>	<u>(282,501)</u>	<u>(292,842)</u>	<u>3,568,297</u>	<u>3,597,020</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in associate							21,463	19,797
Unallocated corporate assets							477,002	380,689
Consolidated total assets							<u>4,066,762</u>	<u>3,997,506</u>
Segment liabilities	<u>674,373</u>	<u>714,520</u>	<u>203,649</u>	<u>148,078</u>	<u>(282,881)</u>	<u>(293,311)</u>	<u>595,141</u>	<u>569,287</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							488	1,707
Unallocated corporate liabilities							231,838	253,892
Consolidated total liabilities							<u>827,467</u>	<u>824,886</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 31 December 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 date not provided for in the financial statements are as follows:

	As at
	31 December
	2013
	RM'000
In respect of capital expenditure:	
Approved and contracted for	30,767
Approved but not contracted for	49,532
	<u>80,299</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 year ended 31 December 2013 are as follows:

Description of Transactions	RM'000
Ultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	35,152
Specific technical assistance	920
Associate of the Group:	
Sales and/or purchase of cement and aggregates	59,196
Batching income	1,501
Management service fee	227
Subsidiaries of ultimate holding company of the Company:	
Sale and/or purchase of cement and clinker	316,350
Maintenance of hardware and software	4,435
Service fee for sourcing alternative fuel and raw materials	1,691
Rental income of office premises	680
Chartering of vessels	13,969
Administrative and supporting service fee	1,648

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 RM750.6 million was 8.8% higher than the corresponding quarter in 2012 mainly due to the growth in market demand.

The Group registered profit before tax for the current quarter of RM170.1 million was higher compared to RM138.9 million in the corresponding quarter last year. The favourable result was mainly due to higher revenue.

Current Year

The Group's revenue for the 12 months ended 31 December 2013 increased by 4.1% to RM2.9 billion compared to the corresponding period last year of RM2.7 billion. This increase is mainly due to the growth in market demand. In line with the higher revenue and strong performance in the ready mixed business, profit before tax for the 12 months ended 31 December 2013 increased by 9.6% to RM514.9 million over the last financial year.

B2. Comparison with Preceding Quarter

	4th Quarter Ended 31 December 2013 RM'000	3rd Quarter Ended 30 September 2013 RM'000
Revenue	750,574	728,013
Profit before tax	<u>170,071</u>	<u>161,414</u>

The improved results in the fourth quarter was better than the preceding quarter mainly due to higher volume.

B3. Prospects

The outlook of the construction sector is expected to remain positive in 2014 driven mainly by the continued progress of key infrastructure projects and on-going commercial and residential 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 2014 should remain satisfactory.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 31 December 2013.

B5. Income Tax Expense

Income tax expense comprises the following:

	4th Quarter Ended 31 December 2013 RM'000	Full Year Ended 31 December 2013 RM'000
In respect of current year:		
- income tax	(50,878)	(151,613)
- deferred tax	10,299	24,119
In respect of prior year:		
- income tax	704	(505)
- deferred tax	(355)	(699)
Total tax expense	<u>(40,230)</u>	<u>(128,698)</u>

The Group's effective tax rate for the current quarter is lower than the statutory tax rate of 25% in Malaysia mainly due to higher 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/Year

	4 th Quarter Ended		Full Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Profit for the period/year is arrived after charging:				
Allowance for inventories obsolescence	1,622	753	7,521	10,601
Amortisation of:				
- other intangible assets	89	115	479	449
- prepaid lease payments on leasehold land	1,940	925	6,962	6,106
Depreciation of:				
- investment property	6	8	31	36
- property, plant and equipment	39,330	30,964	141,665	138,423
Impairment loss recognised on trade receivables	891	1,349	2,783	1,721
Impairment loss recognised on investment properties	1	-	187	-
Impairment loss recognised on goodwill	385	-	385	-
Loss on disposal of available-for-sale investments	-	-	-	37
Property, plant and equipment written off	3,165	-	5,860	666
Provision for retirement benefits	1,546	2,101	8,131	8,198
Realised loss on foreign exchange	312	424	765	3,383
and after crediting:				
Derivative gain	19	18	174	310
Gain on disposal of property, plant and equipment	111	307	73	982
Reversal of impairment loss on trade receivables	534	1,312	1,129	1,413
Unrealised gain on foreign exchange	2,326	156	4,484	1,708

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 31 December 2013 are as follows:

	RM'000
<u>Long-term borrowings</u>	
Finance lease (secured)	11
<u>Short-term borrowings</u>	
Finance lease (secured)	477
Total Group borrowings	<u>488</u>

All borrowings are denominated in Ringgit Malaysia.

B9. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 31 December 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	51,327	717	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 31 December 2013, the amount of credit risk in the Group measured in terms of the cost to replace the profitable contracts was RM717,000. 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, except for LMCBH tax case as mentioned in note B5.

B12. Dividend

The Directors has declared a fourth interim single tier dividend of 17 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2013 which will be paid on 16 April 2014. The entitlement date for the dividend payment is on 18 March 2014.

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 18 March 2014 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:

	4th Quarter Ended		Full Year Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Profit attributable to equity holders of the Company (RM'000)	129,739	105,722	385,704	349,005
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
Basic and diluted earnings per share (sen)	15.3	12.4	45.4	41.1

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 31 December 2013, into realised and unrealised profits, is as follows:

	As at 31 December 2013 RM'000	As at 31 December 2012 RM'000
Total retained profits of the Group:		
- realised	1,484,726	1,491,002
- unrealised	(144,649)	(71,826)
	<hr/> 1,340,077	<hr/> 1,419,176
Total retained profits from associate:		
- realised	30,067	27,038
	<hr/> 1,370,144	<hr/> 1,446,214
Less: Consolidation adjustments	(122,252)	(267,893)
Total retained profits as per statement of financial position	<hr/> <hr/> 1,247,892	<hr/> <hr/> 1,178,321

Dated: 25 February 2014

Petaling Jaya, Selangor Darul Ehsan.