

LAFARGE MALAYSIA BERHAD (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3rd Quarter Ended		Year To Date Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Revenue	664,632	728,013	2,058,478	2,101,826
Operating expenses	(552,825)	(535,864)	(1,666,816)	(1,659,763)
Depreciation and amortisation	(39,378)	(37,133)	(119,164)	(107,772)
Other (expenses)/income	(4,168)	1,574	(11,470)	(1,449)
Investment income	2,069	2,171	5,450	5,874
Interest income	2,635	2,055	7,976	5,168
Profit from operations	72,965	160,816	274,454	343,884
Finance cost	(234)	(261)	(964)	(1,106)
Share in results of associate	1,168	859	1,317	2,041
Profit before tax	73,899	161,414	274,807	344,819
Income tax expense	(18,755)	(41,123)	(68,444)	(88,468)
Profit for the period	55,144	120,291	206,363	256,351
Other comprehensive income/(loss), Items that will not be reclassified subsequently to profit or loss:	-	-	-	-
	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(1,028)	811	3,226	1,179
Net change in cash flow hedges	947	248	270	121
Total other comprehensive income/(loss) for the period, net of tax	(81)	1,059	3,496	1,300
Total comprehensive income for the period	55,063	121,350	209,859	257,651
Profit/(Loss) attributable to:				
Owners of the Company	54,806	120,222	206,061	255,965
Non-controlling interests	338	69	302	386
	55,144	120,291	206,363	256,351
Total comprehensive income/(loss) attributable to:				
Owners of the Company	54,725	121,259	209,557	257,243
Non-controlling interests	338	91	302	408
	55,063	121,350	209,859	257,651
Basic and diluted earnings per share (sen)	6.5	14.2	24.3	30.1

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31st December 2013 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYSIA BERHAD (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment		1,448,508	1,508,392
Investment property		3,295	3,314
Prepaid lease payments on leasehold land		98,487	105,759
Goodwill on consolidation		1,205,504	1,205,504
Other intangible assets		2,747	2,954
Investment in associate		22,242	21,463
Other financial assets		1,815	1,815
Deferred tax assets		3,236	2,963
		<u>2,785,834</u>	<u>2,852,164</u>
<u>Current assets</u>			
Inventories		259,168	255,337
Current tax assets		16,544	1,719
Trade receivables		379,259	419,304
Other receivables and prepaid expenses		51,394	38,483
Amounts owing by holding and other related companies		16,478	28,522
Derivative financial assets	B9	967	717
Term deposits		200,654	262,826
Cash and bank balances		233,445	188,024
		<u>1,157,909</u>	<u>1,194,932</u>
Total assets		3,943,743	4,047,096
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		38,835	35,609
Capital redemption reserve		33,798	33,798
Investments revaluation reserve		36	36
Hedging reserve		545	275
Retained earnings		1,137,485	1,228,818
Equity attributable to owners of the Company		<u>3,127,593</u>	<u>3,215,430</u>
Non-controlling interests		4,501	4,199
Total equity		<u>3,132,094</u>	<u>3,219,629</u>

LAFARGE MALAYSIA BERHAD (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
<u>Non-current liabilities</u>			
Borrowings	B8	-	11
Retirement benefits		74,022	68,869
Deferred tax liabilities		202,488	214,659
		<u>276,510</u>	<u>283,539</u>
<u>Current liabilities</u>			
Trade payables		355,412	339,745
Other payables and accrued expenses		89,437	101,272
Amounts owing to holding and other related companies		11,359	17,278
Borrowings	B8	27	477
Derivative financial liabilities	B9	666	-
Tax liabilities		1,765	17,180
Dividend payable		76,473	67,976
		<u>535,139</u>	<u>543,928</u>
Total liabilities		<u>811,649</u>	<u>827,467</u>
Total equity and liabilities		<u>3,943,743</u>	<u>4,047,096</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>3.68</u>	<u>3.78</u>
Net tangible assets per share attributable to ordinary equity holders of the Company (RM)		<u>2.26</u>	<u>2.36</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 2013 and the accompanying explanatory notes attached to the interim financial statements.)

LAFARGE MALAYSIA BERHAD (1877-T)

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			
As at 1 January 2014	849,695	1,067,199	35,609	33,798	36	275	1,228,818	3,215,430	4,199	3,219,629
Profit/(loss) for the period	-	-	-	-	-	-	206,061	206,061	302	206,363
Other comprehensive income/(loss) for the period, net of tax	-	-	3,226	-	-	270	-	3,496	-	3,496
Dividends	-	-	-	-	-	-	(297,394)	(297,394)	-	(297,394)
As at 30 September 2014	849,695	1,067,199	38,835	33,798	36	545	1,137,485	3,127,593	4,501	3,132,094
As at 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/(loss) for the period	-	-	-	-	-	-	255,965	255,965	386	256,351
Other comprehensive income/(loss) for the period, net of tax	-	-	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 at 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

(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 2013 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYSIA BERHAD (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months Financial Period Ended	
	30 September	30 September
	2014	2013
	RM'000	RM'000
<u>Cash Flows From Operating Activities</u>		
Profit before tax	274,807	344,819
Adjustments for:-		
Allowance for inventories obsolescence	7,736	5,899
Amortisation of:		
- other intangible assets	207	390
- prepaid lease payments on leasehold land	6,669	5,022
Depreciation of:		
- investment property	19	25
- property, plant and equipment	112,269	102,335
Derivative loss/(gain)	780	(193)
Dividend income	-	(331)
Finance cost	964	1,106
Impairment loss recognised on trade receivables	2,550	1,892
Impairment loss recognised on investment properties	-	186
Interest income	(7,976)	(5,168)
(Gain)/Loss on disposal of:		
- property, plant and equipment	(2,739)	38
- prepaid lease payment on leasehold land	(970)	-
Property, plant and equipment written off	4,814	2,695
Provision for retirement benefits	7,438	6,585
Reversal of impairment loss on trade receivables	(556)	(595)
Unrealised loss on foreign exchange	739	(2,158)
Share in results of associate	(1,317)	(2,041)
Operating profit before changes in working capital	405,434	460,506
Decrease /(Increase) in:		
Inventories	(11,615)	12,902
Receivables	24,918	(33,748)
Amounts owing by holding and other related companies	10,536	2,470
Increase/(Decrease) in:		
Payables	(3,081)	32,829
Amounts owing to holding and other related companies	(3,012)	(15,841)
Cash generated from operations	423,180	459,118
Retirement benefits paid	(2,285)	(1,586)
Tax paid	(111,216)	(107,047)
Net cash generated from operating activities	309,679	350,485

LAFARGE MALAYSIA BERHAD (1877-T)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months Financial Period Ended	
	30 September	30 September
	2014	2013
	RM'000	RM'000
<u>Cash Flows From Investing Activities</u>		
Additions to property, plant and equipment	(51,865)	(36,022)
Dividend received	2,578	331
Interest received	7,976	5,168
Proceeds from disposal of:		
- property, plant and equipment	3,602	3,285
- prepaid lease payment on leasehold land	1,667	-
Acquisition of additional interest in a subsidiary	-	(517)
Payment for prepaid lease payments	-	(320)
Net cash used in investing activities	(36,042)	(28,075)
<u>Cash Flows From Financing Activities</u>		
Dividends paid	(288,897)	(246,412)
Interest paid	(964)	(1,127)
Repayment of borrowings	(461)	(909)
Net cash used in financing activities	(290,322)	(248,448)
Net Change in Cash and Cash Equivalents	(16,685)	73,962
Effects of currency translations	(66)	4,496
Cash and Cash Equivalents at beginning of the year	450,850	354,002
Cash and Cash Equivalents at end of the period	434,099	432,460

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31st December 2013 and the accompanying explanatory notes attached to the interim financial statements)

LAFARGE MALAYSIA 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 2013. The audited financial statements of the Group for the year ended 31 December 2013 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 2013.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following MFRSs and amendments to MFRSs:

Adoption of Amendments to MFRSs

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

Amendments to MFRS 10, Investment Entities

MFRS 12 and MFRS 127

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 annual periods beginning on or after 1 July 2014:

Amendments to MFRS 119 Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)

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

The Group has not adopted the following revised MFRSs as its effective date 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 application of MFRS 9 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 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 period are as follows:

	RM'000
Third interim dividend paid on 22 January 2014 for the year ended 31 December 2013	
- 8.0 sen single-tier dividend per ordinary share of RM1.00 each	67,976
Fourth interim dividend paid on 16 April 2014 for the year ended 31 December 2013	
- 17.0 sen single-tier dividend per ordinary share of RM1.00 each	144,448
First interim dividend paid on 16 July 2014 for the year ended 31 December 2014	
- 9.0 sen single-tier dividend per ordinary share of RM1.00 each	76,473
	<u>288,897</u>

A second interim single tier dividend of 9.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2014 amounting to RM76.473 million was paid on 15 October 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:

9 Months Ended 30 September	Cement		Aggregates & Concrete		Elimination		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Segment revenue								
External revenue	1,685,703	1,687,268	372,775	414,558	-	-	2,058,478	2,101,826
Internal revenue	220,790	201,746	1,894	473	(222,684)	(202,219)	-	-
	<u>1,906,493</u>	<u>1,889,014</u>	<u>374,669</u>	<u>415,031</u>	<u>(222,684)</u>	<u>(202,219)</u>	<u>2,058,478</u>	<u>2,101,826</u>
Segment profit /(loss)	<u>264,308</u>	<u>325,938</u>	<u>2,170</u>	<u>12,778</u>	<u>-</u>	<u>-</u>	<u>266,478</u>	<u>338,716</u>
Reconciliation of segment profit to consolidated profit before tax:								
Interest income							7,976	5,168
Finance cost							(964)	(1,106)
Share in results of associate							1,317	2,041
Consolidated profit before tax							<u>274,807</u>	<u>344,819</u>
Segment assets	<u>3,494,006</u>	<u>3,703,853</u>	<u>256,430</u>	<u>252,890</u>	<u>(284,629)</u>	<u>(417,041)</u>	<u>3,465,807</u>	<u>3,539,702</u>
Reconciliation of segment assets to consolidated total assets:								
Investment in associate							22,242	22,718
Unallocated corporate assets							455,694	457,825
Consolidated total assets							<u>3,943,743</u>	<u>4,020,245</u>
Segment liabilities	<u>683,446</u>	<u>860,198</u>	<u>207,914</u>	<u>189,389</u>	<u>(283,990)</u>	<u>(446,791)</u>	<u>607,370</u>	<u>602,796</u>
Reconciliation of segment liabilities to consolidated total liabilities:								
Interest bearing instruments							26	798
Unallocated corporate liabilities							204,253	233,309
Consolidated total liabilities							<u>811,649</u>	<u>836,903</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 2014 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
	30 September
	2014
	RM'000
In respect of capital expenditure:	
Approved and contracted for	65,070
Approved but not contracted for	57,891
	<u>122,961</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 quarter ended 30 September 2014 are as follows:

Description of Transactions	RM'000
Ultimate holding company of the Company:	
Provision of trademark licence and general assistance fee	26,305
Associate of the Group:	
Sales and/or purchase of cement and aggregates	38,469
Batching income	1,094
Management service fee	174
Subsidiaries of ultimate holding company of the Company:	
Sale and/or purchase of cement and clinker	141,764
Maintenance of hardware and software	3,105
Service fee for sourcing alternative fuel and raw materials	1,335
Rental income of office premises	507
Chartering of vessels	4
Administrative and supporting service fee	1,193

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 RM664.6 million was 8.7% lower than the corresponding quarter in 2013. This was mainly attributable to the lower revenue from Cement segment principally due to the lower domestic selling prices as a result of keen competition.

The Group registered profit before tax for the current quarter of RM73.9 million, or 54.2% lower compared to corresponding quarter last year of RM161.4 million mainly due to the lower revenue coupled with higher operating cost arising from the increase in electricity tariff and removal of fuel subsidy.

Current Year to Date

The Group's revenue of RM2.06 billion for the 9 months ended 30 September 2014 decreased by 2.1 % from corresponding period last year. This decrease was attributed to the lower sales revenue arising from lower cement volumes and lower sales from Concrete segment due to the completion of a major project. The Group registered profit before tax of RM274.8 million is 20% lower compared to corresponding period in 2013, due to the lower sales revenue combined with higher operating cost arising from the increase in electricity tariff and fuel subsidy removal.

B2. Comparison with Preceding Quarter

	3rd Quarter Ended 30 September 2014 RM'000	2nd Quarter Ended 30 June 2014 RM'000
Revenue	664,632	717,218
Profit before tax	<u>73,899</u>	<u>103,722</u>

Revenue in the current quarter decreased by 7.3% compared to preceding quarter due to lower selling prices as a result of keen competition and lower volumes due to the impact of the festive season. In line with the lower revenue, profit before tax decreased by 28.8%.

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 market remains very competitive in the context of the recently installed additional capacity.

B4. Profit Forecast and Profit Guarantee

The Group did not publish any profit forecast or profit guarantee during the current quarter ended 30 September 2014.

B5. Income Tax Expense

Income tax expense comprises the following:

	3rd Quarter Ended 30 September 2014 RM'000	Year To Date Ended 30 September 2014 RM'000
In respect of current year:		
- income tax	22,887	81,742
- deferred tax	(3,418)	(12,584)
 In respect of prior year:		
- income tax	(760)	(760)
- deferred tax	46	46
Total tax expense	18,755	68,444

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.

B6. Profit for the Period

	3rd Quarter Ended		Year To Date Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Profit for the period is arrived after charging:				
Allowance for inventories obsolescence	1,856	4,520	7,736	5,899
Amortisation of:				
- other intangible assets	69	130	207	390
- prepaid lease payments on leasehold land	2,343	1,912	6,669	5,022
Depreciation of:				
- investment property	5	6	19	25
- property, plant and equipment	36,961	35,085	112,269	102,335
Derivative loss	-	-	780	-
Impairment loss recognised on trade receivables	1,820	805	2,550	1,892
Loss on disposal of property, plant and equipment	-	-	-	38
Property, plant and equipment written off	4,814	2	4,814	2,695
Provision for retirement benefits	2,479	2,519	7,438	6,585
Realised loss on foreign exchange	-	945	-	453
Unrealised loss on foreign exchange	-	-	739	-
	-	-	739	-

B6. Profit for the Period (Continued)

	3 rd Quarter Ended		Year To Date Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Derivative gain	65	-	-	193
Gain on disposal of:				
- property, plant and equipment	2,373	205	2,739	-
- prepaid lease payment on leasehold land	970	-	970	-
Reversal of impairment loss on trade receivables	556	10	556	595
Realised gain on foreign exchange	616	-	385	-
Unrealised gain on foreign exchange	226	2,920	-	2,158

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 2014 are as follows:

	RM'000
<u>Short-term borrowings</u>	
Finance lease (secured)	27
Total Group borrowings	<u>27</u>

All borrowings are denominated in Ringgit Malaysia.

B9. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 30 September 2014 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 Liabilities (RM'000)	Maturity
Foreign exchange contracts	55,232	301	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.

B9. Derivative Financial Instruments (Continued)

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 2014, the amount of credit risk in the Group measured in terms of the cost to replace the profitable contracts was RM301,000. 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

The claim by the Singaporean Comptroller of Income Tax against LMCB Holdings Pte Ltd and Lafarge Malaysia Berhad in the High Court of Singapore is ongoing and there are no changes from the previous quarterly announcement on 29 August 2014.

B12. Dividend

The Directors has declared a third interim single tier dividend of 8 sen (2013: 8 sen) per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2014 which will be paid on 14 January 2015. The entitlement date for the dividend payment is on 19 December 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 19 December 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:

	3 rd Quarter Ended		Year To Date Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Profit attributable to equity holders of the Company (RM'000)	54,806	120,222	206,061	255,965
Weighted average number of ordinary shares in issue ('000)	849,695	849,695	849,695	849,695
Basic and diluted earnings per share (sen)	6.5	14.2	24.3	30.1

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 30 September 2014, into realised and unrealised profits, is as follows:

	As at 30 September 2014 RM'000	As at 31 December 2013 RM'000
Total retained earnings of the Group:		
- realised	1,375,521	1,465,061
- unrealised	(139,208)	(144,649)
	1,236,313	1,320,412
Total share of retained earnings from associate:		
- realised	31,384	30,067
	1,267,697	1,350,479
Less: Consolidation adjustments	(130,212)	(121,661)
Total retained earnings as per statement of financial position	1,137,485	1,228,818

Dated: 18 November 2014
 Petaling Jaya, Selangor Darul Ehsan.